

FINAL BUDGET

2024/2025 - 2026/2027



**VICTOR KHANYE
LOCAL MUNICIPALITY
MP311
31st MAY 2024**



VICTOR KHANYE

LOCAL MUNICIPALITY

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VICTOR KHANYE LOCAL MUNICIPALITY

VISION

A repositioned municipality for a better and sustainable service delivery.

MISSION STATEMENT

- Provide public value for money.
- To create a conducive environment for job creation and economic growth.
- To deepen democracy through public participation and communication.

CORE VALUES

- People first
- Accountability
- Empowerment
- Change
- Integrity
- Professionalism
- Resilience
- Openness

Impact and Outcomes

The IDP review process identified a number of goals and objectives that are aimed at creating a pathway for the municipality to realise its vision. These goals and objectives are aligned to the six Local Government Key Performance Areas as prescribed by the National Department of Cooperative Government and Traditional Affairs. The goals and objectives and also alignment to the strategic thrusts as identified by the political leadership of the Municipality. The strategic thrusts are the spring board upon which the goals and objectives were developed.

EXECUTIVE SUMMARY ON THE 2024/2025 to 2026/2027 FINAL BUDGET

Report by the Chief Financial Officer

1. National Treasury issued Municipal Finance Management Act (MFMA) circular numbers 128 to guide the compilation of the 2024/2025 medium term revenue and expenditure framework (MTREF).
2. The 2024 national budget emphasized that economic growth has been weaker than forecasted and the CPIX is 4.9 per cent in 2024, in 2025/26, the decrease is 0.3% and in 2026/27, the CPIX will be consistent with the 2025/26 financial year estimated at 0.3. %. The 2024/25 budget highlights the difficult economic and fiscal choices confronting government over the next several years. The choices in priority spending that the municipality has to look into.
3. **The high unemployment rate have impact on the municipality's ability to generate revenue. The National Treasury estimates real economic growth of 0.6 per cent in 2023. This is a decrease from growth of 0.8 per cent projected in the 2023 MTBPS due to weaker than expected outcomes in the third quarter of 2023, resulting in downward revisions to household spending growth and spending on gross fixed investment. GDP growth is projected to average 1.6 per cent from 2024 to 2026 as the frequency of power cuts declines, lower inflation supports household consumption, and employment and credit extensions recover gradually. New energy projects will improve fixed investments and business sentiment.**
4. It is critical to give special attention to revenue management and credit control to ensure that the municipality's cash flow position is improved over a short term. The revenue management should give direction with the contractors who are assisting the municipality for collection. **Furthermore, the expenditure of the municipality needs serious intervention to loosen the overburden on the municipality.** The cash flow management committee needs to work together with the revenue enhancement committee in monitoring of how the expenditure is incurred and on what.
5. Conditional grant funding targets national government service delivery priorities. The equitable share is designed to fund the provision of free basic services to the poor.
6. The main challenges experienced during the compilation of the 2023/2024 MTREF can be summarized as follows:
 - The increase in unemployment within the municipality due to the slow growth in the economic.
 - Ageing water, roads, sanitation and electricity infrastructure.
 - Reprioritization of projects and expenditure given the cash flow realities of the municipality.

- Increase in the municipal contractor's services which put a strain on the cash flow management.
 - Revenue recovery, credit control and declining revenue base due to the current economic environment and the implication of lockdown.
 - Increasing distribution losses on both electricity and water.
7. Considering the challenges, new ways need to be explored to become efficient to generate the required resources to maintain, renew and expand infrastructure.
 8. The application of sound financial management principle is essential to ensure the municipality improve the financially viability status in order for the municipal services to be provided economically and sustainable. **The current municipality liquidity ratio is 0:32**
 9. The mSCOA regulation will apply to all municipalities with effect from 1st July 2017 and the 2024/2025; MTREF budget has been aligned to the new mSCOA chart version 6.8. The chart will be streamed lined and further developed as transactions take place.

BUDGET FRAMEWORK

Total operating revenue decreased when compared to the 2023/2024 amounting to R 815 276 795 annual budget and the amount budgeted for 2024/2025 amounts to R 773 201 346.

Description	Ref			
		Input Source Municipal Data Column FP	Input Source Municipal Data Column FQ	Input Source Municipal Data Column FR
R thousands	1			
Revenue				
Exchange Revenue	2			
Service charges - Electricity	2	225 890	236 281	247 150
Service charges - Water	2	74 236	77 948	81 845
Service charges - Waste Water Management	2	13 785	14 475	15 198
Service charges - Waste Management	2	14 672	15 406	16 176
Sale of Goods and Rendering of Services		6 926	7 255	7 600
Agency services		-	-	-
Interest		-	-	-
Interest earned from Receivables		90 454	94 766	98 096
Interest earned from Current and Non Current Assets		-	-	-
Dividends		-	-	-
Rent on Land		-	-	-
Rental from Fixed Assets		1 572	1 645	1 720
Licence and permits		-	-	-
Operational Revenue	2	772	807	845
Non-Exchange Revenue				
Property rates		123 486	129 167	135 108
Surcharges and Taxes		33 486	35 026	36 637
Fines, penalties and forfeits		2 141	2 239	2 342
Licences or permits	2	-	-	-
Transfer and subsidies - Operational		152 985	159 025	165 834
Interest	3	32 795	34 304	35 882
Fuel Levy	2	-	-	-
Operational Revenue		-	-	-
Gains on disposal of Assets	2	-	-	-
Other Gains	8	-	-	-
Discontinued Operations		-	-	-
Total Revenue (excluding capital transfers and contributions)		773 201	808 343	844 434

Total operating expenditure has decreased to **R878 574 294** from **R 888 707 638** the total decrease is **R10.1 million**.

Expenditure	4,5			
Employee related costs		201 439	210 705	220 397
Remuneration of councillors		10 101	10 565	11 051
Bulk purchases - electricity		203 854	214 047	224 749
Inventory consumed		92 124	96 335	100 767
Debt impairment	6	108 336	113 319	118 532
Depreciation and amortisation		52 446	54 859	57 382
Interest		30 000	31 380	32 823
Contracted services		92 062	93 435	97 796
Transfers and subsidies		-	-	-
Irrecoverable debts written off		29 800	31 171	32 605
Operational costs		58 413	60 341	63 125
Losses on disposal of Assets		-	-	-
Other Losses	7	-	-	-
Total Expenditure		878 574	916 158	959 228

The capital budget is **R65 740 000** for the financial year 2023/2024 including the conditional grants from National Treasury and Own revenue funding.

Description	Ref			
		Input Source Municipal Data Column FP	Input Source Municipal Data Column FQ	Input Source Municipal Data Column FR
R thousands	1			
Capital Expenditure - Functional				
<i>Municipal governance and administration</i>		8 200	8 577	8 972
Executive and council		200	209	219
Finance and administration		8 000	8 368	8 753
Internal audit		-	-	-
<i>Community and public safety</i>		20	21	22
Community and social services		20	21	22
Sport and recreation		-	-	-
Public safety		-	-	-
Housing		-	-	-
Health		-	-	-
<i>Economic and environmental services</i>		14 521	18 087	19 571
Planning and development		100	105	109
Road transport		14 421	17 982	19 462
Environmental protection		-	-	-
<i>Trading services</i>		42 999	15 847	16 839
Energy sources		6 500	6 085	6 076
Water management		31 499	4 762	4 762
Waste water management		3 000	-	-
Waste management		2 000	5 000	6 000
<i>Other</i>		-	-	-
Total Capital Expenditure - Functional	3	65 740	42 532	45 404
Funded by				
National Government		53 420	29 645	31 924
Provincial Government		-	-	-
District Municipality		-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-
Transfers recognised - capital	4	53 420	29 645	31 924
Borrowing	6	-	-	-
Internality generated funds		12 320	12 887	13 480
Total Capital Funding	7	65 740	42 532	45 404

BUDGET PRINCIPLE

The municipality shall ensure that revenue projections in the budget are realistic taking into account actual collection levels. The expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

Victor Khanye Local Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF) which will be reviewed annually and will be approved by Council. The MTREF budget will at all times be within the framework of the Municipal Integrated Development Plan (IDP).

The Section 21(1) of the Municipal Finance Management Act, Act 56 of 2003 stipulates that "the mayor of a municipality must 1) the mayor of a municipality must:

- (a) Co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revision of the integrated development plan and budget-related policies are mutually consistent and credible.*

IT IS RECOMMENDED (THAT):

1. The consolidated operating budget amounting to **R 878 574 294** exclusive of Capital budget as set out in the Municipal Budget Document as well as the relevant appropriation votes and budgeted cash flows are adopted by Council and constitute the Budget of the Victor Khanye Local Municipality for the 2024/2025 financial year.
2. Council take note that the inclusion of insurance paid on behalf of councilors according to the Upper Limits for Public Officers increased the insurance premium of Council substantially.
3. The capital budget to the amount of **R 65 740 000** as set out in the Municipal Budget Document as well as the relevant appropriation segments and funding sources are adopted by Council and constitute the Capital Budget of the Victor Khanye Local Municipality for the 2024/2025 Financial year.
4. The budget for 2024/2025 is funded when excluding non-cash items, which are (Debt impairment and Depreciation). The revenue enhancement strategy as part of the budget document to show how to work towards improving the current financial status of the municipality.
5.
 - 5.1 Travel claims be paid with the monthly payroll run upon the submission of supporting documents;

- 5.2 No overtime will be paid in excess of 40 hours per month, excluding essential services such as water, electricity, sanitation, fire and cemeteries that is pre-approved by the Head of Department. Overtime in excess of 40 hours be converted into time off in lieu of overtime.
 - 5.3 Refreshments be provided only for external meetings attended by external stakeholders where possible as per the cost containment measurements.
 - 5.4 Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration.
 - 5.5 Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.
 - 5.6 The number of employees travelling to conferences or meeting on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.
 - 5.7 Meetings, workshops and training events be held at the venues of the municipality at most (depending on the capacity to be accommodated) and no outside facilities (at a cost) be approved for internal stakeholder's meetings;
 - 5.8 Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies;
 - 5.9 Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount. The cell phone and data allowance policy be introduce to curb expenditure. Telephone staff expenses which are not work related should be deducted on the salaries.
 - 5.10 Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment and the use of existing facilities and equipment is encouraged.
 - 5.11 Any other cost containment measures as determined by the Accounting Officer in terms of these circulars and the policy.
- 6 The current cash flow situation of Council is under severe pressure and the following cost containment measures are recommended for continued implementation in terms of National Treasury Circular 82,85 and Circular 86,89 to ensure that council continue to service its monthly liabilities.

The supporting information contained in the 2023/2024 to 2024/2025 Medium Term Revenue and Expenditure budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act no. 56 of 2003) be endorsed.

7. The tariff structure as set out in the Municipal Budget Document be adopted by Council and constitute the tariff structure of the Victor Khanye Local Municipality for the 2024/2025 financial year for implementation with effect from 1 July 2024. Tariff increase is between 4.9- 20%.
8. The indicative medium term budgets for the 2024/2025 and 2026/2027 financial years, as set out in the Municipal Budget Document, are adopted by Council and constitute the indicative medium term budget of the Victor Khanye Local Municipality.

Council take note of the following budget related policies attached approve all amendments to such policies:

The following are budget related policies and by laws.

- a. Indigent Policy
 - b. Tariff Policy
 - c. Provision for doubtful debt and write off Policy
 - d. Supply Chain Management Policy
 - e. Rates Policy
 - f. Petty Cash Policy
 - g. Inventory Policy
 - h. Asset Management Policy
 - i. Pay day policy
 - j. Virement Policy
 - k. Contract Management Policy
 - l. Staff and councilors payment Policy
 - m. Monitoring and Evaluation of Service Providers Policy
 - n. Loss control Policy
 - o. Debt collection and Credit Control Management
 - p. Cost containment Policy
 - q. Financial Regulation for Victor Khanye Municipality
 - r. Cash Management and Financial Procedures Policy
 - s. Budget Policy
 - t. Tariff by law
 - u. Credit Control By law
9. Service delivery objectives and plans (SDBIP) for each of the segments as set out in the 2024/2025 Municipal Budget Document be drafted and submitted to the Executive Mayor for approval and tabled in Council for notification before the start of the new financial year.
 10. The council to approve the organogram as part of the budget documents. The council to take note that the employee remuneration cost is now at threshold of 30% to the operational budget.

VICTOR KHANYE LOCAL MUNICIPALITY



GRANTS ALLOCATION PER DORA

2023/2024

1. MUNICIPAL INFRASTRUCTURE GRANT

2023/2024	2024/2025	2025/2026
R 29 074 000	R 28 420 000	R 29 645 000

The grant will be used to develop new area for sanitation and road construction in the existing areas. The waste water treatment is also part of the project for the financial year 2023/2024.

2. INTERGRANTED NATIONAL ELECTRIFICATION PROGRAM

2023/2024	2024/2025	2025/2026
R 0	R 25 000	R

The grant will be used for the electrification of RDP houses.

3. WATER SERVICE INFRASTRUCTURE GRANT

2023/2024	2024/2025	2025/2026
R 30 000 000	R 25 000 000	R 0

The grant will be used to address challenges in the water department, this include addressing issues on water distribution losses and installation of meter in areas where there is no meter.

4. EQUITABLE SHARE

2023/2024	2024/2025	2025/2026
R 140 606 000	R 149 824 000	R 157 125 000

The grant is used to address service delivery issues, which include the provision of the Indigent in the municipality for Free Basic Services.

5. EXPANDED PUBLIC WORKS PROGRAMME

2023/2024	2024/2025	2025/2026
R 1 686 000	R 1 361 000	R 0

The grant will be used to address un-employment within the municipality which currently is providing for 279 EPWP.

6. FINANCIAL MANAGEMENT GRANT

2023/2024	2024/2025	2025/2026
R 1 850 000	R 1 800 000	R 1 900 000

The grant will be use for the Financial Internship in the municipal (5), training of staff in the Budget and Treasury office and Financial Management system **mSCOA**.

VICTOR KHANYE LOCAL MUNICIPALITY



ANNUAL BUDGET TABLES

2024/2025

**VICTOR KHANYE LOCAL MUNICIPALITY
2020/2021 BUDGET PROCESS**

TIME SCHEDULE OF KEY DEADLINES (Section 21, MFMA)

[illegible]

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET PROCESS

2024/2025

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

The budget steering committee consists of the Municipal Manager and all senior officials of the municipality, all the MMC and 2 other councils and it is chaired by the Executive Mayor on the 17 May 2024 to consider the all the budget inputs in line with what the municipality needs to achieve for the year 2024/2025.

The primary aim of the Budget Steering Committee is to ensure:

1. That the process followed in compiling the budget complies with legislation and good budget practices.
2. That there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality.
3. That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
4. That the various spending priorities of the different municipal departments are appropriately evaluated and priorities in the allocation of resources.

IDP/Budget process overview

In terms of section 21 of the MFMA, the Mayor is required to table in the council ten months before the start of the new financial year (August 2023) a time schedule that set out the process to revise the IDP and prepare the budget, which was adopted under the council resolution adopted IDP/Budget Process Plan on the 31st August 2023.

The process that was followed to guide the review of the municipality 2024/2025 financial year involved various phases which have their respective outcomes.

The financial planning process leading up to the 2024/2025 MTREF, based on the approved 2023/2024 MTREF, Mid-year Review and assessment and adjustments budget.

With the compilation of the 2024/2025 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2023/2024 Department Service Delivery and Budget Implementation Plan. The municipality also had a strategic planning to look into what need to happened in the next coming years and the other years.

Public Participation and consultative process

This process includes the following

1. Registration of community needs;
2. Compilation of department business plan including key performance indicators and targets;
3. Public participation process;
4. Compilation of the SDBIP;
5. The review of the performance management and monitoring process.

Financial modeling and key planning drivers

As part of the compilation of the 2024/2025 MTREF, extensive financial modelling was undertaken to ensure affordability and long term financial sustainability. The following key factors and planning have informed the compilation of the 2024/2025- 2026/2027 draft budget and MTREF:

1. Rapid growth of the municipality since it's in the borders of two provinces namely (Gauteng and Mpumalanga)
2. Asset maintenance
3. Economic climate and trends (inflation, Eskom increases, household debt and closure of mines in the VKLM area)
4. Improved and sustainable services delivery
5. Debtor payment levels
6. Cash Flow Management
7. The approved 2023/2024 adjustments budget and performance against the SDBIP
8. Tariff tool use which indicates the increases of tariffs versus the ability of the community to pay the services.

VICTOR KHANYE LOCAL MUNICIPALITY



MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

2024/2025

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

Oversight

1. By parliament
2. Provincial legislature
3. Municipal council

The performance of the municipality relates directly to the extent to which it has achieved success in realizing its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted automated performance management system which encompasses:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose);
6. Improvement (making changes where necessary).

The performance information concepts used by the municipality in its automated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury.

Financial performance indicators and benchmarks

Borrowing management

Capital expenditure in local government can be funded by capital grants, own source revenue and long term borrowing. The ability of the municipality to raise long term borrowing is mostly depended on its creditworthiness and financial position. The ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved is critical in meeting the repayments of debt service costs. As part of compilation of 2024/2025 MTREF, the potential of smoothing the debt profile over the longer term will be investigated.

Liquidity

The current ratio is a measure of the current assets divided by the current liabilities, the current ratio is 0.3 in the 2021/2022 financial year it will be 1.0 and 1:1 for 2024/2025 and improve the levels to be more than 1: in the future.

Revenue Management

As part of the financial sustainability strategy, the municipality will intensify its revenue enhancement strategy. The strategy intends to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

Creditors Management

The municipality will continue to work to ensure that creditors are settled within the legislated 30 days of invoice, although the liquidity ratio is still a big concern for the municipality.

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP

2024/2025

The Constitution mandates local government with the responsibility to exercise local development and cooperative governance. The eradication of imbalances in South Africa society can only be realized through a credible integrated development planning process.

Municipality in south Africa need to utilize the Integrated Development Planning as a method to plan future development in their area and so find the best solution to achieved sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short term, medium term and long term strategic and budget priorities to create a development platform which correlates with the aim of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is, therefore, a critical instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to find the best solutions towards sustainable development jointly. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

The IDP developed by municipalities must correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the City. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

This revision cycle aimed to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is, therefore, to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include, amongst others:

1. Green Paper on National Strategic Planning of 2009;
2. Government Program of Action;
3. Development Facilitation Act of 1995;
4. Provincial Growth and Development Strategy (GGDS);
5. National and Provincial spatial development perspectives;
6. Relevant sector plans such as transportation, legislation and policy;
7. National Key Performance Indicators (NKPIs);
8. Accelerated and Shared Growth Initiative (ASGISA);
9. National 2014 Vision;
10. National Spatial Development Perspective (NSDP); and (k) The National Priority Outcomes.

National priorities

The President on his 2024 State of the Nation Address mention five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced a programme which seek to revive the economic which collapse during the pandemic the programme is called Economic Reconstruction and Recovery Plan.

The five national priorities are:

1. Growing the economy and jobs;
2. Building better lives;
3. Fighting corruption;
4. Making communities safer; and
5. Investing in infrastructure

To achieve this national priority, municipality when finalizing budget will explore opportunities to align with the national priorities.

IDP strategic objectives

1. Basic Service Delivery
2. Local Economic Development
3. Municipal Financial Viability and Management
4. Municipal Institution Development and Transformation
5. Good Governance and Community Participation.

Basic Service Delivery

It remains a priority for the Victor Khanye Local Municipality to provide clean potable water to the community. The municipality will ensure that provision for potable water is achieved especially in areas where they have been struggling for years in the new developed areas. In conjunction with the upgrades to the water infrastructure, sanitation upgrade in the Waste Water treatment plant in response to the increasing population demand and the growth of Victor Khanye.

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET RELATED POLICIES

2024/2025

Proper budgets are prepared in accordance with approved policies. A budget related policy is a municipal policy affecting or affected by the annual budget of the municipality. These policies are necessary for effective financial management and the achievement of priorities and strategic goals of the community. The budget related policies are reviewed annually during the budget preparation process.

The following budget related policies is attached herewith as Annexure C:

- Property Rates Policy
- Cash Management and Financial Procedures Policy
- Indigent Policy
- Credit Control & Debt Collection Policy
- Provision for Doubtful Debt and Write-off Policy
- Tariff Policy (Funding)
- Supply Chain Management Policy
- Petty Cash Policy
- Inventory Policy
- Virement Policy
- Asset Management Policy
- Loss Control Policy
- Creditors and staff payment policy
- Budget Policy
- Travelling allowance Policy
- Cost containment Policy

The above policies are available for inspection from the Office of the Chief Financial Officer, Municipal Building, C/o Samuel Avenue and Van der Walt Street, Delmas.

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET ASSUMPTIONS

2024/2025

During the compilation of the budget, various budget assumptions were considered in order to compile a credible and realistic budget that supports the achievement of long term financial and strategic objectives.

The following local and national economic and social indicators / guidelines were considered in the compilation process:

- Political and national strategic objectives and guidelines
- Guidelines and circulars from National Treasury
- Electricity distribution license requirements and guidelines from the National Electrification Regulator of South Africa (NERSA)
- Debt Relief Fund as outline in circular 124
- Municipal priorities and basic needs as identified in the Integrated Development Plan
- Liability placed on future budgets of the municipality.
- CPIX – Inflation rate. Possible increases in general operating expenditure as well as increases in personnel expenditure.
- Affordability levels of the community to contribute to the budget in relation to tariffs increase when using the tariff tools.
- Increase/Decrease in community numbers and institutions in the municipal area.
- The state of the nation Address by the President
- Macro-economic strategies tabled by the Minister of Finance during his budget speech.
- National/Provincial Government strategies.
- Allocations to local government.

In terms of the national guidelines it was endeavored to keep budget increases within the national economic indicators. Guidelines issued under circulars all previous budget circular including 126 and 128 from National Treasury, required the municipality to make certain adjustments to expenditure and income which resulted in a budget increase in excess of the CPIX, to take consideration that the nation is faced with unemployment

VICTOR KHANYE LOCAL MUNICIPALITY



OVERVIEW OF BUDGET FUNDING

2024/2025

The budget of Council consists of an operating budget and a capital budget. The 2024/2025) budget is funded as follows:

Operating Budget

- Property rates
- Service charges from municipal services (electricity, water, sanitation, waste management and other general services)
- Interest received from investments and outstanding debtors
- Rent of facilities (municipal properties)
- Fines
- Licenses and permits
- Operating grants and subsidies

Municipality is in the processing of ensuring that it ring fenced in order to ensure that each service is funded as far as possible from its own income sources. However, with current distribution losses the municipality has not yet been able to fully attained the self-financing from each services because of the distribution losses faced by Electricity section because of illegal connection from informal settlements and tempering of meter which leads to non-buying of electricity old infrastructure which lead to abuse by **Large power users**. The water services are also **facing 68%** of distribution losses which is contributed by the old infrastructure incorrect reading of meter and direct connection by consumers. The property rate is the only revenue sources which seems to be improving after data cleansing was done. The Equitable Share from National Government is utilized to subsidized poor households registered in term of Council's Indigent Policy. **The municipality has also compiled a revenue funding plan for improve the revenue sources of the municipality and deal with the risk which are affecting the municipality to grow its revenue source.**

Capital Budget

The Capital Program is financed from the following sources:

- Contributions from own revenue
- Contributions from National Government (MIG)
- Contribution from WIG

- Contribution from the Nkangala District Municipality

The funding compliance measurement table essentially measure the degree to which the proposed budget complies with the funding requirement of the MFMA.

1. Funding compliance measurement
2. Funding compliance measures
3. Cash and cash equivalent position
4. Cash plus investment less application of funds
5. Monthly average payments covered by cash or cash equivalents
6. Surplus/deficit excluding depreciation offsets
7. Debt impairment expenses

VICTOR KHANYE LOCAL MUNICIPALITY



LEGISLATION COMPLIANCE STATUS

2024/2025

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities;

In-year reporting

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with. The municipality is currently in the process of finalizing the 2024/2025 third quarter budget performance report which must be submitted to council within 30 days in terms of section 52 (d) of the Municipal Finance Management Act no 56 of 2003.

Internship program

The municipality is participating in the Municipal Financial Management Internship program and has employed seven (5) interns undergoing training in various sections of the Financial Management Department.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional and continues to play oversight over the implementation of audit plan. The Audit Committee it's a shared service for Nkangala District Municipality.

Service Delivery and Implementation Plan

The detail Service Delivery Budget and Implementation Plan document is at a draft stage and will be finalized within 28 days after the tabling of the final 2024/2025 – 2026/2027 Medium Term Revenue and Expenditure Framework on 31st May 2024 directly aligned and will be informed by the 2024/2025 IDP and budget.

Annual Report

The annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

Policies

All budget-related policies are part of the documents.

VICTOR KHANYE LOCAL MUNICIPALITY



**COUNCILLOR ALLOWANCES, EMPLOYEE BENEFITS and
ORGANOGRAM**

2024/2025

VICTOR KHANYE LOCAL MUNICIPALITY DRAFT ORGANISATIONAL STRUCTURE 2024/25 FINANCIAL YEAR

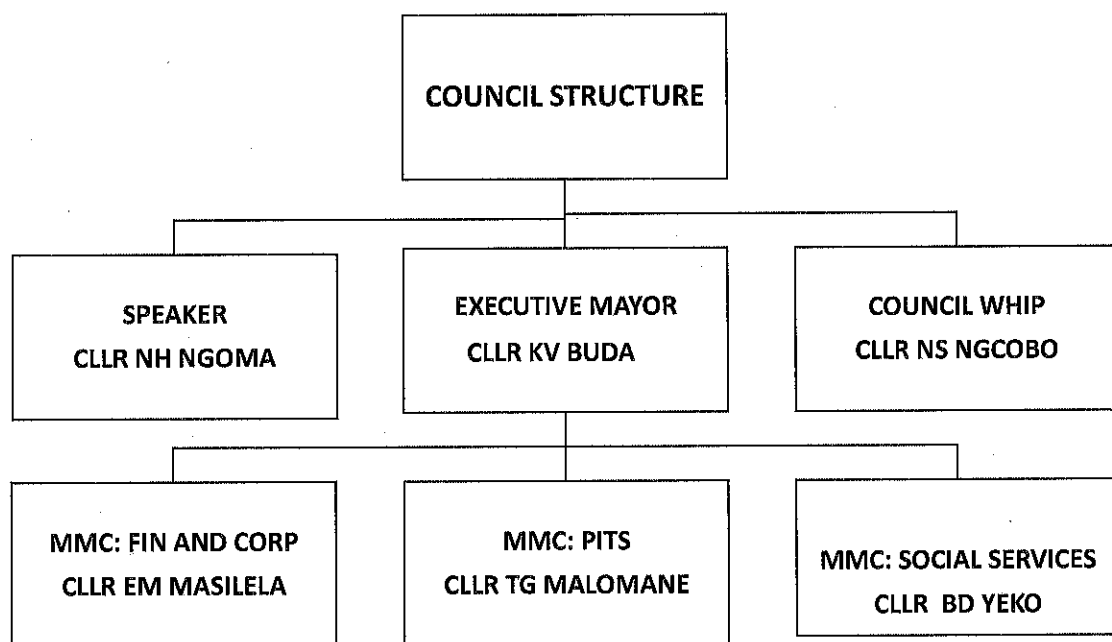


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LEGEND BOXES

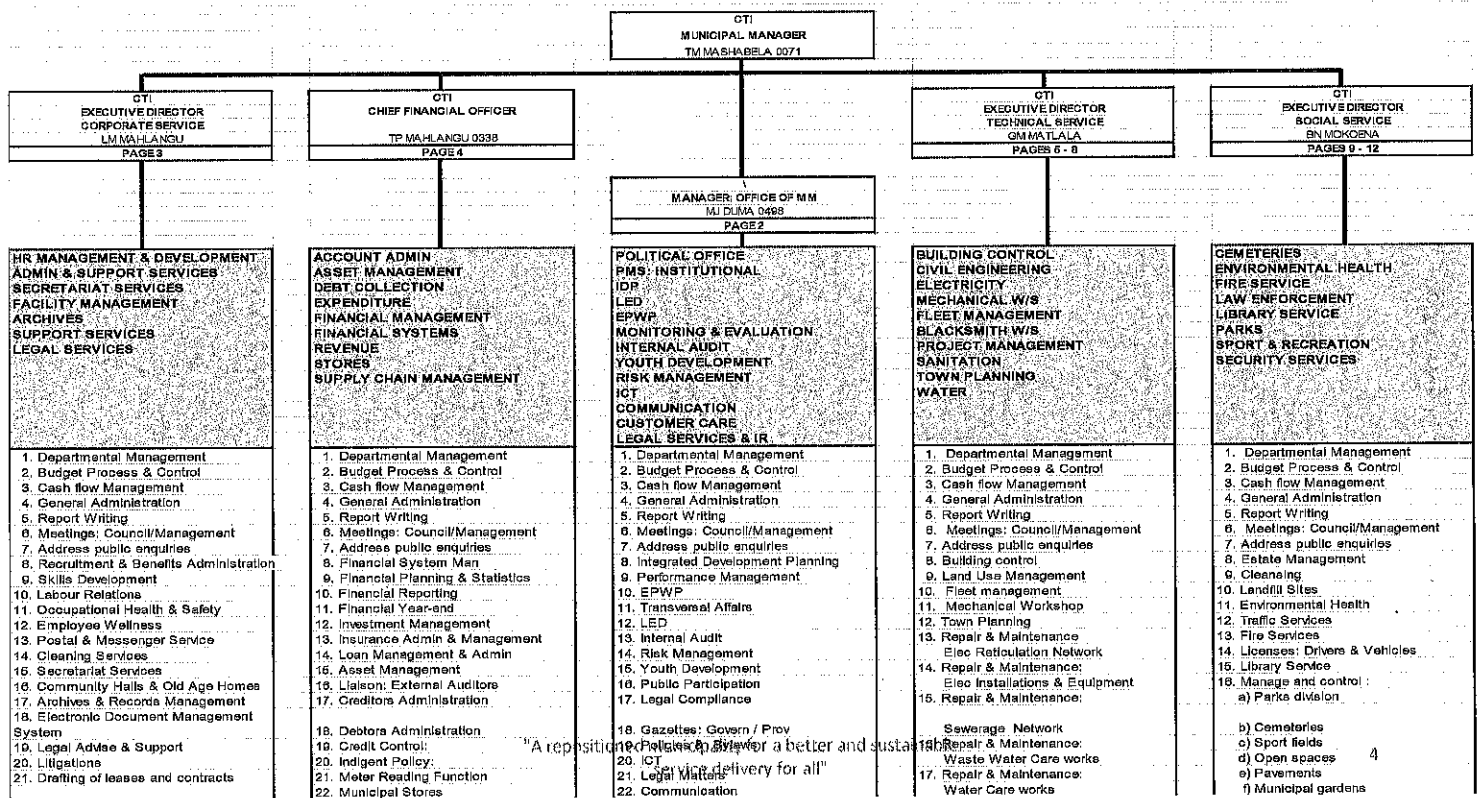
	Position Created
	Title Changed 2024/25 FY 2024/25
	Post to be Removed once the Incumbent vacant the Post
	POSITION SWAP

EXECUTIVE OVERVIEW

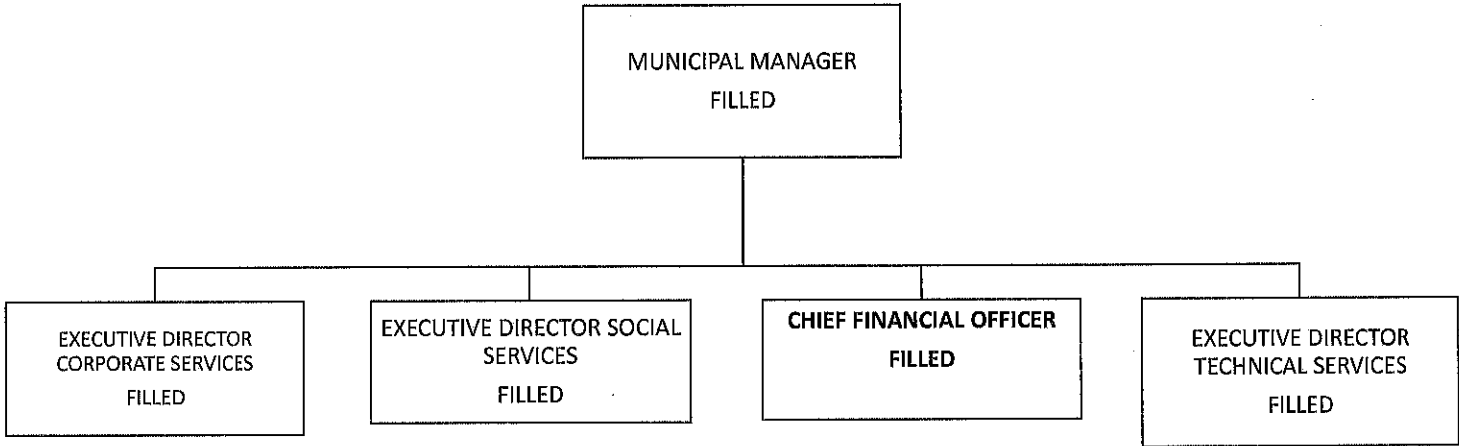


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VICTOR KHANYE LOCAL MUNICIPALITY 2023/24 FY

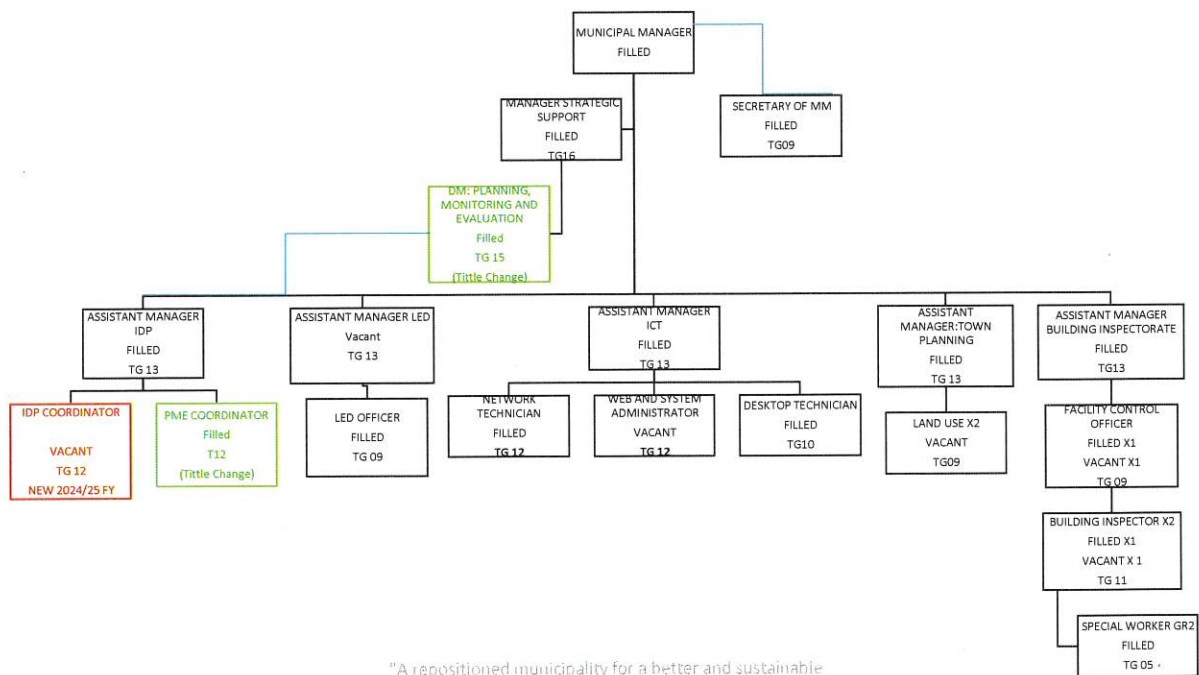


SENIOR MANAGEMENT



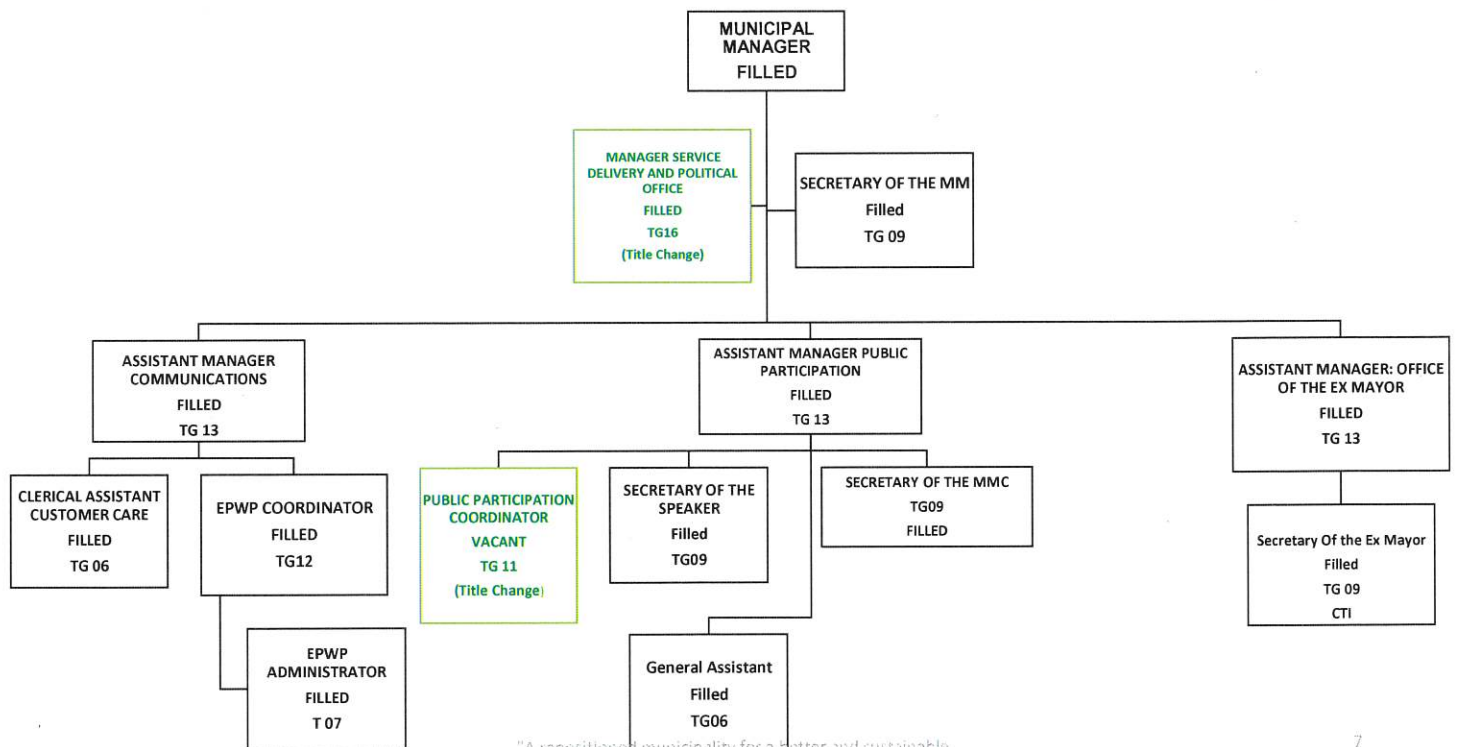
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MUNICIPAL MANAGER OFFICE:STRATEGIC SUPPORT



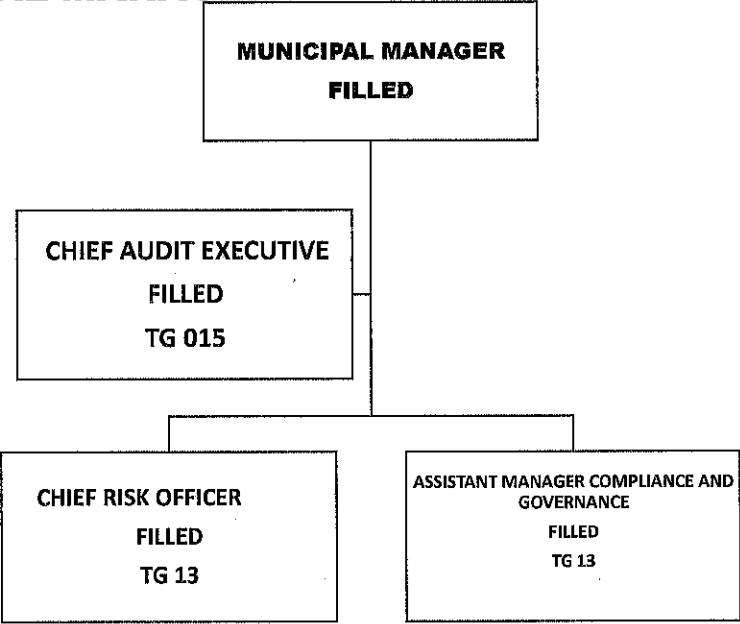
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MUNICIPAL MANAGER OFFICE:SERVICE DELIVERY



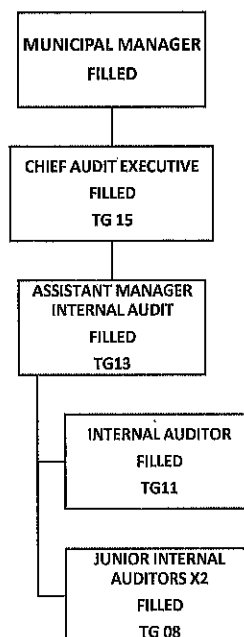
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MUNICIPAL MANAGER DIRECT SUPPORTIVE REPORTS



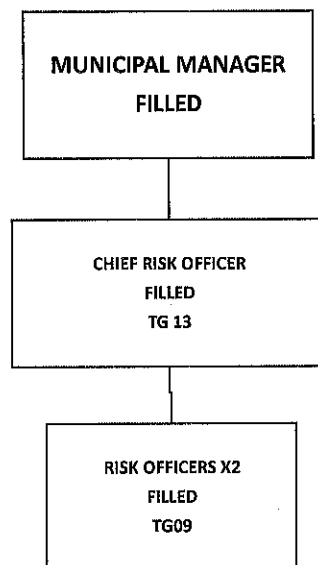
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MUNICIPAL MANAGER OFFICE:INTERNAL AUDIT



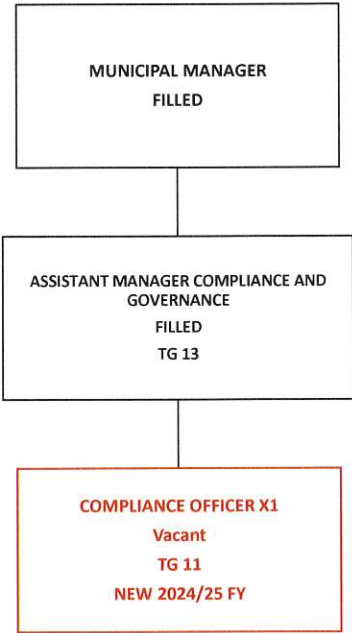
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MUNICIPAL MANAGER OFFICE:RISK UNIT



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MUNICIPAL MANAGER OFFICE: COMPLIANCE AND GOVERNANCE

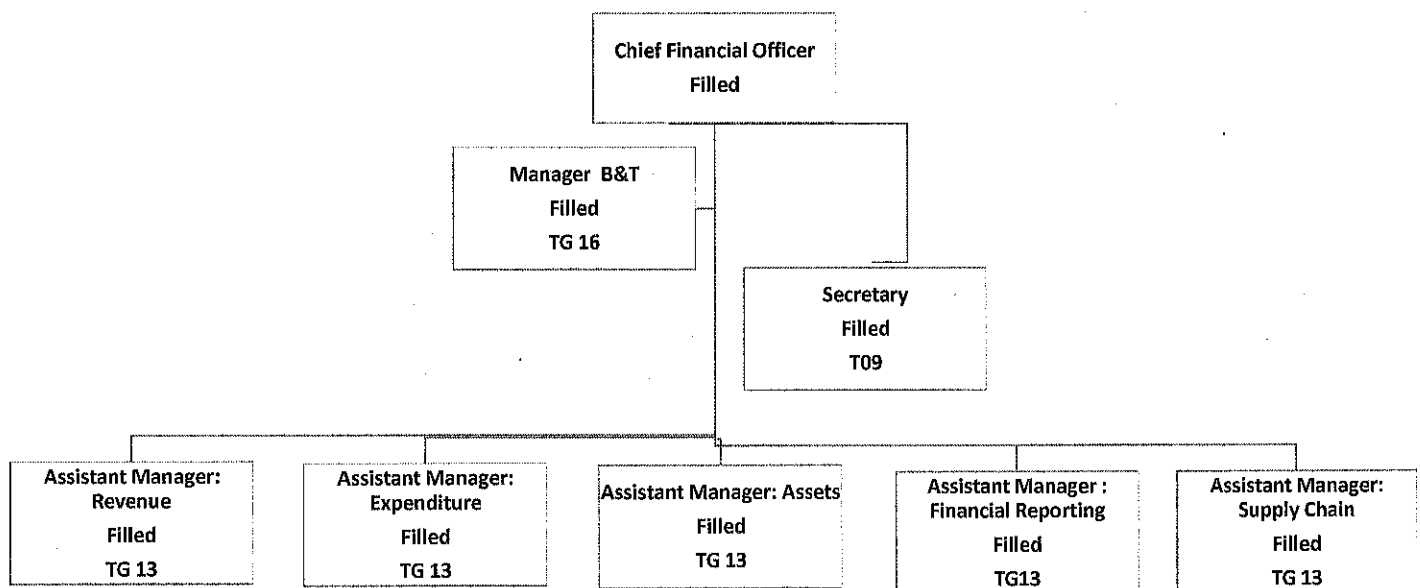


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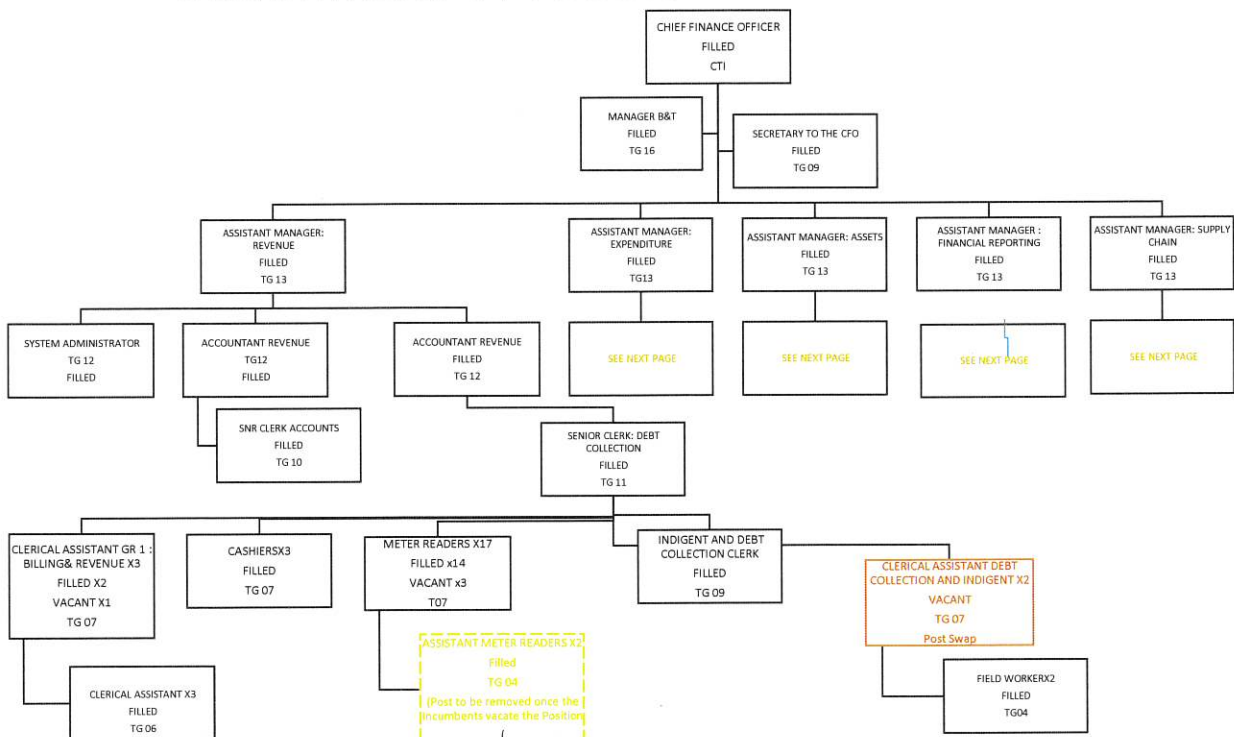
FINANCE DEPARTMENT

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service delivery for all"

DEPARTMENT OF FINANCE: EXECUTIVE STRUCTURE

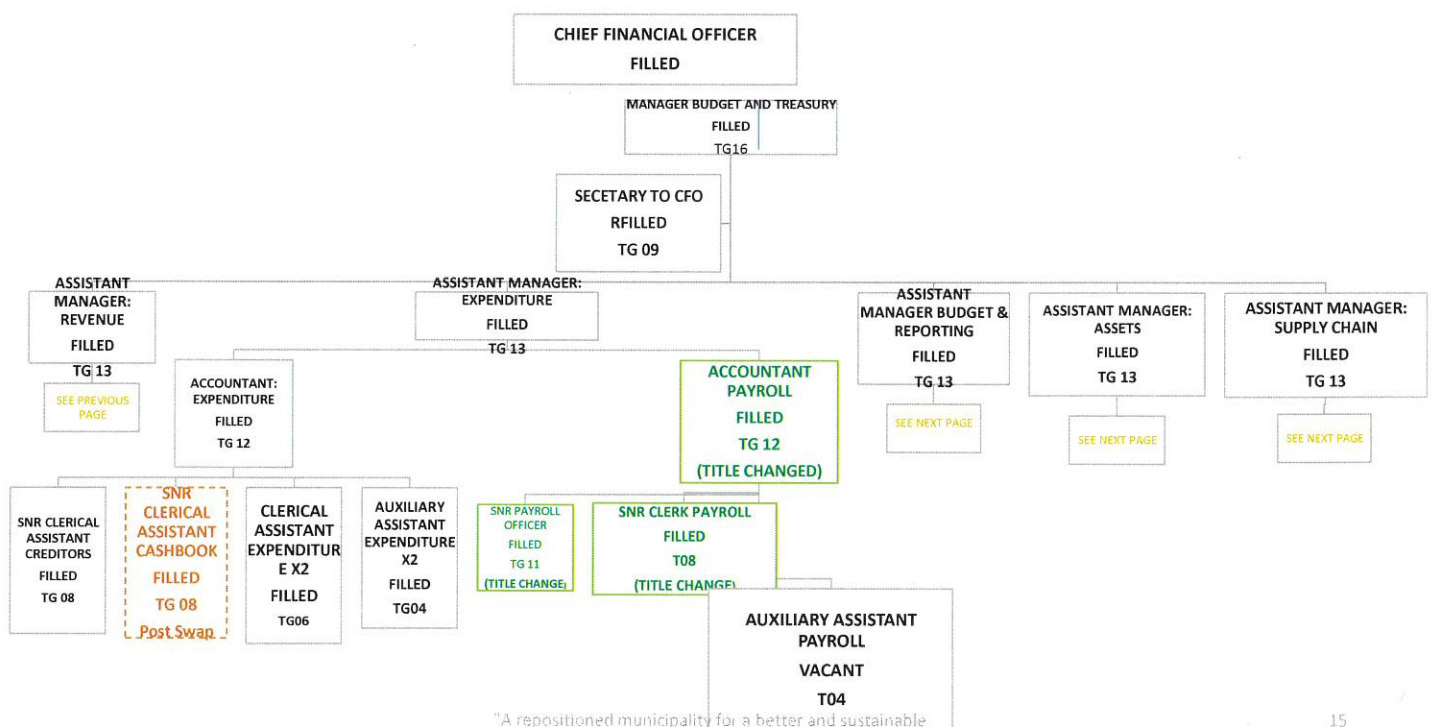


DEPARTMENT OF FINANCE: REVENUE SECTION



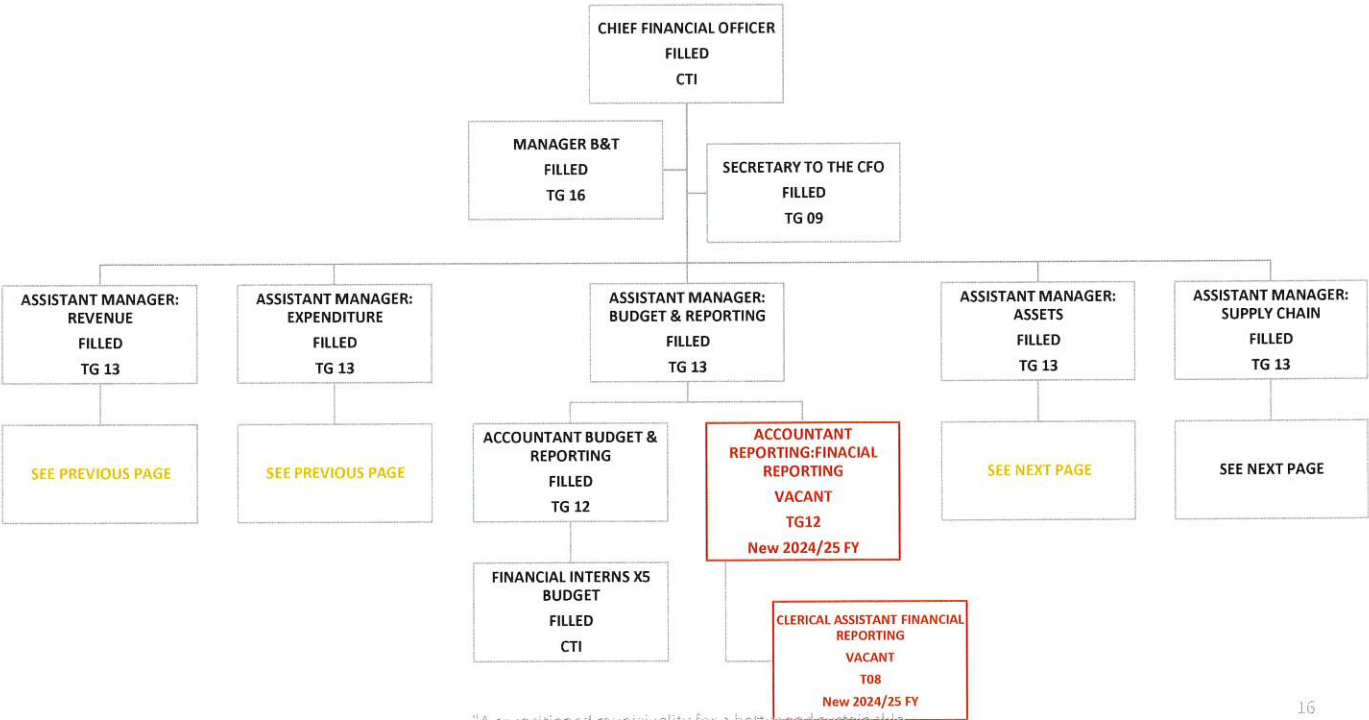
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DEPARTMENT OF FINANCE EXPENDITURE



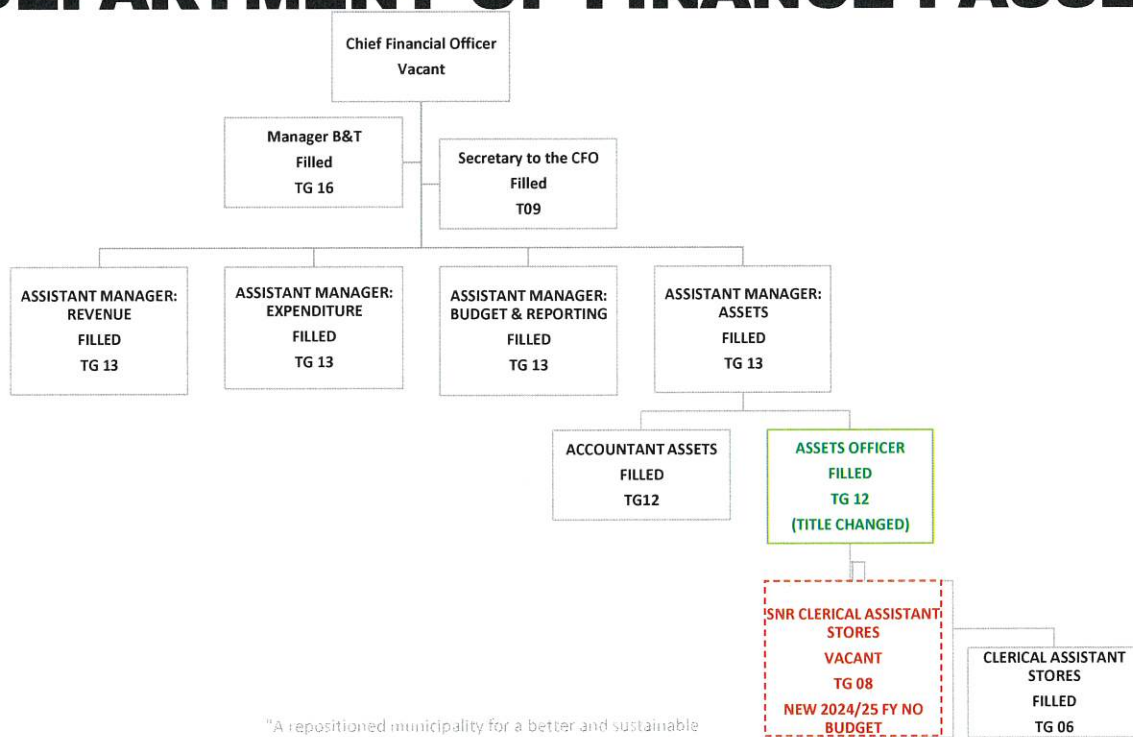
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DEPARTMENT OF FINANCE FINANCIAL REPORTING SECTION

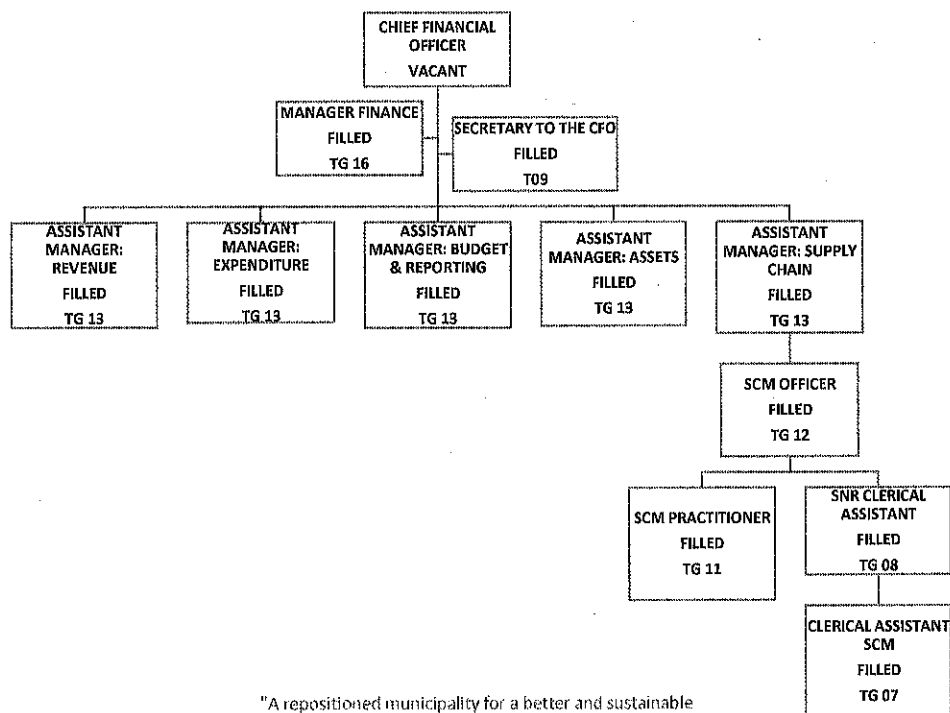


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DEPARTMENT OF FINANCE : ASSETS



FINANCE DEPARTMENT: SUPPLY CHAIN SECTION

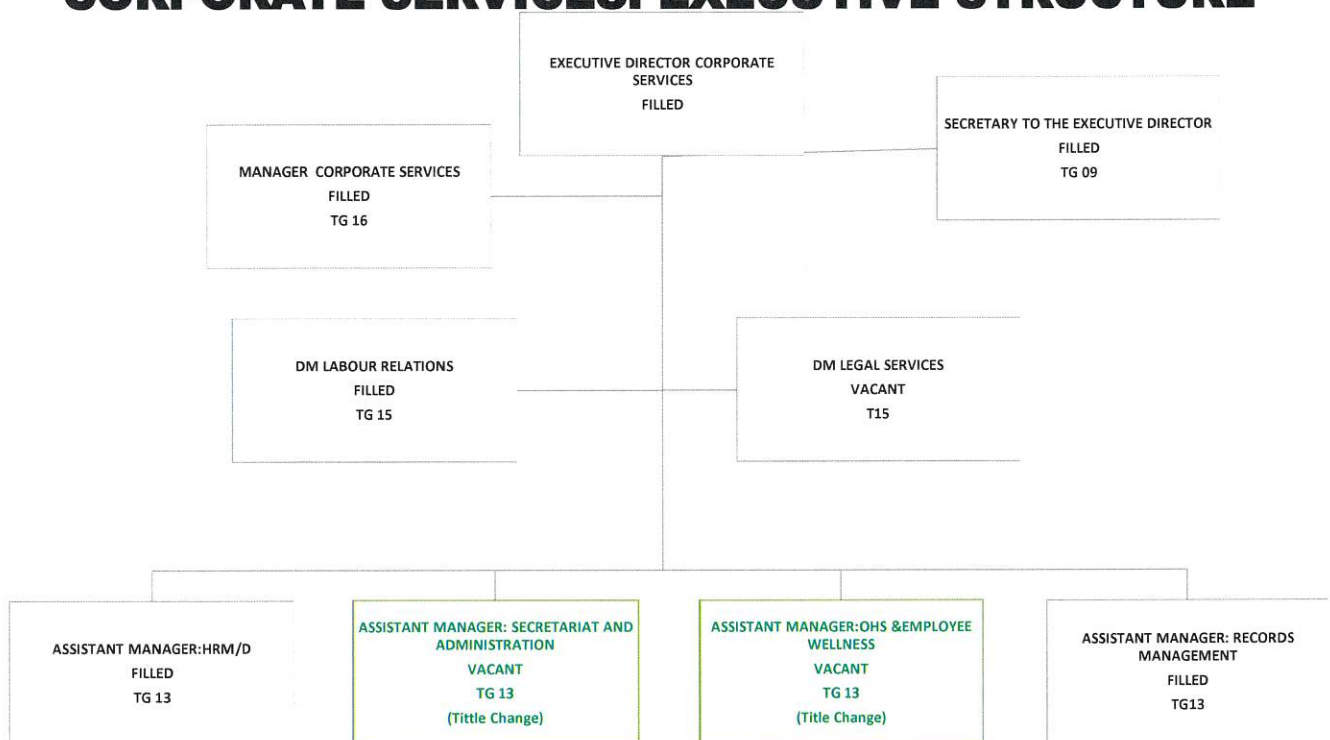


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CORPORATE SERVICES DEPARTMENT

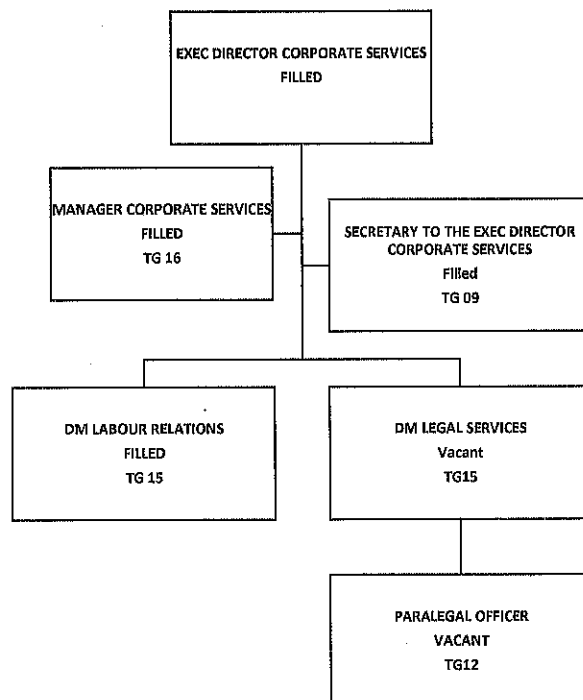
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CORPORATE SERVICES: EXECUTIVE STRUCTURE



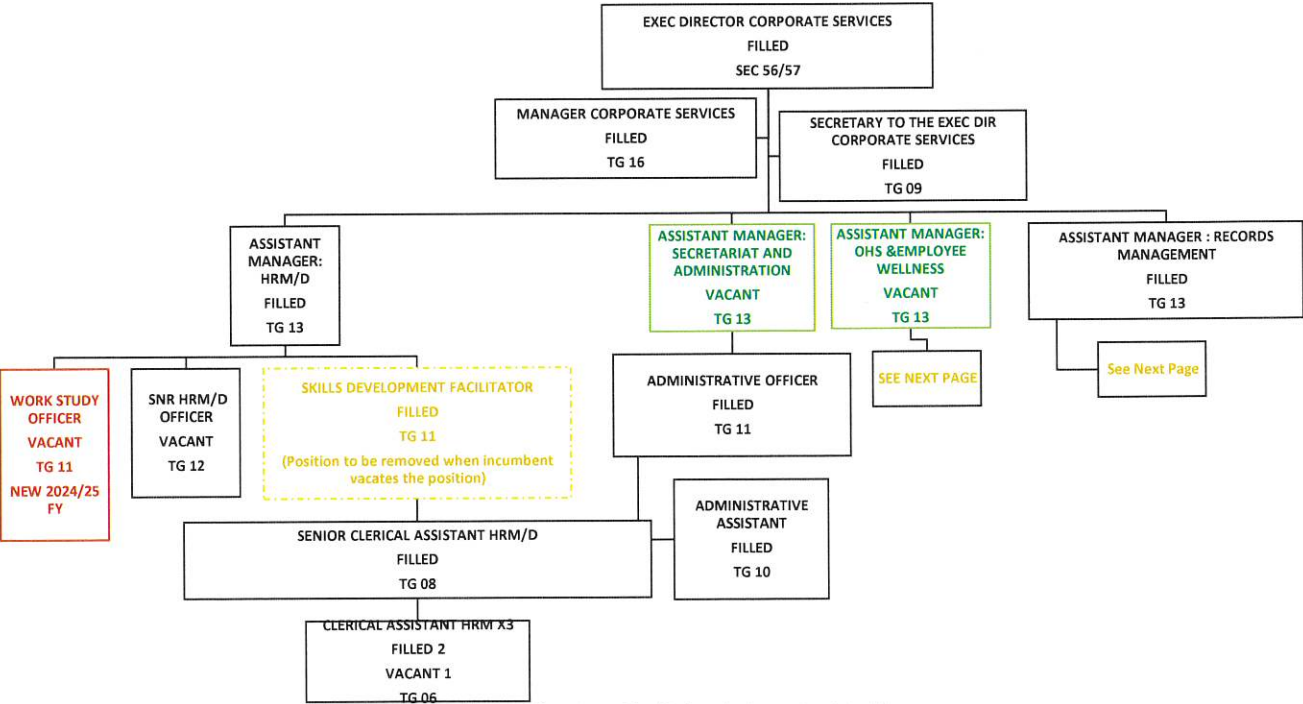
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CORPORATE SERVICES: LEGAL SECTION



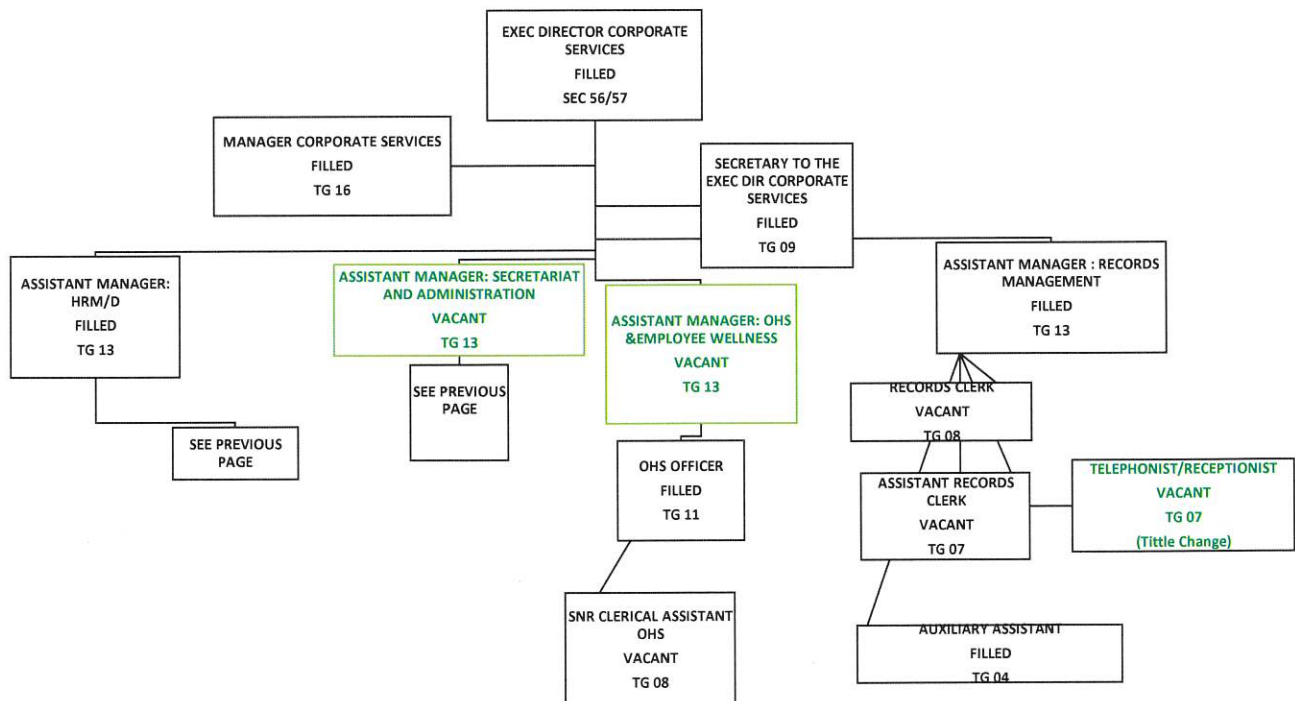
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CORPORATE SERVICES: HRM/D AND SECRETARIAT AND ADMINISTRATION



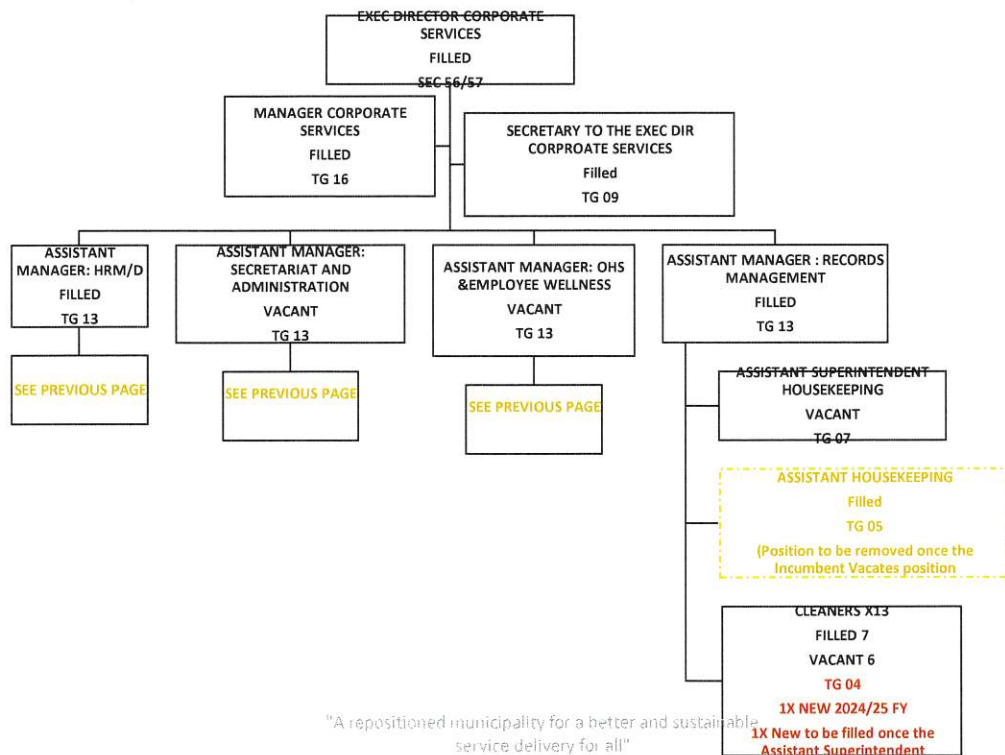
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CORPORATE SERVICES: OHS,ARCHIVES ADMIN



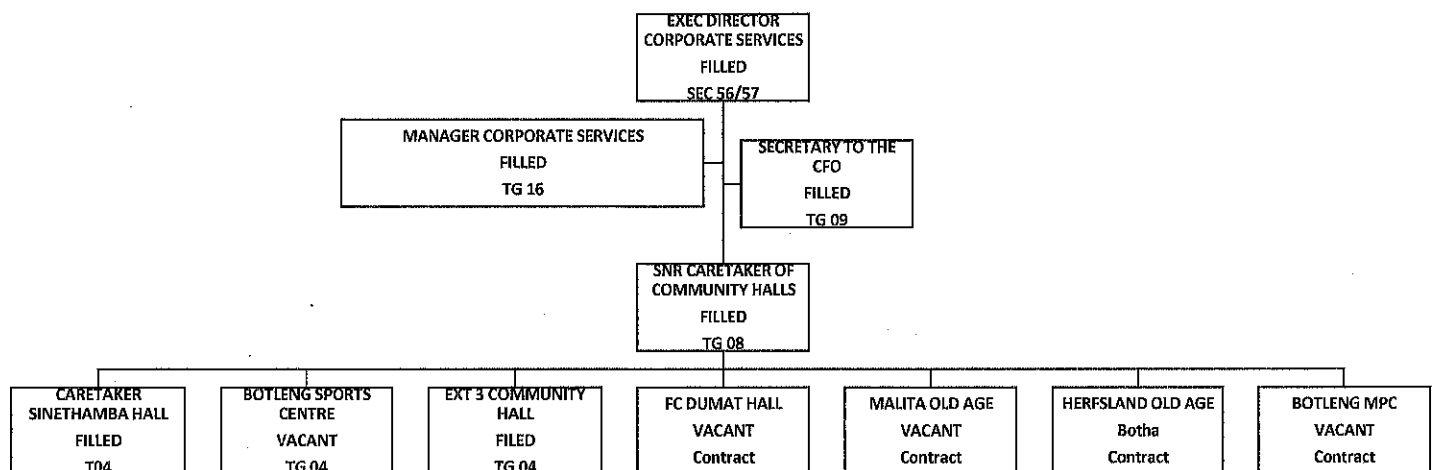
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CORPORATE SERVICES: HOUSEKEEPING AND FACILITIES



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CORPORATE SERVICES: MUNICIPAL FACILITIES

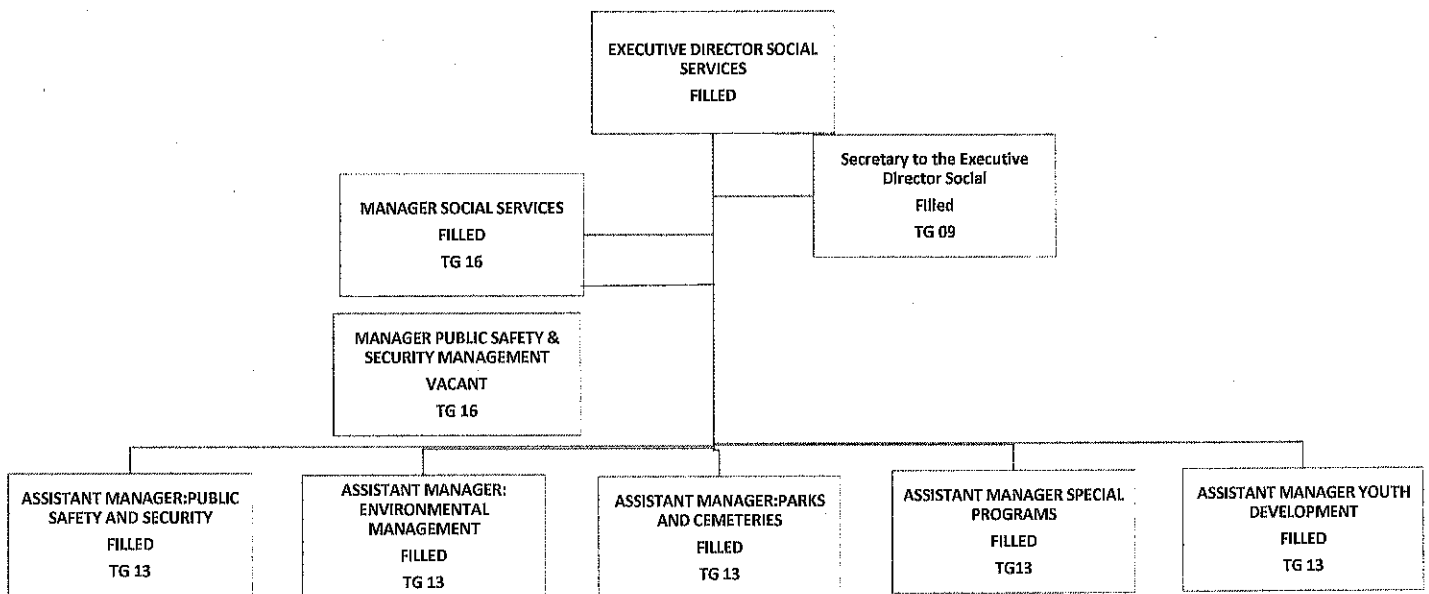


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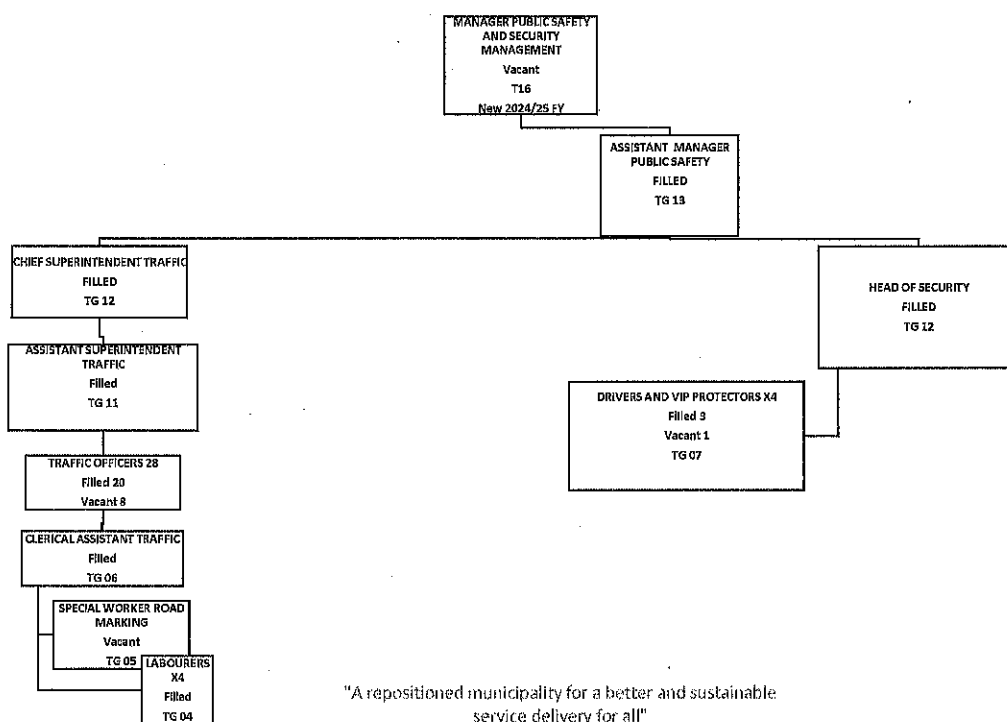
SOCIAL SERVICES DEPARTMENT

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service delivery for all"

SOCIAL SERVICES: EXECUTIVE STRUCTURE

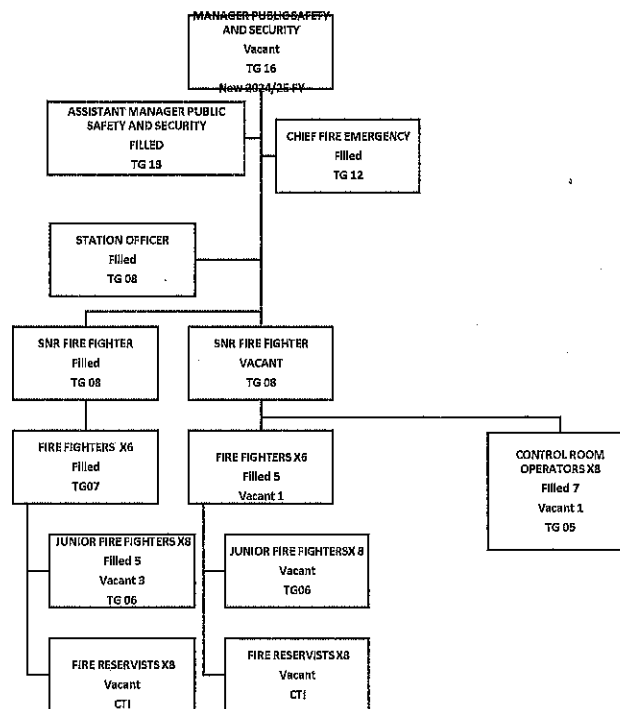


SOCIAL SERVICES: PUBLIC SAFETY AND SECURITY MANAGEMENT



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service delivery for all"

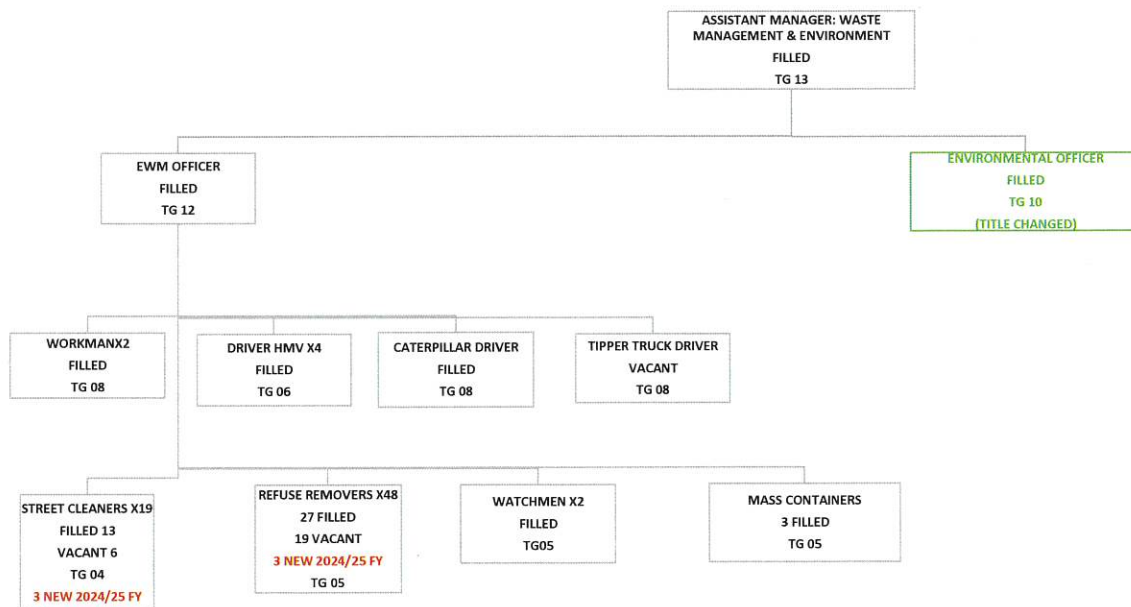
EMERGENCY AND DISASTER MANAGEMENT



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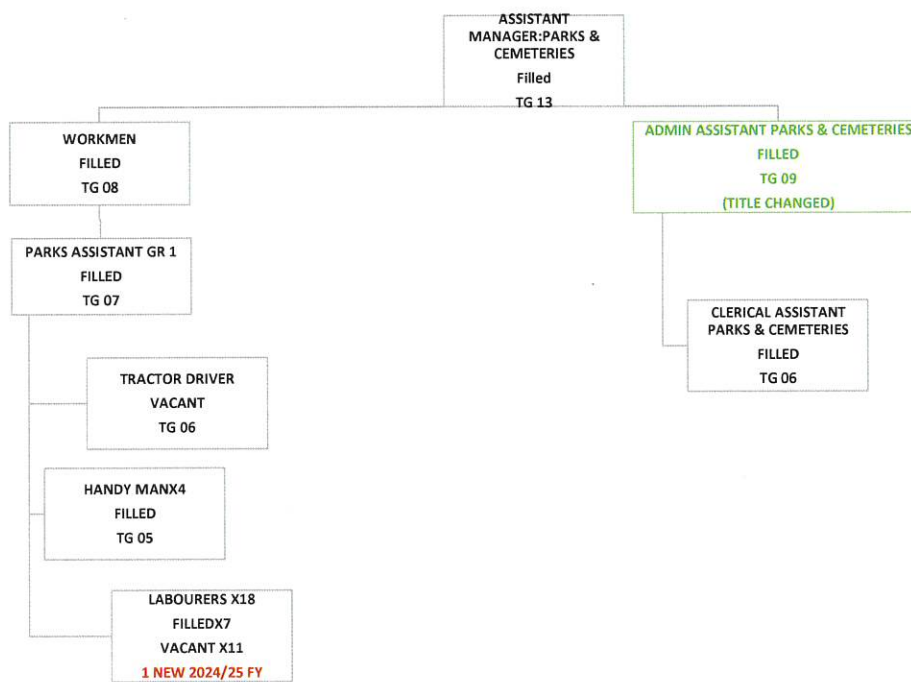
SOCIAL SERVICES:

Waste Management Services



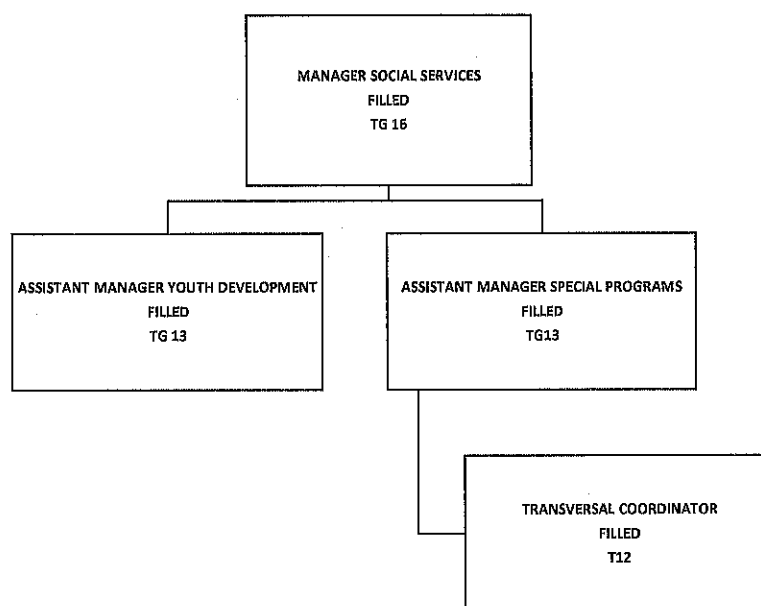
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Social Services Parks and Cemeteries Services



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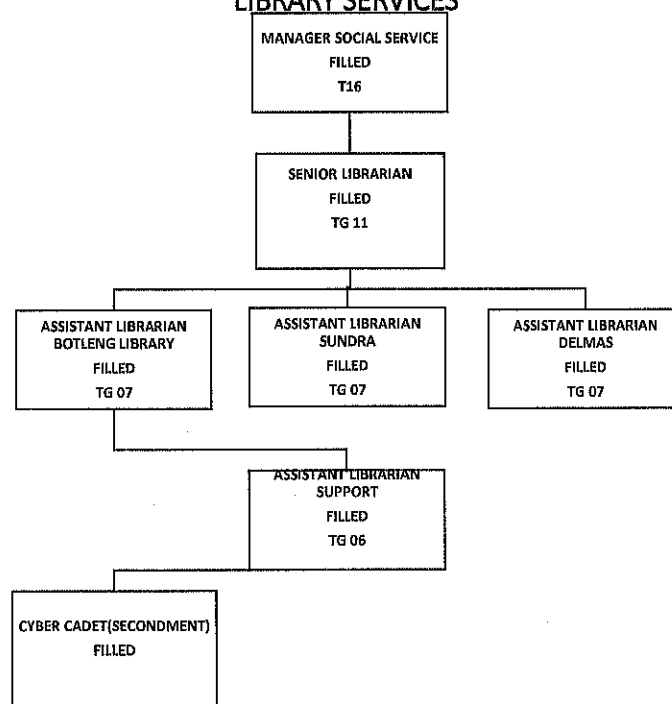
SOCIAL SERVICES: SPECIAL PROGRAMMES



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SOCIAL SERVICES:

LIBRARY SERVICES

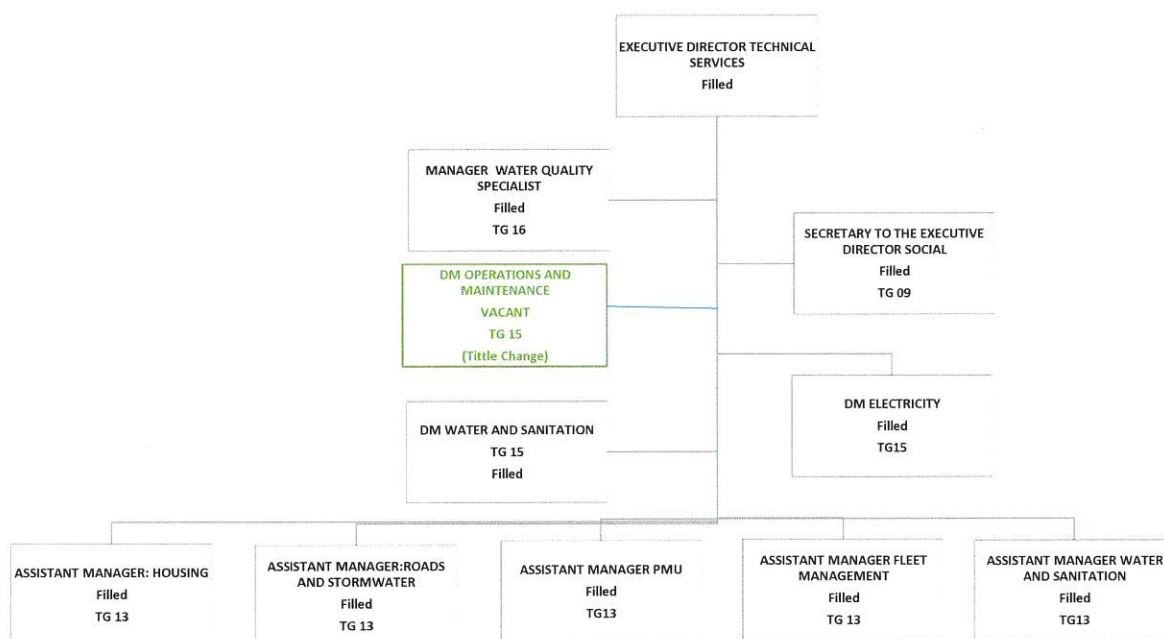


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TECHNICAL SERVICES DEPARTMENT

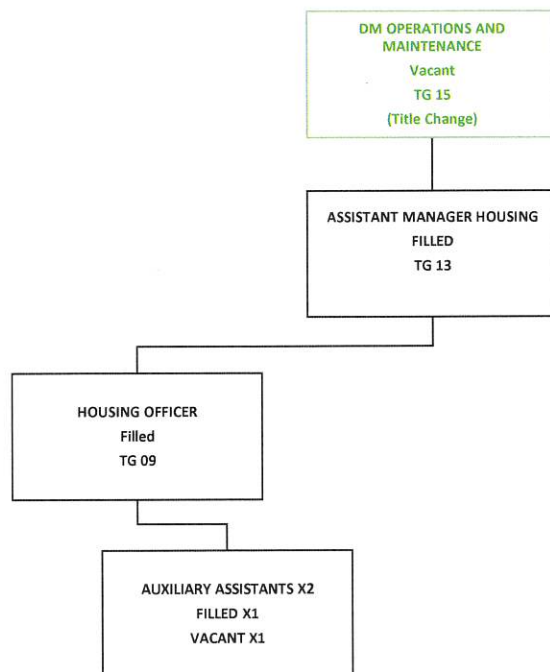
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TECHNICAL SERVICES: EXECUTIVE STRUCTURE



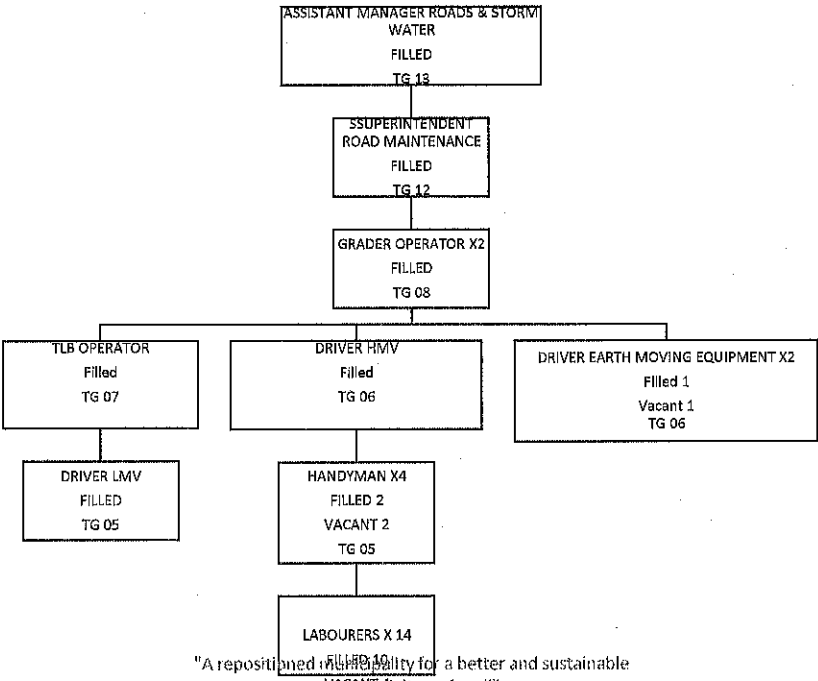
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TECHNICAL SERVICES:HOUSING SECTION



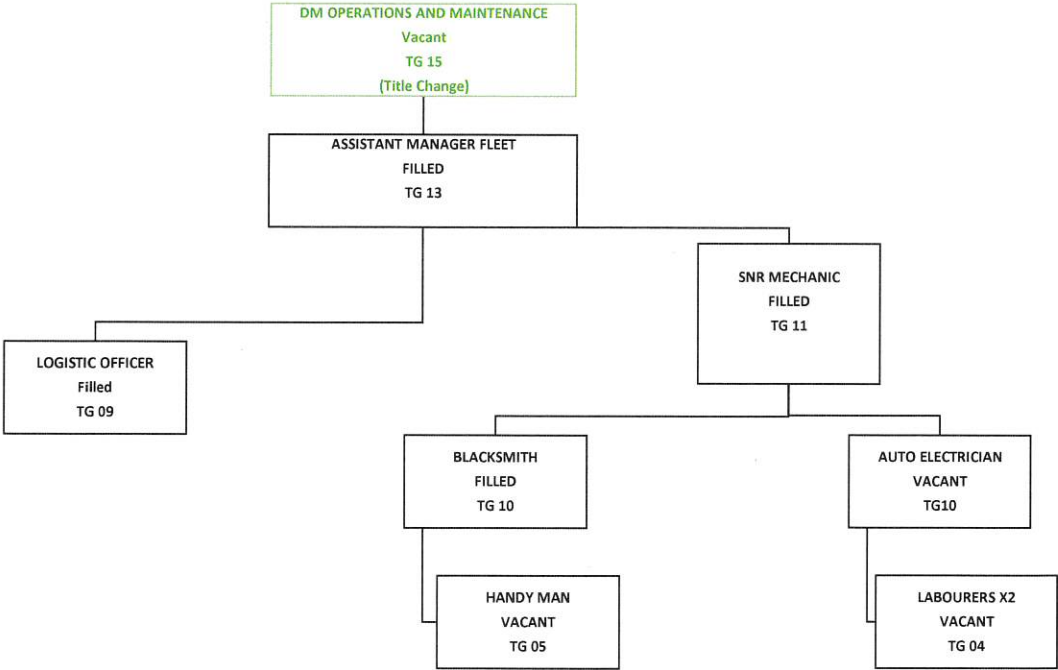
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TECHNICAL SERVICES: ROADS & STORMWATER

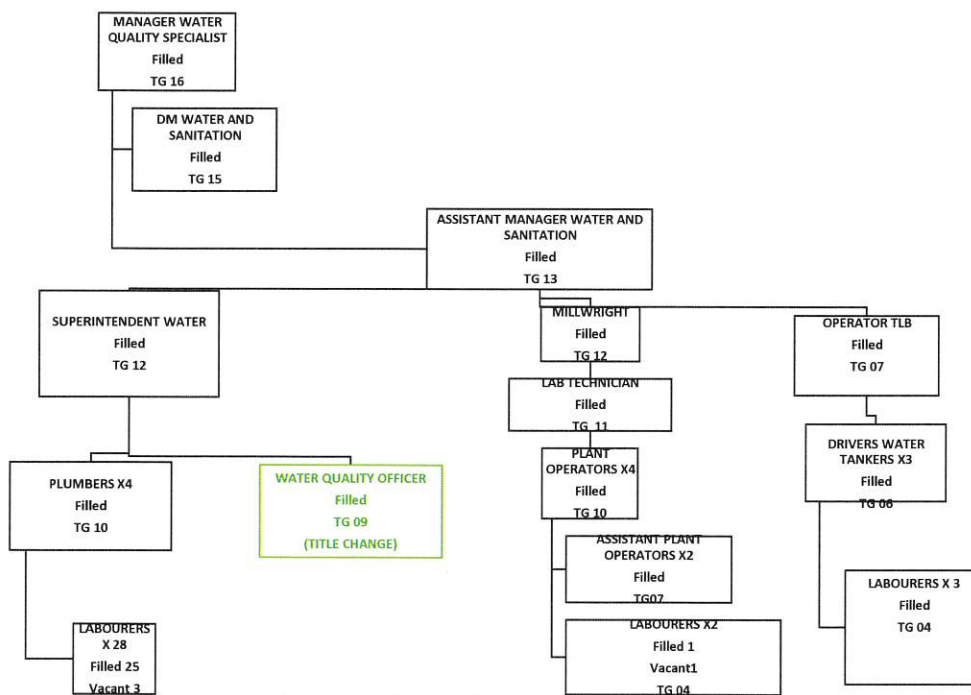


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YAPAC delivery for all"

FLEET MANAGEMENT

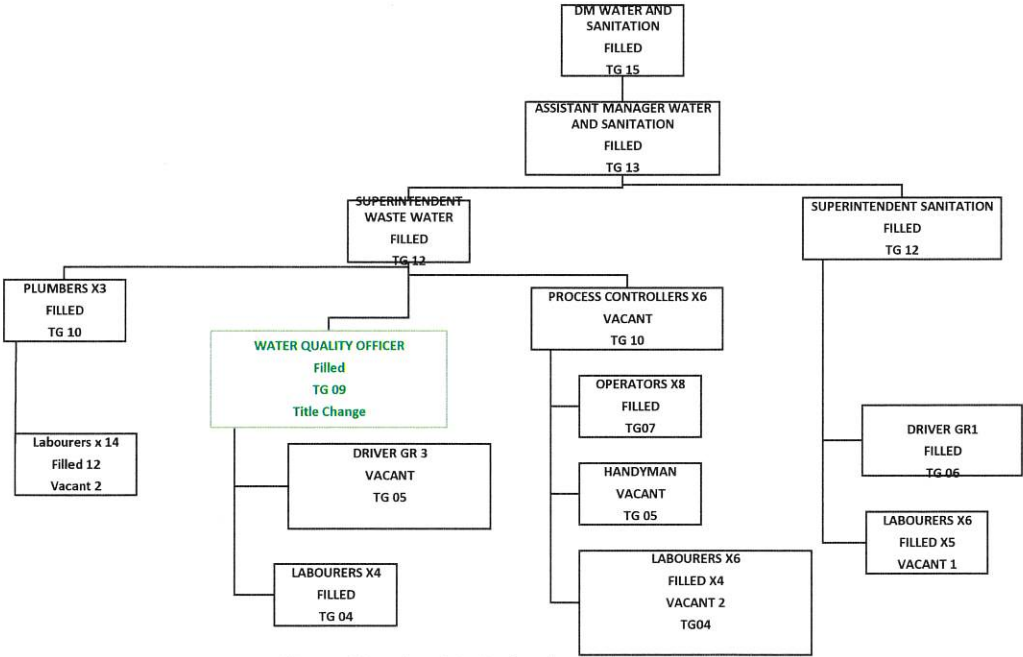


WATER SERVICES



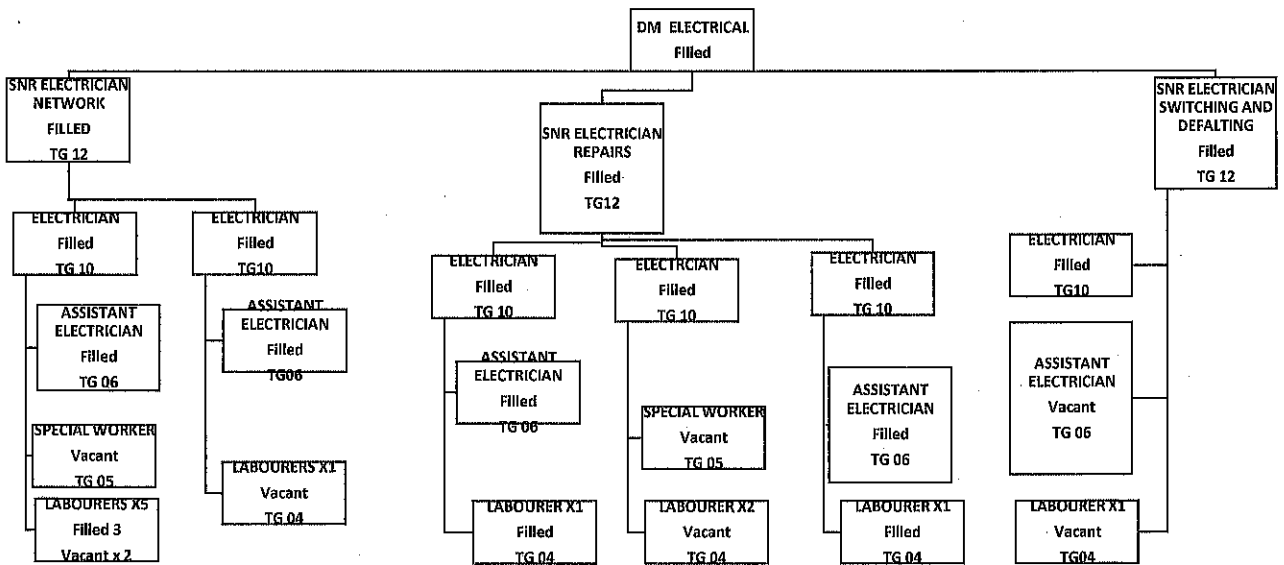
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SANITATION SERVICES



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TECHNICAL SERVICES: ELECTRICAL AND ENERGY



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VICTOR KHANYE LOCAL MUNICIPALITY



DETAILED OPERATIONAL ANNUAL BUDGET

2024/2025

ANNUAL BUDGET

ANNEXURE A

MP311 Victor Khanye - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands										
Financial Performance										
Property rates	78,438	85,936	93,307	97,467	139,457	139,457	139,457	123,486	129,167	136,108
Service charges	250,404	230,903	247,341	444,952	376,859	376,859	376,859	328,584	344,110	360,370
Investment revenue	429	402	763	-	15	15	15	-	-	-
Transfer and subsidies - Operational	128,315	116,808	131,228	144,142	144,142	144,142	144,142	152,985	159,025	165,834
Other own revenue	129,508	114,483	107,999	122,019	155,004	155,004	155,004	168,146	176,042	183,122
Total Revenue (excluding capital transfers and contributions)	587,092	548,532	580,638	808,580	815,277	815,277	815,277	773,201	808,343	844,434
Employee costs	161,490	153,638	174,097	198,596	201,574	201,574	201,574	201,439	210,705	220,397
Remuneration of councillors	8,358	8,083	8,522	9,101	9,131	9,131	9,131	10,101	10,665	11,051
Depreciation and amortisation	55,568	59,661	64,174	52,046	50,102	50,102	50,102	52,446	54,859	57,382
Interest	31,235	49,400	94,766	33,352	57,601	57,601	57,601	30,000	31,380	32,823
Inventory consumed and bulk purchases	188,891	209,938	207,409	264,205	285,757	285,757	285,757	295,978	310,382	325,516
Transfers and subsidies	-	-	-	7,336	7,336	7,336	7,336	-	-	-
Other expenditure	177,867	304,188	236,974	243,173	279,137	279,137	279,137	288,611	298,286	312,058
Total Expenditure	613,409	783,909	786,941	807,809	890,639	890,639	890,639	878,574	918,158	959,228
Surplus/(Deficit)	(26,318)	(235,377)	(205,304)	772	(75,362)	(75,362)	(75,362)	(105,373)	(107,814)	(114,794)
Transfers and subsidies - capital (monetary allocations)	22,380	26,134	52,976	59,174	57,522	57,522	57,522	53,420	29,645	31,924
Transfers and subsidies - capital (in-kind)	6,830	2,222	31,223	44,700	44,700	44,700	44,700	119,417	124,911	130,657
Surplus/(Deficit) after capital transfers & contributions	2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	67,465	46,741	47,787
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	67,465	46,741	47,787
Capital expenditure & funds sources										
Capital expenditure	42,817	27,726	58,145	67,531	71,376	71,376	71,376	65,740	42,532	45,404
Transfers recognised - capital	26,143	24,163	58,335	59,078	57,506	57,506	57,506	53,420	29,645	31,924
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11,527	1,756	(1,694)	8,453	13,870	13,870	13,870	12,320	12,887	13,480
Total sources of capital funds	37,670	25,919	56,641	67,531	71,376	71,376	71,376	65,740	42,532	45,404
Financial position										
Investments	-	-	-	-	-	-	-	-	-	-
LIABILITIES										
Financial liabilities	(2,686)	(3,419)	1,349	7,528	7,528	7,528	7,528	7,528	7,528	7,528
NET ASSETS	422,166	231,628	107,665	533,685	468,302	468,302	468,302	525,624	572,365	620,152
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	111,400	86,405	206,284	66,703	70,553	70,553	70,553	108,909	103,397	92,672
Net cash from (used) investing	(38,899)	(23,278)	(42,475)	(59,078)	(71,376)	(71,376)	(71,376)	(62,740)	(42,532)	(45,404)
Net cash from (used) financing	(582)	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	71,919	68,894	169,414	11,392	2,944	2,944	2,944	76,169	137,034	184,303
Cash backing/surplus reconciliation										
Non current investments	10,910	(0)	0	0	-	-	-	(88,622)	(177,229)	(272,004)
Statutory requirements	(501,976)	(787,856)	(907,369)	133,548	81,786	81,786	81,786	254,763	388,031	519,092
Balance - surplus (shortfall)	512,885	787,856	907,369	(133,548)	(81,786)	(81,786)	(81,786)	(341,385)	(565,260)	(791,095)
Asset management										
Asset register summary (WDV)	960,716	922,583	905,380	999,038	1,004,827	1,004,827		996,847	984,520	972,541
Depreciation	53,416	50,187	57,240	52,046	50,102	50,102		52,446	54,859	57,382
Renewal and Upgrading of Existing Assets	17,475	23,743	50,214	57,846	58,872	58,872		57,920	32,158	34,071
Repairs and Maintenance	179	2,145	50,467	15,617	45,890	45,890		26,052	24,635	25,769
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1,492	21,507	12,597	-	-	-	-	7,336	7,688	8,057
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue - Functional										
Governance and administration		209,851	222,687	248,096	359,314	382,748	382,748	345,621	361,946	378,089
Executive and council		—	—	—	—	—	—	—	—	—
Finance and administration		209,851	222,687	248,096	359,314	382,748	382,748	345,621	361,946	378,089
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		26,111	20,081	18,134	7,009	6,305	6,305	6,572	5,450	5,701
Community and social services		3,289	481	2,602	2,292	2,060	2,060	1,967	634	663
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		20,103	17,527	12,879	2,623	2,311	2,311	3,363	3,517	3,679
Housing		2,719	2,072	2,654	2,094	1,934	1,934	1,242	1,300	1,359
Health		—	—	—	—	—	—	—	—	—
Economic and environmental services		24,636	1,720	29,826	1,572	1,572	1,572	4,772	5,002	5,243
Planning and development		—	—	—	1,572	1,572	1,572	4,772	5,002	5,243
Road transport		24,636	1,720	29,826	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		355,904	332,400	368,780	544,560	526,874	526,874	589,074	590,501	617,981
Energy sources		185,565	161,060	131,296	314,370	250,877	250,877	210,547	220,322	229,365
Water management		88,782	98,738	99,124	144,924	137,664	137,664	170,770	152,691	160,941
Waste water management		41,089	36,917	22,513	66,580	63,220	63,220	170,772	178,882	183,960
Waste management		40,469	35,686	115,846	18,686	75,113	75,113	36,986	38,806	40,716
Other	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	616,302	576,889	664,836	912,454	917,499	917,499	946,039	962,899	1,007,015
Expenditure - Functional										
Governance and administration		158,979	299,605	290,011	318,878	334,843	334,843	332,800	347,806	363,876
Executive and council		24,667	25,325	33,476	39,862	49,226	49,226	45,846	47,442	49,635
Finance and administration		134,293	274,279	256,535	279,016	295,610	285,610	287,154	300,364	314,241
Internal audit		—	—	—	—	7	7	—	—	—
Community and public safety		50,850	61,047	33,046	55,583	73,079	73,079	65,962	68,898	72,067
Community and social services		35,984	22,200	13,587	9,186	19,778	19,778	9,424	9,857	10,310
Sport and recreation		322	(149)	553	1,537	2,492	2,492	3,037	3,177	3,323
Public safety		11,542	37,632	18,906	44,860	50,061	50,061	53,102	55,446	57,997
Housing		771	1,364	—	—	748	748	400	418	438
Health		2,251	—	—	—	—	—	—	—	—
Economic and environmental services		49,384	62,794	61,442	40,796	62,939	62,939	52,238	54,638	57,152
Planning and development		17,343	11,227	13,202	9,894	18,673	18,673	15,074	15,767	16,492
Road transport		31,511	49,549	46,591	30,702	43,432	43,432	36,374	38,047	39,797
Environmental protection		530	2,017	1,648	200	835	835	791	824	862
Trading services		354,197	374,480	404,300	395,460	420,262	420,262	427,574	444,815	466,133
Energy sources		206,741	238,675	248,345	220,122	264,067	264,067	242,182	251,523	263,949
Water management		100,808	80,315	92,078	113,796	113,653	113,653	114,299	119,557	125,057
Waste water management		28,520	23,349	32,678	36,008	31,114	31,114	40,620	42,489	44,443
Waste management		18,128	32,141	31,200	25,534	11,428	11,428	30,473	31,247	32,684
Other	4	—	1,694	—	—	—	—	—	—	—
Total Expenditure - Functional	3	613,409	799,619	788,799	810,716	891,123	891,123	878,574	916,158	959,228
Surplus/(Deficit) for the year		2,892	(222,730)	(123,963)	101,738	26,376	26,376	67,465	46,741	47,787

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2020/21	2021/22	2022/23
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome
Revenue - Functional				
Municipal governance and administration		209,651	222,687	248,096
Executive and council		-	-	-
Mayor and Council		-	-	-
Municipal Manager, Town Secretary and Chief Executive		-	-	-
Finance and administration		209,651	222,687	248,096
Administrative and Corporate Support		1,036	12,730	20,166
Asset Management		-	-	-
Finance		208,594	209,917	227,875
Fleet Management		-	-	-
Human Resources		-	-	-
Information Technology		-	-	-
Legal Services		-	-	-
Marketing, Customer Relations, Publicity and Media Co-ordination		-	-	-
Property Services		21	40	55
Risk Management		-	-	-
Security Services		-	-	-
Supply Chain Management		-	-	-
Valuation Service		-	-	-
Internal audit		-	-	-
Governance Function		-	-	-
Community and public safety		26,111	20,081	18,134
Community and social services		3,289	481	2,602
Aged Care		-	-	-
Agricultural		-	-	-
Animal Care and Diseases		-	-	-
Cemeteries, Funeral Parlours and Crematoriums		437	481	318
Child Care Facilities		-	-	-
Community Halls and Facilities		2,796	-	2,284
Consumer Protection		-	-	-
Cultural Matters		-	-	-
Disaster Management		-	-	-
Education		-	-	-
Indigenous and Customary Law		-	-	-
Industrial Promotion		-	-	-
Language Policy		-	-	-
Libraries and Archives		56	-	-
Literacy Programmes		-	-	-
Media Services		-	-	-
Museums and Art Galleries		-	-	-
Population Development		-	-	-
Provincial Cultural Matters		-	-	-
Theatres		-	-	-
Zoo's		-	-	-
Sport and recreation		-	-	-
Beaches and Jetties		-	-	-
Casinos, Racing, Gambling, Wagering		-	-	-
Community Parks (including Nurseries)		-	-	-
Recreational Facilities		-	-	-
Sports Grounds and Stadiums		-	-	-
Public safety		20,103	17,527	12,879
Civil Defence		-	-	-
Cleansing		-	-	-
Control of Public Nuisances		-	-	-
Fencing and Fences		-	-	-
Fire Fighting and Protection		117	405	761

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classificat

Functional Classification Description	###	2020/21	2021/22	2022/23
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome
<i>Licensing and Control of Animals</i>		-	-	-
<i>Police Forces, Traffic and Street Parking Control</i>		19,986	17,122	12,117
<i>Pounds</i>		-	-	-
<i>Housing</i>		2,719	2,072	2,654
<i>Housing</i>		2,719	2,072	2,654
<i>Informal Settlements</i>		-	-	-
<i>Health</i>		-	-	-
<i>Ambulance</i>		-	-	-
<i>Health Services</i>		-	-	-
<i>Laboratory Services</i>		-	-	-
<i>Food Control</i>		-	-	-
<i>Health Surveillance and Prevention of Communicable Diseases</i>		-	-	-
<i>Vector Control</i>		-	-	-
<i>Chemical Safety</i>		-	-	-
Economic and environmental services		24,636	1,720	29,826
<i>Planning and development</i>		-	-	-
<i>Billboards</i>		-	-	-
<i>Corporate Wide Strategic Planning (IDPs, LEDs)</i>		-	-	-
<i>Central City Improvement District</i>		-	-	-
<i>Development Facilitation</i>		-	-	-
<i>Economic Development/Planning</i>		-	-	-
<i>Regional Planning and Development</i>		-	-	-
<i>Town Planning, Building Regulations and Enforcement, and City</i>		-	-	-
<i>Project Management Unit</i>		-	-	-
<i>Provincial Planning</i>		-	-	-
<i>Support to Local Municipalities</i>		-	-	-
<i>Road transport</i>		24,636	1,720	29,826
<i>Public Transport</i>		-	-	-
<i>Road and Traffic Regulation</i>		-	-	-
<i>Roads</i>		24,636	1,720	29,826
<i>Taxi Ranks</i>		-	-	-
<i>Environmental protection</i>		-	-	-
<i>Biodiversity and Landscape</i>		-	-	-
<i>Coastal Protection</i>		-	-	-
<i>Indigenous Forests</i>		-	-	-
<i>Nature Conservation</i>		-	-	-
<i>Pollution Control</i>		-	-	-
<i>Soil Conservation</i>		-	-	-
Trading services		355,904	332,400	368,780
<i>Energy sources</i>		185,565	161,060	131,296
<i>Electricity</i>		185,565	161,060	131,296
<i>Street Lighting and Signal Systems</i>		-	-	-
<i>Nonelectric Energy</i>		-	-	-
<i>Water management</i>		88,782	98,738	99,124
<i>Water Treatment</i>		-	-	-
<i>Water Distribution</i>		88,782	98,738	99,124
<i>Water Storage</i>		-	-	-
<i>Waste water management</i>		41,089	36,917	22,513
<i>Public Toilets</i>		-	-	-
<i>Sewerage</i>		41,089	36,917	22,513
<i>Storm Water Management</i>		-	-	-
<i>Waste Water Treatment</i>		-	-	-
<i>Waste management</i>		40,469	35,686	115,846
<i>Recycling</i>		-	-	-
<i>Solid Waste Disposal (Landfill Sites)</i>		-	-	-
<i>Solid Waste Removal</i>		40,469	35,686	115,846

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classificat

Functional Classification Description	###	2020/21	2021/22	2022/23
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome
<i>Street Cleaning</i>		-	-	-
Other		-	-	-
Abattoirs		-	-	-
Air Transport		-	-	-
Forestry		-	-	-
Licensing and Regulation		-	-	-
Markets		-	-	-
Tourism		-	-	-
Total Revenue - Functional	2	616,302	576,889	664,836
Expenditure - Functional				
Municipal governance and administration		158,979	299,605	290,011
Executive and council		24,687	25,325	33,476
Mayor and Council		15,456	16,050	19,689
Municipal Manager, Town Secretary and Chief Executive		9,231	9,275	13,787
Finance and administration		134,293	274,279	256,535
Administrative and Corporate Support		28,159	30,335	29,770
Asset Management		-	10,477	13,137
Finance		91,075	186,974	179,621
Fleet Management		10,332	4,774	6,339
Human Resources		-	-	-
Information Technology		4,721	16,198	16,822
Legal Services		-	-	-
Marketing, Customer Relations, Publicity and Media Co-ordination		-	-	-
Property Services		-	9,851	-
Risk Management		2	-	-
Security Services		-	15,661	10,839
Supply Chain Management		4	9	8
Valuation Service		-	-	-
Internal audit		-	-	-
Governance Function		-	-	-
Community and public safety		50,850	61,047	33,046
Community and social services		35,964	22,200	13,587
Aged Care		-	-	-
Agricultural		12,491	67	-
Animal Care and Diseases		-	-	-
Cemeteries, Funeral Parlours and Crematoriums		6,396	2,645	3,794
Child Care Facilities		-	-	-
Community Halls and Facilities		14,136	17,984	7,209
Consumer Protection		-	-	-
Cultural Matters		-	-	-
Disaster Management		-	-	-
Education		-	-	-
Indigenous and Customary Law		-	-	-
Industrial Promotion		-	-	-
Language Policy		-	-	-
Libraries and Archives		2,942	1,504	2,584
Literacy Programmes		-	-	-
Media Services		-	-	-
Museums and Art Galleries		-	-	-
Population Development		-	-	-
Provincial Cultural Matters		-	-	-
Theatres		-	-	-
Zoo's		-	-	-
Sport and recreation		322	(149)	553
Beaches and Jetties		-	-	-
Casinos, Racing, Gambling, Wagering		-	-	-

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classificat

Functional Classification Description	###	2020/21	2021/22	2022/23
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome
Community Parks (including Nurseries)		322	(149)	842
Recreational Facilities		-	-	-
Sports Grounds and Stadiums		-	-	(289)
Public safety		11,542	37,632	18,906
Civil Defence		-	-	-
Cleansing		-	-	-
Control of Public Nuisances		-	-	-
Fencing and Fences		-	-	-
Fire Fighting and Protection		(1,140)	1,710	12,387
Licensing and Control of Animals		-	-	-
Police Forces, Traffic and Street Parking Control		12,682	35,922	6,519
Pounds		-	-	-
Housing		771	1,364	-
Housing		771	1,364	-
Informal Settlements		-	-	-
Health		2,251	-	-
Ambulance		-	-	-
Health Services		2,251	-	-
Laboratory Services		-	-	-
Food Control		-	-	-
Health Surveillance and Prevention of Communicable Diseases		-	-	-
Vector Control		-	-	-
Chemical Safety		-	-	-

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2020/21	2021/22	2022/23
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome
Economic and environmental services		49,384	62,794	61,442
Planning and development		17,343	11,227	13,202
Billboards		-	-	-
Corporate Wide Strategic Planning (IDPs, LEDs)		3,884	3,859	9,638
Central City Improvement District		-	-	-
Development Facilitation		-	-	-
Economic Development/Planning		-	-	-
Regional Planning and Development		-	-	-
Town Planning, Building Regulations and Enforcement, and City		13,441	7,368	3,564
Project Management Unit		17	-	-
Provincial Planning		-	-	-
Support to Local Municipalities		-	-	-
Road transport		31,511	49,549	46,591
Public Transport		-	-	2,086
Road and Traffic Regulation		-	-	-
Roads		31,511	49,549	44,505
Taxi Ranks		-	-	-
Environmental protection		530	2,017	1,648
Biodiversity and Landscape		8	-	-
Coastal Protection		-	-	-
Indigenous Forests		-	-	-
Nature Conservation		-	-	-
Pollution Control		522	2,017	1,648
Soil Conservation		-	-	-
Trading services		354,197	374,480	404,300
Energy sources		206,741	238,675	248,345
Electricity		206,741	238,675	248,345
Street Lighting and Signal Systems		-	-	-
Nonelectric Energy		-	-	-
Water management		100,808	80,315	92,078
Water Treatment		8,458	6,437	184
Water Distribution		90,359	73,878	91,894
Water Storage		1,991	-	-
Waste water management		28,520	23,349	32,678
Public Toilets		-	-	-
Sewerage		28,519	22,520	32,520
Storm Water Management		-	828	159
Waste Water Treatment		0	-	-
Waste management		18,128	32,141	31,200
Recycling		-	-	-
Solid Waste Disposal (Landfill Sites)		-	-	1,546
Solid Waste Removal		18,128	32,141	29,654
Street Cleaning		-	-	-
Other		-	1,694	-
Abattoirs		-	-	-
Air Transport		-	-	-
Forestry		-	-	-
Licensing and Regulation		-	1,694	-
Markets		-	-	-
Tourism		-	-	-
Total Expenditure - Functional	3	613,409	799,619	788,799
Surplus/(Deficit) for the year		2,892	(222,730)	(123,963)

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Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
-	-	-	-	-	-
1,875	1,214	1,214	1,963	2,053	2,147
-	-	-	-	-	-
2,094	1,934	1,934	1,242	1,300	1,359
2,094	1,934	1,934	1,242	1,300	1,359
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,572	1,572	1,572	4,772	5,002	5,243
1,572	1,572	1,572	4,772	5,002	5,243
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,572	1,572	1,572	4,772	5,002	5,243
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
544,560	526,874	526,874	589,074	590,501	617,981
314,370	250,877	250,877	210,547	220,322	229,365
314,370	250,877	250,877	210,547	220,322	229,365
-	-	-	-	-	-
-	-	-	-	-	-
144,924	137,664	137,664	170,770	152,691	160,941
-	-	-	-	-	-
144,924	137,664	137,664	170,770	152,691	160,941
-	-	-	-	-	-
66,580	63,220	63,220	170,772	178,682	186,960
-	-	-	-	-	-
66,580	63,220	63,220	170,772	178,682	186,960
-	-	-	-	-	-
-	-	-	-	-	-
18,686	75,113	75,113	36,986	38,806	40,716
-	-	-	-	-	-
-	-	-	-	-	-
18,686	75,113	75,113	36,986	38,806	40,716

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Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
912,454	917,499	917,499	946,039	962,899	1,007,015
318,878	334,843	334,843	332,800	347,806	363,876
39,862	49,226	49,226	45,646	47,442	49,635
12,922	13,186	13,186	14,151	14,488	15,154
26,939	36,040	36,040	31,495	32,954	34,481
279,016	285,610	285,610	287,154	300,364	314,241
40,150	39,153	39,153	32,381	33,881	35,449
4,172	695	695	4,172	4,364	4,565
212,537	229,189	229,189	227,159	237,600	248,580
11,039	7,443	7,443	13,703	14,333	14,993
-	-	-	-	-	-
11,118	9,130	9,130	9,738	10,186	10,654
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7	7	-	-	-
-	7	7	-	-	-
55,583	73,079	73,079	65,962	68,898	72,067
9,186	19,778	19,778	9,424	9,857	10,310
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,493	16,473	16,473	6,703	7,012	7,334
-	-	-	-	-	-
200	1,185	1,185	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,493	2,120	2,120	2,720	2,845	2,976
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,537	2,492	2,492	3,037	3,177	3,323
-	-	-	-	-	-

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Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
40,796	62,939	62,939	52,238	54,638	57,152
9,894	18,673	18,673	15,074	15,767	16,492
-	-	-	-	-	-
3,617	10,906	10,906	2,706	2,831	2,961
-	-	-	-	-	-
-	-	-	5,050	5,282	5,525
1,477	246	246	1,477	1,545	1,616
-	-	-	-	-	-
4,800	7,517	7,517	5,840	6,109	6,390
-	4	4	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,702	43,432	43,432	36,374	38,047	39,797
-	1,764	1,764	-	-	-
-	-	-	-	-	-
30,702	41,668	41,668	36,374	38,047	39,797
-	-	-	-	-	-
200	835	835	791	824	862
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
200	835	835	791	824	862
-	-	-	-	-	-
395,460	420,262	420,262	427,574	444,815	466,133
220,122	264,067	264,067	242,182	251,523	263,949
220,122	264,067	264,067	242,182	251,523	263,949
-	-	-	-	-	-
-	-	-	-	-	-
113,796	113,653	113,653	114,299	119,557	125,057
4,900	7,238	7,238	2,560	2,678	2,801
108,896	106,415	106,415	111,739	116,879	122,256
-	-	-	-	-	-
36,008	31,114	31,114	40,620	42,489	44,443
-	-	-	-	-	-
35,508	30,582	30,582	40,620	42,489	44,443
500	500	500	-	-	-
-	32	32	-	-	-
25,534	11,428	11,428	30,473	31,247	32,684
-	-	-	-	-	-
2,400	2,400	2,400	3,000	2,510	2,626
23,134	9,028	9,028	27,473	28,736	30,058
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
810,716	891,123	891,123	878,574	916,158	959,228
101,738	26,376	26,376	67,465	46,741	47,787

MP311 Victor Khanye - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–
Vote 2 - Budget and Treasury		208,615	209,957	227,930	359,314	382,131	382,131	345,321	361,632	377,761
Vote 3 - Corporate Services		1,036	12,730	20,166	–	618	618	300	314	328
Vote 4 - Community and Social Services		3,289	481	2,602	2,292	2,060	2,060	1,967	634	663
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		20,103	17,527	12,879	2,623	2,311	2,311	3,363	3,517	3,679
Vote 7 - Housing		2,719	2,072	2,654	2,094	1,934	1,934	1,242	1,300	1,359
Vote 8 - Health Services		–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	1,572	1,572	1,572	4,772	5,002	5,243
Vote 10 - Roads Transport		24,636	1,720	29,826	–	–	–	–	–	–
Vote 11 - Electricity Services		185,565	161,060	131,296	314,370	250,877	250,877	210,547	220,322	229,365
Vote 12 - Water Services		88,782	98,738	99,124	144,924	137,664	137,664	170,770	152,691	160,941
Vote 13 - Waste Water Management		41,089	36,917	22,513	66,580	63,220	63,220	170,772	178,682	186,960
Vote 14 - Solid Waste Management		40,469	35,686	115,846	18,686	75,113	75,113	36,986	38,806	40,716
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	616,302	576,889	664,836	912,454	917,499	917,499	946,039	962,899	1,007,015
Expenditure by Vote to be appropriated	1									
Vote 1 - Office of the Municipal Manager		29,410	41,524	50,299	50,979	58,355	58,355	55,384	57,628	60,290
Vote 2 - Budget and Treasury		91,079	222,972	203,804	216,709	229,885	229,885	231,332	241,964	253,145
Vote 3 - Corporate Services		28,159	30,335	29,770	40,150	39,160	39,160	32,381	33,881	35,449
Vote 4 - Community and Social Services		23,473	22,134	13,587	9,186	19,778	19,778	9,424	9,857	10,310
Vote 5 - Sport and Recreation		331	(149)	553	1,537	2,492	2,492	3,037	3,177	3,323
Vote 6 - Public Safety		11,542	37,632	18,906	44,860	50,061	50,061	53,102	55,446	57,897
Vote 7 - Housing		771	1,364	–	–	748	748	400	418	438
Vote 8 - Health Services		2,251	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		17,343	11,227	13,202	9,894	18,673	18,673	10,024	10,485	10,967
Vote 10 - Roads Transport		54,334	56,084	52,930	41,741	40,877	40,877	50,077	52,381	54,790
Vote 11 - Electricity Services		206,741	239,675	248,345	220,122	264,087	264,087	242,182	251,523	263,949
Vote 12 - Water Services		92,350	73,878	91,894	108,896	106,415	106,415	111,739	116,879	122,256
Vote 13 - Waste Water Management		36,977	29,786	32,862	40,908	38,351	38,351	43,180	45,167	47,244
Vote 14 - Solid Waste Management		18,649	34,158	32,848	25,734	12,263	12,263	31,263	32,071	33,546
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	613,409	799,619	788,799	810,716	881,126	881,126	873,524	910,875	953,703
Surplus/(Deficit) for the year	2	2,892	(222,730)	(123,963)	101,738	36,374	36,374	72,515	52,024	53,312

MP311 Victor Khanye - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
1.1 - Mayor and Council		-	-	-	-	-	-	-	-	-
1.2 - Municipal Manager, Town Secretary and Chief Executive Officer		-	-	-	-	-	-	-	-	-
1.3 - Information Technology		-	-	-	-	-	-	-	-	-
1.4 -		-	-	-	-	-	-	-	-	-
1.5 -		-	-	-	-	-	-	-	-	-
1.6 -		-	-	-	-	-	-	-	-	-
1.7 -		-	-	-	-	-	-	-	-	-
1.8 -		-	-	-	-	-	-	-	-	-
1.9 -		-	-	-	-	-	-	-	-	-
1.10 -		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		208,615	209,957	227,930	359,314	382,131	382,131	345,321	361,632	377,761
2.1 - Finance		208,594	209,917	227,875	358,984	382,076	382,076	344,991	361,287	377,400
2.2 - Property Services		21	40	55	330	55	55	330	345	361
2.3 - Supply Chain Management		-	-	-	-	-	-	-	-	-
2.4 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-
2.5 -		-	-	-	-	-	-	-	-	-
2.6 -		-	-	-	-	-	-	-	-	-
2.7 -		-	-	-	-	-	-	-	-	-
2.8 -		-	-	-	-	-	-	-	-	-
2.9 -		-	-	-	-	-	-	-	-	-
2.10 -		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		1,036	12,730	20,166	-	618	618	300	314	328
3.1 - Administrative and Corporate Support		1,036	12,730	20,166	-	618	618	300	314	328
3.2 -		-	-	-	-	-	-	-	-	-
3.3 -		-	-	-	-	-	-	-	-	-
3.4 -		-	-	-	-	-	-	-	-	-
3.5 -		-	-	-	-	-	-	-	-	-
3.6 -		-	-	-	-	-	-	-	-	-
3.7 -		-	-	-	-	-	-	-	-	-
3.8 -		-	-	-	-	-	-	-	-	-
3.9 -		-	-	-	-	-	-	-	-	-
3.10 -		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		3,289	481	2,602	2,292	2,060	2,060	1,967	634	663
4.1 - DIRECTOR/COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
4.2 - Libraries and Archives		56	-	-	606	101	101	-	-	-
4.3 - Community Halls and Facilities		2,796	-	2,284	1,686	1,686	1,686	1,361	-	-
4.4 - Cemeteries, Funeral Parlours and Crematoriums		437	481	318	-	273	273	606	634	663
4.5 -		-	-	-	-	-	-	-	-	-
4.6 -		-	-	-	-	-	-	-	-	-
4.7 -		-	-	-	-	-	-	-	-	-
4.8 -		-	-	-	-	-	-	-	-	-
4.9 -		-	-	-	-	-	-	-	-	-
4.10 -		-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-
5.1 - PARKS AND RECREATION		-	-	-	-	-	-	-	-	-
5.2 -		-	-	-	-	-	-	-	-	-
5.3 -		-	-	-	-	-	-	-	-	-
5.4 -		-	-	-	-	-	-	-	-	-
5.5 -		-	-	-	-	-	-	-	-	-
5.6 -		-	-	-	-	-	-	-	-	-
5.7 -		-	-	-	-	-	-	-	-	-
5.8 -		-	-	-	-	-	-	-	-	-
5.9 -		-	-	-	-	-	-	-	-	-
5.10 -		-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		20,103	17,527	12,879	2,623	2,311	2,311	3,363	3,517	3,679
6.1 - Police Forces, Traffic and Street Parking Control		19,966	17,122	12,117	1,875	1,214	1,214	1,963	2,053	2,147
6.2 - Fire Fighting and Protection		117	405	761	749	1,098	1,098	1,400	1,464	1,532
6.3 -		-	-	-	-	-	-	-	-	-
6.4 -		-	-	-	-	-	-	-	-	-
6.5 -		-	-	-	-	-	-	-	-	-
6.6 -		-	-	-	-	-	-	-	-	-
6.7 -		-	-	-	-	-	-	-	-	-
6.8 -		-	-	-	-	-	-	-	-	-
6.9 -		-	-	-	-	-	-	-	-	-
6.10 -		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		2,719	2,072	2,654	2,094	1,934	1,934	1,242	1,300	1,359
7.1 - Housing		2,719	2,072	2,654	2,094	1,934	1,934	1,242	1,300	1,359
7.2 -		-	-	-	-	-	-	-	-	-
7.3 -		-	-	-	-	-	-	-	-	-
7.4 -		-	-	-	-	-	-	-	-	-
7.5 -		-	-	-	-	-	-	-	-	-
7.6 -		-	-	-	-	-	-	-	-	-
7.7 -		-	-	-	-	-	-	-	-	-
7.8 -		-	-	-	-	-	-	-	-	-
7.9 -		-	-	-	-	-	-	-	-	-
7.10 -		-	-	-	-	-	-	-	-	-
Vote 8 - Health Services		-	-	-	-	-	-	-	-	-
8.1 - Health Services		-	-	-	-	-	-	-	-	-
8.2 -		-	-	-	-	-	-	-	-	-
8.3 -		-	-	-	-	-	-	-	-	-
8.4 -		-	-	-	-	-	-	-	-	-
8.5 -		-	-	-	-	-	-	-	-	-
8.6 -		-	-	-	-	-	-	-	-	-

MP311 Victor Khanye - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
8.7 -		-	-	-	-	-	-	-	-	-
8.8 -		-	-	-	-	-	-	-	-	-
8.9 -		-	-	-	-	-	-	-	-	-
8.10 -		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	1,572	1,572	1,572	4,772	5,002	5,243
9.1 - Corporate Wide Strategic Planning (IDPs, LEDs)		-	-	-	1,572	1,572	1,572	4,772	5,002	5,243
9.2 -		-	-	-	-	-	-	-	-	-
9.3 -		-	-	-	-	-	-	-	-	-
9.4 -		-	-	-	-	-	-	-	-	-
9.5 -		-	-	-	-	-	-	-	-	-
9.6 -		-	-	-	-	-	-	-	-	-
9.7 -		-	-	-	-	-	-	-	-	-
9.8 -		-	-	-	-	-	-	-	-	-
9.9 -		-	-	-	-	-	-	-	-	-
9.10 -		-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		24,636	1,720	29,826	-	-	-	-	-	-
10.1 - Roads		24,636	1,720	29,826	-	-	-	-	-	-
10.2 - Fleet Management		-	-	-	-	-	-	-	-	-
10.3 - Licensing and Regulation		-	-	-	-	-	-	-	-	-
10.4 - Agricultural		-	-	-	-	-	-	-	-	-
10.5 -		-	-	-	-	-	-	-	-	-
10.6 -		-	-	-	-	-	-	-	-	-
10.7 -		-	-	-	-	-	-	-	-	-
10.8 -		-	-	-	-	-	-	-	-	-
10.9 -		-	-	-	-	-	-	-	-	-
10.10 -		-	-	-	-	-	-	-	-	-
Vote 11 - Electricity Services		185,565	161,060	131,296	314,370	250,877	250,877	210,547	220,322	229,365
11.1 - Electricity		185,565	161,060	131,296	314,370	250,877	250,877	210,547	220,322	229,365
11.2 -		-	-	-	-	-	-	-	-	-
11.3 -		-	-	-	-	-	-	-	-	-
11.4 -		-	-	-	-	-	-	-	-	-
11.5 -		-	-	-	-	-	-	-	-	-
11.6 -		-	-	-	-	-	-	-	-	-
11.7 -		-	-	-	-	-	-	-	-	-
11.8 -		-	-	-	-	-	-	-	-	-
11.9 -		-	-	-	-	-	-	-	-	-
11.10 -		-	-	-	-	-	-	-	-	-
Vote 12 - Water Services		88,782	98,738	99,124	144,924	137,664	137,664	170,770	152,691	160,941
12.1 - Water Distribution		88,782	98,738	99,124	144,924	137,664	137,664	170,770	152,691	160,941
12.2 -		-	-	-	-	-	-	-	-	-
12.3 -		-	-	-	-	-	-	-	-	-
12.4 -		-	-	-	-	-	-	-	-	-
12.5 -		-	-	-	-	-	-	-	-	-
12.6 -		-	-	-	-	-	-	-	-	-
12.7 -		-	-	-	-	-	-	-	-	-
12.8 -		-	-	-	-	-	-	-	-	-
12.9 -		-	-	-	-	-	-	-	-	-
12.10 -		-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management		41,089	36,917	22,513	66,580	63,220	63,220	170,772	178,682	186,960
13.1 - Sewerage		41,089	36,917	22,513	66,580	63,220	63,220	170,772	178,682	186,960
13.2 -		-	-	-	-	-	-	-	-	-
13.3 -		-	-	-	-	-	-	-	-	-
13.4 -		-	-	-	-	-	-	-	-	-
13.5 -		-	-	-	-	-	-	-	-	-
13.6 -		-	-	-	-	-	-	-	-	-
13.7 -		-	-	-	-	-	-	-	-	-
13.8 -		-	-	-	-	-	-	-	-	-
13.9 -		-	-	-	-	-	-	-	-	-
13.10 -		-	-	-	-	-	-	-	-	-
Vote 14 - Solid Waste Management		40,469	35,686	115,846	18,686	75,113	75,113	36,986	38,806	40,716
14.1 - Solid Waste Removal		40,469	35,686	115,846	18,686	75,113	75,113	36,986	38,806	40,716
14.2 -		-	-	-	-	-	-	-	-	-
14.3 -		-	-	-	-	-	-	-	-	-
14.4 -		-	-	-	-	-	-	-	-	-
14.5 -		-	-	-	-	-	-	-	-	-
14.6 -		-	-	-	-	-	-	-	-	-
14.7 -		-	-	-	-	-	-	-	-	-
14.8 -		-	-	-	-	-	-	-	-	-
14.9 -		-	-	-	-	-	-	-	-	-
14.10 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
15.1 -		-	-	-	-	-	-	-	-	-
15.2 -		-	-	-	-	-	-	-	-	-
15.3 -		-	-	-	-	-	-	-	-	-
15.4 -		-	-	-	-	-	-	-	-	-
15.5 -		-	-	-	-	-	-	-	-	-
15.6 -		-	-	-	-	-	-	-	-	-
15.7 -		-	-	-	-	-	-	-	-	-
15.8 -		-	-	-	-	-	-	-	-	-
15.9 -		-	-	-	-	-	-	-	-	-
15.10 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	616,302	576,889	664,836	912,454	917,499	917,499	946,039	962,899	1,007,015

MP311 Victor Khanye - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		29,410	41,524	50,299	50,979	58,355	58,355	55,384	57,628	60,290
1.1 - Mayor and Council		15,456	16,050	19,689	12,922	13,186	13,186	14,151	14,488	15,154
1.2 - Municipal Manager, Town Secretary and Chief Executive Officer		9,233	9,275	13,787	26,939	36,040	36,040	31,495	32,954	34,481
1.3 - Information Technology		4,721	16,198	16,822	11,118	9,130	9,130	9,738	10,186	10,654
1.4 -		-	-	-	-	-	-	-	-	-
1.5 -		-	-	-	-	-	-	-	-	-
1.6 -		-	-	-	-	-	-	-	-	-
1.7 -		-	-	-	-	-	-	-	-	-
1.8 -		-	-	-	-	-	-	-	-	-
1.9 -		-	-	-	-	-	-	-	-	-
1.10 -		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		91,079	222,972	203,604	216,709	229,885	229,885	231,332	241,964	253,145
2.1 - Finance		91,075	213,111	203,596	216,709	229,885	229,885	231,332	241,964	253,145
2.2 - Property Services		-	9,851	-	-	-	-	-	-	-
2.3 - Supply Chain Management	4	-	9	8	-	-	-	-	-	-
2.4 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-
2.5 -		-	-	-	-	-	-	-	-	-
2.6 -		-	-	-	-	-	-	-	-	-
2.7 -		-	-	-	-	-	-	-	-	-
2.8 -		-	-	-	-	-	-	-	-	-
2.9 -		-	-	-	-	-	-	-	-	-
2.10 -		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		28,159	30,335	29,770	40,150	39,160	39,160	32,381	33,881	35,449
3.1 - Administrative and Corporate Support		28,159	30,335	29,770	40,150	39,160	39,160	32,381	33,881	35,449
3.2 -		-	-	-	-	-	-	-	-	-
3.3 -		-	-	-	-	-	-	-	-	-
3.4 -		-	-	-	-	-	-	-	-	-
3.5 -		-	-	-	-	-	-	-	-	-
3.6 -		-	-	-	-	-	-	-	-	-
3.7 -		-	-	-	-	-	-	-	-	-
3.8 -		-	-	-	-	-	-	-	-	-
3.9 -		-	-	-	-	-	-	-	-	-
3.10 -		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		23,473	22,134	13,587	9,186	19,778	19,778	9,424	9,857	10,310
4.1 - DIRECTOR:COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
4.2 - Libraries and Archives		2,942	1,504	2,584	2,493	2,120	2,120	2,720	2,845	2,976
4.3 - Community Halls and Facilities		14,136	17,984	7,209	200	1,185	1,185	-	-	-
4.4 - Cemeteries, Funeral Parlours and Crematoriums		6,396	2,645	3,794	6,493	16,473	16,473	6,703	7,012	7,334
4.5 -		-	-	-	-	-	-	-	-	-
4.6 -		-	-	-	-	-	-	-	-	-
4.7 -		-	-	-	-	-	-	-	-	-
4.8 -		-	-	-	-	-	-	-	-	-
4.9 -		-	-	-	-	-	-	-	-	-
4.10 -		-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		331	(149)	553	1,537	2,492	2,492	3,037	3,177	3,323
5.1 - PARKS AND RECREATION		331	(149)	553	1,537	2,492	2,492	3,037	3,177	3,323
5.2 -		-	-	-	-	-	-	-	-	-
5.3 -		-	-	-	-	-	-	-	-	-
5.4 -		-	-	-	-	-	-	-	-	-
5.5 -		-	-	-	-	-	-	-	-	-
5.6 -		-	-	-	-	-	-	-	-	-
5.7 -		-	-	-	-	-	-	-	-	-
5.8 -		-	-	-	-	-	-	-	-	-
5.9 -		-	-	-	-	-	-	-	-	-
5.10 -		-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		11,542	37,632	18,906	44,860	50,061	50,061	53,102	55,446	57,997
6.1 - Police Forces, Traffic and Street Parking Control		12,682	35,922	6,519	28,055	25,836	25,836	32,846	34,279	35,855
6.2 - Fire Fighting and Protection		(1,140)	1,710	12,387	16,805	24,225	24,225	20,256	21,167	22,141
6.3 -		-	-	-	-	-	-	-	-	-
6.4 -		-	-	-	-	-	-	-	-	-
6.5 -		-	-	-	-	-	-	-	-	-
6.6 -		-	-	-	-	-	-	-	-	-
6.7 -		-	-	-	-	-	-	-	-	-
6.8 -		-	-	-	-	-	-	-	-	-
6.9 -		-	-	-	-	-	-	-	-	-
6.10 -		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		771	1,364	-	-	748	748	400	418	438
7.1 - Housing		771	1,364	-	-	748	748	400	418	438
7.2 -		-	-	-	-	-	-	-	-	-
7.3 -		-	-	-	-	-	-	-	-	-
7.4 -		-	-	-	-	-	-	-	-	-
7.5 -		-	-	-	-	-	-	-	-	-
7.6 -		-	-	-	-	-	-	-	-	-
7.7 -		-	-	-	-	-	-	-	-	-
7.8 -		-	-	-	-	-	-	-	-	-
7.9 -		-	-	-	-	-	-	-	-	-
7.10 -		-	-	-	-	-	-	-	-	-
Vote 8 - Health Services		2,251	-	-	-	-	-	-	-	-
8.1 - Health Services		2,251	-	-	-	-	-	-	-	-
8.2 -		-	-	-	-	-	-	-	-	-
8.3 -		-	-	-	-	-	-	-	-	-
8.4 -		-	-	-	-	-	-	-	-	-
8.5 -		-	-	-	-	-	-	-	-	-

MP311 Victor Khanye - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
8.6 -		-	-	-	-	-	-	-	-	-
8.7 -		-	-	-	-	-	-	-	-	-
8.8 -		-	-	-	-	-	-	-	-	-
8.9 -		-	-	-	-	-	-	-	-	-
8.10 -		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		17,343	11,227	13,202	9,894	18,673	18,673	10,024	10,485	10,967
9.1 - Corporate Wide Strategic Planning (IDPs, LEDS)		17,343	11,227	13,202	9,894	18,673	18,673	10,024	10,485	10,967
9.2 -		-	-	-	-	-	-	-	-	-
9.3 -		-	-	-	-	-	-	-	-	-
9.4 -		-	-	-	-	-	-	-	-	-
9.5 -		-	-	-	-	-	-	-	-	-
9.6 -		-	-	-	-	-	-	-	-	-
9.7 -		-	-	-	-	-	-	-	-	-
9.8 -		-	-	-	-	-	-	-	-	-
9.9 -		-	-	-	-	-	-	-	-	-
9.10 -		-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		54,334	56,084	52,930	41,741	40,877	40,877	50,077	52,381	54,790
10.1 - Roads		31,511	49,549	46,591	30,702	33,434	33,434	36,374	38,047	39,797
10.2 - Fleet Management		10,332	4,774	6,339	11,039	7,443	7,443	13,703	14,353	14,993
10.3 - Licensing and Regulation		-	1,694	-	-	-	-	-	-	-
10.4 - Agricultural		12,491	67	-	-	-	-	-	-	-
10.5 -		-	-	-	-	-	-	-	-	-
10.6 -		-	-	-	-	-	-	-	-	-
10.7 -		-	-	-	-	-	-	-	-	-
10.8 -		-	-	-	-	-	-	-	-	-
10.9 -		-	-	-	-	-	-	-	-	-
10.10 -		-	-	-	-	-	-	-	-	-
Vote 11 - Electricity Services		206,741	238,675	248,345	220,122	264,067	264,067	242,182	251,523	263,949
11.1 - Electricity		206,741	238,675	248,345	220,122	264,067	264,067	242,182	251,523	263,949
11.2 -		-	-	-	-	-	-	-	-	-
11.3 -		-	-	-	-	-	-	-	-	-
11.4 -		-	-	-	-	-	-	-	-	-
11.5 -		-	-	-	-	-	-	-	-	-
11.6 -		-	-	-	-	-	-	-	-	-
11.7 -		-	-	-	-	-	-	-	-	-
11.8 -		-	-	-	-	-	-	-	-	-
11.9 -		-	-	-	-	-	-	-	-	-
11.10 -		-	-	-	-	-	-	-	-	-
Vote 12 - Water Services		92,350	73,878	91,894	108,896	106,415	106,415	111,739	116,879	122,256
12.1 - Water Distribution		92,350	73,878	91,894	108,896	106,415	106,415	111,739	116,879	122,256
12.2 -		-	-	-	-	-	-	-	-	-
12.3 -		-	-	-	-	-	-	-	-	-
12.4 -		-	-	-	-	-	-	-	-	-
12.5 -		-	-	-	-	-	-	-	-	-
12.6 -		-	-	-	-	-	-	-	-	-
12.7 -		-	-	-	-	-	-	-	-	-
12.8 -		-	-	-	-	-	-	-	-	-
12.9 -		-	-	-	-	-	-	-	-	-
12.10 -		-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management		36,977	29,786	32,862	40,908	38,351	38,351	43,180	45,167	47,244
13.1 - Sewerage		36,977	29,786	32,862	40,908	38,351	38,351	43,180	45,167	47,244
13.2 -		-	-	-	-	-	-	-	-	-
13.3 -		-	-	-	-	-	-	-	-	-
13.4 -		-	-	-	-	-	-	-	-	-
13.5 -		-	-	-	-	-	-	-	-	-
13.6 -		-	-	-	-	-	-	-	-	-
13.7 -		-	-	-	-	-	-	-	-	-
13.8 -		-	-	-	-	-	-	-	-	-
13.9 -		-	-	-	-	-	-	-	-	-
13.10 -		-	-	-	-	-	-	-	-	-
Vote 14 - Solid Waste Management		18,649	34,158	32,848	25,734	12,263	12,263	31,263	32,071	33,546
14.1 - Solid Waste Removal		18,649	34,158	32,848	25,734	12,263	12,263	31,263	32,071	33,546
14.2 -		-	-	-	-	-	-	-	-	-
14.3 -		-	-	-	-	-	-	-	-	-
14.4 -		-	-	-	-	-	-	-	-	-
14.5 -		-	-	-	-	-	-	-	-	-
14.6 -		-	-	-	-	-	-	-	-	-
14.7 -		-	-	-	-	-	-	-	-	-
14.8 -		-	-	-	-	-	-	-	-	-
14.9 -		-	-	-	-	-	-	-	-	-
14.10 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
15.1 -		-	-	-	-	-	-	-	-	-
15.2 -		-	-	-	-	-	-	-	-	-
15.3 -		-	-	-	-	-	-	-	-	-
15.4 -		-	-	-	-	-	-	-	-	-
15.5 -		-	-	-	-	-	-	-	-	-
15.6 -		-	-	-	-	-	-	-	-	-
15.7 -		-	-	-	-	-	-	-	-	-
15.8 -		-	-	-	-	-	-	-	-	-
15.9 -		-	-	-	-	-	-	-	-	-
15.10 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	613,409	799,619	788,799	810,716	881,126	881,126	873,524	910,875	953,703
Surplus/(Deficit) for the year	2	2,892	(222,730)	(123,963)	101,738	36,374	36,374	72,515	52,024	53,312

MP311 Victor Khanye - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	174,991	161,060	155,582	347,266	291,085	291,085	291,085	225,890	236,281	247,150
Service charges - Water	2	55,219	47,734	48,880	67,794	60,702	60,702	60,702	74,236	77,948	81,845
Service charges - Waste Water Management	2	10,407	11,671	22,354	15,635	12,275	12,275	12,275	13,785	14,475	15,198
Service charges - Waste Management	2	9,786	10,438	20,525	14,257	12,597	12,597	12,597	14,672	15,406	16,176
Sale of Goods and Rendering of Services		1,552	1,368	1,486	3,137	3,698	3,698	3,698	6,926	7,255	7,600
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		54,180	34,226	37,799	59,387	103,610	103,610	103,610	90,454	94,766	98,096
Interest earned from Current and Non Current Assets		429	402	763	-	15	15	15	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		2,733	2,113	2,709	2,532	2,007	2,007	2,007	1,572	1,645	1,720
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		1,081	821	1,237	392	422	422	422	772	807	845
Non-Exchange Revenue											
Property rates	2	78,438	85,936	93,307	97,467	139,457	139,457	139,457	123,486	129,167	135,108
Surcharges and Taxes		49,928	46,567	32,885	54,884	49,371	49,371	49,371	33,486	35,026	36,637
Fines, penalties and forfeits		20,033	17,139	12,124	1,686	1,095	1,095	1,095	2,141	2,239	2,342
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		128,315	116,808	131,228	144,142	144,142	144,142	144,142	152,985	159,025	165,834
Interest		-	12,250	17,377	-	-	-	-	32,795	34,304	35,882
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	2,381	-	(5,198)	(5,198)	(5,198)	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contrib		587,092	548,532	580,638	808,580	815,277	815,277	815,277	773,201	808,343	844,434
Expenditure											
Employee related costs	2	151,490	153,638	174,097	198,596	201,574	201,574	201,574	201,439	210,705	220,397
Remuneration of councillors		8,358	8,083	8,522	9,101	9,131	9,131	9,131	10,101	10,565	11,051
Bulk purchases - electricity	2	149,105	171,101	167,220	185,000	195,505	195,505	195,505	203,854	214,047	224,749
Inventory consumed	8	39,786	38,837	40,189	79,205	90,252	90,252	90,252	92,124	96,335	100,767
Debt impairment	3	(12,663)	99,851	61,064	103,571	88,571	88,571	88,571	108,336	113,319	118,532
Depreciation and amortisation		55,568	59,661	64,174	52,046	50,102	50,102	50,102	52,446	54,859	57,382
Interest		31,235	48,400	94,766	33,352	57,601	57,601	57,601	30,000	31,380	32,823
Contracted services		59,905	76,021	90,057	71,449	109,331	109,331	109,331	92,062	93,435	97,796
Transfers and subsidies		-	-	-	7,336	7,336	7,336	7,336	-	-	-
Irrecoverable debts written off		0	-	-	30,000	29,800	29,800	29,800	29,800	31,171	32,605
Operational costs		80,403	79,086	67,416	38,153	51,435	51,435	51,435	58,413	60,341	63,125
Losses on disposal of Assets		8,077	983	6,374	-	-	-	-	-	-	-
Other Losses		42,146	48,248	12,064	-	-	-	-	-	-	-
Total Expenditure		613,409	783,909	785,941	807,809	890,639	890,639	890,639	878,574	916,158	959,228
Surplus/(Deficit)		(26,318)	(235,377)	(205,304)	772	(75,362)	(75,362)	(75,362)	(105,373)	(107,814)	(114,794)
Transfers and subsidies - capital (monetary)	6	22,380	26,134	52,976	59,174	57,522	57,522	57,522	53,420	29,645	31,924
Transfers and subsidies - capital (in-kind)	6	6,830	2,222	31,223	44,700	44,700	44,700	44,700	119,417	124,911	130,657
Surplus/(Deficit) after capital transfers & contributions		2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	67,465	46,741	47,787
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Income tax		2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	67,465	46,741	47,787
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	67,465	46,741	47,787
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	67,465	46,741	47,787

MP311 Victor Khanye - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Health Services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity Services		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water Services		-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 14 - Solid Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Office of the Municipal Manager		242	-	54	2,000	4,917	4,917	4,917	2,700	2,824	2,954
Vote 2 - Budget and Treasury		397	1,018	707	-	-	-	-	400	418	438
Vote 3 - Corporate Services		47	(1,085)	18,065	2,907	2,828	2,828	2,828	100	105	109
Vote 4 - Community and Social Services		55	-	-	-	-	-	-	20	21	22
Vote 5 - Sport and Recreation		-	2,628	20	-	-	-	-	-	-	-
Vote 6 - Public Safety		5,314	68	25	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Health Services		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		3,982	-	81	-	-	-	-	100	105	109
Vote 10 - Roads Transport		4,639	19,887	8,784	15,000	15,083	15,083	15,083	19,421	23,212	24,932
Vote 11 - Electricity Services		20,753	3,274	7,430	6,000	6,000	6,000	6,000	6,500	6,085	6,076
Vote 12 - Water Services		0	-	16,705	35,035	36,934	36,934	36,934	31,499	4,762	4,762
Vote 13 - Waste Water Management		751	1,501	9,519	3,090	4,616	4,616	4,616	3,000	-	-
Vote 14 - Solid Waste Management		6,637	435	(3,244)	3,500	998	998	998	2,000	5,000	6,000
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		42,817	27,726	58,145	67,531	71,376	71,376	71,376	65,740	42,532	45,404
Total Capital Expenditure - Vote		42,817	27,726	58,145	67,531	71,376	71,376	71,376	65,740	42,532	45,404
Capital Expenditure - Functional											
Governance and administration		687	(67)	20,384	4,907	10,245	10,245	10,245	8,200	8,577	8,972
Executive and council		242	-	(0)	-	-	-	-	200	209	219
Finance and administration		445	(67)	20,385	4,907	10,245	10,245	10,245	8,000	8,368	8,753
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		5,369	2,696	46	-	-	-	-	20	21	22
Community and social services		5,358	-	-	-	-	-	-	20	21	22
Sport and recreation		-	2,628	20	-	-	-	-	-	-	-
Public safety		10	68	25	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		7,901	18,803	6,678	15,000	12,583	12,583	12,583	14,521	18,087	19,571
Planning and development		3,982	-	81	-	-	-	-	100	105	109
Road transport		3,919	18,803	6,597	15,000	12,583	12,583	12,583	14,421	17,982	19,462
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		28,860	6,294	31,037	47,624	48,548	48,548	48,548	42,999	15,847	16,839
Energy sources		21,473	4,358	8,058	6,000	6,000	6,000	6,000	6,500	6,085	6,076
Water management		0	-	16,705	35,035	36,934	36,934	36,934	31,499	4,762	4,762
Waste water management		751	1,501	9,519	3,090	4,616	4,616	4,616	3,000	-	-
Waste management		6,637	435	(3,244)	3,500	998	998	998	2,000	5,000	6,000
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	42,817	27,726	58,145	67,531	71,376	71,376	71,376	65,740	42,532	45,404
Funded by:											
National Government		26,143	24,163	58,335	59,078	57,506	57,506	57,506	53,420	29,645	31,924
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26,143	24,163	58,335	59,078	57,506	57,506	57,506	53,420	29,645	31,924
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		11,527	1,756	(1,694)	8,453	13,870	13,870	13,870	12,320	12,887	13,480
Total Capital Funding	7	37,670	25,919	56,641	67,531	71,376	71,376	71,376	65,740	42,532	45,404

MP311 Victor Khanye - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Municipal Vote											
Multi-year expenditure appropriation	2										
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
1.1 - Mayor and Council		-	-	-	-	-	-	-	-	-	-
1.2 - Municipal Manager, Town Secretary and Chief Executive		-	-	-	-	-	-	-	-	-	-
1.3 - Information Technology		-	-	-	-	-	-	-	-	-	-
1.4 -		-	-	-	-	-	-	-	-	-	-
1.5 -		-	-	-	-	-	-	-	-	-	-
1.6 -		-	-	-	-	-	-	-	-	-	-
1.7 -		-	-	-	-	-	-	-	-	-	-
1.8 -		-	-	-	-	-	-	-	-	-	-
1.9 -		-	-	-	-	-	-	-	-	-	-
1.10 -		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
2.1 - Finance		-	-	-	-	-	-	-	-	-	-
2.2 - Property Services		-	-	-	-	-	-	-	-	-	-
2.3 - Supply Chain Management		-	-	-	-	-	-	-	-	-	-
2.4 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
2.5 -		-	-	-	-	-	-	-	-	-	-
2.6 -		-	-	-	-	-	-	-	-	-	-
2.7 -		-	-	-	-	-	-	-	-	-	-
2.8 -		-	-	-	-	-	-	-	-	-	-
2.9 -		-	-	-	-	-	-	-	-	-	-
2.10 -		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
3.1 - Administrative and Corporate Support		-	-	-	-	-	-	-	-	-	-
3.2 -		-	-	-	-	-	-	-	-	-	-
3.3 -		-	-	-	-	-	-	-	-	-	-
3.4 -		-	-	-	-	-	-	-	-	-	-
3.5 -		-	-	-	-	-	-	-	-	-	-
3.6 -		-	-	-	-	-	-	-	-	-	-
3.7 -		-	-	-	-	-	-	-	-	-	-
3.8 -		-	-	-	-	-	-	-	-	-	-
3.9 -		-	-	-	-	-	-	-	-	-	-
3.10 -		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
4.1 - DIRECTOR/COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
4.2 - Libraries and Archives		-	-	-	-	-	-	-	-	-	-
4.3 - Community Halls and Facilities		-	-	-	-	-	-	-	-	-	-
4.4 - Cemeteries, Funeral Parlours and Crematoriums		-	-	-	-	-	-	-	-	-	-
4.5 -		-	-	-	-	-	-	-	-	-	-
4.6 -		-	-	-	-	-	-	-	-	-	-
4.7 -		-	-	-	-	-	-	-	-	-	-
4.8 -		-	-	-	-	-	-	-	-	-	-
4.9 -		-	-	-	-	-	-	-	-	-	-
4.10 -		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
5.1 - PARKS AND RECREATION		-	-	-	-	-	-	-	-	-	-
5.2 -		-	-	-	-	-	-	-	-	-	-
5.3 -		-	-	-	-	-	-	-	-	-	-
5.4 -		-	-	-	-	-	-	-	-	-	-
5.5 -		-	-	-	-	-	-	-	-	-	-
5.6 -		-	-	-	-	-	-	-	-	-	-
5.7 -		-	-	-	-	-	-	-	-	-	-
5.8 -		-	-	-	-	-	-	-	-	-	-
5.9 -		-	-	-	-	-	-	-	-	-	-
5.10 -		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
6.1 - Police Forces, Traffic and Street Parking Control		-	-	-	-	-	-	-	-	-	-
6.2 - Fire Fighting and Protection		-	-	-	-	-	-	-	-	-	-
6.3 -		-	-	-	-	-	-	-	-	-	-
6.4 -		-	-	-	-	-	-	-	-	-	-
6.5 -		-	-	-	-	-	-	-	-	-	-
6.6 -		-	-	-	-	-	-	-	-	-	-
6.7 -		-	-	-	-	-	-	-	-	-	-
6.8 -		-	-	-	-	-	-	-	-	-	-
6.9 -		-	-	-	-	-	-	-	-	-	-
6.10 -		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
7.1 - Housing		-	-	-	-	-	-	-	-	-	-
7.2 -		-	-	-	-	-	-	-	-	-	-
7.3 -		-	-	-	-	-	-	-	-	-	-
7.4 -		-	-	-	-	-	-	-	-	-	-
7.5 -		-	-	-	-	-	-	-	-	-	-
7.6 -		-	-	-	-	-	-	-	-	-	-
7.7 -		-	-	-	-	-	-	-	-	-	-
7.8 -		-	-	-	-	-	-	-	-	-	-
7.9 -		-	-	-	-	-	-	-	-	-	-
7.10 -		-	-	-	-	-	-	-	-	-	-

Vote 8 - Health Services	-	-	-	-	-	-	-	-	-	-	-
8.1 - Health Services	-	-	-	-	-	-	-	-	-	-	-
8.2 -	-	-	-	-	-	-	-	-	-	-	-
8.3 -	-	-	-	-	-	-	-	-	-	-	-
8.4 -	-	-	-	-	-	-	-	-	-	-	-
8.5 -	-	-	-	-	-	-	-	-	-	-	-
8.6 -	-	-	-	-	-	-	-	-	-	-	-
8.7 -	-	-	-	-	-	-	-	-	-	-	-
8.8 -	-	-	-	-	-	-	-	-	-	-	-
8.9 -	-	-	-	-	-	-	-	-	-	-	-
8.10 -	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	-	-	-	-	-	-	-	-	-	-	-
9.1 - Corporate Wide Strategic Planning (IDPs, LEDs)	-	-	-	-	-	-	-	-	-	-	-
9.2 -	-	-	-	-	-	-	-	-	-	-	-
9.3 -	-	-	-	-	-	-	-	-	-	-	-
9.4 -	-	-	-	-	-	-	-	-	-	-	-
9.5 -	-	-	-	-	-	-	-	-	-	-	-
9.6 -	-	-	-	-	-	-	-	-	-	-	-
9.7 -	-	-	-	-	-	-	-	-	-	-	-
9.8 -	-	-	-	-	-	-	-	-	-	-	-
9.9 -	-	-	-	-	-	-	-	-	-	-	-
9.10 -	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport	-	-	-	-	-	-	-	-	-	-	-
10.1 - Roads	-	-	-	-	-	-	-	-	-	-	-
10.2 - Fleet Management	-	-	-	-	-	-	-	-	-	-	-
10.3 - Licensing and Regulation	-	-	-	-	-	-	-	-	-	-	-
10.4 - Agricultural	-	-	-	-	-	-	-	-	-	-	-
10.5 -	-	-	-	-	-	-	-	-	-	-	-
10.6 -	-	-	-	-	-	-	-	-	-	-	-
10.7 -	-	-	-	-	-	-	-	-	-	-	-
10.8 -	-	-	-	-	-	-	-	-	-	-	-
10.9 -	-	-	-	-	-	-	-	-	-	-	-
10.10 -	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity Services	-	-	-	-	-	-	-	-	-	-	-
11.1 - Electricity	-	-	-	-	-	-	-	-	-	-	-
11.2 -	-	-	-	-	-	-	-	-	-	-	-
11.3 -	-	-	-	-	-	-	-	-	-	-	-
11.4 -	-	-	-	-	-	-	-	-	-	-	-
11.5 -	-	-	-	-	-	-	-	-	-	-	-
11.6 -	-	-	-	-	-	-	-	-	-	-	-
11.7 -	-	-	-	-	-	-	-	-	-	-	-
11.8 -	-	-	-	-	-	-	-	-	-	-	-
11.9 -	-	-	-	-	-	-	-	-	-	-	-
11.10 -	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Water Services	-	-	-	-	-	-	-	-	-	-	-
12.1 - Water Distribution	-	-	-	-	-	-	-	-	-	-	-
12.2 -	-	-	-	-	-	-	-	-	-	-	-
12.3 -	-	-	-	-	-	-	-	-	-	-	-
12.4 -	-	-	-	-	-	-	-	-	-	-	-
12.5 -	-	-	-	-	-	-	-	-	-	-	-
12.6 -	-	-	-	-	-	-	-	-	-	-	-
12.7 -	-	-	-	-	-	-	-	-	-	-	-
12.8 -	-	-	-	-	-	-	-	-	-	-	-
12.9 -	-	-	-	-	-	-	-	-	-	-	-
12.10 -	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management	-	-	-	-	-	-	-	-	-	-	-
13.1 - Sewerage	-	-	-	-	-	-	-	-	-	-	-
13.2 -	-	-	-	-	-	-	-	-	-	-	-
13.3 -	-	-	-	-	-	-	-	-	-	-	-
13.4 -	-	-	-	-	-	-	-	-	-	-	-
13.5 -	-	-	-	-	-	-	-	-	-	-	-
13.6 -	-	-	-	-	-	-	-	-	-	-	-
13.7 -	-	-	-	-	-	-	-	-	-	-	-
13.8 -	-	-	-	-	-	-	-	-	-	-	-
13.9 -	-	-	-	-	-	-	-	-	-	-	-
13.10 -	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Solid Waste Management	-	-	-	-	-	-	-	-	-	-	-
14.1 - Solid Waste Removal	-	-	-	-	-	-	-	-	-	-	-
14.2 -	-	-	-	-	-	-	-	-	-	-	-
14.3 -	-	-	-	-	-	-	-	-	-	-	-
14.4 -	-	-	-	-	-	-	-	-	-	-	-
14.5 -	-	-	-	-	-	-	-	-	-	-	-
14.6 -	-	-	-	-	-	-	-	-	-	-	-
14.7 -	-	-	-	-	-	-	-	-	-	-	-
14.8 -	-	-	-	-	-	-	-	-	-	-	-
14.9 -	-	-	-	-	-	-	-	-	-	-	-
14.10 -	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-	-	-
15.1 -	-	-	-	-	-	-	-	-	-	-	-
15.2 -	-	-	-	-	-	-	-	-	-	-	-
15.3 -	-	-	-	-	-	-	-	-	-	-	-
15.4 -	-	-	-	-	-	-	-	-	-	-	-
15.5 -	-	-	-	-	-	-	-	-	-	-	-
15.6 -	-	-	-	-	-	-	-	-	-	-	-
15.7 -	-	-	-	-	-	-	-	-	-	-	-
15.8 -	-	-	-	-	-	-	-	-	-	-	-
15.9 -	-	-	-	-	-	-	-	-	-	-	-
15.10 -	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-

Capital expenditure - Municipal Vote
Single-year expenditure appropriation

2										
Vote 1 - Office of the Municipal Manager	242	-	54	2,000	4,917	4,917	4,917	2,700	2,824	2,954
1.1 - Mayor and Council	70	-	-	-	-	-	-	-	-	-
1.2 - Municipal Manager, Town Secretary and Chief Executive Officer	172	-	(0)	-	-	-	-	200	209	219
1.3 - Information Technology	-	-	54	2,000	4,917	4,917	4,917	2,500	2,615	2,735
1.4 -	-	-	-	-	-	-	-	-	-	-
1.5 -	-	-	-	-	-	-	-	-	-	-
1.6 -	-	-	-	-	-	-	-	-	-	-
1.7 -	-	-	-	-	-	-	-	-	-	-
1.8 -	-	-	-	-	-	-	-	-	-	-
1.9 -	-	-	-	-	-	-	-	-	-	-
1.10 -	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury	397	1,018	707	-	-	-	-	400	418	438
2.1 - Finance	397	1,018	707	-	-	-	-	400	418	438
2.2 - Property Services	-	-	-	-	-	-	-	-	-	-
2.3 - Supply Chain Management	-	-	-	-	-	-	-	-	-	-
2.4 - Budget and Treasury Office	-	-	-	-	-	-	-	-	-	-
2.5 -	-	-	-	-	-	-	-	-	-	-
2.6 -	-	-	-	-	-	-	-	-	-	-
2.7 -	-	-	-	-	-	-	-	-	-	-
2.8 -	-	-	-	-	-	-	-	-	-	-
2.9 -	-	-	-	-	-	-	-	-	-	-
2.10 -	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	47	(1,085)	18,065	2,907	2,828	2,828	2,828	100	105	109
3.1 - Administrative and Corporate Support	47	(1,085)	18,065	2,907	2,828	2,828	2,828	100	105	109
3.2 -	-	-	-	-	-	-	-	-	-	-
3.3 -	-	-	-	-	-	-	-	-	-	-
3.4 -	-	-	-	-	-	-	-	-	-	-
3.5 -	-	-	-	-	-	-	-	-	-	-
3.6 -	-	-	-	-	-	-	-	-	-	-
3.7 -	-	-	-	-	-	-	-	-	-	-
3.8 -	-	-	-	-	-	-	-	-	-	-
3.9 -	-	-	-	-	-	-	-	-	-	-
3.10 -	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services	55	-	-	-	-	-	-	20	21	22
4.1 - DIRECTOR:COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-	-
4.2 - Libraries and Archives	-	-	-	-	-	-	-	-	-	-
4.3 - Community Halls and Facilities	-	-	-	-	-	-	-	-	-	-
4.4 - Cemeteries, Funeral Parlours and Crematoriums	55	-	-	-	-	-	-	20	21	22
4.5 -	-	-	-	-	-	-	-	-	-	-
4.6 -	-	-	-	-	-	-	-	-	-	-
4.7 -	-	-	-	-	-	-	-	-	-	-
4.8 -	-	-	-	-	-	-	-	-	-	-
4.9 -	-	-	-	-	-	-	-	-	-	-
4.10 -	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation	-	2,628	20	-	-	-	-	-	-	-
5.1 - PARKS AND RECREATION	-	2,628	20	-	-	-	-	-	-	-
5.2 -	-	-	-	-	-	-	-	-	-	-
5.3 -	-	-	-	-	-	-	-	-	-	-
5.4 -	-	-	-	-	-	-	-	-	-	-
5.5 -	-	-	-	-	-	-	-	-	-	-
5.6 -	-	-	-	-	-	-	-	-	-	-
5.7 -	-	-	-	-	-	-	-	-	-	-
5.8 -	-	-	-	-	-	-	-	-	-	-
5.9 -	-	-	-	-	-	-	-	-	-	-
5.10 -	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety	5,314	68	25	-	-	-	-	-	-	-
6.1 - Police Forces, Traffic and Street Parking Control	1	-	-	-	-	-	-	-	-	-
6.2 - Fire Fighting and Protection	5,312	68	25	-	-	-	-	-	-	-
6.3 -	-	-	-	-	-	-	-	-	-	-
6.4 -	-	-	-	-	-	-	-	-	-	-
6.5 -	-	-	-	-	-	-	-	-	-	-
6.6 -	-	-	-	-	-	-	-	-	-	-
6.7 -	-	-	-	-	-	-	-	-	-	-
6.8 -	-	-	-	-	-	-	-	-	-	-
6.9 -	-	-	-	-	-	-	-	-	-	-
6.10 -	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-
7.1 - Housing	-	-	-	-	-	-	-	-	-	-
7.2 -	-	-	-	-	-	-	-	-	-	-
7.3 -	-	-	-	-	-	-	-	-	-	-
7.4 -	-	-	-	-	-	-	-	-	-	-
7.5 -	-	-	-	-	-	-	-	-	-	-
7.6 -	-	-	-	-	-	-	-	-	-	-
7.7 -	-	-	-	-	-	-	-	-	-	-
7.8 -	-	-	-	-	-	-	-	-	-	-
7.9 -	-	-	-	-	-	-	-	-	-	-
7.10 -	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health Services	-	-	-	-	-	-	-	-	-	-
8.1 - Health Services	-	-	-	-	-	-	-	-	-	-
8.2 -	-	-	-	-	-	-	-	-	-	-
8.3 -	-	-	-	-	-	-	-	-	-	-
8.4 -	-	-	-	-	-	-	-	-	-	-
8.5 -	-	-	-	-	-	-	-	-	-	-
8.6 -	-	-	-	-	-	-	-	-	-	-
8.7 -	-	-	-	-	-	-	-	-	-	-
8.8 -	-	-	-	-	-	-	-	-	-	-
8.9 -	-	-	-	-	-	-	-	-	-	-
8.10 -	-	-	-	-	-	-	-	-	-	-

Vote 9 - Planning and Development	3,982	-	81	-	-	-	-	100	105	109
9.1 - Corporate Wide Strategic Planning (IDPs, LEDs)	3,982	-	81	-	-	-	-	100	105	109
9.2 -	-	-	-	-	-	-	-	-	-	-
9.3 -	-	-	-	-	-	-	-	-	-	-
9.4 -	-	-	-	-	-	-	-	-	-	-
9.5 -	-	-	-	-	-	-	-	-	-	-
9.6 -	-	-	-	-	-	-	-	-	-	-
9.7 -	-	-	-	-	-	-	-	-	-	-
9.8 -	-	-	-	-	-	-	-	-	-	-
9.9 -	-	-	-	-	-	-	-	-	-	-
9.10 -	-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport	4,639	19,887	8,784	15,000	15,083	15,083	15,083	19,421	23,212	24,932
10.1 - Roads	4,639	19,887	7,225	15,000	12,583	12,583	12,583	14,421	17,982	19,462
10.2 - Fleet Management	-	-	1,559	-	2,500	2,500	2,500	5,000	5,230	5,471
10.3 - Licensing and Regulation	-	-	-	-	-	-	-	-	-	-
10.4 - Agricultural	-	-	-	-	-	-	-	-	-	-
10.5 -	-	-	-	-	-	-	-	-	-	-
10.6 -	-	-	-	-	-	-	-	-	-	-
10.7 -	-	-	-	-	-	-	-	-	-	-
10.8 -	-	-	-	-	-	-	-	-	-	-
10.9 -	-	-	-	-	-	-	-	-	-	-
10.10 -	-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity Services	20,753	3,274	7,430	6,000	6,000	6,000	6,000	6,500	6,085	6,076
11.1 - Electricity	20,753	3,274	7,430	6,000	6,000	6,000	6,000	6,500	6,085	6,076
11.2 -	-	-	-	-	-	-	-	-	-	-
11.3 -	-	-	-	-	-	-	-	-	-	-
11.4 -	-	-	-	-	-	-	-	-	-	-
11.5 -	-	-	-	-	-	-	-	-	-	-
11.6 -	-	-	-	-	-	-	-	-	-	-
11.7 -	-	-	-	-	-	-	-	-	-	-
11.8 -	-	-	-	-	-	-	-	-	-	-
11.9 -	-	-	-	-	-	-	-	-	-	-
11.10 -	-	-	-	-	-	-	-	-	-	-
Vote 12 - Water Services	0	-	16,705	35,035	36,934	36,934	36,934	31,499	4,762	4,762
12.1 - Water Distribution	0	-	16,705	35,035	36,934	36,934	36,934	31,499	4,762	4,762
12.2 -	-	-	-	-	-	-	-	-	-	-
12.3 -	-	-	-	-	-	-	-	-	-	-
12.4 -	-	-	-	-	-	-	-	-	-	-
12.5 -	-	-	-	-	-	-	-	-	-	-
12.6 -	-	-	-	-	-	-	-	-	-	-
12.7 -	-	-	-	-	-	-	-	-	-	-
12.8 -	-	-	-	-	-	-	-	-	-	-
12.9 -	-	-	-	-	-	-	-	-	-	-
12.10 -	-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management	751	1,501	9,519	3,090	4,616	4,616	4,616	3,000	-	-
13.1 - Sewerage	751	1,501	9,519	3,090	4,616	4,616	4,616	3,000	-	-
13.2 -	-	-	-	-	-	-	-	-	-	-
13.3 -	-	-	-	-	-	-	-	-	-	-
13.4 -	-	-	-	-	-	-	-	-	-	-
13.5 -	-	-	-	-	-	-	-	-	-	-
13.6 -	-	-	-	-	-	-	-	-	-	-
13.7 -	-	-	-	-	-	-	-	-	-	-
13.8 -	-	-	-	-	-	-	-	-	-	-
13.9 -	-	-	-	-	-	-	-	-	-	-
13.10 -	-	-	-	-	-	-	-	-	-	-
Vote 14 - Solid Waste Management	6,637	435	(3,244)	3,500	998	998	998	2,000	5,000	6,000
14.1 - Solid Waste Removal	6,637	435	(3,244)	3,500	998	998	998	2,000	5,000	6,000
14.2 -	-	-	-	-	-	-	-	-	-	-
14.3 -	-	-	-	-	-	-	-	-	-	-
14.4 -	-	-	-	-	-	-	-	-	-	-
14.5 -	-	-	-	-	-	-	-	-	-	-
14.6 -	-	-	-	-	-	-	-	-	-	-
14.7 -	-	-	-	-	-	-	-	-	-	-
14.8 -	-	-	-	-	-	-	-	-	-	-
14.9 -	-	-	-	-	-	-	-	-	-	-
14.10 -	-	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-	-
15.1 -	-	-	-	-	-	-	-	-	-	-
15.2 -	-	-	-	-	-	-	-	-	-	-
15.3 -	-	-	-	-	-	-	-	-	-	-
15.4 -	-	-	-	-	-	-	-	-	-	-
15.5 -	-	-	-	-	-	-	-	-	-	-
15.6 -	-	-	-	-	-	-	-	-	-	-
15.7 -	-	-	-	-	-	-	-	-	-	-
15.8 -	-	-	-	-	-	-	-	-	-	-
15.9 -	-	-	-	-	-	-	-	-	-	-
15.10 -	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	42,817	27,726	58,145	67,531	71,376	71,376	71,376	65,740	42,532	45,404
Total Capital Expenditure	42,817	27,726	58,145	67,531	71,376	71,376	71,376	65,740	42,532	45,404

MP311 Victor Khanye - Table A6 Budgeted Financial Position

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		3,767	5,605	6,653	11,392	2,944	2,944	2,944	76,041	136,772	184,040
Trade and other receivables from exchange transactions	1	110,188	102,453	185,586	36,930	34,856	34,856	34,856	66,959	(44,571)	(146,995)
Receivables from non-exchange transactions	1	71,676	70,231	82,281	128,825	139,322	139,322	139,322	84,982	173,874	266,854
Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	1,770	2,715	2,121	74,622	59,617	59,617	59,617	(31,972)	(101,603)	(174,437)
VAT		165,587	230,335	310,349	-	-	-	-	-	-	-
Other current assets		-	0	(0)	-	-	-	-	-	-	-
Total current assets		352,989	411,340	586,990	251,768	236,740	236,740	236,740	196,010	164,472	129,462
Non current assets											
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		67,284	85,904	83,959	68,123	68,827	68,827	68,827	68,123	66,578	64,961
Property, plant and equipment	3	924,193	873,710	863,253	929,686	933,249	933,249	933,249	927,495	918,624	910,259
Biological assets		-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Intangible assets		64	64	64	155	1,677	1,677	1,677	155	(1,756)	(3,754)
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		992,616	960,752	948,350	999,038	1,004,827	1,004,827	1,004,827	996,847	984,520	972,541
TOTAL ASSETS		1,345,605	1,372,092	1,535,340	1,250,806	1,241,567	1,241,567	1,241,567	1,192,857	1,148,992	1,102,003
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		3,401	3,419	6,804	-	-	-	-	-	-	-
Consumer deposits		1,491	1,592	1,652	1,781	1,781	1,781	1,781	1,781	1,781	1,781
Trade and other payables from exchange transactions	4	702,476	918,892	1,147,624	23,286	89,409	89,409	89,409	57,000	54,490	51,864
Trade and other payables from non-exchange transactions	5	10,910	(0)	0	0	-	-	-	(86,622)	(177,229)	(272,004)
Provision		1,839	2,896	2,376	11,546	11,546	11,546	11,546	11,546	11,546	11,546
VAT		154,740	161,369	216,204	-	-	-	-	-	-	-
Other current liabilities		1,125	1,314	1,182	-	-	-	-	-	-	-
Total current liabilities		875,982	1,089,482	1,375,842	36,613	102,736	102,736	102,736	(16,295)	(109,412)	(206,813)
Non current liabilities											
Financial liabilities	6	(2,686)	(3,419)	1,349	7,528	7,528	7,528	7,528	7,528	7,528	7,528
Provision	7	18,419	18,804	16,505	673,000	673,000	673,000	673,000	676,000	678,510	681,136
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		31,723	35,597	33,979	-	-	-	-	-	-	-
Total non current liabilities		47,457	50,983	51,833	680,528	680,528	680,528	680,528	683,528	686,038	688,664
TOTAL LIABILITIES		923,439	1,140,464	1,427,675	717,141	783,264	783,264	783,264	667,233	576,626	481,851
NET ASSETS		422,166	231,628	107,665	533,665	458,302	458,302	458,302	525,624	572,365	620,152
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	452,757	247,028	110,523	533,665	458,302	458,302	458,302	525,624	572,365	620,152
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	452,757	247,028	110,523	533,665	458,302	458,302	458,302	525,624	572,365	620,152

References

1. Detail breakdown in Table SA3 for Trade receivables from Exchange and Non-exchange transactions
2. Include completed low cost housing to be transferred to beneficiaries within 12 months detail provided in Table SA3
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements) detail in SA3
4. Detail breakdown in Table SA3.
5. Detail breakdown in Table SA3.
6. Detail breakdown in Table SA3.
7. Detail breakdown in Table SA3.
8. Detail breakdown in Table SA3.
9. Detail breakdown in Table SA3. Includes reserves to be funded by statute.
10. Net assets must balance with Total Community Wealth/Equity

(30,590) (15,400) (2,858) - - - - - - - -

MP311 Victor Khanye - Table A7 Budgeted Cash Flows

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		70,051	80,229	83,276	68,227	99,720	99,720	99,720	137,878	144,221	150,855
Service charges		249,288	230,294	225,544	380,407	373,461	373,461	373,461	337,393	366,805	368,845
Other revenue		70,636	74,383	61,430	122,019	115,928	115,928	115,928	48,503	50,745	53,090
Transfers and Subsidies - Operational	1	4,470	4,911	110,483	144,142	144,142	144,142	144,142	152,985	159,025	165,834
Transfers and Subsidies - Capital	1	20,534	–	15,000	59,174	57,522	57,522	57,522	53,420	29,645	31,924
Interest		368	346	708	–	15	15	15	–	–	–
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(303,947)	(301,758)	(290,157)	(673,914)	(662,633)	(662,633)	(662,633)	(621,270)	(647,044)	(677,875)
Interest		–	–	–	(33,352)	(57,601)	(57,601)	(57,601)	–	–	–
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		111,400	88,405	206,284	66,703	70,553	70,553	70,553	108,909	103,397	92,672
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
VAT Control (receipts)		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(38,899)	(23,278)	(42,475)	(59,078)	(71,376)	(71,376)	(71,376)	(62,740)	(42,532)	(45,404)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(38,899)	(23,278)	(42,475)	(59,078)	(71,376)	(71,376)	(71,376)	(62,740)	(42,532)	(45,404)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(582)	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(582)	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD											
		71,919	65,126	163,809	7,625	(823)	(823)	(823)	46,169	60,865	47,269
Cash/cash equivalents at the year begin:	2	–	3,767	5,605	3,767	3,767	3,767	3,767	30,000	76,169	137,034
Cash/cash equivalents at the year end:	2	71,919	68,894	169,414	11,392	2,944	2,944	2,944	76,169	137,034	184,303

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	71,919	68,894	169,414	11,392	2,944	2,944	2,944	76,169	137,034	184,303
Other current investments > 90 days		(68,152)	(63,289)	(162,761)	0	0	0	0	(128)	(263)	(263)
Non current investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		3,767	5,605	6,653	11,392	2,944	2,944	2,944	76,041	136,772	184,040
Application of cash and investments											
Unspent conditional transfers		10,910	(0)	0	0	—	—	—	(86,622)	(177,229)	(272,004)
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	(33,937)	44,024	18,022	—	—	—	—	—	—	—
Other working capital requirements	3	525,805	745,227	892,262	(133,702)	(90,387)	(90,387)	(90,387)	(103,646)	(85,576)	(74,593)
Other provisions		2,964	4,210	3,558	11,546	11,546	11,546	11,546	11,546	11,546	11,546
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		505,742	793,461	914,022	(122,156)	(78,841)	(78,841)	(78,841)	(178,722)	(251,259)	(335,051)
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(501,975)	(787,856)	(907,369)	133,548	81,786	81,786	81,786	254,763	388,031	519,092
Creditors transferred to Debt Relief - Non-Current portion		—	—	—	—	—	—	—	—	—	—
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(501,975)	(787,856)	(907,369)	133,548	81,786	81,786	81,786	254,763	388,031	519,092

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves - Total Reserves to be backed by cash/investments excl Valuation reserve

Debtors	176,671	173,665	255,362	156,988	179,796	179,796	179,796	160,646	140,066	126,457
Creditors due	702,476	918,892	1,147,624	23,286	89,409	89,409	89,409	57,000	54,490	51,864
Total	(525,805)	(745,227)	(892,262)	133,702	90,387	90,387	90,387	103,646	85,576	74,593

Balance outstanding - debtors	181,864	172,685	267,867	165,754	174,178	174,178	174,178	151,942	129,303	119,859
Estimate of debtors collection rate	97.1%	100.6%	95.3%	94.7%	103.2%	103.2%	103.2%	105.7%	108.3%	105.5%

Balance (Insert description; eg sinking fund)

[illegible]

6. Above reserves do not include Revaluation reserve. Revaluation reserve not required to be cash backed

MP311 Victor Khanye - Table A9 Asset Management

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	25,342	3,983	7,932	9,665	12,504	12,504	7,820	10,373	11,332
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		8,645	1,084	8,987	1,000	1,000	1,000	2,500	1,901	1,700
Water Supply Infrastructure		83	-	-	3,185	3,090	3,090	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		4,611	435	(3,130)	3,500	998	998	2,000	5,000	6,000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		13,338	1,519	5,857	7,685	5,087	5,087	4,500	6,901	7,700
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		172	-	-	-	-	-	400	418	438
Furniture and Office Equipment		198	1,687	120	2,000	4,917	4,917	-	-	-
Machinery and Equipment		305	776	639	-	-	-	2,920	3,054	3,195
Transport Assets		7,329	-	1,316	-	2,500	2,500	-	-	-
Land		4,000	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	17,475	23,578	32,018	57,846	58,872	58,872	57,920	32,158	34,071
Roads Infrastructure		16,747	21,414	4,800	22,907	20,412	20,412	18,421	22,166	23,838
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		(83)	-	18,705	31,950	33,844	33,844	31,499	4,762	4,762
Sanitation Infrastructure		751	1,501	9,647	3,080	4,816	4,616	3,000	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		17,415	22,915	31,153	57,846	58,872	58,872	52,920	26,928	28,600
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		60	664	866	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	5,000	5,230	5,471
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	-	165	18,195	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	165	18,195	-	-	-	-	-	-
Community Assets		-	165	18,195	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	42,817	27,726	58,145	67,531	71,376	71,376	65,740	42,532	45,404
Roads Infrastructure		18,747	21,414	4,800	22,907	20,412	20,412	18,421	22,166	23,838
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		8,645	1,084	8,987	1,000	1,000	1,000	2,500	1,901	1,700
Water Supply Infrastructure		0	-	16,705	35,035	36,934	36,934	31,499	4,762	4,762
Sanitation Infrastructure		751	1,501	9,647	3,060	4,616	4,616	3,000	-	-
Solid Waste Infrastructure		4,611	435	(3,130)	3,500	998	998	2,000	5,000	6,000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		30,753	24,434	37,010	65,531	63,959	63,959	57,420	33,829	36,300
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	165	18,195	-	-	-	-	-	-
Community Assets		-	165	18,195	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		172	-	-	-	-	-	400	418	438
Furniture and Office Equipment		198	1,687	120	2,000	4,917	4,917	-	-	-
Machinery and Equipment		365	1,440	1,504	-	-	-	2,920	3,054	3,195
Transport Assets		7,329	-	1,316	-	2,500	2,500	5,000	5,230	5,471
Land		4,000	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		42,817	27,726	58,145	67,531	71,376	71,376	65,740	42,532	45,404

ASSET REGISTER SUMMARY - PPE (WDV)	5	960,716	922,583	905,380	999,038	1,004,827	1,004,827	996,847	984,520	972,541
Roads Infrastructure		208,443	205,643	178,718	6,521	(3,481)	(3,481)	(8,058)	(16,490)	(25,265)
Storm water Infrastructure		(0)	(0)	(0)	-	-	-	-	-	-
Electrical Infrastructure		96,722	90,076	93,125	(6,749)	(5,593)	(5,593)	(6,749)	(13,809)	(21,194)
Water Supply Infrastructure		168,935	157,983	163,494	35,035	30,877	30,877	25,000	25,000	25,000
Sanitation Infrastructure		163,797	153,794	155,304	(5,375)	(1,591)	(1,591)	(8,464)	(17,318)	(26,579)
Solid Waste Infrastructure		14,277	13,900	10,574	3,500	964	964	(4,217)	(8,628)	(13,242)
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		652,173	621,396	601,214	32,932	21,176	21,176	(2,489)	(31,246)	(61,280)
Community Assets		56,627	30,840	37,154	910,898	909,970	909,970	910,898	910,898	910,898
Heritage Assets		1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Investment properties		67,284	85,904	83,959	68,123	68,827	68,827	68,123	66,578	64,961
Other Assets		618	547	444	(20,050)	(9,143)	(9,143)	(4,172)	(8,536)	(13,101)
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		64	64	64	155	1,677	1,677	155	(1,756)	(3,754)
Computer Equipment		1,527	1,521	1,455	-	-	-	2,500	5,115	7,850
Furniture and Office Equipment		1,151	2,391	2,101	2,000	4,917	4,917	(11,241)	(22,999)	(35,298)
Machinery and Equipment		1,265	1,412	1,799	-	-	-	-	-	-
Transport Assets		19,169	15,092	13,774	-	2,500	2,500	5,000	10,230	15,701
Land		159,765	162,342	162,342	3,907	3,828	3,828	26,999	55,162	85,490
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	960,716	922,583	905,380	999,038	1,004,827	1,004,827	996,847	984,520	972,541
EXPENDITURE OTHER ITEMS		53,595	52,312	107,707	67,663	95,993	95,993	78,498	79,494	83,151
<u>Depreciation</u>	7	53,416	50,167	57,240	52,046	50,102	50,102	52,446	54,859	57,382
<u>Repairs and Maintenance by Asset Class</u>	3	179	2,145	50,467	15,617	45,890	45,890	26,052	24,635	25,769
Roads Infrastructure		-	-	392	1,000	797	797	5,000	5,230	5,471
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	37,003	2,400	35,123	35,123	6,000	3,661	3,829
Water Supply Infrastructure		-	-	2,915	3,400	2,400	2,400	1,700	1,778	1,860
Sanitation Infrastructure		-	-	825	700	533	533	500	523	547
Solid Waste Infrastructure		-	-	1,680	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		179	2,145	-	-	125	125	2,060	2,155	2,254
Information and Communication Infrastructure		-	-	7,653	8,117	6,913	6,913	10,792	11,288	11,808
Infrastructure		179	2,145	50,467	15,617	45,890	45,890	26,052	24,635	25,769
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		53,595	52,312	107,707	67,663	95,993	95,993	78,498	79,494	83,151
Renewal and upgrading of Existing Assets as % of total capex		40.8%	85.6%	86.4%	85.7%	82.5%	82.5%	88.1%	75.6%	75.0%
Renewal and upgrading of Existing Assets as % of deprecn		32.7%	47.3%	87.7%	111.1%	117.5%	117.5%	110.4%	58.6%	59.4%
R&M as a % of PPE		0.0%	0.2%	5.6%	1.6%	4.6%	4.6%	2.6%	2.5%	2.6%
Renewal and upgrading and R&M as a % of PPE		1.8%	2.8%	11.1%	7.4%	10.5%	10.5%	8.4%	5.8%	6.1%

MP311 Victor Khanye - Table A10 Basic service delivery measurement

Description	###	2023/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	3	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	4	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	4	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<i>Informal Settlements</i>		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8									
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustments) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		859	-	-	-	-	-	3,668	3,851	4,044
Sanitation (in excess of free sanitation service to indigent households)		0	-	9	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		632	21,507	12,588	-	-	-	3,668	3,837	4,013
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	1,492	21,507	12,597	-	-	-	7,336	7,688	8,057

VICTOR KHANYE LOCAL MUNICIPALITY



DETAILED CAPITAL PROGRAM

2024/2025

ANNUAL BUDGET

ANNEXURE B

VICTOR KHANYE LOCAL MUNICIPALITY

CAPITAL PROGRAM

2020/2021 to 2022/2023

	DETAILS	BUDGETED SPENDING - 2020/2021					2021/2022	2022/2023
		IDP Program	PURCHASED / CONSTRUCTED		TOTAL	FUNDING SOURCE		
			NEW	REPLACEMENT				
1	2	3	4	5	7	8	7	8
	CAPITAL EXPENDITURE							
1	Executive & Council	PP	200.000	0	200.000		418.400	437.646
	Office furniture & equipment		200.000	0	200.000	Revenue	418.400	437.646
2	Budget & Treasury	RE / GGC	200.000	0	200.000		209.200	218.823
	Finance: Office furniture & equipment, Computer Equipment		200.000	0	200.000	Revenue	209.200	218.823
3	Corporate Services	TSD	70.000	0	70.000		209.200	218.823
	Office furniture & equipment		70.000	0	70.000	Revenue	209.200	218.823
4	Community Parks (including Nurseries)	CS	70.000		70.000		209.200	218.823
	Office furniture & equipment		70.000		70.000	Revenue	209.200	218.823
5	Fleet Management		4.000.000	0	4.000.000		12.000.000	20.000.000
	Acquisition of Fleet		3.700.000	0	4.000.000	Revenue	12.000.000	20.000.000
	Roadblock trailer for Traffic department		300.000		300.000	Revenue	0	0
				0				
6	Police Forces, Traffic and Street Parking Control	PFT	200.000	0	200.000		209.200	218.823
	Office furniture & equipment		200.000	0	200.000	Revenue	209.200	218.823
				0				
7	Fire Fighting and Protection	FF	165.000		165.000		172.590	180.529
	Water Pump for fire truck		135.000		135.000	Revenue	141.210	147.706
	Office furniture & equipment		30.000		30.000	Revenue	31.380	32.823
8	Town Planning Building Regulations and Enforcement and City Engineer	TPB	4.300.000		4.300.000		6.313.800	5.328.235
	Land Purchased		4.000.000		4.000.000	Revenue	6.000.000	5.000.000
	Office furniture & equipment		300.000		300.000	Revenue	313.800	328.235
9	Waste management: Solid Waste	EWB	0	0	0		14.622.400	15.000.000
	Development of 2nd phase landfill site in Delmas		0	0	0	MIG	14.622.400	15.000.000
10	Parks, Sport & Recreation	PCC	0	1.069.996	1.069.996		0	1.578.150
	Upgrading of Existing Sport Facilities and Construction of Related Ancillary Facilities_Phase 2		0	1.069.996	1.069.996	MIG	0	1.578.150
	Purchase of Kudu equipments		0	0	0	Revenue	0	0
11	Waste Management: Sanitation	WS	3.951.636	0	3.951.636		1.167.550	0
	Provision of sanitation in rural areas		3.951.636	0	3.951.636	MIG	1.167.550	0
12	Road Transport	RSW	6.238.400	0	6.238.400		10.831.050	11.398.850
	Tarring of roads and stormwater drainage		5.000.000	0	5.000.000	MIG	9.500.000	10.000.000
	5% PMU		1.238.400		1.238.400	MIG	1.331.050	1.398.850
13	Water	WS	18.937.964	0	18.937.964		0	0
	Provision of boreholes in Delmas		13.937.964	0	13.937.964	MIG	0	0
	Procurement of Combination Truck		5.000.000	0	5.000.000	Revenue	0	0
14	Electricity	ES	9.942.000	0	9.942.000		10.000.000	10.000.000
	Electrification of houses - INEP		9.942.000		9.942.000	INEP	10.000.000	10.000.000
	TOTAL CAPITAL EXPENDITURE		48.275.000	1.069.996	49.344.996		56.362.590	64.798.702
	SOURCE OF FINANCE							
	Contributions from revenue		14.205.000	0	14.205.000		19.741.590	26.821.702
	Municipal Infrastructure Grant (MIG)		24.128.000	1.069.996	25.197.996		26.621.000	27.977.000
	Intergrated National Electrification programme (INEP)		9.942.000	0	9.942.000		10.000.000	10.000.000
	Other: Grant: Nkangala DM		22.195.000		22.195.000		20.035.000	20.095.000
	TOTAL CAPITAL FUNDING		70.470.000	1.069.996	71.539.996		76.397.590	84.893.702

NOTE: 1. Carry-over projects are only an estimation at this stage as the actual figure will be determined with greater accuracy closer to financial year-end.



VICTOR KHANYE LOCAL MUNICIPALITY

CONTRACT MANAGEMENT POLICY

1 JULY 2024 – 30 JUNE 2025

Original Author(s)	
Policy Status	
Council Resolution No.	
Date of Approval	
Signature of the Speaker	
Signature of the Municipal Manager	

1 TERMS AND DEFINITIONS

Accounting Officer	Means the municipal official referred to in section 60 of the MFMA (2003); and include a person acting as the accounting officer.
Circular 62	Means communication from National Treasury by means of a Circular to enhance compliance and accountability to SCM Regulations and the MFMA of 2003.
Contract	The written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including attachments and appendices thereto and all documents incorporated by reference therein.
Contractor	The party to the contract that is required to provide goods or services according to the terms of the agreement.
Contract Amendment	means changing the scope, nature, duration, purpose or objective of the agreement or contract (In context of Circular 62 and section 116 (3) of the MFMA).
Contract Management	The activities necessary to manage a contract throughout all stages in the contract life cycle to ensure that immediate action is taken effectively and efficiently to the change that may occur to the contract
Contract Management system	Computerised / manual system necessary to ensure proper Contract Management control and monitoring of contracts.
Contract Register	Manual system necessary to ensure proper Contract Management control and monitoring of contracts.
Contract Owner	Means the official within a specific department, responsible for all day to day activities during the life cycle of the contract (with delegated powers to perform this function)
Delegation	

(in relation to a duty)	Includes an instruction or request to perform or to assist in performing the duty.
Division	Includes the divisional section within the municipality.
End User	Means all officials as set out in the Organogram of the Victor Khanye Local Municipality involved with contracts.
Firm Contract Price	Contract prices provide for a fixed price which normally not subject to any adjustment.
Force Majeure	An event beyond the control of the contractor and not involving the contractor's fault or negligence and not foreseeable.
Institution	Unit / Function in the organisation as the role player to the procedures.
Litigate	The act or process of contesting a lawsuit or seeking redress through the courts.
Non-Firm Contract Price	Contracts prices that are subjected to changes if they are explicitly included in the agreement based on the economic pricing escalations.
Official	Means an employee of a municipality; A person seconded to a municipality to work as a member of the staff of the municipality; or A person contracted by a municipality to work as a member of the staff of the municipality otherwise than as an employee
Parties	Parties that stipulate obligations to one another to ensure that the contract term and condition are fulfilled.
SCM Manager	Means the SCM official responsible for monitoring, regulating and reporting on all contract related activities as set out in Section 116 of the MFMA)
Specification	The statement that provide detailed description of goods, services and works characteristics and identify performance requirements prepared when procuring goods, services and works.

Transversal Contract

Term contracts that are facilitated and arranged by National Treasury or Provincial Treasury for goods and services that are frequently required by Municipality.

Terms of Reference

The statement that define clearly the task directive (methodology), objectives, goals and scope of the assignment and provide background information, prepared when procuring professional services.

Abbreviations

CRA	Contract Registration Application
CFO	Chief Financial Officer
MCMG	Municipal Contract Management Guideline
CPA	Contract Price Adjustments
BAC	Bid Adjudication Committee
BEE	Black economic empowerment
B-BBEE	Broad-Based Black Economic Empowerment
GCC	General Conditions of Contract
GPG	Gauteng Provincial Government
GPT	Gauteng Provincial Treasury
MBD	Municipal Bidding Document
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MSA	Means Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000).
SCC	Special Conditions of Contract
SCM	Supply Chain Management
SLA	Service Level Agreement
TOR	Terms of Reference
NT	National Treasury Transversal Contract

2 INTRODUCTION

- 2.1 Good contract management is essential for sound financial management and contributes greatly to effective and efficient service delivery. Contract management is concerned with monitoring supplier performance to avoid bid violations (e.g. submission and payment of fictitious invoices and abuse of the variation procedures)
- 2.2 Contract management leads to increased savings and good quality on-time delivery. Furthermore, it is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract and invoices building a good working relationship between the parties. Contract management continues throughout the life of a contract and also involves managing proactively to anticipate future needs as well as reacting to situations that arise.
- 2.3 One of the key aims of contract management is to accelerate service delivery in accordance with the signed contract and attainment of value for money while managing risks. Active management of contractual relationship with the contractor will yield optimum efficiencies, effectiveness and economy of the service and balance in cost and risk.

3 PURPOSE

- 3.1 The purpose of the Contract Management Policy is to establish sound and consistent management practices with respect to municipal contracts. It describes the processes and assigns responsibilities to effectively administer contracts from:
 - Preparation of contracts.
 - Maintenance of contract register.
 - Monitoring of payments.
 - Control contract variation and price adjustment.
 - Assess and monitor performance; and
 - Manage contract disputes and close out of contracts.
- 3.2 To give effect to Section 217 of the Constitution of South Africa (1996) which Stipulates that:
 - When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system that is:

- equitable
 - transparent
 - competitive
 - cost-effective and
 - fair
- The effective and efficient control of contracts procured through the SCM system ensuring:
 - Proper electronic and/or manual recording and enforcement of contracts throughout the contract life cycle (specifications to contract reviews);
 - Support to the demand management framework as set out in Circular 62 of National treasury (August 2012), optimizing proper planning, resulting in effective service delivery;
 - Electronic and/or manual Management of Contract Performance;
 - Compliance with the regulatory framework;
 - To assist officials in understanding their legal and managerial responsibilities with regards to contract management;
 - The optimization of efficient and sustainable financial wellbeing of the municipality, resulting in lower cost drivers; and
 - The continuous development of effective Management Information systems, resulting in strategic support and risk preventions.
 - To ensure that no contract procurement of goods and services (excluding land sales or rentals of the Victor Khanye Local Municipality Assets, which are managed by Property Management Services), takes place outside of the SCM System.

- 3.3 To ensure that all decisions taken by the Victor Khanye Local Municipality by means of Management, Mayoral or Council Resolutions, which emanated in transactions, that involves a contract, whether explicitly agreed to in writing or implicitly implied through actions must be complied with. (Including donations, land sales or leases, MOU's between Victor Khanye Local Municipality and other stakeholders, etc.)

4 STATUTORY AND REGULATORY FRAMEWORK FOR MANAGING CONTRACTS

- 4.1 This Policy is guided among others by the following legislation and agreements as amended from time to time:
- Constitution of the Republic of South Africa;
 - Local Government: Municipal Finance Management Act;
 - Municipal Supply Chain Management Regulations;
 - Local Government: Municipal Systems Act;
 - Local Government: Municipal Structures Act;

- National Treasury Guidelines and Circulars;
- Costs Containment Regulations;
- Victor Khanye Local Municipality Supply Chain Management Policy;
- Victor Khanye Local Municipality Contract Management Procedure Manual.

4.2 Application and Framework of the Contract Management Policy

4.2.1 All officials and other role players in the Supply Chain Management system of the Victor Khanye Local Municipality must implement this Policy in a way that gives effect to:

- Section 217 of the Constitution;
- Section 116 of the MFMA;
- Section 33 of the MFMA;
- SCM Policy;
- SCM Regulations;
- Any other legislation pertaining to SCM.

4.2.2 This Policy applies when the Municipality:

- Procures goods or services;
- Disposes of goods and services no longer needed; and
- Selects service providers and suppliers to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.

5 ADOPTION, AMENDMENT AND IMPLEMENTATION OF THE CONTRACT MANAGEMENT POLICY

5.1 The Accounting Officer must:

- At least annually review the implementation of this Policy; and
- When the Accounting Officer considers it necessary, submit proposals for the amendment of this Policy to Council;
- In terms of section 62(1) (f) (IV) of the Act, take all reasonable steps to ensure that the Contract Management Policy is implemented.

6 REVIEW OF THE POLICY

- 6.1 This Contract Management Policy is the sole Policy governing contract management in the Municipality. The Municipal Council must approve any reviews to this Policy.
- 6.2 The Mayor must submit any proposed changes to this Policy to the Council as part of the annual review of policies submitted with the budget documentation.
- 6.3 Whenever the Minister of Finance or the National Treasury or the Auditor-General requires changes to the Policy by means of legislation or requests, it should be reviewed promptly in accordance with such requirements, giving full details of the reasons for the revision.

7 ROLES AND RESPONSIBILITIES OF OFFICIALS AND TERMS OF REFERENCE:

7.1 Manager SCM:

- 7.1.1 The Manager responsible for SCM is the SCM Official responsible for system administration status, (Assistant manager supply chain management) and SCM performance reporting on all contracts related activities.
- 7.1.2 For the purposes of contract management activities performed by the relevant role players, the Manager SCM (Deputy Chief Financial Officer) will convene the

meeting on contract management to report to the contract management committee on the following activities:

- Identification and classification of contracts for management purposes in terms of the SCM processes;
- Recognition, measurement and disclosure; oversight of contract management as is provided for in this Policy;
- Document and information management;
- Relationship management;
- Contractor performance management;
- Contract risk management;
- Inform the Asset Management section of the location of newly procured assets for asset register and insurance purposes;
- Ensure performance of suppliers is managed appropriately to the terms and conditions of the contract; and
- Request a report on Monitoring and evaluation of performance of the contracts from the end user departments.

7.2 Deputy Manager Legal Services:

7.2.1 The Deputy Manager: Legal Services, shall be responsible for the following activities:

- Ensuring that all the necessary legal formalities in entering into the contract are adhered to;
- The Deputy Manager Legal Services and the End User department must keep a copy of the Service level agreement and the original SLA must be kept at Record unit for audit purposes;
- That reports on the SLA's developed are submitted to Committee on Contract Management for consideration.

7.2.2 Shall ensure that the following officials provide quality assurance prior development of the Service Level agreement namely:

- The Assistant Manager Supply Chain Management Unit.
- The Chief Internal Auditor.
- The Assistant Manager Risk Management.
- The Assistant Manager IDP.
- The Assistant Manager Budget.

- The Assistant Manager Performance Management Service.

7.2.3 Shall ensure that the Assistant Manager Records and Archives and Assistant Manager SCM, provide a completed checklist of the bid documents and reports from the supply chain management unit on the newly appointed contracts respectively.

7.3 Contract Management Committee Members:

7.3.1 Shall develop a schedule on contract management meetings.

7.3.2 That the committee shall convene a meeting on contract management once monthly unless circumstances necessitate that the meeting be held more than the specified time frame.

7.3.3 The Committee will develop a contract register in conformity with the treasury standard.

7.3.4 That the Committee will Consider irregularities on the appointed contracts and make recommendations.

7.3.5 The committee will determine the review of contracts for which extension is necessary for consideration by the Bid adjudication committee.

7.3.6 The committee will consider terminating and terminated contracts.

7.3.7 The committee shall consider a report on the contract(s) which are about to terminate at least six months' prior the actual termination date and recommend to the Bid adjudication committee on a need for extension if necessary.

7.3.8 The committee must entertain reports by the end user departments on the performance management, monitoring and evaluation of contracts.

7.4 Municipal Manager:

7.4.1 The Municipal Manager is responsible for signing of contracts with the relevant service providers, in line with the Delegation of Powers and Responsibilities.

7.4.2 The Municipal Manager is ultimately accountable for the institutional contract management.

7.5 Contractor Performance Evaluation

7.5.1 All project managers and/or end users must be responsible to monitor and evaluate the performance of contracts duly appointed in their respective departments.

8 TYPES OF CONTRACTS

8.1 Lump Sum (Firm Fixed Price) Contract

- 8.1.1 Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined.
- 8.1.2 They are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth.
- 8.1.3 Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents and software programs.
- 8.1.4 Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

8.2 Time-Based Contract

- 8.2.1 This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess.
- 8.2.2 This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments.
- 8.2.3 Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and / or agreed unit prices.
- 8.2.4 The rates for staff include salary, social costs, overheads, fees (or profit), and, where appropriate, special allowances.
- 8.2.5 This type of contract should include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration and provision for price adjustments, where appropriate.
- 8.2.6 Time-based contracts need to be closely monitored and administered to ensure that the assignment is progressing satisfactorily, and payments claimed by the consultants are appropriate.
- 8.2.7 Again the Guidelines on fees for Consultants issued by the Department of Public Service and Administration should be used as a benchmark to establish the appropriate tariffs, or to determine the reasonableness of the tariffs.

8.3 Percentage Contract

- 8.3.1 These contracts are commonly used for architectural services. They may be also used for procurement and inspection agents.
- 8.3.2 Percentage contracts directly relate the fees paid to the consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected.
- 8.3.3 The contracts are negotiated on the basis of market norms for the services and / or estimated staff-month costs for the services, or competitive bid. It should be borne in mind that in the case of architectural or engineering services, percentage contracts implicitly lack incentive for economic design and are hence discouraged.
- 8.3.4 Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services (for example, not works supervision).

8.4 Indefinite Delivery Contract (Price Agreement)

- 8.4.1 These contracts are used when Accounting Officers / Authorities need to have "on call" specialized services to provide advice on a particular activity, the extent and timing of which cannot be defined in advance.
- 8.4.2 These are commonly used to retain "advisers" for implementation of complex projects (for example, dam panel), expert adjudicators for dispute resolution panels, Accounting Officer / Authority reforms, procurement advice, technical Trouble-shooting, and so forth, normally for a period of a year or more.
- 8.4.3 The Accounting Officer / Authority and the firm agree on the unit rates to be paid for the experts and payments are made on the basis of the time actually used.

9 CONTRACT CREATION

- 9.1.1 The contract is created through three key stages of tender namely: pre-tender, tendering and post tender / contract management. All of these must be governed by rigorous governance principles.
- 9.1.2 The pre-tender stage includes needs assessment, planning and budgeting, development of specifications and selection of the most suitable procurement strategy. The tendering stage includes the invitation to tender, evaluation and adjudication of bids. Post-tender includes contract management, ordering and payment. It is important that efficient governance principles be applied to all these stages of contract creation.

9.2 The Pre-Tender or Demand Management Stage

- 9.2.1 Demand planning, procurement planning, items and specification management, and supplier management are critical phases in the pre tendering stage. This stage ensures that goods, services, construction work and other purchases are

properly planned and aligned to the procuring entity's strategy and resource plan. This alignment is critical to ensuring that goods are delivered at the right time, place and price, in the right quantity and of the right quality. It is at this stage that a comprehensive needs analysis is carried out in line with the strategic planning process.

- 9.2.2 Procurement plans indicate what purchases an institution will undertake in the short, medium and long-term. Proper planning should reduce delivery delays, eradicate recurring contracts and unnecessary extensions, and eliminate the need for emergency procurement. Further, procurement plans should inform suppliers about future opportunities.

9.3 The Tendering or Acquisition Management Stage

- 9.3.1 This stage includes the invitation to tender, and evaluation and adjudication of bids. To avoid lack of competition and conflict of interest, all potential bidders must have access to the same tender information. Information in the bid documents should include details of the product or service to be procured, specifications, quantities, the timeframe for delivery, realistic closing dates and times, where to obtain documentation, where to submit tenders and a clear, complete and non-discriminatory description of the selection and award criteria. These cannot be altered after the closing date.
- 9.3.2 Municipalities must have clear procedures for opening the tender box to avoid manipulation of the bids received, this must be done before a public audience and basic information disclosed and recorded in a register. They must also ensure that members of their bid evaluation committees and bid adjudication committees are familiar with and adhere to National Treasury norms and standards when evaluating and adjudicating bids.

10 CONTRACT MANAGEMENT LIFECYCLE

- 10.1 The lifecycle begins with setting direction; high-level objectives and policies for the Municipality. This leads to the identification of needs of the Municipality that can be fulfilled by acquiring goods, works and / or services to fulfil the need. Once the service is acquired, Contract Management comes into effect. An ongoing analysis of municipal needs is critical to ensure that goods, services and works provided are what the municipality and entity really need.
- 10.2 An effective Contract Management life cycle constitutes planning, contract arrangement, administration, performance management and close out.
- 10.3 **Stage 1: Planning**
 - 10.3.1 This stage refers to consideration of contracts during the planning and budgeting processes. These processes will identify the need for contract

creation and timeframes for implementation to ensure that delivery of goods and services occurs as approved in the budget.

- 10.3.2 During the strategic planning phase of the institution, goods, works and services required to execute the identified functions are determined and captured in the procurement plans.
- 10.3.3 Procurement plans containing all planned procurement for the financial year in respect of the procurement of goods, services and works which exceed R200 000.00 must be submitted by Accounting Officers to Gauteng Provincial Treasury by the 31 July of each year. Records of planned procurement below R200 000.00 may be kept for contract reporting and monitoring.
- 10.3.4 The Procurement Plan document provides detailed information about the description of goods, services and works, estimated value, envisaged date of advertisement, closing of bid and date of award including the responsible office.
- 10.3.5 Contract management unit / function will in consultation with the Supply Chain Management unit be responsible for monitoring contracts in line with the projects listed in the procurement plans and approved budgets.
- 10.3.6 It is vital for Contract Management unit / function to monitor contracts accordingly with approved procurement plans after award as it can lead to significant improvement on service delivery.
- 10.3.7 Contract planning should also cover the entire Service Delivery Budget Implementation Plan (SDIBP) period and beyond where applicable.

10.4 Stage 2: Contract Arrangement

10.4.1 This stage refers to the arrangement of signing the contract, making it legally enforceable and formalizing the terms and conditions concluded between parties.

10.4.2 The unit / function responsible for Contract Management will arrange for the signing of the contract as follows:

- Submit the tender document, which becomes the contract, to the Municipal Manager for signature.
- Issue an appointment letter, signed by the CFO and relevant head of department, to the successful bidder;
- Arrangement of a Service Level Agreement (SLA) and / or contract document with the end user, if applicable. The SLA must be legally sound and vetted by the Municipal Legal Service prior to signing of the parties;
- Capture contract award details in the Contract Management system of the Municipality and Contract Registration Application (CRA);
- Original signed contract resides with Contract Management unit, copy of which will be scanned and archived in supply chain filing system of the municipality; and
- A copy of the signed contract is issued to the end-user to prepare requisition for creation of purchase order.

10.5 Service Level Agreement

10.5.1 Service level agreements are negotiated agreements for the delivery of specified services between the contractor and the Municipality. An SLA is compulsory and is solely at the discretion of the Municipal Manager, especially if the specifications in the tender document is not sufficient. The SLA specifies services or goods required. The level of quantities and quality of service to which both parties agree and designed to indicate and evaluate the quality of the service delivered. Agreement is negotiated at the commencement of a contract and involves the understanding of the needs and constraints of both parties.

10.5.2 The purpose of developing SLA's and setting service levels is to enable the municipality to monitor and control the performance of the service received from the contractor against agreed standards. Service levels should be agreed by both parties and these are:

- Established at a reasonable level in line with the TOR / Specifications which contain the scope of work.
- Prioritized by the municipality in order of importance and on an agreed scale for example: critical, major, urgent, important, minor, easily monitored, such as objectives, tangible and quantifiable.

- To conclude the SLA within the shortest possible timeframe after the award of a contract as best practice;
- Unambiguous and understandable by all parties.
- Open to re-negotiation if justifiable to do so.
- The contractor and the municipality jointly identify a statement of expectations and ability, the cost of receiving the service and the basis for the calculation of costs.

10.5.3 The contractor is accountable for the quality and performance levels of the services and the availability thereof. One of the principle objectives of a SLA is that both parties understand the basis and intent of the terms and conditions under which the services are to be delivered.

10.5.4 The definitions of terms should be an integral part of the negotiation and discussion process between the two parties. If there are other terms identified during discussions that are not in the list of defined terms, they should be added. Negotiations should include the following conditions:

- Not allow any preferred bidder a second or unfair opportunity;
- Not to the detriment of any other bidder.
- Not lead to a higher price than the bid as submitted.

10.5.5 It must be noted that a SLA is an agreement in its own and it should therefore not be used to change or refine the stipulations contained in the bid documents.

10.5.6 The list of common provisions is not exhaustive and other provisions will need to be drafted to suit the particular contractual arrangement; as a result, professional advice should be sought to assist with drafting specific SLA provisions.

10.6 Legal Vetting of Service Level Agreement / Formal contract

10.6.1 Prior to signing a formal contract or service level agreement with a contractor, Accounting Officers / Authorities must ensure that such contracts or agreements are legally sound to avoid potential litigation and to minimize possible fraud and corruption.

10.6.2 This must include legal vetting by at least the Legal Services of the municipality and such contracts or agreements must be actively managed in order to ensure that both the institution and the contractor meet their respective obligations.

10.6.3 The legal division provides expert advice to the Contract Management unit and must be consulted in the following circumstances:

- Vetting of contract documents and service level agreements.
- Dispute resolutions, implementation of contract terms and conditions.

- Contract change of ownership, breach of contract, penalties, terminations, enforcement of indemnities, guarantees and contractual claims.

10.7 Stage 3: Contract Administration

10.7.1 This stage is important in Contract Management and overlaps with monitoring and performance assessment. It encompasses various activities that need to be completed on a day-to-day basis, including among others:

10.7.2 Contract Register

- All approved contracts are registered in the Contract Management System / Tool to enable easy retrieval and identification of all contractual arrangements.
- Contracts that are partially executed, signed by one party, may be registered into the Contract Management System prior to forwarding to other parties for signature. The Contract Management unit / function should ensure that all signatures are obtained and contracts are updated in the system.
- Contract registers should be used to monitor contract end dates in order to notify the end user to commence with the procurement strategy on time, at least 6 or 12 months prior to the expiry of the contract.
- Effective contract register should have the following characteristics:
 - Contract number, name of contractor, description, award date, type of contract, amount, contract period, department, project manager, contact details, expenditure, commitment;
 - This will simplify the reconciliation or cross-check between the register and the Municipality's financial management information system;
 - Expenditure against the contract and value of commitment.
- Contract register report will be established detailing status of contracts and the reports to be provided by the 6th of every month to the Head of SCM on the following:
 - Valid contracts in place.
 - Contracts due to expire in six or twelve months.
 - Contracts extended.
 - All expired contracts.
 - Contract variation.
 - Cancelled contracts.
 - Contracts captured on the system; (where applicable)
 - Value of commitments.
 - Value of accruals.

- The Accounting Officer of a Municipality must annually report to the council of the Municipality on the management of the contract or agreement and the performance of the contractor.

10.7.3 Contract Payments

- Payments should be made in accordance with the provisions of the contract after delivery and budget confirmation should be attached by the end user before effecting payments.
- Evidence of delivery is required that the end user has certified that the work has been satisfactorily executed and met the required standards of performance, e.g., Goods Received Voucher (GRV), Payments certificates, etc.
- Payments for satisfactory performance should not be delayed because this can undermine the relationship with the service provider. All payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment. This implies that amounts owing must be paid within 30 days from receipt of invoice if the goods, works or services were delivered to the satisfaction of the Accounting Officer or delegated authority.
- In cases where a discount is not a contract condition and the contractor offers a discount on the invoice, the discount if possible must be utilized for instance by making the payment within the time limit specified on the invoice.
- In the event that only part of the invoice is queried, arrangement should be made to pay that portion of the amount payable which is not subject to dispute, and separately take action to remedy the disputed amount.
- Payment outside the prescribed period of 30 days from receipt of invoice is deemed to be a contravention and may be reported as such by the Auditor-General as part of its audit finding.
- Interest incurred on late payments will be declared fruitless and wasteful and should also be disclosed as such in the Annual Financial Statements.

10.7.4 Contract Variation

- It is recognized that, in exceptional cases, an Accounting Officer may deem it necessary to expand or vary orders against the original contract. The reasons for the variation should be clearly documented and should occur in defined circumstances.
- A variation is mostly issued when extra work is added to the project after the contract has been signed. Deliverables and value for money should be assessed.

- In order to mitigate against such practices, Accounting Officers / Authorities of Municipalities and Municipal Entities are directed that contracts may be expanded or varied by not more than 20% for construction related goods, services and / or infrastructure projects and 15% for all other goods and / or services of the original value of the contract. Furthermore, any variation beyond the abovementioned thresholds must be reported to Council or the Board of Directors.
- An expansion or variation in excess of the threshold where the contract or agreement procured through the Supply Chain Management Policy of the Municipality may be amended by the parties.
- The reasons for the proposed amendment should be tabled in the Council of the Municipality. The local community should be given reasonable notice of the intention to amend the contract or agreement; including an invite to submit representations to the Municipality as stated in Municipal SCM circular 62.
- Such reports must include among others, the contract number, description, name of contractor, original contract amount, value and percentage of the variation and the reasons thereof.
- End users also need to ensure that contract variations are not of such a level that they significantly change the contract requirement and / or substantial parts of the original transaction. If this is the case, it may be necessary to undertake another procurement process because the revised arrangements are substantially different to those selected through the original procurement. However, the Municipality should be aware of the following impacts associated with amendments, namely, financial resources and litigations.
- No variation or modification of the terms of the contract may be made except by a written amendment signed by the contracted parties.
- Municipalities should be aware of the impact that variation orders may have and should therefore endeavour to restrict the application to the absolute minimum through proper planning, comprehensive scope of work / Terms of Reference when inviting bids or quotations.
- The Contract Management unit / function will forward the submission to the relevant committee as per municipal delegation authority for approval if consultation with legal services is required.
- Upon approval, the Contract Management unit / function will issue a letter of amendment / addendum to the contractor and also inform the end-user to prepare a purchase requisition to create an order.
- A contract cannot be varied after the original contract has ceased to exist.
- The Contract Management unit / function will update the contract register and applicable Contract Management system.

10.7.5 Contract secured by other organs of state.

- The Municipality must obtain approval according to the municipal delegation of authority to procure goods, works and / or services under contracts secured by another organ of state. Accounting Officers should satisfy themselves that the applicable procurement processes were followed by obtaining any other information, including but not limited to, the following documents from the other organ of state:
 - The bid advertisement.
 - BSC, BEC and BAC appointment letters.
 - Bid Evaluation report and minutes.
 - Bid Adjudication report / minutes.
 - Acceptance letter; and the Service Level Agreement / Contract document.
- The Municipality must enter into a separate service level agreement (addendum) in line with the specification in Terms of Reference of the goods or services between the consenting service provider and the requesting municipality may not exceed the contract period concluded in the original contract of the organ of the state.

10.7.6 Contract Price Adjustment

- Contractual conditions must stipulate circumstances under which the adjustments shall be considered and the process to be followed.
- When prices are subjected to adjustment as a result of escalation in prices of labour and material, the contractor must indicate the various elements of the contract price that will escalate (e.g. labour, transport, fuel, protective etc.). The baseline date and relevant index and index numbers which were used in calculating the price.
- Where a firm price is quoted, application for an adjustment of price will not be considered. However, if the increased price is as a result of unforeseen circumstances beyond the control of the contractor and could lead to his / her downfall such application may be considered. (Only statutory increases and cost factors). Such adjustments are to the disadvantage of the Municipality thus it must be approved by the Accounting Officer or delegated authority.
- The contractor will submit a letter to the end-user requesting price adjustments together with documentation substantiating or motivating for the adjustment. The application should be in line with signed terms and conditions of the contract and according to pricing schedule and costs.

- The end-user will submit a request to Contract Management unit for consideration, and calculation should be prepared to justify the escalation or price adjustment thereof.
- Approval of the price adjustment should be done within the municipal delegation authority by the Municipal Manager.
- The amendment letter will be issued to the contractor and end user on acceptance of the price adjustment.
- The contract register will be updated and the applicable Contract Management system.

10.7.7 Contract Expiry Notification

- SCM unit in collaboration with Contract Management unit / function is responsible to ensure that timeous arrangement is made to notify end users when a contract is due for renewal within 6 months or 12 months prior to expiry. Communication with the end users must be in writing and documentation must be properly filed.

10.7.8 Extension of Contract

- Extension of a contract is undesirable because it often leads to uncontrolled increases in the contract prices and it can also be a contributing factor to circumventing the procurement processes. Lack of proper planning does not constitute a justifiable reason for dispensing with prescribed bidding processes by extending contracts.
- Where justifiable reasons are provided for extending a contract, the relevant application may be considered favourably and contractors may be approached by SCM unit with the request to indicate whether they are prepared to extend the contract period.
- Approval to extend the contract should be requested before the expiry date of the contract taking into account the existing terms and conditions of the contract. It is advisable that when a contract is extended, terms and conditions remain the same.
- The applicable Contract Management system must be updated.

10.7.9 Transversal Contracts

- Transversal contracting enables the Municipality at all levels to purchase goods and services from a central list of approved suppliers who have been vetted for cost and quality.
- Participating Municipalities will be responsible for Contract Management, placing purchase orders against transversal contracts, paying suppliers for goods / services rendered satisfactorily according to the terms and conditions of the contract, monitoring and reporting supplier performance.

10.7.10 Records Management

- Proper records regarding all aspects of the contract must be maintained in the Electronic Contract Management System and/or manually and kept in accordance with relevant legislation.
- All communication related to contracts should be linked to the master document on the electronic contract management system.
- Safe custody of all contract documents must be enforced by all relevant users.
- Municipal Contracts Officer and the Executive Managers shall be responsible for the electronic capturing and feedback of contract/s to the Contract Management system in conjunction with the records department.
- The originally signed contract should be sent to the records department (by the user departments) for safekeeping and storage. Directorates will however be allowed to keep copies of contracts and bid documents for assessment purposes.
- The records department is responsible for the booking systems of contracts.
- It is important that the updated version of the contract incorporates any variations and correspondence related to the contract document and should be appropriately stored. This provides the basis for effecting payments and the ongoing management of the contract.
- All tender documents and contract documents relating to a specific tender must be stored at the Supply Chain Management unit.

10.8 Stage 4: Contract Performance Management

- 10.8.1 Performance management involves, performance monitoring, collecting data on performance, performance assessment, deciding whether performance meets the entity's needs, and taking appropriate action – such as understanding and

extending features of good performance, correcting areas of under-performance; or amending contract requirements to meet changing needs.

- 10.8.2 A contract or agreement procured through the Supply Chain Management Policy of a Municipality must stipulate the terms and conditions of the contract or agreement, which must include provisions for a periodic review of the contract or agreement once every three years in the case of a contract or agreement longer than three years to determine value for money.
- 10.8.3 The Accounting Officer / Authority or delegated authority of a Municipality must monitor on a monthly basis the performance of the contractor under the contract or agreement.
- 10.8.4 Performance management must be undertaken throughout the life of the contract and for all contracts, whether simple or complex. Along with performance indicators and standards, arrangements for monitoring and assessment should have been set out and agreed in the contract along with remedial action plans on non-performance.
- 10.8.5 The performance monitoring and assessment arrangements should also have been reviewed at the contract start up stage and any necessary plans, tools or systems developed. Systematic monitoring underpins performance assessment, and these do not occur in isolation from one another.
- 10.8.6 Poor performance should be recorded appropriately after engagement with the contractor. It should be taken into account that if proper record is not kept, such non- performance cannot be deemed a sound reason for passing over such contractor when evaluating future bids. In addition to any contractual or other remedies that may be pursued, the municipality may commence action in terms of Municipal Supply Chain Management Regulation 15(2) (d), thus the Accounting Officer must:
- Inform the contractor or person(s) by registered mail or by delivery of the notice by hand of the intention to impose the restriction, provide the reasons for such decision and the envisaged period of restriction;
 - Allow the contractor and / or person(s) fourteen (14) calendar days to provide reasons why the envisaged restriction should not be imposed.
 - If requested, allow the contractor and / or person(s) the right to present evidence in person and consider reasons submitted by the contractor.
 - Impose the restriction or amended restriction.
 - Inform the contractor and / or person(s) of the decision; and
 - Inform the National Treasury within five working days of such restriction, particulars of the person(s) to be restricted, (including, where applicable, names of the restricted persons, identity numbers, trade name of enterprises, company registration numbers, income tax reference numbers and vat registration numbers), the reason(s) for the restriction, the period of restriction and the date of commencement of the restriction.

- 10.8.7 In practice, performance will be assessed, feedback and reports provided throughout the monitoring process.
- 10.8.8 The following are the reports to monitor performance of contracts on monthly basis:

(a) Progress Reports

- The end-user will complete a progress report indicating the stage of contract; achievement of milestones as per contract agreement; response time and deliveries within the contract period; quality of work, payments; poor performance; and actions.
- The progress report will be regularly submitted to the unit / function responsible for Performance Management for deliberations, recording discrepancies and filing. (Submission of progress reports will be determined by the nature and timeline of the project)

(b) Performance Score Cards

- The score cards will be applicable to once off purchases for goods and services where the end-user completes a score card after receipt of goods and services rating the performance of the contractor against agreed milestones and ensuring that goods / services are received within the agreed timelines, acceptable quantity and quality. Furthermore, the score card will compel the end user to comment on the overall performance of the contractor.
- The completed score card will be submitted to the Performance Management unit for deliberations; recording and determining the aggregate performance of contractor and where applicable contractor database will be updated. (This implies that score performance cards will apply to once off purchases and progress reports will be used to assess performance of long-term projects)

(c) Expenditure Report

- The Contract Management unit will on a regular basis extract the expenditure report where the contract value will be verified against the progress payments and validity of the contract;
- Discrepancies identified should be communicated timeously to the end-user and CFO to curb irregular expenditure.

10.8.9 Contract Relationship Management

- It is important to establish and maintain a constructive relationship with the contractor and have regular communication. Providing positive and constructive feedback will assist in maintaining such a relationship.

Overall responsibility • Each party nominates one person with the appropriate skills and experience as its representative to be responsible for the co-ordination and management between the parties over the life of the contract.

Weekly performance • Nominated representatives, including the contractor's service delivery manager and the project management meet formally to review performance; aimed at discussing and resolving any minor issues relating to the performance of the contract.

Contract Management • At least quarterly, or regularly, a formal meeting is held. The meeting comprises senior representatives from the end user and the contractor. The purpose is to formally monitor performance of the contract, consider any ways in which services may be improved, amendments to service levels and resolve, where possible, any issues that remain unresolved from the weekly contract meetings.

- Relationship management is focused on keeping the relationship between the two parties' open and constructive, resolving or easing tensions and identifying problems early.
- Relationships should always be managed in a professional manner and be based on cooperation and mutual understanding taking into account the need for ethical behaviour.
- Apart from formal monitoring, and in order to improve trust between the parties to the contract, it is important that the parties maintain regular contacts without waiting for the official reporting deadlines.

10.8.10 Contract Disputes Management

- A contract or agreement procured through the Supply Chain Management system of a Municipality must stipulate the terms and

conditions of the contract or agreement, which must include provisions providing for dispute resolution mechanisms to settle disputes between the parties.

- During the Contract Management phase, a disagreement becomes a dispute when it is not possible for the parties to resolve it without resorting to a formal resolution mechanism. Generally, what a dispute is and when it is deemed to have occurred is defined in the contract, often in a dispute resolution clause.
- Many disagreements and disputes arise when the parties cannot agree on issues related to the interpretation of contract provisions, the definition of deliverables, meeting performance standards and/or the effect of unexpected events.
- It is important that any possibility of dispute or an actual dispute be recognized at an early stage and addressed as quickly as possible. Avoiding escalation of disagreements can impact on contract deliverables and reduce the costs to both parties.
- Where a dispute arises, the Contract Management Unit / function will obtain evidence from both parties and refer the matter to the legal service for opinion. The outcome and recommendation of the dispute will be submitted to the BAC for review and final recommendation to Accounting Officer / Authority for approval.
- In the case of non-performance, a letter informing the contractor that contract conditions have not been honoured should be issued affording the contractor at least 14 days to respond. If the contractor does not respond within the specified period, the Municipality shall without prejudice under the contract consider termination of the contract

10.8.11 Forms of Dispute Resolution

- The following forms of dispute resolution should be considered as options in the special condition of contracts:

Negotiation Negotiating between the Municipality and the contractor is the most common approach to resolving disagreements and disputes. The intention of the negotiation is to reach a mutually acceptable solution, where both sides consider they have gained the best possible result in the circumstances. It is important that one party does not consider they have been unduly pressured to agree to a particular solution as a result of the negotiation as this can lead to an escalation or reappearance of the dispute at a later stage.

- | | |
|--------------------|--|
| Mediation | Mediation involves the use of a neutral third party to assist in resolving the dispute. The mediator does not impose a decision on the parties in the way a court or arbitrator does, but instead seeks to help the parties resolve the dispute themselves. Mediation is usually regarded as a faster, less formal and less costly process than court proceedings or arbitration. |
| Arbitration | The aim of arbitration is to obtain a final and enforceable result without the costs, delays and the formalities of litigation. Arbitration proceedings are private, can be held at a mutually convenient time and the actual proceedings are less complex than litigation. |
| Litigation | Litigation is the act or process of contesting a lawsuit or seeking redress through the courts. It can be an expensive and time consuming procedure and is generally taken when other avenues of dispute resolution have not been successful or are not available. Other approaches to resolving disputes or Contractor defaults should therefore be considered prior to litigation. |

10.8.12 Risks Related to Contract Management

- Contract risk must be appropriately managed such that:
 - All contracts set out risk identification, monitoring and escalation procedures and mechanisms which are in line with the institutions enterprise risk management plan.
 - All contracts identify contingency plans for supplier or buyer failure.
 - For key suppliers and buyers, the contract manager monitors the financial health, tax compliance and overall performance of the supplier or buyer.
 - Contract terms and potential ramifications around key issues including termination; warranty; indemnity; security; confidentiality; and dispute resolution are understood by the contract manager.

10.8.13 Penalties

- Penalties between the Municipality and the contractor may include:
 - Penalties: In accordance with paragraph 22 of the General Conditions of Contract, the Municipality will have the right to enforce the penalty clause on goods, works and services where the contractor fails to perform in accordance with contractual obligations.

- These penalties usually vary according to several factors, including the type of breach and its severity, duration, frequency, and effect on customers.
 - The benefit of this approach is that the penalties are clear, agreed on, and more easily enforceable than a general claim for damages.
- Some of the risks involved with contracts and penalty clauses to be applied per nature of contract:

Risk	Penalty clause
Late delivery	• Where deliveries are made (after the agreed delivery date), the purchaser has the right to enforce the penalty clause by deducting from the contract price a sum calculated on the delivered price of delayed goods or unperformed services using the ruling prime interest rate calculated for each day of the delay until actual delivery of performance • In case of a delay in excess of 4 weeks, the Municipality is entitled to declare the order null and void without any cost being charged for this. The statutory cases of force majeure are considered to be reasons to suspend the agreement if they make the execution of the order impossible and in so far the supplier notifies the Municipality in writing within 5 days.
Non delivery	• Termination of the contract if delivery does not take place within 4 months or cancellation of the order. (To reduce open ended commitments) • In the event of non-delivery, and upon comprehensive justification that the contractor has been engaged to remedy the unsatisfactory performance, the Municipality may impose as a penalty, a sum calculated on the delayed goods or unperformed services using the current prime interest rate calculated for each day of the actual performance
Inferior quality	• Enforcement of contract conditions • Settlement of disputes
Inability of contractor to	• Performance securities should be applied. The contract should dictate what must happen with the security if the contract is not to be completed and the Municipality

perform as required	suffered losses, the performance security shall be utilized to compensate for any loss. The SCC must specify the performance security amount.
Buy out transactions from transversal contracts	• When the time provided for the contractor to respond to the claim of non- performance has lapsed, the Municipality can buy out and any difference in cost must be recovered from the contractor.
Sub-contractors not performing	• Disputes must be resolved between the main contractor and his sub-contractors. • Liability and obligations are under the contractor. • Enforce Termination of default • Prohibit supplier from rendering any goods, service, and works in organ of state – Restrict supplier on the National Treasury 's Central Supplier Database
Skills not transferred in terms of consultant's services	• The Municipality shall deduct from the contract price a percentage as a penalty for not transferring skills or for underperformed service.
Breach of contract	• Termination of default and recover any loss which the Municipality suffered as a result of arranging another contract
Contractor unfairly benefited using wrong preference points	• Misrepresentation of preference points should constitute termination of contract if it is justifiable and will be defendable in the court of law • Impose a penalty of a percentage of the monetary value of the contract
Prohibition of State employees doing business with state	• No contracts must be awarded to state employees

10.8.14 Transfer and Ceding of Contracts

- The General Conditions of Contract section 19.1 dictate that the supplier shall not assign, in whole or in part, its obligations to perform under the contract except with the purchaser's prior written consent.
- The Special Conditions of Contract should stipulate the conditions under which transfers / cessions shall be considered and the processes to be followed under such circumstances.
- Applications for transfers / cession shall be completed and signed by both the transferor and the transferee and countersigned by two parties.
- Full reasons for the transferring of the contract must be provided and the transferee's ability to carry out the contract must be established and reported to the Accounting Officer or delegate.
- Unless it is otherwise in the best interest of the Municipality, it is unlikely that the transfer will be approved if the Municipality would suffer a loss as a result thereof or if there is an increased risk to the Municipality.
- The principle of fairness dictates that should the contract be transferred to another provider it must be checked whether the number of preference points scored is at least the same or more than that scored by the original contractor. Thus it should be indicated if the transfer would have had an influence on the award. However, the circumstances leading to the transfer must be pointed out and taken into consideration.
- The contractor will raise the issue with the user division in writing where after the user division must comment on the viability of the transfer / cession and submit the request to the SCM unit / CSC.
- If the transfer / cession is not viewed favourably for a justifiable reason, the SCM unit must inform the contractor of the decision in writing and provide the user division with the copies of the correspondence for filing purposes.
- If the transfer / cession is viewed favourably, the SCM unit must involve Legal Services for the purposes of drawing up the transfer / cession documentation.
- The SCM unit must facilitate the signing of the transfer / cession by all parties, must forward a copy to the user division and the contractor and must file the original signed transfer / cession documentation appropriately.
- If the transfer/cession is not approved the original contractor will still be accountable to execute the contract.

10.8.15 Termination of the Contract and Exit from the Relationship

- Contract termination is the last resort to be sought by Municipality when dealing with disputes and non-performance. It should be taken into consideration that solving disputes through courts usually costs a lot of time and money.
- Termination of a contract may be considered for a variety of reasons, such as non-compliance with contract conditions, delayed deliveries, bribery, death or sequestration/liquidation of the contractor.

- If termination is considered, the following factors must be addressed to the Bid Adjudication Committee:
 - The particular contract condition empowering the action for the purpose of resolving any dispute;
 - What further arrangements will be made for completing the contract;
 - Whether additional cost will be recovered from the contractor; and
 - Payment of work already executed prior to cancellation of the contract.
- The contract should contain detailed provisions on the mechanism to terminate all or part of the contract and exit from the relationship.
- Under the following conditions, Municipalities may consider their rights to terminate the contracts through delegated authority if they are appropriately drafted:
 - Failure to meet the service performance targets for critical services on a repeated basis;
 - Failure to meet a certain number of service performance targets during a specified period or supplier has engaged in corrupt and fraudulent practices during the bidding process or the execution of the contract;
 - Material breach of terms and conditions with the breach being either irreparable or not having been remedied within a specified period;
 - Major financial difficulties being encountered by the contractors (e.g. under liquidation);
 - Failure to meet mandatory requirements or failure to acquire certain accreditation or license or approval during the life of the contract.
- Exit provisions should be included in the contract to cover specific rights that will be required for termination, such as:
 - The continued provision of the services following the notification of termination.
 - The right of Municipalities or the new contractors, if necessary, to approach key members of the contractor's staff and to offer them jobs so as to retain the delivery capability;
 - The right to perform inventory check of assets owned by Municipalities;
 - The right to transfer ownership of assets and equipment upon termination; and
 - The migration of data and systems and the provision of relevant information to Municipalities or the new contractor.

- Contracts must include the possibility to be terminated. This will normally include the details of timing including periods of notice (exit clause) and direction on the payment upon termination. The contract or agreement will have stated the initial term with specified period after which either party may terminate or renew the agreement, provided both parties agree to the terms and conditions.
- Termination of a contract is usually detrimental to the municipality; therefore, serious thought must be given to the grounds for considering termination with legal assistance.
- The Contract Management System must be updated by cancelling the contract on the system and contract register.

10.9 Stage 5: Close Out

10.9.1 This stage refers to the necessary actions to end or reconsider the contractor for future agreement and associated performance review. The activities associated with closing the project down, whether in accordance with the contract or as a result of early termination.

10.9.2 At the completion of the contract, the end-user will provide the contract close out report indicating overall performance of the contractor; stage of contract; achievement of milestones against the original contract agreement and timelines, payments; poor performance; action and other observation.

10.9.3 The close out report will be submitted to Contract / Performance Management team for deliberation; filing purposes; recording discrepancies and where applicable a register and appropriate contract system will be updated. A close out report is applicable to contracts irrespective of contract period.

10.9.4 Different activities of course are associated with the different forms that contract termination can take. In the case of more complex, long-term or construction contracts ending in accordance with the original contract plan, best practice requires the need for evidence that the contract has been completed to the satisfaction of all parties. This is normally carried out in two stages.

- To ascertain internally that there are no outstanding matters and,
- To secure agreement from contractor(s) that, apart from agreed ongoing liabilities, the contract(s) has ended.

10.9.5 The aim of the closure procedure is to provide a mechanism for managing the closure of the contract following the end of any retention or guarantee periods and the resolution of all other outstanding matters. The procedure is designed (where and if applicable) to:

- Ensure completion of all administrative matters.

- Record that all technical issues have been completed;
- Determine the extent of any liquidated damages to be deducted from the contract price;
- Record the end of the retention and guarantee periods and the date of the final inspection carried out;
- Record the date of release of retention and / or bank guarantees;
- To agree a statement of specific limits on continuing contractual obligations after completion of work and any ongoing obligations following the end of guarantees or maintenance periods.
- Transfer any assets, including data and intellectual property, and any loan items;
- Transfer operational systems to the successful contractor.
- Record the process of final contract payments and a summary of the financial payments made and received;
- Summarise claims made against or received from the contractor;
- Ensure the retention of records relating to the contract to counter any subsequent claims that may be brought. The Limitation sets out the general periods for six years or twelve years according to the type of contract within which an action may be brought.

10.9.6 On completion of this activity, agreement should have been reached on all technical and commercial aspects of the contract. The agreement should require the signature of the parties to a document which records the acceptance of the work or service, the obligations fulfilled and the price paid or to be paid.

10.9.7 Another important activity conducted at this stage, particularly in the case of high value, large contracts, is the preparation of a post-contract project report. This may follow a formal post-contract review, undertaken to assess the business benefits or losses from carrying out the procurement, how those benefits may be further enhanced and / or costs and risks reduced and how the losses can be recouped and turned to benefits.

10.9.8 The review should also gather the lessons that can be learnt from the management processes and procedures followed during the contract and implemented in the future. The review should include the views of all stakeholders and the report should relate to the costs and benefits set out in the original business

11 CONTRACTS HAVING BUDGETARY IMPLICATIONS BEYOND THREE FINANCIAL YEARS

11.1 The Victor Khanye Local Municipality may not enter into any contract that will impose financial obligations beyond the 3 (three) years covered in the annual budget for that financial year, unless the requirements of Section 33 of the Municipal Finance Management Act have been fully complied with.

12 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

- 12.1 Disputes on procurement contracts between the municipality and service providers shall be dealt with in accordance with the provisions of the Victor Khanye Local Municipality Supply Chain Management Policy as required by Section 116(1) of the MFMA.

13 CONTRACT PRICE ESCALATIONS

- 13.1 An appropriate contract price adjustment formula must be specified in the bid documents if deemed necessary.
- 13.2 Escalation notification must be in writing and presented before the implementation date thereof.
- 13.3 End-user departments are responsible to manage, verify and implement price escalations as per originally agreed terms and conditions set out in the specifications of the contract and keep proof of evidence to the newly agreed escalations on the system for all other relevant stakeholders to access.

14 PERFORMANCE ON CONTRACTS:

- 14.1 In terms of the SCM Policy and the Municipal Systems Act, the Accounting Officer must implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

14.2 Municipality's Performance:

- 14.2.1 The municipality is required to pay creditors within 30 days of receiving all relevant invoice statements.
- 14.2.2 The municipality is also required to create a favourable environment to receive services and goods without preventing the supplier to perform their duties.
- 14.3 All parties involved must perform according to the terms and conditions of the relevant contract, while the contract is alive except for the deviations which procedure must be dealt with in terms of the Municipal Supply Chain Policy.

14.4 Supplier / Service Provider's Performance

- 14.4.1 The supplier of goods and services is required to perform as per terms and conditions agreed upon and should inform Victor Khanye Local

Municipality if circumstances prevent them to perform, (with reasons provided) within 5 working days (to be included in all contracts).

- 14.4.2 For all relevant deviations from the agreed terms and conditions of any contract, the Key Performance Indicator (KPI) should be reviewed, as well as the alignment with the strategic objectives established in the IDP.
- 14.4.3 Suppliers performance will be reviewed by the Victor Khanye Local Municipality Officials on a predetermined basis giving effect to section 116 of the MFMA, and the Performance Management System Implementation Policy.

15 IN THE INSTANCE OF UNDER-PERFORMANCE

- 15.1 The Municipality will notify the service provider of underperformance identified.
- 15.2 Corrective action should be documented in writing by the project manager.
- 15.3 If the service provider fails to remedy the breach, the Municipal Manager may terminate the contract.

VICTOR KHANYE LOCAL MUNICIPALITY



BUDGET PROCESS POLICY AND PROCEDURES 2024/2025

Table of contents

1. Objective	2
2. Compliance with Legal Provisions	2
3. Budget Steering Committee	3
4. Budget-Related Policies	3
5. Delegations and Responsibility for Implementation	4
6. Budget Time Schedule	4
7. Budget to be balanced	4

8. Funding of Expenditure	5
9. Zero -Based Budgeting.....	5
10. Contents of Budget.....	5
11. Capital and Operating Components	6
12. Capital Replacement Reserve (CRR).....	7
13. Financing of Capital Budget	7
14. Determination of Votes	7
15. Provisions for Leave and Employee Benefits, Bad Debts, Obsolescence	7
and Other expenses	7
16. Provision for Maintenance	8
17. Salaries and Allowances	8
18. Depreciation and Finance Charges	8
19. Indigent Relief	9
20. Allocations from Other Organs of State.....	9
21. Rates as a Source of Income	9
22. Impact of Rates and Tariffs	9
23. Determination of Growth Factors	9
24. Tabling of Annual Budget	9
25. Publication of Annual Budget.....	10
26. Consultations on Tabled Budgets	10
27. Approval of Annual Budget.....	10
28. Adjustment Budgets	10
29. SDBIP and Performance Agreements	12
30. Monitoring and Reporting on Budgets.....	13

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 adjustment budget.

2. Compliance with Legal Provisions

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

- 2.1 The Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, as amended ("the Regulations") published in terms of Section 168 of the MFMA under General Notice 393 of 2009;
- 2.2 The Local Government: Municipal Finance Management Act, 2003 Municipal Regulations on Standard Charts of Accounts ("the mSCoA Regulations") published in terms of Section 168 of the MFMA under Government Notice No. 312 of 2014, and
- 2.3 All relevant budget-related circulars and notices issued by the National Treasury.

3. Budget Steering Committee

- 3.1 The Municipal Manager 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 his responsibilities set out in Section 53 of the MFMA

4. Budget-Related Policies

- 4.1 The Municipal Manager must ensure that budget related policies of the Municipality, or any necessary amendments to such policies, are prepared for tabling in Council by the applicable deadlines specified in terms of Section 21.(1) (b) of the MFMA.
- 4.2 The Municipality may consult with professional bodies and advisors for purposes of preparing such policies.
- 4.3 Policies that affect or are affected by the annual budget include the following:
 - The tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
 - The rates policy which the municipality must adopt in terms of section 3 of the Municipal Property Rates Act;
 - The credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
 - The cash management and investment policy which the municipality must adopt in terms of section 13(2) of the MFMA;
 - The borrowing policy which must comply with Chapter 6 of the MFMA;
 - The funding and reserves policy which must comply with regulation 8 of the Regulations;

- The policy related to the long-term financial plan;
- The supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- The policy dealing with the management and disposal of assets;
- The policies dealing with infrastructure investment and capital projects, including:
 - the policy governing the planning and approval of capital projects; and
 - the policy on developer contributions for property developments;
- The indigents policy;
- The policy related to the provision of free basic services;
- The policy related to budget implementation and monitoring including –
 - the shifting of funds within votes;
 - the introduction of adjustments budgets;
 - unforeseen and unavoidable expenditure; and
 - management and oversight;
- The policy related to managing water including –
 - the management of losses; and
 - the promotion of conservation and efficiency;
- The policies relating to personnel, including policies on overtime, vacancies and temporary staff;
- Asset Management Policy; (needs consideration and updating to bring out category requirements in mSCOA)

5. Delegations and Responsibility for Implementation

- 5.1 All such powers as may be necessary for the Municipal Manager and the Chief Financial Officer to carry out their respective responsibilities under this policy shall be delegated or sub delegated, 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.
- 5.2 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.

6. Budget Time Schedule

- 6.1 The Mayor shall table the budget time schedule as required by Section 21.(1) (b) of the MFMA, for the adoption by Council.
- 6.2 Such time schedule shall indicate the target dates for the draft revision of the IDP and the preparation of the annual budget for that budget year. The target dates shall follow the prescriptions of the MFMA.
- 6.3 The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

7. Budget to be balanced

The annual or adjustments budget shall be approved by 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.

8. Funding of Expenditure

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

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

8.2 Realistically anticipated revenues to be received may only be included in the annual budget if there is acceptable documentation that guarantees the funds, as provided by Regulation 10.(2).

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

9. 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.

10. Contents of Budget

10.1 The budget must comply with the provisions of Section 17.(1) of the MFMA, and in particular:

- The budget must be in the format prescribed by the Regulations;
- The budget must reflect the realistically expected revenues by Function and mSCOA funding source for the budget year concerned;
- The expenses reflected in the budget must be divided into the votes of the various Functions and sub-functions of the municipality;
- The budget must also contain:
 - All six mSCOA segments i.e. Function, Project, Item, Funding, Region, and Costing. ○ The foregoing information for the two years immediately succeeding the financial year to which the budget relates;
 - The actual revenues and expenses for the previous financial year; ○ The estimated revenues and expenses for the current year, and ○ The monthly cash flow projects for the revenue and expenditure budgeted.
- The budget must be accompanied by all of the documents referred to in Section 17.(3) of the MFMA.

- 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.

11. Capital and Operating Components

11.1 The annual budget and adjustments budget shall, as required by Section 17.(2) of the MFMA consist of:

- The capital component, and ☐ The operating component.

11.2 The operating component shall duly reflect the impact of the capital component on:

- Depreciation charges;
- Repairs and maintenance expenses; ☐ Interest payable on external borrowings; and
- Other operating expenses.

11.3 Before approving the capital budget component of the annual or adjustments budget, 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 paragraph 11.2.

11.4 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:

- A full description;
- Its purpose and link to the IDP and Capital Investment Plans;
- The expected beneficiaries;
- Alternative means of providing the same benefits;
- An acquisition, construction and implementation plan (as applicable);
- The expected useful life;
- The principal cost;
- The sources of funding;
- A schedule of financing costs;
- A maintenance plan;
- A schedule of envisaged maintenance costs; ☐ A depreciation schedule; and
- Insurance costs.

12. Capital Replacement Reserve (CRR)

Council may establish a capital replacement reserve for the purpose of financing capital projects and the acquisition of capital assets. Such reserve shall be established from the following sources of revenue:

- Inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
- Interest on the investments of the asset financing reserve, appropriated in terms of the banking and investments policy;
- Further amounts appropriated as contributions in each annual or adjustments budget; and
- Net gains on the sale of fixed assets.

13. Financing of Capital Budget

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.

The provisions of Regulation 11 must be complied with in relation to the funding of capital expenditure.

14. Determination of Votes

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 consider the Government Finance Statistics (GFS) Classification Framework and mSCOA, reflect the organizational structure of the Municipality, and further in so doing shall comply with the budget format prescribed by the Regulations.

Each departmental head shall be responsible for determining the line items to be shown under each vote, subject to compliance with mSCOA and the approval of the Chief Financial Officer or official(s) delegated by him/her.

15. Provisions for Leave and Employee Benefits, Bad Debts, Obsolescence and Other expenses

During each annual and adjustments budget the municipality shall establish and/or make budget provision for, or reduce contributions for future expenses accruing in each year, estimated up to the end of each financial year (30 June), for the following:

- Accrued leave entitlements of officials;
- Staff benefits, including post-retirement benefits (pension and/or medical aid);
- Bad debts in respect of its approved rates and tariffs policies;
- Obsolescence and deterioration of stock;
- Performance bonuses;
- Restoration of landfill site(s), and
- Any other need where an obligation exists.

16. Provision for Maintenance

The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed and movable assets in accordance with its fixed asset management policy. 15% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.

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 Chief Financial Officer.

17. Salaries and Allowances

The budget for salaries, allowances and salary-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 councilors shall not be included in this limit.

18. Depreciation and Finance Charges

18.1 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.

18.2 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 Council's policy to raise external loans only for the financing of fixed assets in specified services, finance charges shall be charged to or apportioned only between the departments or votes relating to such services.

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

19. Indigent Relief

The estimated costs of indigent relief must be based on the Council approved Indigent Policy and the tariffs approved by Council and charged to the function deriving the revenue.

In the case of Free Basic Electricity (FBE) payable to ESCOM and the estimated costs are budgeted for in the Electricity function.

20. Allocations from Other Organs of State

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

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 and donors.

21. Rates as a Source of Income

In preparing its revenue budget, the Municipality shall budget for realistic revenues from property rates based on the valuation roll, the approved rate tariff(s) and anticipated collection based on prior years' and considering the property rates policy.

22. Impact of Rates and Tariffs

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

23. 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.

24. 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:

- be in the format in which it will eventually be approved by Council; and

- be credible and realistic such that it is capable of being approved and implemented as tabled.

25. Publication of Annual Budget

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

- The budget is made public in accordance with the provisions of the Local Government: Municipal Systems Act;
- The local community is invited to make submissions in regard to the budget;
- The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
- The budget is submitted to any prescribed organs of state and to other Municipalities affected by it.

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

26. Consultations on Tabled Budgets

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.

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

27. Approval of Annual Budget

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

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

28. Adjustment Budgets

The adjustments budget and supporting documentation must be in the format specified in the Regulations and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister.

28.1 Funding of adjustments budgets

- The adjustments budget must be appropriately funded.
- The supporting documentation to accompany an adjustments budget must contain an explanation of how the adjustments budget is funded.

28.2 Timeframes for tabling of adjustments budgets

- The adjustments budget referred to in section 28.(2)(b), (d) and (f) of the MFMA may be tabled in Council at any time after the mid-year budget and performance assessment has been tabled in Council, but not later than 28 February of the current year.
- Only one adjustments budget referred to in section 28.(2)(b), (d) and (f) of the MFMA may be tabled in Council during a financial year, except when:
 - the additional revenues contemplated in section 28.(2)(b) of the MFMA are allocations in a national or provincial adjustments budget, in which case the Mayor must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28.(2)(b) of the MFMA in Council to appropriate these additional revenues. This is intended to ensure that additional revenues allocated are approved for spending as soon as possible so as to minimize the possibility of underspending.
 - an adjustments budget relating to unforeseeable and unavoidable expenditure must be tabled in Council at the first available opportunity after the unforeseeable and unavoidable expenditure was incurred and within 60 days of incurring the expenditure.
- An adjustments budget referred to in section 28.(2)(e) of the MFMA may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by Council by 25 August of the financial year following the financial year to which the roll-overs relate.
- An adjustments budget contemplated in section 28.(2)(g) of the MFMA may only authorise unauthorised expenditure as anticipated by section 32.(2)(a)(i) of the MFMA, and must be –
 - dealt with as part of the adjustments budget contemplated in section 23.(1) of the MFMA, and
 - a special adjustments budget tabled in Council when the Mayor tables the annual report in terms of section 127.(2) of the MFMA, which may only deal with unauthorised expenditure from the previous financial year which Council is requested to authorise in terms of section 32(2)(a)(i) of the MFMA

28.3 Submission of tabled adjustments budgets

- The Municipal Manager must submit the tabled adjustments budget in both printed and electronic form within ten working days after the Mayor has tabled an adjustment budget in Council to:

- National Treasury; ○ provincial treasury; ○ any other municipality affected by that adjustments budget; ○ any other organ of state on receipt of a request from that organ of state.

28.4 Approval of adjustments budget

- Council must consider the full implications, financial or otherwise, of the adjustments budget and supporting documentation referred to in Regulation 21 before approving the adjustments budget.
- Council may approve an adjustments budget dealing with matters referred to in section 28.(2)(c) of the MFMA only if the expenditure was recommended by the Mayor in accordance with the framework prescribed in the Regulations.
- When approving an adjustments budget, Council must consider and adopt separate resolutions dealing with each of the matters listed in the Regulations: Item 4 of Schedule B.

28.5 Publication of approved adjustments budget

- Within ten working days after the municipal council has approved an adjustments budget, the municipal manager must make public the approved adjustments budget, supporting documentation and the resolutions referred to in Regulation 25.(3).
- When making public an adjustments budget and supporting documentation the municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the adjustments budget, including -
 - summaries of the adjustments budget and supporting documentation in alternate languages predominant in the community;
 - information relevant to each ward in the municipality, if that ward is affected by the adjustments budget; and
 - any consequential amendment of the service delivery and budget implementation plan that is necessitated by the adjustments budget.

29. SDBIP and Performance Agreements

The Municipal Manager must by no later than 14 days after the approval of the annual budget submit to the Mayor:

- A draft Service Delivery and Budget Implementation Plan for the year in question;
- Drafts of the annual performance agreements as required by Section 57 of the Municipal Systems Act for the managers referred to in that section.

30. Monitoring and Reporting on Budgets

30.1 Heads of departments must review their expenditure to budget on a monthly basis and provide a report with explanations for variances of more than 10% of the budget or R500, 000 to the Chief Financial Officer within three (3) working days of month-end.

30.2 The Chief Financial Officer shall compile the monthly budget statements as required by Section 71 of the MFMA, which shall:

- Be in the format prescribed by Regulation 28 of the Regulations;
- Be submitted to Mayor, national and provincial treasuries within 10 working days after the month-end;
- Be placed on the Municipality's website;
- Be considered by the Mayor in terms of Section 54.(1)(a) of the MFMA to:
 - check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
 - consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of Council following approval of an adjustments budget;
 - issue any appropriate instructions to the Municipal Manager to ensure –
 - that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - that spending of funds and revenue collection proceed in accordance with the budget;
 - identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - in the case of a section 72 report, submit the report to Council by 31 January of each year.
- If the municipality faces any serious financial problems, the Mayor must—
 - promptly respond to and initiate any remedial or corrective steps proposed by the Municipal Manager to deal with such problems, which may include—
 - steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;
 - the tabling of an adjustments budget; or

- steps in terms of Chapter 13; and ○ alert Council and the MEC for local government in the province to those problems.
- The Mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.
- 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 and be published in accordance with Section 75.(1)(k) of the MFMA and Regulation 32.
- 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.



UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE POLICY 2024/25

**VICTOR KHANYE LOCAL
MUNICIPALITY**

TABLE OF CONTENTS

- 1 INTRODUCTION
- 2 OBJECTIVE
- 3 ENABLING LEGISLATION
- 4 APPLICATION OF THIS POLICY
- 5 DEFINITIONS
- 6 UNAUTHORISED EXPENDITURE
- 7 IRREGULAR EXPENDITURE
- 8 FRUITLESS AND WASTEFUL EXPENDITURE
- 9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
- 10 MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL
11. INVESTIGATION AND REGULARIZING OF UNAUTHORIZED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
12. DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
13. RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
14. CONSEQUENCES OF NON-COMPLIANCE
15. PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITUR
- 16 EFFECTIVE DATE
- 17 REVIEW OF POLICY

ABBREVIATIONS/ACRONYMS

Except if otherwise stated in this policy, the following abbreviations or acronyms will represent the following words:

CFO	-	Chief Financial Officer
DM	-	Divisional Manager Assistant Manager
VKLM	-	VICTOR KHANYE LOCAL MUNICIPALITY
NDM	-	Nkangala District Municipality
MFMA	-	Municipal Finance Management Act, 2003, No. 56 of 2003
MPAC	-	Municipality Municipal Public Account Committee
MM or AO	-	Municipal Manager or Accounting Officer
SAPS	-	South African Police Services
MSA	-	Municipal Systems Act, 2000, No. Act 32 of 2000
Structures Act	-	Municipal Structures Act, 1998, Act No 117 of 1998
RPOBA	-	Remuneration of Public Office Bearers Act
Policy	-	Policy on unauthorised, irregular, fruitless and wasteful expenditure
MBRR	-	Municipality Budget Rules and Regulations

1 INTRODUCTION

- 1.1. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "MFMA"), the accounting officer is responsible for managing the financial affairs of Victor Khanye Local Municipality (VKLM) and must, for this purpose, inter alia:
- a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented; and
 - b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of VKLM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
- 1.2. This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

2 OBJECTIVE

- 2.1. This document sets out VKLM's policy and procedures with regards to unauthorised, irregular, fruitless and wasteful expenditure.
- 2.2. This policy aims to ensure that, amongst other things:
- a) Unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;
 - b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;
 - c) VKLM's resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and
 - d) All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

3 ENABLING LEGISLATION

The following enabling legislation sets the precedent for the development of NDM's unauthorised, irregular, fruitless and wasteful expenditure Policy:

- a) The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996;

- b) The Municipal Finance Management Act, 2003, No 56 of 2003;
- c) The Remuneration of Public Office Bearers Act;
- d) Municipal Systems Act, 2000, Act No 32 of 2000;
- e) MFMA Circular 68;
- f) Any other legislation, regulation or circular that may impact this policy; and
- g) Municipal Structures Act No. 117 of 1998.

4 APPLICATION OF THIS POLICY

3.1. This policy applies to all officials and councillors of VKLM.

3.2. This policy should be read in conjunction with the following of VKLM:

- a) Delegations of Authority;
 - b) Procedures for unauthorised, irregular, fruitless and wasteful expenditure;
 - c) Circular on financial misconduct;
 - d) Breach of the Code of Conduct for Municipal Staff Members; and
 - e) Breach of the Code of Conduct for Councillors.
- 3.3. Officials and Councillors must ensure all instances of unauthorised, irregular expenditure as well as fruitless and wasteful expenditure are prevented where possible, and is detected and reported in a timely manner.

5 DEFINITIONS

Except if otherwise indicated:

“Councillor” means member of municipal council of VKLM.

„Fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

“Financial Misconduct” means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

“Irregular expenditure”, in relation to a municipality or municipal entity, means:

- a) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

- b) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of this Act;
- c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998, (Act 20 of 1998);
- d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of NDM or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law; or
- e) excludes expenditure by a municipality which falls within the definition of „unauthorised expenditure“.

„**Official**“, in relation to a VKLM, means:

- a) an employee of VKLM;
- b) a person seconded to a VKLM or to work as a member of the staff of the VKLM; or
- c) a person contracted by a VKLM to work as a member of the staff of the VKLM or otherwise than as an employee.

„**Overspending**“ means:

- a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- b) In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- c) In relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

„**Political Office Bearer**“ means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

„**Prohibited expenditure**“ in relation to this policy means unauthorised, irregular, fruitless and wasteful expenditure;

„**Senior Manager**“ has the meaning assigned to it in section 1 of the MFMA and in relation to VKLM refers to Deputy Managers, CFO.

„ Unauthorised expenditure“, means:

any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes-

- a) overspending of the total amount appropriated in the municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of „allocation“ otherwise than in accordance with any conditions of the allocation; or
- f) a grant by NDM otherwise than in accordance with the MFMA.

„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 department 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.

6 UNAUTHORISED EXPENDITURE

- 6.1. The municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.
- 6.2. Expenditure incurred within the ambit of VKLM's virement policy is not regarded as unauthorised expenditure.
- 6.3. Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure.
- 6.4. Unauthorised expenditure would include:
 - a) Any overspending in relation to both the operational budget and capital budget of the municipality

- b) Overspending in relation to each of the votes on both the operational budget and capital budget;
- c) Use funds allocated to one department for purposes of another department or for purposes that are not provided for in the budget;
- d) Funds that have been designated for a specific purpose or project within a department's vote may not be used for any other purpose;
- e) Any use of conditional grant funds for a purpose other than that specified in the relevant conditional grant framework is classified as unauthorised expenditure;
- f) Any grant to an individual or household unless it is in terms of the municipality's bursary scheme, support to SMME's and Cooperatives policy;
- g) Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and

6.5 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner

6.6 Expenditures that are NOT classified as unauthorized expenditure

Given the definition of unauthorised expenditure, the following are examples of expenditure that are NOT unauthorised expenditure:

- i. Any over-collection on the revenue side of the budget as this is not an expenditure; and
- ii. Any expenditure incurred in respect of:
 - any of the transactions mentioned in section 11(1)(a) to (j) of the MFMA;
 - re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
 - overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a „vote“ on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure (read in conjunction with supporting Table SA1) of the MBRR; and
 - overspending of an amount allocated by standard classification on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) of the MBRR so long as it does not result in overspending of a „vote“ on the main budget Table A5.

6.6.1 Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure:

- a) To defray expenditure authorised in terms of section 26 (4) of the MFMA, [*Section 26: Consequences of failure to approve a budget before the start of the budget year*];
- b) To defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [*Section 29: Unforeseen and unavoidable expenditure*] failing which the unforeseen /unavoidable expenditure is unauthorised;
- c) re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
- d) Expenditure incurred from a special bank account for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [*Section 12: Relief, charitable, trust or other funds*];
- e) To pay over to a person or organ of state money received by the NDM on behalf of that person or organ of state, including—
 - (i) money collected by the NDM on behalf of that person or organ of state by agreement; or
 - (ii) any insurance or other payments received by the VKLM for that person or organ of state;
- f) To refund money incorrectly paid into a bank account;
- g) To refund guarantees, sureties and security deposits;
- h) For cash management and investment purposes in accordance with section 13 [*Section 13: Cash Management and Investments*]; and
- i) To defray increased expenditure in terms of section 31 [*Section 31: Shifting of funds between multi-year appropriations*].

6.6.2 Any expenditure approved in terms the Municipal Budget and Reporting Regulations (MBRR).

7 IRREGULAR EXPENDITURE

7.1. Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality" supply chain management policy.

7.2. Irregular expenditure is actually expenditure that is in violation of some or other procedural/legislative requirement as specified in the MFMA.

7.3. Irregular expenditure excludes unauthorised expenditure.

7.4. Although a transaction or an event may trigger irregular expenditure, Council will only identify irregular expenditure when a payment is made. The recognition of irregular expenditure must be linked to a financial transaction.

7.5. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance.

7.6. Remuneration of councillors

7.6.1. Payments to VKLM councillors cannot exceed the upper limits of the salaries, allowances and benefits for those councillors as promulgated in the Public Officers Bearers Act.

7.6.2. Any remuneration paid or given in cash or in kind to a person as a councillor or as a member of a political structure of VKLM otherwise than in accordance with 7.6.1 including any bonus, bursary, loan, advance or other benefit, must be classified as irregular expenditure.

7.7. Irregular staff appointments

7.7.1. No person may be employed in VKLM unless the post to which he or she is appointed, is provided for in the VKLM's staff establishment of the municipality as approved by the council, except if in a temporally capacity for a specific sated period.

7.7.2. Any person who takes a decision contemplated in subparagraph (7.7.1) knowing that such decision is unlawful, will be held personally liable for any irregular or fruitless and wasteful expenditure that the municipality may incur as a result of such invalid decision.

7.8 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

8 FRUITLESS AND WASTEFUL EXPENDITURE

8.1. All officials and councillors must always act cautiously when spending public money and ensure that they abide by the public and accountability principles

which are to promote “efficient, economic and effective use of resources and the attainment of value for money”.

- 8.2. Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.
- 8.3. This type of expenditure is incurred where no value for money is received for expenditure or the use of resources. No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful.
- 8.4. Expenditure incurred that has been budgeted for (authorised) and was not regarded as irregular expenditure could be classified as fruitless and wasteful expenditure.

8.5.1 An expense is only fruitless and wasteful in terms of this policy if:

- (i) It was made in vain (meaning that the municipality did not receive value for money) and;
- (ii) and would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned did not carelessly or negligently cause the expenditure to be incurred by the municipality furthermore another official or councillor under the same circumstances would not have been able to avoid incurring the same expenditure).

8.5.2 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is-

- a) Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and
- b) Is the expenditure being incurred at the right price, right quality, right time and right quantity?

- 8.6 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- 9.1. Reporting of unauthorised, irregular, fruitless and wasteful expenditure must be done at the appropriate level, as this could constitute financial misconduct as follows:

- a) a Councillor of a municipality, must be reported to the Speaker of the council;
- b) the municipal manager and speaker, must be reported to the mayor;
- c) general managers or the chief financial officer, must be reported to the municipal manager;
- d) All cases of prohibited expenditure reported as per a), b) and c) above must be referred to MPAC for investigation unless the allegations are frivolous, vexatious, speculative or obviously unfounded; and
- e) officials below general management level of the municipality must be reported to the MM unless in the professional opinion of the MM the nature or the amount of the prohibited expenditure warrants the case to be referred to MPAC.

- 9.2. All reports made by officials, councillors must be treated with utmost confidentiality.

- 9.3. The MM must promptly inform the Mayor, the MEC for local government in the Province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality:

- a) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- b) the steps that have been taken:
 - To recover or rectify such expenditure; and
 - To prevent a recurrence of such expenditure.

- 9.4. All expenditure classified as unauthorised, irregular, fruitless and wasteful expenditure must be reported to:

- a) The Finance (Section 80) on a monthly basis;

- b) Mayoral Committee on a monthly basis;
- c) Council on a quarterly basis;
- d) MPAC on a quarterly basis; and
- e) Audit Committee on a quarterly basis.

9.5. In accounting for unauthorised, irregular, fruitless and wasteful expenditure, municipal manager or delegated officials (as may be relevant) must ensure that:

- a) All confirmed unauthorised, irregular, fruitless and wasteful expenditure must be recorded in separate account, in the accounting system of VKLM, created for each of the above types of expenditure;
- b) All such expenditure is disclosed in the annual financial statements as required by the MFMA and treasury requirements; and
- c) Details pertaining to unauthorised, irregular, fruitless and wasteful expenditure must be disclosed in the Municipality's Annual Report.

10 MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10.1. Council must maintain a register of all incidents of unauthorised, irregular, fruitless and wasteful expenditure:

10.2. The registers must be updated on a monthly basis.

11 INVESTIGATION OF UNAUTHORISED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11.1. MPAC must institute an investigation of all prohibited expenditure reported in terms of clause 9.1. (d), above

11.2. The CFO must seek the Municipal Managers approval to investigation all prohibited expenditure reported to him/her in terms of clause 9.1(e) unless the allegations are frivolous, vexatious, speculative or obviously unfounded.

11.3. Once the nature of the expenditure is confirmed as unauthorised, irregular, fruitless and wasteful expenditure, the person to whom the prohibited expenditure was reported in terms of clause 9.1 above must institute the necessary procedures which could include disciplinary as well criminal proceedings.

12 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

12.1. After having followed a proper investigation, as per paragraph 11 above, the MPAC or the MM as the case may be must determine whether there is a prima facie case and that a Councillor or official made, permitted or authorized prohibited expenditure.

12.2. If a prima facie case has been established, as per paragraph 12.1 above, then MPAC, mayor or municipal manager (as may be relevant) must institute disciplinary action as follows:

- a) *Financial misconduct in terms of section 171 of the MFMA:* in the case of an official that deliberately or negligently:
 - (i) contravened a provision of the MFMA which resulted in prohibited expenditure; or
 - (ii) made, permitted or authorised an irregular expenditure (due to non-compliance with any of legislation mentioned in the definition of irregular expenditure);
- b) *Breach of the Code of Conduct for Municipal Staff Members:* in the case of an official whose actions in making, permitting or authorizing an prohibited expenditure constitute a breach of the Code; and
- c) *Breach of the Code of Conduct for Councillors:* in the case of a Councillor, whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour or agreed with a resolution before council that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.

12.3. The MPAC, mayor or municipal manager or delegated officials (as may be relevant) must promptly report to the SAPS all cases of alleged:

- a) Irregular expenditure that constitute a criminal offence; and
- b) Theft and fraud that occurred in the municipality.

12.4. The Mayor must take all reasonable steps to ensure that all cases referred to in the above paragraph are reported to the South African Police Service if:

- a) The charge is against the MM; or
- b) The MM fails to comply with the above paragraph.

13 RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

13.1. The MM or delegated person must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:

- a) in the case of unauthorised expenditure, is
 - I. authorised in an adjustment budget; OR
 - II. certified by the municipal council, after investigation by MPAC, as irrecoverable and is written off by council; and
- b) in the case of irregular or fruitless and wasteful expenditure, is after investigation by MPAC, certified by council as irrecoverable and written off by council.

13.2. Irregular expenditures resulting from breaches of the Public Office-Bearers Act must be recovered from the Councillor to whom it was paid.

13.3. Once it has been established who is liable for the unauthorised, irregular, fruitless and wasteful expenditure, the Municipal Manager must in writing request that the liable Councillor or official pay the amount within 30 days or in reasonable instalments.

13.4. Without limiting liability in terms of the common law or other legislation, the MM must recover any such expenditure, in full, from official or Councillor where:

- a) In the case of a Councillor, the Councillor knowingly or after having been advised by the MM that the expenditure is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, instructed an official of NDM to incur the expenditure; and
- b) In case of the official, the official deliberately or negligently incurred such expenditure.

13.5. The fact that the Council may have approved the expenditure for writing off or deemed it to be irrecoverable is no excuse in:

- a) Either disciplinary or criminal proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such unauthorised, irregular or fruitless and wasteful expenditure; or
- b) Recovery of such expenditure from such person.

13.6. If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditure must be recovered through the normal debt collection process of the municipality.

14 CONSEQUENCES OF NON-COMPLIANCE

14.1. Any official or councillor who does not comply with their reporting duties in terms of this policy could be found guilty of Financial Misconduct.

14.2. Any councillor or official of VKLM will be committing an act of financial misconduct if that councillor or official deliberately or negligently makes or permits, or instructs another official of VKLM to make, an unauthorised, irregular or fruitless and wasteful expenditure.

15 PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

15.1. If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation, threats such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM or the Mayor where applicable.

15.2. The MM or Mayor must immediately take appropriate action to ensure that protection of the official or councillor after receiving the above report.

15.3. Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official concerned, the MM or the Mayor, where applicable.

16 EFFECTIVE DATE

This policy will be effective upon adoption by Council.

17 REVIEW OF POLICY

This policy must be reviewed and updated:

- a) Annually in line with the budget cycle and submitted with the budget policies; or
- b) Sooner if new legislation, regulation or circulars are issued that will impact this policy.

18 Policy hierarchy

Wherever this policy is not aligned to the cost containment regulation, the cost containment regulation will supersede this policy



LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

TRAVELLING AND SUBSISTENCE POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:2024/05/14

INDEX

1. Objectives
2. Legal Requirements
3. Responsibilities of Representatives who travel on Business of the Municipality
4. Subsistence allowance
5. Entitlement to a Subsistence and travel allowance
6. Accommodation Costs
7. Amount of Subsistence allowance
8. Calculation of Travelling Allowance
9. Authorization of official trips to be undertaken
10. Attendance of Conference, workshop or meeting
11. Procedures for claims and payment thereof
12. Commencement

1. OBJECTIVE

It is essential that representatives of the municipality from time to time travel to other cities and towns in order to establish and maintain links and relationships with other municipalities, government bodies, and other parties, institutions and organizations operating in the sphere of local government.

It is important for representatives to broaden their knowledge and understanding of and compare local experiences in local government transformation, innovation and change in the rest of the country, and this can effectively be done only through the medium of personal contact with a wide range of local government stakeholders.

This policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling.

FOR THE PURPOSES OF THIS POLICY, A REPRESENTATIVE SHALL MEAN:

Mayor

Deputy-mayor

Speaker

Members of the Executive Committee

Other councillors specifically authorized to represent the municipality on a particular occasion

Municipal manager

Heads of departments

Any other official specifically authorized to represent the municipality on a particular occasion

Any other official who is a member of a recognized professional institution and is granted permission

to attend meetings and conferences of such institution.

2. LEGAL REQUIREMENTS

In terms of Section 66 of the Municipal Finance Management Act No. 56 of 2003 the accounting officer of the municipality must report to the council, in the format and for the periods prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation allowances paid.

3. RESPONSIBILITIES OF REPRESENTATIVES WHO TRAVEL ON BUSINESS OF THE MUNICIPALITY

Every representative who travels on the business of the municipality must comply with this policy in letter and in spirit.

Representatives who travel on the business of the municipality must appreciate, at all times, that they are ambassadors for the municipality, that their actions, conduct and statements must be in the best interests of the municipality, and that they must comply with any specific mandates they have been given.

Consistent with the municipality's performance monitoring and evaluation objectives, the municipal manager will ensure that a database of all representatives and official travelling is kept.

4. SUBSISTENCE ALLOWANCE

A subsistence is an amount of money paid by the municipality to a representative to cover the following expenses:

Meals, including reasonable gratuities, except where meals are included in the accommodation rate; and Subsistence and travelling policy Incidentals such as refreshments, snacks, drinks and newspapers. A subsistence allowance does not cover any personal recreation, such as visits to a cinema, theatre or nightclubs, or sightseeing.

5. ENTITLEMENT TO A SUBSISTENCE AND TRAVEL ALLOWANCE

A representative may claim a daily subsistence allowance as provided in this policy on the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses such as travel and accommodation expenses (see below), may be claimed.

The subsistence allowance may be claimed only if the necessary authorization for the trip has been obtained, and if the appropriate form has been completed and submitted by the claimant.

A representative of the municipality must claim his or her subsistence allowance, as provided in this policy, after returning from any official trip.

No subsistence allowance will be paid, and no representative will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must be approved as such before a representative is entitled to a subsistence allowance.

6. ACCOMMODATION COSTS

Representatives who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment.

The actual cost of accommodation will be borne by the municipality. A representative may use 3 or 4-star accommodation.

Accommodation shall be provided on a "dinner, bed and breakfast" basis. If dinner or breakfasts are not available at the establishment, the Municipal Manager may authorize the payment of a supplementary subsistence allowance on an "ad hoc" basis in such amount as he/she deems appropriate to cover the costs of such meals.

If a representative requires special accommodation facilities due to such representative suffering from any disability, the Municipal Manager may Authorize such additional expenditure as may be required to cover additional costs associated with such special facilities.

Tips to any service attendant shall be treated as a private or personal expense and therefore shall not form part of the municipal account. Any other cost not included in the quotation voucher shall be treated as private or personal expense and therefore shall not form part of the municipal account. Cost of meals shall not exceed the approved amount as per the quotation voucher and therefore any additional expenses shall be the liability of the presentative.

7. SUBSISTENCE ALLOWANCES

The substance allowance will be determined from time to time as per Section 8 (1) (c) of SARS guide annually, or a rate set by the municipality at that period,

Where the employee is absent from his/her usual place of residence –

- Daily allowance (incidental cost) R100 no receipt required
- Where an employee is required to spent a night away from his usual place and the municipality

did not incur cost (own arranged accommodation) an allowance off from R400 per night which include meals and incidental costs, per night (receipt required)

Measures and provisions

- Any reimbursement for meals and beverages will be subject to approval and all claims must

be supported by submission of receipts.

- An employee may also claim expenditure for two beverages (excluding alcohol) per day including energy drinks

- Whether the employee qualifies for the reimbursement of such meals and tea will depend upon the date of departure and return and the reasonableness of the claim,
 - Any other actual expenses such as tollgate fees and parking fees (vouchers are required)
 - It is reiterated that an employee who attends a meeting/seminar/workshops where catering is provided, is not entitled to submit claims for meals /drinks.
 - The employees should note that the allowance for meals does not cover the cost of snacks/sweets,
- Claims for authorised travel and reimbursed the calculation will be based on the AA tariffs obtained from department of transport.

8. CALCULATION OF TRAVELLING ALLOWANCE

Accounting Officer and Senior Managers reporting directly to Accounting Officer structure travelling according to their needs

Other posts are as follows:

Task Grade 16 Kilometres 850

Task Grade 15 Kilometres 750

Task Grade 13 Kilometres 650

Task Grade 12 Downwards its adhoc and depend on nature of work but not exceeding 500 kilometres

Going forward we propose to use a certain percentage of Total Cost to Company as the value of cars is timely increasing

9. AUTHORISATION OF OFFICIAL TRIPS TO BE UNDERTAKEN

For purposes of implementing this policy:

a) HODs shall authorize travel for Section Managers

b) HODs shall authorize travel for staff in their departments for trips outside Victor Khanye local

Municipality.

c) Section Managers may authorize travelling for the staff falling within their Division for trips

10. ATTENDANCE OF CONFERENCE, WORKSHOP OR MEETING

Council delegates or representatives to any conference, workshop or meeting must ensure that they

arrive on time and attend until the conclusion of such event.

11. PROCEDURES FOR CLAIMS AND PAYMENT THEREOF

A copy of the invitation or the first three pages of the agenda or programme for the event to be

attended by the representative must be attached to a copy of a completed trip authorization form.

Claims for toll and parking fees must be accompanied by valid receipts issued by the toll or parking

authority.

All S&T claims not submitted within a period of three (3) months after inception shall be forfeited.

All S&T claims not submitted within the same financial year except the claim pertaining to the last

month of the financial year will be automatically forfeited. Subsistence and travelling policy

Recommendation and approval transactions shall be performed in the Department in which the

employee is attached to irrespective of the reason for official travelling

The S&T expenses of any employee shall be defrayed from the relevant vote of the department in

which the employee is appointed irrespective of the reason for official travelling.

Reimbursements for travel claims and subsistence allowances shall be made through normal payroll

procedures, and shall be subject to any deductions that may be required for tax purposes.

12. COMMENCEMENT

This Policy will come into effect on the date of adoption by the Council



VICTOR KHANYE LOCAL MUNICIPALITY

Tariff By-law

1. Preamble

WHEREAS section 229(1) of the Constitution authorizes a municipality to impose rates on properties and surcharges on fees for the services provided by or on behalf of the municipality.

AND WHEREAS section 75A of the Municipal Systems Act authorizes a municipality to levy and recover fees, charges or tariffs in respect of any function or service of the municipality; and recover collection charges and interest on any outstanding amount.

AND WHEREAS section 74(1) of the Municipal Systems Act requires a municipality to adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality or on behalf of the municipality which complies with the provision of the Municipal Systems Act, Municipal Finance Management Act and any other applicable legislation.

AND WHEREAS section 75 of the Municipal Systems Act requires a municipality to adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

AND WHEREAS by-law adopted in terms of the said section 75 of Municipal Systems Act may differentiate between different categories of users, debtors, service providers, services, service standards and geographic areas as long as such differentiation does not amount to unfair discrimination.

NOW THEREFORE the Municipal Council of the municipality in terms of section 156 of the Constitution of the Republic of South Africa read with section 11 of the Municipal Systems Act hereby makes and enacts the following By-law:

2. Definitions

“Constitution” means the Constitution of the Republic of South Africa

“Council” means Municipal Council of Victor Khanye Local Municipality

“Credit Control and Debt Collection By-law and Policy” means Credit Control and Debt Collection Policy and By-law of Victor Khanye Local Municipality

“Municipal Council” means Municipal Council of Victor Khanye Local Municipality

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

“Municipal Property Rates Act” means Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004)

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

“Municipality” means Victor Khanye Local Municipality

“Rate” means property rate in terms of Municipal Property Rates Act

“Tariff” means fees, charges and surges on tariffs levied by the municipality in respect of any function or service provided by the municipality or on behalf of the municipality, but excludes levying of property rates in terms of Municipal Property Rates Act

3. Objects

3.1 The object of this by-law is to give effect to the implementation and enforcement of the Tariff policy as contemplated in section 74(1) of the Municipal Systems Act.

3.2 Further, to give effect to the Credit Control and Debt Collection Policy and/or By-law of the municipality.

4. Adoption and Implementation of Tariff Policy

- 4.1 The municipality shall adopt and implement tariff policy on the levying of fees for municipal services provided by the municipality or on behalf of the municipality which complies with the provisions of the Municipal Systems Act read together with Municipal Finance Management Act and any other applicable legislation.
- 4.2 The tariff policy adopted in terms of 4.1 hereof shall reviewed annually as part of the Annual Budget Process; and be amended accordingly, if need be.
- 4.3 The municipality shall not impose tariffs other than in terms of a valid tariff policy

5. Tariff Policy

- 5.1 The tariff policy shall apply to all tariffs imposed by the municipality.
- 5.2 The tariff policy shall reflect the principles referred to in:
 - (a) Section 74(1) of the Municipal Systems
 - (b) Section 97 of the same Act
 - (c) section 4(2) of the same Act
- 5.3 The tariff policy shall specify the basis of differentiation, if any, for tariff purposes, between different categories of users, debtors, service providers, services, service standards and geographic areas as long as such differentiation does not amount to unfair discrimination.
- 5.4 The policy shall include such further enforcement mechanism, if any, as the municipality may wish to impose in addition to those contained in the Credit Control and Debt Collection Policy and/or By-law

6. Enforcement of Tariff Policy

The tariff policy shall be enforced through Credit Control and Debt Collection By-law and/or Policy; and any further enforcement

mechanisms set out in other relevant and applicable legislation or Policy of the municipality

7. Repeal of previous by-laws

This By-law hereby repeals all previous by-laws on Tariff of the municipality hitherto the promulgation of this by-law

8. Short Title and Commencement

This By-law shall be called Tariff By-law, 2017 and takes effect on the date of the publication hereof in the provincial gazette or as otherwise indicated in the Notice hereof



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

COST CONTAINMENT POLICY **1st July 2024 until 30th June 2025**

Policy Number:	Approved by Council:
Resolution No:	Review Date:

Table of Contents

1. DEFINITIONS:.....	3
2. OBJECT OF THE POLICY:	3
3. APPLICATION OF THE POLICY	3
4. USE OF CONSULTANTS	3
5. VEHICLES USED FOR POLITICAL OFFICE BEARERS.....	5
6. TRAVEL AND SUBSISTENCE	6
7. DOMESTIC ACCOMODATION	8
8. CREDIT CARDS	9
9. SPONSORSHIPS, EVENTS AND CATERING	9
10. COMMUNICATION	10
11. CONFERENCES, MEETINGS AND STUDY TOURS.....	10
12. OTHER RELATED EXPENDITURE ITEMS	12
13. ENFORCEMENT PROCEDURES.....	13
14. DISCLOSURE OF COST CONTAINMENT MEASURES	13
15. COMMENCEMENT	13

1. DEFINITIONS / ABBREVIATIONS:

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

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

“Consultant” – means a professional person, individual, partnership, corporation or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist a municipality to perform its functions to achieve the objects of local government in terms of Section 152 of the Constitution.

“Cost containment” – means measures implemented to curtail spending in terms of this policy; and

“Credit card”- means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder.

MCCR – Local Government: Municipal Cost Containment Regulations

MFMA - Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)

2. OBJECT OF THE POLICY:

The object of this policy in line with Sections 62(1) (a), 78(1) (b), 95(a), and 105 (1) (b) of the Act, is to ensure that resources of a municipality are used effectively, efficiently and economically by implementing cost containment measures.

3. APPLICATION OF THE POLICY

This policy applies to all officials and political office bearers of the municipality. This policy must be applied in conjunction with the MCCR, as well as MFMA Circular No 97 on Municipal Cost Containment Measures.

4. USE OF CONSULTANTS

4.1 A municipality may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality does not have the requisite skills or resources in its full-time employ to perform the function.

4.2 An Accounting Officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates-

- a) Determined in the "Guideline on fees for audits undertaken on behalf of the Auditor General of South Africa," issued by the South African Institute of Chartered Accountants;
- b) Set out in the "Guide on Hourly Fee Rates for Consultants" issued by the Department of Public Service and Administration; or
- c) As prescribed by the body regulating the profession of the consultant.

4.3 The tender documentation for the appointment of consultants must include a clause that remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in clause (4.2) above.

4.4 When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.

4.5 When consultants are appointed, an accounting officer must –

- (a) Appoint consultants on a time and cost basis with specific start and end dates;
- (b) Where practical, appoint consultants on an output-specified basis, subject to specific measurable objectives and associated remuneration;
- (c) Ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
- (d) Ensure the transfer of skills by consultants to the relevant officials of a municipality; Skills may be transferred through the provision of workshops or on the job training;
- (e) undertake all engagements of consultants in accordance with Municipal Supply Chain Management Regulations, 2005 and the municipality's supply chain management policy; and
- (f) Develop consultancy reduction plans to reduce the reliance on consultants.

4.6 All contracts with consultants must include a fee retention or penalty clause for poor performance.

4.7 A municipality must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.

4.8 The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.

4.9 The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

5. VEHICLES USED FOR POLITICAL OFFICE BEARERS

5.1 The threshold limit for vehicle purchases relating to official use by political office-bearers must not exceed R700 000 or 70%(VAT inclusive) of the total annual remuneration package for the different grades of municipalities, as defined in the Public Office Bearers Act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.

5.2 The procurement of vehicles in clause 5.1 must be undertaken using the national government transversal contract mechanism, unless it may be procured at a lower cost through other procurement mechanisms.

5.3 Before deciding to procure a vehicle as contemplated in clause 5.2, the accounting officer or delegated official must provide the council with information relating to the following criteria which must be considered:

(a) Status of current vehicles

(b) Affordability of options including whether to procure a vehicle as compared to rental or hire thereof, provided the most cost-effective option is followed and the cost is equivalent to or lower than that contemplated in clause 5.1. Costs represents total costs including financing charges.

(c) Extent of service delivery backlogs.

(d) Terrain for effective usage of the vehicle; and

(e) Any other policy of council

5.4 If the rental referred to in clause 5.3 is preferred the accounting officer must review the costs incurred regularly to ensure that value for money is obtained.

5.5 Regardless of their usage, the vehicles for use by political office bearers may only be replaced after completion of 120 000 km.

5.6 Notwithstanding clause 5.5, a municipality may replace a vehicle for official use by political office bearers before the completion of 120 000km only in instances where the vehicle has a serious mechanical problem and is in a poor condition and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

5.7 An accounting officer must ensure that there is a policy that addresses the use of municipal vehicles for official purposes.

6. TRAVEL AND SUBSISTENCE

6.1 An accounting officer –

(a) may approve the purchase of economy class tickets for all officials or political office bearers where the flying time for flights is five hours or less; and

(b) may only approve the purchase of business class tickets for officials, political office bearers, and persons reporting directly to the accounting officer for flights exceeding five hours.

6.2 In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.

6.3 Notwithstanding clause 6.1 or 6.2, an accounting officer, or the mayor in the case of an accounting officer may approve the purchase of business class tickets for an official or a political office bearer with a disability of a medically certified condition.

6.4 International travel to meetings or events that are considered critical must be limited. The number of officials or political office bearers attending such meetings or events must be limited to those officials or political office bearers directly involved in the subject matter related to such meetings or events.

6.5 An accounting officer, or the mayor in the case of the accounting officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only –

(a) during peak holiday periods; or

(b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in that particular geographical area.

6.6 An official or a political office bearer of a municipality must, where viable:

(a) Utilize the municipal fleet, where viable, before incurring costs to hire vehicles;

(b) Make use of available public transport or a shuttle service if the cost of such a service is lower than-

(i) The cost of hiring a vehicle;

(ii) The cost of kilometers claimable by the official or political office bearer; and

(iii) The cost of parking.

- (c) not hire vehicles from a category higher than Group B or an equivalent class; and
- (d) Where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting office before hiring the vehicle.

6.7 The above in paragraph 6.6 does not oblige the use of public or alternative modes of transport for public office bearers and officials, but rather requires municipalities to ensure that expenditure in this regard is reasonable and balanced against the service delivery needs and priorities of the municipality. In the case of Alfred Duma Local Municipality public transport is not viable due to safety, risk and practical implementation.

6.8 A municipality may hire a vehicle that is higher than the Group B class outlined in regulation 7(6), but only where this is required for a particular terrain or to cater for the special needs of an official or public office bearer or when the number of officials attending a specific event necessitate a higher class vehicle. However, this must be done with the prior approval of the accounting officer.

6.9 A municipality must utilise the negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation that can be negotiated with other service providers that offer lower rates.

6.10 Therefore, in determining the appropriate mode of transport to enable the performance of duties, municipalities should apply the factors mentioned in the regulation. However, these factors are not exhaustive and the cost containment policy of the municipality and municipal entity may include other factors including safety considerations.

6.11 The municipality must first consider their own fleet, where viable, prior to hiring of vehicles. The use of shuttle services, if the cost of such a service is below the cost of hiring a vehicle, and other options can be considered. Therefore, accounting officers must encourage officials and councillors to make use the most cost effective option so as to reduce travel costs. Council policy can permit employees to accept up-graded group of hired vehicles if such an up-grade is offered with no extra charge or at a lower charge than a Group B vehicle. Vehicle travel claims by employees of municipalities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme. The principle of cost containment and savings should inform council's policies.

6.12 Air Travel

a) The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees, including councillors, travelling domestically for

official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).

b) For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.

c) For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.

d) The premise of "Best Fare on the Day" should be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Municipalities and municipal entities must also request quotations from other Low Cost Carriers. Please note that all discounted rates are subject to class availability.

e) In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B.

f) Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agent's name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.

g) Travel agencies are only permitted to make booking arrangements on behalf of municipalities in line with the MCCR, 2019 read together with Circular 97 of the MFMA on Municipal Cost Containment Measures.

h) Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

7. DOMESTIC ACCOMMODATION

7.1 An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals as communicated from time to time by the National Treasury through a notice. When sourcing

accommodation for officials, the municipality should find options that are equal to or lower than the rates as determined by MFMA Circular 97 on Municipal Cost Containment Measures, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

7.2 Overnight accommodation may only be booked where the return trip exceeds 500 kilometers, or where attendance is required over a number of days.

7.3 There may be circumstances that such limitations in paragraph 7.2 above may be impractical. For example, there is a risk to the health of the official or councilor and cost vs benefit considerations can warrant such expenditure. Approval by the Accounting Officer is required for such exceptions.

8. CREDIT CARDS

8.1 An accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality is issued to any official or political office bearer.

8.2 Where officials or political office bearers incur expenditure in relation to official municipal activities, such officials or political officer bearers must use their personal credit cards or cash or arrangements made by the municipality, and request reimbursement in accordance with the written approved policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

8.3 While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

9. SPONSORSHIPS, EVENTS AND CATERING

9.1 A municipality may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality, unless prior written approval of the accounting officer is obtained.

9.2 An accounting officer may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours.

9.3 Entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.

9.4 The municipality must not incur expenses on alcoholic beverages unless the municipality recovers the cost from the sale of such beverages.

9.5 A municipality may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade unless costs related thereto are recovered from affected officials or is an integral part of the business model.

9.6 An accounting office may incur expenditure not exceeding the limits for petty cash usage to host farewell functions in recognition of officials who retire after serving the municipality for ten or more years or retire on grounds of ill health.

10. COMMUNICATION

10.1 A municipality may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers, except for areas where internet connectivity is problematic.

10.2 Paragraph 10.1 above does not apply legislative provisions which require the municipality to advertise certain processes in newspapers including public participation processes.

10.3 An accounting officer must ensure that allowances to officials for private calls and data costs are limited to an amount as determined by the accounting officer in the cost containment policy of the municipality.

10.4 A municipality may participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.

11. CONFERENCES, MEETINGS AND STUDY TOURS

11.1 An accounting officer must establish policies and procedures to manage applications to attend conferences or events hosted by professional bodies or

non-governmental institutions held within and outside the border of South Africa taking into account their merits and benefits, costs and available alternatives. Motivations addressing the above must be submitted to the Accounting Officer for approval.

11.2 When considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, an accounting officer or mayor as the case may be, must take the following into account –

- (a) the official's or political office bearer's role and responsibilities and the anticipated benefits of the conference or event;
- (b) whether the conference or event addresses relevant concerns of the institution;
- (c) the appropriate number of officials or political office bearers, not exceeding three, attending the conference or event; and
- (d) the availability of funds to meet the expenses related to the conference or event.

11.3 An accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to the granting approval for an official to attend a conference or event within and outside the borders of South Africa.

11.4 The benchmark costs referred to in clause 11.3 may not exceed an amount as determined from time to time by National Treasury through a notice. The benchmark cost for attendance of conferences is currently two thousand five hundred rand R2 500.

11.5 The amount referred to in clause 11.4 excludes costs related to travel, accommodation and related expenses, but includes-

- (a) conference or event registration expenses; and
- (b) any other expenses incurred in relation to the conference or event.

11.6 When considering costs for conferences or events these may not include items such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.

11.7 The accounting officer of a municipality must ensure that meetings and planning sessions that entail the use of municipal funds are, as far as may be practically possible, held in-house.

11.8 Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, *inter alia*, where an appropriate venue exists within the municipal jurisdiction.

11.9 An accounting officer must grant the approval for officials and in the case of political office bearers and the accounting officer, the mayor, as contemplated in clause

11.10 A municipality must, where applicable, take advantage of early registration discounts by granting required approvals to attend the conference, event or study tour in advance.

12. OTHER RELATED EXPENDITURE ITEMS

12.1 All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.

12.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing, printing of agendas and brochures and other inducements as part of, or during election periods or to fund any activities of any political party at any time.

12.3 Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.

12.4 The municipality must avoid expenditure on elaborate and expensive office furniture.

12.5 The municipality may only use the services of the South African Police Service to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.

12.6 The municipality may consider providing additional time-off in lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager for consideration on a monthly basis. A motivation for all unplanned overtime must be submitted to the relevant manager.

12.7 The municipality must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

13. ENFORCEMENT PROCEDURES

13.1 Failure to implement or comply with this policy may result in any official of the municipality, or political office bearer that authorized or incurred any expenditure contrary to this policy being held liable for financial misconduct or a financial offence in the case of political office bearers as defined in Chapter 15 of the Act read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

14. DISCLOSURE OF COST CONTAINMENT MEASURES

14.1 The disclosure of cost containment measures applied by the municipality will be reported to Council on a monthly basis as part of the in-year budget (Section 71) reports and annual cost savings disclosed in the annual report.

14.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.

14.3 The reports referred to in clause 14.2 must be copied to the National Treasury and the relevant provincial treasury within seven calendar days after the report is submitted to municipal council.

15. COMMENCEMENT

15.1 This policy is in line with the Municipal Cost Containment Regulations, 2019, Notice 317 of 2019, Government Gazette No. 42514 and is effective from 1 January 2020.

VICTOR KHANYE LOCAL MUNICIPALITY



TARIFF STRUCTURE

2024/2025

ANNEXURE D

VICTOR KHANYE LOCAL MUNICIPALITY

AMENDMENT OF TARIFFS

It is hereby notified that in terms of the provision of Section 24(2) of the Municipal Finance Management Act, no 56 of 2003 and Sections 74 and 75A of the Local Government: Municipal Systems Act, no 32 of 2000, as amended, the Victor Khanye Local Municipality has by resolution determined, adopted and approved the following taxes, levies, tariffs and other charges as set out in the various schedules relating to the under-mentioned By-Laws with effect from 1 July 2020 to constitute the Tariff Structure of the Victor Khanye Local Municipality for the 2024/2025 financial year.

- 1 Cemetery
- 2 Library
- 3 Fire Brigade Services
- 4 Assessment Rates
- 5 Electricity
- 6 Poster, Advertisement and Banners
- 7 Sewer and Plumbing
- 8 Halls
- 9 Sanitary and Refuse Removal
- 10 Furnishing of Information and Issuing of Certificates
- 11 Water
- 12 Standard Building Regulations
- 13 Street Projections
- 14 Trees: Removal and/or Killing of
- 15 Issuing of Business Licenses
- 16 Flat Rate
- 17 Traffic Services
- 18 SPLUMA
- 19 Rentals
- 20 EPC

TARIFE
2024/2025

1 CEMETERY

Botleng ext 4
(Ziphumulele)

local residents (BOTLENG)
Cemetery

8 foot all types of coffins Adult
Pensioners over 60 years and above

2 500,00
1 000,00

Indigent

INDIGENTS

Adult

250,00

Child

200,00

Pauper

200,00

Delmas Town & Sundra Cemeteries Local Residents

All type of coffins

Adult Single interment including closure

5 000,00

closure after hrs, weekends & holidays

7 000,00

Re-opening & Closure normal hrs

2 000,00

Children 0-12 years Delmas Town & Sundra Cemeteries

std Coffin

Grave incliding closure

1 150,00

closure after hrs, weekends & holidays

1 800,00

Delmas Town & Sundra indigent burials

250,00

Delmas Town & Sundra pensioners

1 500,00

BURIAL OF NON VKLM RESIDENTS

VKLM

Botleng ext 4 Cem

all type of coffins

Adult single

7 500,00

children 0-12 yrs

3 500,00

7 500,00

3 500,00

ALL MUNICIPAL CEMETERIES

Exhumation of known Bodies

1 500,00

exhumation of indigent Bodies

-

Exhumation of pauper Bodies

-

Permit to erect Tombstones

80,00

Failure to comply with provision of cemeteries and Crematoria By-Laws

3 000,00

Reburial of human remain Botleng Cemetery

4 000,00

Reburial of human remain Delmas and Sundra

4 500,00

Placing of ashes in existing graves

500,00

TARIF
2024/2025

ITEM

2 LIBRARY

2,1 MEMBERSHIP FEES

2.1.1	Residents of Delmas municipal area	50,00
2.1.2	Non-residents of Delmas municipal area	50,00
2.1.3	Re-issue of membership cards (per card)	30,00
2.1.4	Pensioners of Delmas municipal area	0,00

2,2 PHOTOCOPIES, FAXES AND INTERNET FEES

2.2.1	Photo copies: A4 – General public	2,00
2.2.2	Photo copies: A4 – School reference works (Students)	1,00
2.2.3	Photo copies: A4 – Persons registered on the indigent register (proof)	0,00
2.2.4	Photo copies: A3 – General public	2,00
2.2.5	Faxes: Per A4 page (Sending)	2,00
2.2.6	Faxes: Per A4 page (Receive)	2,00
2.2.7	Internet: First half hour or part thereof	0,00
2.2.8	Internet: Per hour (or part thereof) after the first half hour	0,00
2.2.9	E-mail usage: Per each 15 min or part thereof	0,00
2.2.10	E-mail usage: Printing of e-mails (per A4 page)	0,00
2.2.11	Use of a computer: Per hour or part thereof	2,00
2.2.12	Use of a printer: Per A4 page (Black)	2,00
2.2.13	Use of a printer: Per A4 page (Colour)	0,00
2.2.14	Use of a printer: Per A4 page (Black) Persons registered on the indigent register (proof)	0,00
2.2.15	Use of a printer: Per A4 page (Colour) Persons registered on the indigent register (proof)	0,00

2,3 PENALTY FEES FOR LATE RETURNING OF ITEM

2.3.1	Reference literature (per item per week or part thereof)	10,00
2.3.2	Other literature (per item per week or part thereof)	10,00

2,4 INFORMATION BORCHURE

2.4.1	Brochure per copy	0,00
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TARIFF
2024/2025

ITEM

3 FIRE BRIGADE SERVICES

3.1 SERVICES RENDERED WITHIN THE MUNICIPAL BOUNDARIES

3.1.1 FIRST VEHICLE	
i. Basic call out fee inclusive of first hour or part thereof within 15km radius	3 100,00
ii. Thereafter per hour or part thereof	2 100,00
iii. Per km further than radius of 15km	40,00
3.1.2 SECOND AND ENSUING VEHICLES	
i. Per vehicle per hour or part thereof	650,00
ii. Per km further than radius of 15km	40,00
3.1.3 SPECIAL SERVICES INCLUDING MOTOR VEHICLE ACCIDENTS	
i. Within radius of 15km per hour	1 350,00
ii. Per km further than 15km radius	40,00
3.1.4 ASSISTANCE WITH PREPARATION OF FIRE BELTS	
i. Not a registered member of the Fire Protection Association	1 850,00
ii. Registered and paid-up member of the Fire Protection Association	No Charge
3.1.5 CONSUMABLE ITEMS	Cost of replacement +10 %

3.2 SERVICES RENDERED OUTSIDE THE MUNICIPAL BOUNDARIES

3.2.1 FIRST VEHICLE	
i. Basic call out fee inclusive of first hour or part thereof within 15km radius	4 900,00
ii. Thereafter per hour or part thereof	2 250,00
iii. Per km further than radius of 15km	40,00
3.2.2 SECOND AND ENSUING VEHICLES	
i. Per vehicle per hour or part thereof	950,00
ii. Per km further than radius of 15km	40,00
3.2.3 SPECIAL SERVICES INCLUDING MOTOR VEHICLE ACCIDENTS	
i. Within radius of 15km per hour	1 750,00
ii. Per km further than 15km radius	40,00
3.1.4 CONSUMABLE ITEMS	Cost of replacement + 10%

3.3 FEES FOR THE ISSUANCE OF FLAMMABLE LIQUID CERTIFICATES OF REGISTRATION AND/OR SPRAYING PERMITS
(Section 10 of the FIRE BRIGADE SERVICES ACT, 1987, NR.99 OF 1987)

(Annual payment)	
3.3.1 Bulk depot / Fuel Station Registration	3 300,00
3.3.2 Spraying room permit	900,00
3.3.3 Storage of flammable liquids (Consumer / All non-bulk)	900,00
3.3.4 Storage and/or use of liquid petroleum gas (Non-bulk (below 500Kg))	900,00
3.3.5 Transport permit: flammable liquids Product carrying vehicle/trailers	900,00
3.3.6 Truck tractors used for Dangerous Substance Transportation	500,00
3.3.7 Temporary Registration - Storage Flammable/Dangerous Goods	500,00
3.3.8 Bulk Applications for Dangerous goods transport permit(Above 500 vehicle	350,00

3.4 FEES FOR GENERAL ADMINISTRATION AND FIRE SAFETY SERVICES

(Fire Brigade Services By-Laws (Gov Gaz 3145, 27 March 2020)	
3.4.1 Application for furnishing copies of information related to incidents (Sect4(2)	120,00
3.4.2 Certificate of Fitness for building - Gatherings/Events (Sect. 20(1))	170,00
3.4.3 Application fee for approval for public Fireworks Display (Sect 23(11))	200,00
3.4.4 Re-inspection of premises after non-compliance notice issued	250,00

<u>ITEM</u>		<u>Ratios</u>	<u>TARIFF</u> <u>2024/2025</u>
4 <u>ASSESSMENT RATES</u>			
4.1	Business and Commercial	1::2.8	0.04104
4.2	state owned	1::2	0.29404
4.3	PSI	1::0.25	0.003676
4.4	Agricultural	1::0.25	0.00350
4.5	Industrial	1::2	0.29404
4.6	Mining	1::4	0.05880
4.7	Public benefits organisation	1::0.25	0.003676
4.8	Vacant	1::7.5	0.11027
4.9	Residential	1::1	0.01470

5 ELECTRICITY

1

5.1 DOMESTIC CONSUMERS

5.1.1 This tariff shall apply to the following:

- 5.1.1.1 Private dwellings;
- 5.1.1.2 Boarding-houses or hotels, excluding licenced in terms of the liquor Act;
- 5.1.1.3 Flats;
- 5.1.1.4 0

0

If the demand of this type of consumer is too large to be classified under this tariff, such consumer shall be charged the lowest tariff in terms of item 5.1.3;

- 5.1.1.5 Homes run by charitable institutions;
- 5.1.1.6 Educational institutions and hostels;

If the demand of this type of consumer is too large to be classified under this tariff, such consumer shall be charged the lowest tariff in terms of item 5.1.3;

5.1.1.7 Clubs, excluding clubs licenced in terms of the Liquor Act;

5.1.1.8 Churches and church halls used exclusively for public worship;

5.1.1.9 Pumping installations where the water pumped is exclusively used for domestic purposes on premises received supply in terms of this item;

5.1.1.10 A building or separate part of a building exclusively used for residential purposes; and

5.1.1.11 Farms for domestic and farming purposes.

5.1.2 The tariffs shall be charged in accordance with the NERSA approved tariffs as per the following categories:

5.1.2.1 Domestic Pre-Paid

Block 1	0 – 50kWh	(c/kWh)
Block 2	51 – 350kWh	(c/kWh)
Block 3	351 – 600kWh	(c/kWh)
Block 4	>600kWh	(c/kWh)

As approved by NERSA/ As approved by NERSA
As approved by NERSA/ As approved by NERSA
As approved by NERSA/ As approved by NERSA
As approved by NERSA/ As approved by NERSA

5.1.2.2 Domestic Conventional

Basic charge (R/month)		
Block 1	0 – 50kWh	(c/kWh)
Block 2	51 – 350kWh	(c/kWh)
Block 3	351 – 600kWh	(c/kWh)
Block 4	>600kWh	(c/kWh)

As approved by NERSA/ As approved by NERSA
As approved by NERSA/ As approved by NERSA
As approved by NERSA/ As approved by NERSA
As approved by NERSA/ As approved by NERSA

5.1.3 A consumer shall apply, in writing for the type of supply, which he requires in terms of sub item (5.1.1). It remains the option of Council to classify such consumer according to his demand or consumption or both. The minimum period for which metering equipment for any type of supply will be installed shall be 12 months. No charge to the metering equipment in order to change to a different tariff shall be permitted within the first 12 months after taking into use any specific tariff, except on payment of a charge to cover the cost of the change of the metering equipment. Such cost shall be determined by the Engineering Services.

5.1.4 As from 1 July 2020 free basic electricity of 50 kWh per month to be implemented only to Indigent debtors on Pre-paid meters within the municipal area.

5.1.5

5.2 COMMERCIAL, INDUSTRIAL AND GENERAL CONSUMERS

5.2.1 This tariff shall be applicable to electricity supplied at low tension within the municipal proclaimed township to the following consumers:

- 5.2.1.1 Shops;
- 5.2.1.2 Commercial houses;
- 5.2.1.3 Office buildings;
- 5.2.1.4 Hotels licenced in terms of the Liquor Act;
- 5.2.1.5 Bars;
- 5.2.1.6 Cafés, tearooms and restaurants;
- 5.2.1.7 Combined shops and tearooms;
- 5.2.1.8 Public halls;
- 5.2.1.9 Clubs licenced in terms of the Liquor Act;
- 5.2.1.10 Industrial or manufacturing concerns;
- 5.2.1.11 Buildings or parts of building containing a number of the classifications under (5.2.1.1) to (5.2.1.10) and where the consumption in terms of this tariff is metered separately by Council; and
- 5.2.1.12 All other consumers, excluding those specified under other items.

5.2.2 The tariffs shall be charged in accordance with the NERSA approved tariffs as per the following categories:

5.2.2.1 Conventional Single Phase 70 A

GROUP	TYPE OF SUPPLY	FIXED CHARGE	FIXED CHARGE	UNIT CHARGE
(a)	Basic charge	As approved by NERSA/ As approved by NERSA		
(f)	Energy charge	As approved by NERSA/ As approved by NERSA		

R/month
Unit charge c/kWh

5.2.2.2 Conventional Low

GROUP	TYPE OF SUPPLY	FIXED CHARGE	FIXED CHARGE	UNIT CHARGE
(a)	Basic charge	As approved by NERSA/ As approved by NERSA		
(b)	Energy charge	As approved by NERSA/ As approved by NERSA		
(c)	Demand charge	As approved by NERSA/ As approved by NERSA		

R/month
Unit charge c/kWh
R/month

5.2.2.3 Industrial medium

GROUP	TYPE OF SUPPLY	FIXED CHARGE	FIXED CHARGE	UNIT CHARGE
(a)	Basic charge	As approved by NERSA/ As approved by NERSA		
(b)	Energy charge	As approved by NERSA/ As approved by NERSA		
(c)	Demand charge	As approved by NERSA/ As approved by NERSA		

R/month
Unit charge c/kWh
R/month

5.2.2.4 Non Standard Tariffs

GROUP	TYPE OF SUPPLY	FIXED CHARGE	FIXED CHARGE	UNIT CHARGE
(a)	Basic charge	As approved by NERSA/ As approved by NERSA		
(b)	Energy charge	As approved by NERSA/ As approved by NERSA		

R/month
Unit charge c/kWh

5.2.2.5 Departmental usage

GROUP	TYPE OF	FIXED CHARGE	FIXED CHARGE	UNIT CHARGE
(a)	Energy charge	As approved by NERSA/ As approved by NERSA		

Unit charge c/kWh

A consumer shall apply, in writing of the type of supply, which he requires in terms of sub item (5.2.2). It remains the option of Council to classify such consumer according to his demand or consumption or both. The minimum period for which metering equipment for any type of supply will be installed shall be 12 months. No change to the metering equipment in order to change to a different tariff shall be permitted within the first 12 months after taking into use any specific tariff, except on payment of a charge to cover the costs of the change of the metering equipment. Such costs shall be determined by the Technical Services.

5.3 BULK CONSUMERS

5.3.1 Council reserves the right to connect consumers with an estimated lead of more than 40 KVA as bulk consumers, either by means of low tension or high tension.

5.3.2 The tariffs shall be charged in accordance with the NERSA approved tariffs as per the following categories:

Industrial medium					
GROUP	TYPE OF SUPPLY		FIXED CHARGE	FIXED CHARGE	UNIT CHARGE
(a)	Basic charge				As approved by NERSA/ As approved by NERSA
(b)	Energy charge	R/month			As approved by NERSA/ As approved by NERSA
(c)	Demand charge				As approved by NERSA/ As approved by NERSA
(d)	usage charge				As approved by NERSA/ As approved by NERSA
5.3.2.2	Bulk consumers connected to low voltage:				
5.3.2.2.1	A fixed charge ; plus				As approved by NERSA/ As approved by NERSA
5.3.2.2.2	A maximum demand charge of – per KVA per month, metered over a period of 30 minutes by means of a KVA meter				As approved by NERSA/ As approved by NERSA
5.3.2.2.3	Per unit consumed (c/kWh)				As approved by NERSA/ As approved by NERSA
5.3.2.3	Bulk consumers connected to high voltage:				
5.3.2.3.1	A fixed charge ; plus				As approved by NERSA/ As approved by NERSA
5.3.2.3.2	A maximum demand charge of – per KVA, per month, metered over a period of 30 minutes by means of a KVA meter				As approved by NERSA/ As approved by NERSA
5.3.2.3.3	Per unit consumed (c/kWh)				As approved by NERSA/ As approved by NERSA
5.3.3	The following deposits will be applicable:				
5.3.3.1	Low voltage:				
	single phase			9 000,00	
	Three phase			13 000,00	
	0 – 199 KVA			32 000,00	
5.3.3.2	High voltage:				
	200 – 499 KVA			40 000,00	
	> 500 KVA			62 000,00	
5.3.3.3	House Hold Consumer Conventional Meter - Delmas			1 500,00	
	House Hold Consumer Pre-paid Meter - Delmas			800,00	
	House Hold Consumer Botleng/Eloff/Sundra			550,00	

5.3.4 Should a bulk consumer fall within another category than the bulk consumer category, the consumer shall be charged in accordance with a NERSA approved tariff

5.4

TAMPERING WITH ELECTRICAL INSTALLATIONS/METERS

If it is found in the opinion of the Director Technical Services or his nominee that there was tampered with any municipal electricity installation or electricity meter to bridge the metering of consumption or to effect the metering of consumption in any way, the electricity supply to that property will be discontinued until the following municipal levy is paid by the consumer benefitting from such illegal tampering:

ITEM**6 POSTERS, +B4:G32ADVERTISEMENTS AND BANNERS****NEW STRUCTURE FOR 2023/2024 FINANCIAL YEAR IN LINE WITH MUNICIPAL BY-LAWS**

6 ITEM	UNIT	TARIFF 2024/2025
6.1 Non-locality bound signs:		
6.1.1 Billboards:		
6.1.2 Gantry signs:		
6.1.3 Flat signs: Non-locality bound:		
a) Application fee		
b) Approval fee		
6.1.4 Advertising signs at educational facilities and sport stadiums and fields:	Per application	R980.00
6.1.5 Advertising signs on boundary walls and fences:	Per m2/ face	R120.00
Non-locality bound		
6.1.6 Construction site boundary signs:		
a) Application fee		
b) Approval fee		
	Per Application	R500.00
	Per m2 / face	R80.00
6.2.0 Locality-bound signs:		
6.2.1 7.Roof signs	Per Application	R565.00
6.2.2 8.Flat signs: Locality bound	Per Application	R565.00
6.2.3 9.Service facility signs	Per Application	R565.00
6.2.4 10.On-premises business signs	Per Application	R565.00
6.2.5 11.Advertising on boundary walls and fences: Locality bound	Per Application	R565.00
6.2.6 12.Project and development signs	Per Application	
6.2.7	Per Application	R565.00
6.3.0 Temporary/Small signs		
7.3.1 13.Advertisement for the sale of goods and livestock	Per Sign	R164.00
7.3.2 14.Banners		
7.3.4 15.Posters: Category One: Events	Per Banner	R110.00
7.3.5 16.Posters: Category Three: Newspaper	Per Event/50poster	R110.00
7.3.6 17.Posters: Category Four: Community	Per Frame/Annum	R50.00
7.3.7	Per 50 poster	R100.00
7.4.0 Annual Licensing Fee		
7.4.1 18.Estate agent signs	Per Agency/Annum	R565.00
7.4.2 19.Flags	Per Business/ Annum	R565.00
7.5.0 Contracts with LM:		
7.5.1 20.Poster: Category Two: Commercial		
7.5.2 21.Advertisements on litter bins		
7.5.3 22.Advertisements on public transport shelters		
7.5.4 23.Stack signs		
7.5.5 24.Street name signs	Rate as per Tender	ate as per Tender
7.5.6 25.Suburb name signs		
7.6.0 Exempted from Application Fee		
7.6.1 26.Projecting signs		
7.6.2 27.Painted advertisement		
7.6.3 28.Security advertising signs		
7.6.4 29.Balcony, veranda, canopy and under-awning signs		
7.6.5 30.Residential home-undertaking, farm names and community institution signs		
7.6.6 31.Vehicular advertising		
7.6.7 32.Portable or forecourt signs		
7.6.8 33.Banners for parliamentary or municipal elections, by-elections, referenda and registration process		
7.6.9 34.Posters: Category Five: Elections		
7.6.10 Removal and Storage Fee:		
7.6.11 35. For any illegal sign removed by the LM	Per m2 or part thereof	R150.00
7.6.12 Monthly fees for leasing of municipal property for outdoor advertising	Per face	vertising on the sign

ITEM	TARIFF 2024/2025
7 SEWER AND PLUMBING ORDINANCE	
7 PLUMBING	
7.1.1 Sealing of openings per connection	2 112,71
7.1.2 Opening of drains:	
7.1.2.1 Week days In normal working hours:	
i. For the first hour or part thereof after the work has begun	1 300,92
ii. For every hour or part thereof thereafter	845,44
7.1.2.2 0	
1818,16301	1 735,52
ii. For every hour or part thereof thereafter	1 156,93
7.1.2.3 SUNDAYS AND PUBLIC HOLIDAYS:	
i. For the first hour or part thereof after the work has begun	2 605,82
ii. For every hour or part thereof thereafter	1 737,21
7.2 Fees per connection	
7.2.1 Residential: Delmas/Botleng (per connection)	126,55
7.2.2 Other institutions, businesses and Industrial (per connection)	126,55
7.3 Basic charge	
7.3.1 Residential	
7.3.1.1 Stand < 400m ²	364,13
7.3.1.2 Stand > 400m ² but < 800m ²	364,13
7.3.1.3 Stand > 801m ² but < 1600m ²	364,13
7.3.1.4 Stand > 1601m ²	364,13
7.3.2 Business	
7.3.2.1 Stand 1m ² < 800m ²	445,49
7.3.2.2 Stand 801m ² – 1600m ²	445,49
7.3.2.3 Stand > 1601m ²	445,49
7.3.3 Other	
7.3.3.1 McCain outflow - per 10 kiloliter water used	90,51
7.4 SECOND DWELLINGS	
On residential properties where a second dwelling is erected, an additional levy equal to the applicable sewerage tariff in respect of the first dwelling will be levied.	
On a business zoned property where more than one business are operating from, an additional levy equal to the applicable business sewerage tariff, will be levied for each additional business operated from that specific property.	
7.5 SEWERAGE VACUUM TANKER SERVICES	
7.5.1 Basic charges	
7.5.1.1 Delmas	
i. For the first 10kl or part thereof per removal	420,00
ii. Thereafter per kl or part thereof	92,41
7.5.1.2 Leeupoort AH south of road no 5	
i. For the first 10kl or part thereof per removal	420,00
ii. Thereafter per kl or part thereof	92,41
7.5.1.3 Leeupoort AH north of road no 5	
i. For the first 10kl or part thereof per removal	630,00
ii. Thereafter per kl or part thereof	92,41
7.5.1.4 Eloff Township and Eloff AH north of railway line	
i. For the first 10kl or part thereof per removal	630,00
ii. Thereafter per kl or part thereof	123,15
7.5.1.5 Eloff Township and Eloff AH south of railway line	
i. For the first 10kl or part thereof per removal	682,50
ii. Thereafter per kl or part thereof	123,15
7.5.1.6 Sundale AH	
i. For the first 10kl or part thereof per removal	682,50
ii. Thereafter per kl or part thereof	215,56
7.5.1.7 Springs AH	
i. For the first 10kl or part thereof per removal	682,50
ii. Thereafter per kl or part thereof	215,56
7.5.1.8 Sundra AH	
i. For the first 10kl or part thereof per removal	682,50
ii. Thereafter per kl or part thereof	215,56
7.5.1.9 Rietkol AH	
i. For the first 10kl or part thereof per removal	682,50
ii. Thereafter per kl or part thereof	215,56

<u>ITEM</u>	<u>TARIFF</u> <u>2024/2025</u>
7.5.1.10 <u>Rietkol AH north of N12</u>	
i. For the first 10kl or part thereof per removal	735,00
ii. Thereafter per kl or part thereof	
7.5.1.11 <u>Botleng south of aerodrome (erf 1202)</u>	
i. For the first 10kl or part thereof per removal	420,00
ii. Thereafter per kl or part thereof	92,41
7.5.1.12 <u>Botleng north of aerodrome (erf 1202)</u>	
i. For the first 10kl or part thereof per removal	420,00
ii. Thereafter per kl or part thereof	92,41
7.5.1.13 <u>Schoeman Farming</u>	
i. For the first 10kl or part thereof per removal	
ii. Thereafter per kl or part thereof	
7.5.1.14 <u>Daybreak Farms</u>	
i. For the first 10kl or part thereof per removal	2 100,00
ii. Thereafter per kl or part thereof	225,75
7.5.1.15 <u>Khanhym (Welgedacht)</u>	
i. For the first 10kl or part thereof per removal	2 100,00
ii. Thereafter per kl or part thereof	225,75
7.5.1.16 <u>TPA wegh bridge</u>	
i. For the first 10kl or part thereof per removal	630,00
ii. Thereafter per kl or part thereof	92,41
7.5.1.17 <u>Sundra High School</u>	
i. For the first 10kl or part thereof per removal	840,00
ii. Thereafter per kl or part thereof	201,63
7.5.1.18 <u>Sundra Primary School and Kosmos Old Age Centre</u>	
i. For the first 10kl or part thereof per removal	840,00
ii. Thereafter per kl or part thereof	201,63
7.5.1.19 <u>Eloff Primary School</u>	
i. For the first 10kl or part thereof per removal	630,00
ii. Thereafter per kl or part thereof	114,80
7.5.1.20 <u>Rietkol Primary School</u>	
i. For the first 10kl or part thereof per removal	840,00
ii. Thereafter per kl or part thereof	123,15
7.5.1.21 Discharging Sewerage waste at the Sewer Plant	735,00
Thereafter per kl or part thereof	92,41
7.5.1.22 Discharging Sewerage waste at the Sewer Plant 5kl to 10kl	630,00
7.5.1.23 Discharging Sewerage waste at the Sewer Plant (less than 5kl)	630,00
7.5.1.24 Discharging Sewerage waste at the Sewer Plant Industrial	3 150,00
Thereafter per kl or part thereof	157,29
7.5.1.25 Application for Effluent Discharge Permit at Delmas Sewer Plant (1 year Permit)	4 500,00

7.5.2 Other

If the service is rendered at a point not listed in 8.5.1 here above, the tariff applicable will be the actual cost involved +15 %.

8 HALLS AND OPEN AREAS

8,1 DEPOSITS

	<u>TARIFF CLASSIFICATION</u>	<u>OPEN AREAS</u>	<u>ELOFF</u>	<u>F C DUMAT</u>	<u>SINETHEMB A HALL</u>	<u>SPORT CENTRE</u>	<u>BOTLENG X3</u>
		<u>2024/2025</u>	<u>2024/2025</u>	<u>2024/2025</u>	<u>2024/2025</u>	<u>2024/2025</u>	<u>2024/2025</u>
367,15	8.1.1 Deposit	1 050,00	1 470,00	2 300,00	1 050,00	1 050,00	1 050,00

8,2 RENTAL

	<u>TARIFF CLASSIFICATION</u>						
8.2.1	Meetings	0,00	1 050,00	580,00	580,00	580,00	470,00
8.2.2	Religion/Welfare organizations	0,00	470,00	470,00	1 570,00	1 050,00	1 050,00
8.2.3	Functions	0,00	1 730,00	1 170,00	1 570,00	2 000,00	1 570,00
8.2.4	Preparation of a hall	0,00	370,00	370,00	530,00	530,00	530,00
8.2.5	General use (Open areas)	R1.0 per m² per day (minimum rental of R3000.00 per day)					

ITEM		TARIFF
9 SANITARY AND REFUSE REMOVAL		2024/2025
9,1 REFUSE REMOVAL		
9.1.1	Removals (once a week)	
9.1.1.1	per Households, per churches, per unit in the flat	360,00
9.1.1.2	Business once a week	620,00
9.1.1.3	Dumping site disposal by agreement per household	
9.1.1.4	Business removal more than once a week	1 530,00
9.1.2	Other removals	
9.1.2.1	Mass container: Once per week (per month)	4 200,00
9.1.2.2	Mass container: Twice per week (per month)	6 300,00
9.1.2.3	Mass container: Three times per week (per month)	8 400,00
9.1.2.4	Mass container - Large: Once per week (per month)	6 300,00
9.1.2.5	Mass container - Large: Twice per week (per month)	8 400,00
9.1.2.6	Mass container - Large: Three times per week (per month)	10 510,00
9.1.2.7	Business: 80 liter per day twice per week	870,00
9.1.2.8	Once off: Drop and remove	1 460,00
9,2 CLEANING OF STANDS ON REQUEST		
9.2.1	First 1500m² or part thereof	2 737,89
9.2.2	There-after for each 100m² or part thereof	2 740,00
9.2.3	Garden disposal per m³ or part thereof	390,00
9.2.4	Building rubble per m³ or part thereof	790,00
9.2.5	Schools / Educational institutions	2 345,00
		2 890,00
9,3 ANNIHILATION		
ITEM		
9.3.1	Per animal	770,84
9,4 REMOVAL AND DISPOSAL OF CARCASSES		
ITEM		
9.4.1	Carcasses of which the mass per carcass is 600kg and less	
i.	Cat and dog per carcass or part thereof	384,72
	Cat and dog per carcass or part thereof - per km	31,27
ii.	Sheep and pig carcass or part thereof	655,29
	Sheep and pig carcass or part thereof - per km	29,81
iii.	Mule, donkey, horse and cattle per carcass or part thereof	2 035,06
	Mule, donkey, horse and cattle per carcass or part thereof - per km	29,37
9.4.2	Carcasses of which the mass per carcass exceeds 600kg	
i.	Pig per carcass or part thereof	2 192,41
	Pig per carcass or part thereof - per km	0,00
ii.	Mule, donkey, horse and cattle per carcass or part thereof	2 192,41
	Mule, donkey, horse and cattle per carcass or part thereof - per km	53,17
9,5 DRIED SLUDGE		
9.5.1	Selling of dried sludge (own transport) per 6m³	199,31
9,6 WASTE MANAGEMENT BY-LAWS TARRIFS FOR FINES		
9.6.1	As per the promulgated by-law tariff	
9,7 TARIFF FOR BUSINESS TO DUMP AT THE LANDFILL SITE		
9.7.1	Vehicles (0-1000)	2 100,00
	Vehicles (1001-5000)	3 670,00
	Vehicles (5001 >)	4 720,00
9,8 WASTE MANAGEMENT PERMITS/AUTHORISATION		
9.8.1	General Waste Transportation Permit	1 500,00
9.8.2	General Waste Handling Permit	250,00
9.8.3	Disposal of Condemned Food Stuff	
	(0-1000kg)	500,00
	(1001-5000kg)	1 000,00
	(5001 > kg)	1 500,00
		0,00
		0,00

ITEMTARIFF
2024/202512 FURNISHING OF INFORMATION AND ISSUING OF CERTIFICATES

10,1	Valuation certificate	340,00
10,2	Clearance certificate	140,00
10,3	Furnishing of clearance certificate information	1 000,00
10,4	Copies of voter's roll per ward	1 390,00
10,5	Copies of Council meeting minutes per resolution or part thereof	140,00
10,6	Inspection of an approved building plan excluding plan in respect of residential properties	320,00
10,7	Furnishing of information – computer printout per page or part thereof	50,00
10,8	Photo copies size A4 (per page)	2,00
10,9	Photo copies size A3 (per page)	10,00
10,1	Fax size A4 (per page)	50,00
10,11	Copy paper size A0 1189 x 841 (per page)	110,00
10,12	Copy paper size A1 841 x 595 (per page)	110,00
10,13	Copy paper size A2 and smaller 595 x 421 (per page)	90,00
10,14	Durester film size A0 1189 x 841 (per page)	820,00
10,15	Durester film size A1 841 x 595 (per page)	480,00
10,16	Durester film size A2 and smaller 595 x 421 (per page)	380,00
10,17	Translucent film size A0 (0.05mm) 1189 x 841 (per page)	760,00
10,18	Translucent film size A1 (0.05mm) 841 x 595 (per page)	500,00
10,19	Translucent film size A2 and smaller (0.05mm) 595 x 421 (per page)	360,00
10,2	Zoning certificate	340,00
10,21	Copy of valuation roll	4 440,00
10,22	Deeds office enquiry	260,00
10,23	Tender documents: Non-refundable deposit	940,00
10,24	Tender documents : seven days quote non -refundable	190,00
10,25	Furnishing of information/data in any other format as that contained in items 14.2 to 14.23 here above	
10,26	Parking	10,00

TARIFF
20/24/2025

ITEM

11 WATER

11.1 BASIC CHARGES

11.1.1 Residential

11.1.1.1	Vacant stands	438,81
11.1.1.2	Flats	139,62
11.1.1.3	Stands	315,81
11.1.1.4	Day Break Farms	907,30

11.2 CONSUMPTION

11.2.1 Residential

11.2.1.1	Delmas: tariff	(0 – 6kl)	16,64
11.2.1.2	Delmas: tariff	(7 – 12kl)	36,62
11.2.1.3	Delmas: tariff	(13 – 26kl)	46,60
11.2.1.4	Delmas: tariff	(> 27kl)	49,78
11.2.1.5	Bolleng: tariff	(0 – 6kl)	17,47
11.2.1.6	Bolleng: tariff	(7 – 12kl)	36,62
11.2.1.7	Bolleng: tariff	(13 – 26kl)	46,60
11.2.1.8	Bolleng: tariff	(> 27 kl)	49,78
11.2.1.9	Sundra/Eloff: tariff	(0 – 6kl)	16,64
11.2.1.10	Sundra/Eloff: tariff	(7 – 12kl)	36,62
11.2.1.11	Sundra/Eloff: tariff	(13 – 26kl)	46,60
11.2.1.12	Sundra/Eloff: tariff	(> 27kl)	49,78
11.2.1.10	Indigents	(6kl free)	

Access to Network

115,5

11.2.2 Other institutions/businesses and industrial

11.2.2.1	Business: Delmas/Bolleng	45,80
11.2.2.2	Business: Sundra/Eloff	45,80
11.2.2.3	McCain (Water bought direct from Council)	36,00
11.2.2.4	McCain (Water pump from own borehole i.t.o. agreement)	27,47
11.2.2.5	Daybreak farms	45,80
11.2.2.6	Car wash businesses	45,80
11.2.2.7	Water tank Delivery on request	575,00
	Basic Transport per KL	45,80

11.3 CONNECTION FEES

11.3.1 Connection or termination on request of consumer

11.3.1.1	Water connection	840,00
11.3.1.2	Water termination	840,00
11.3.1.3	Electricity connection	840,00
11.3.1.4	Electricity termination	840,00

11.3.2 Re-connection due to non-payment

11.3.2.1	Late payment (per account)	1 260,00
11.3.2.2	Re-connection (per connection)	1 260,00
11.3.2.3	Re-connection after hours (per connection)	4 200,00

ITEM**TARIFF****2024/2025****14 STANDARD BUILDING REGULATIONS****14.1 SECTION 1****14.1.1 Approval of building plans**

The fees payable for each building plan submitted for consideration in terms of Regulation A2 of the National Building Regulations, as well as the issuing of an occupation certificate in terms of section 14 of said Act, is as follows:

0

0 TARIFF

- a) The minimum fee payable for any building plan, excluding minor building works defined in section 13 of the Act on National Building Regulations and building 450,00
- b) The fees payable for any building plan are calculated on the following basis:
For each 10m² or part thereof of the building at floor level:
- i. For the first 1000m² 150,00
 - ii. For the following 1000m² of the area 150,00
 - iii. For any part of the area above the first 2000m² 150,00

14.1.2 Addition to existing buildings

Fees payable for the investigation of plans, the inspection during the erection at the reconstructions on existing buildings and the issuing of an occupation certificate in accordance with the Act on National Building Regulations and Building Standards is calculated in accordance with item 14.1.1 with a minimum fee of 450,00

14.1.3 Alterations to existing buildings

Fees payable for the investigation of plans, the inspection during the erection at the reconstructions on existing buildings and the issuing of an occupation certificate in accordance with section 14 of the Act

0.2 % of the value of the alterations with a minimum fee of 450,00

14.1.4 Buildings of a special nature

Fees payable for the investigation of plans, the inspection during the erection of buildings of special nature for example fabric chimneys, tower peaks and such constructions and the issuing of an occupation certificate in accordance with the Act on National Building Regulations and Building Standards

0.2 % of the value of the alterations with a minimum fee of 450,00

14.1.5 Structural steelwork, reinforced concrete or structural carpentry

Besides the fees payable in accordance with item 14.1.1 of section 1, the following amount per 10m² is payable in respect of each new building where in structural steel work or the main construction or as carpentry parts of the building are used 148,40

14.1.6 Approval in respect of minor building work

Fees of for the written approval for the exemption of submitting plans for minor building erections according to section 13 of the Act on National Building Regulations and Building 450,00

14.2 SECTION 2**14.2.1 Fees for the submitting of a temporary plan and enquiries****14.2.1.1 New buildings**

The fees payable for each temporary sketch plan of the proposed building for inspection and written comments in accordance with Regulation A3 of the National Building Regulations, are calculated as follows:

For each 10m² or part thereof, of the area of the building at floor level:

- i. For the first 1000m² of the area 100,00
- ii. For the following 1000m² of the area 100,00

ITEM**TARIFF****2024/2025**

- iii. For any part of the area above the first 2000m²
- iv. Minimum fee payable in respect of item i. and ii.

100,00

400,00

For the implementation of this item, "area" is defined as in item 14.1.1, section 1

ITEM	TARIFF
2024/2025	
14.2.1.2 <u>Extension of existing buildings</u>	
Fees payable for temporary sketch plans submitted for enquiries and comments at the alterations of a building is calculated in accordance with item 14.2.1.1, section 2 with a minimum of	450,00
14.2.1.3 <u>Alterations to existing buildings</u>	
Fees payable for temporary plans submitted for enquiries and comments at the alterations of a building, is calculated in accordance with item 14.2.1.1, section 2 with a minimum fee of	450,00
14.2.1.4 <u>Special buildings</u>	
Fees payable for enquiries in accordance with item 14.2.1.1 section 2 is an additional fee of the following for each 10m ² or part of the area at the buildings, if a temporary sketch plan is submitted for comments in respect of the method at construction of the erection of a building	90,00
14.2.1.5 <u>Structural steelwork, reinforced concrete or structural carpentry</u>	
Besides payable for enquiries in accordance with item 14.1.1 of section 1, the following amount per 10m ² is payable in respect of each new building where in structural steel work or the main construction or as carpentry parts of the building	90,00
14,3 SECTION 3	
14.3.1 Fees payable for the approval of sewerage work plans if it is done at a building	
The fees payable for any application where the plan inspections are done in accordance with section P of the National Building Regulations, is as follows:	
14.3.1.1 For each 10m ² or part of that area of the building on each floor that contributes, direct or indirect to the use of the sewerage system on site per 10m ² with a minimum fee of	90,00 450,00
14.3.1.2 For any application to alter on the existing sewerage system on site, excluding the erection thereof, are determined by the building inspector in accordance with section 3, item 1	
14.3.1.3 Fees payable for any application to rebuild the existing sewerage system on site, are calculated in accordance with item 14.3.1.2, section 3	
14.3.1.4 The disconnection of the sewerage system on site or any part thereof in accordance with Regulation P5 of the National Building Regulations	3 500,00
14,4 SECTION 4	
14.4.1 Issuing of occupation certificate	
Besides the issuing of an Occupational Certificate as said in section 1, a person can on request of the owner and/or another person that has an interest in the building, apply for the issuing of a certificate and the fees are as follows:	
i. Cost plus 15 % ii. 50 % of the estimated costs as said in section 4, item i. before issuing the iii. Fees due for the issuing of a Occupation Certificate must be payable before the submission of the certificate iv. Minimum fee of	641,30
14,5 SECTION 5	
14.5.1 Advertisement of notice fees	
14.5.1.1 Where Council gives notice for an application	20 000,00
14.5.1.2 Where Council gives notice for the approval of an amendment scheme	10 000,00
14.5.1.3 Where Council gives notice for the approval of a town	10 000,00
14.5.1.4 Where Council gives notice for the sub-division of land	10 000,00

<u>ITEM</u>	<u>TARIFF</u>
<u>2024/2025</u>	
14.5.2 Inspection/Hearing fees	
14.5.2.1 Inspection and/or hearing of objections and/or appeal	20 000,00

ITEM

TARIFF

2024/2025

14.5.3 Application fees, excluding advertisements, inspection and trial expenses

- 14.5.3.1 Application in terms of article 20(1)(B)
 - i. Special consent
- 14.5.3.2 Application in terms of article 20(1)(B)
 - i. Consented use
 - ii. Second unit
 - iii. Building line regulations
 - 20 units (per ha) per unit
 - 21 and more units (per ha) per unit
- 14.5.3.3 Application to amend town planning scheme (article 56(1))
 - i. Residential 1
 - ii. Other uses
 - iii. Application to expand boundaries of an approved township (article 88(1)(c))
 - iv. Application for amendment of total or part annulment of approved general
- 14.5.3.4 Application for sub-division of erven (article 92(1)(A))
 - i. 5 or less portions
 - ii. More than 5 portions +
per portion
 - iii. Application for consolidation of erven (article 92(1)(b))
 - iv. Application for establishment of township
 - v. Application for preparation of amendment scheme (article 125)

14.5.4 Notice and information signs

- 14.5.4.1 For the erection of notice and information signs per application

14.5.5 Rezoning for business purposes

If a person is zoning any residential zoned property for any other purpose that is an amount to a contradiction of the approved Delmas Town Planning Scheme, 2000, such person will be:

- 14.5.5.1 liable for a fine to a maximum of the following amount per property as in terms of section 134 of Ordinance 15 of 1986;
- 14.5.5.2 instructed to either seize the activities which are tantamount to a contradiction of the approved Delmas Town Planning Scheme, 2000, or apply for rezoning of such property within three months after the contradiction was revealed;
- 14.5.5.3

ITEM**TARIFF
2024/2025****15 STREET PROJECTIONS**

The annual sum payable in respect of each street projection in terms of section 206 of these By-Laws shall be paid to Council annually in advance at the beginning of each calendar year by the owner of the building or the projection, as the case may be, and shall be calculated as follows subject to a minimum charge of the following amount per year:

100,00

15,1	Verandah posts at street level each	35,00
15,2	Ground floor verandahs, per m ² or part thereof	20,00
15,3	First floor balconies, per m ² or part thereof	35,00
15,4	Second and each higher floor balconies, per m ² or part thereof	25,00
15,5	Bay windows, per m ² or part thereof of plan area of projection	75,00
15,6	Pavement lights, per m ² or part thereof	45,00
15,7	Showcases, per m ² or part thereof	45,00
15,8	All other projections below, at or above pavement level including foundation footings, per m ² or part thereof of plan	45,00

ITEM

**TARIFF
2024/2025**

16 TREES: REMOVAL AND/OR KILLING OF

16,1 The following fee is payable in respect of an application to remove a tree situated within a said street reserve, public open space or other Council property:

16.1.1 Per tree or alternatively the substitution thereof with five listed indigenous trees with a minimum height of 3 meter 5 000,00

16,2 The following fee is payable as fine in respect of trees situated within a said street reserve, public open space or other Council property, and which have been killed with a chemical remedy or any other way:

16.2.1 Per tree 10 200,00

<u>ITEM</u>	<u>TARIFF</u> <u>2024/2025</u>
15 ISSUING OF BUSINESS LISENCE	
17,1 Issue of a licence in terms of regulation 8	
a) Selling or supply of meals	1 195,00
b) Hawking with meals	200,00
c) Providing of certain types of health facilities of entertainment	
i. Turkish baths, saunas or health baths	1 400,00
ii. Massage or infra-red treatment	1 400,00
iii. Keeping of three or more amusement apparatus	980,00
iv. Escort agencies	5 580,00
v. Keeping of 10	980,00
vi. Keeping or conducting of a cinema or theatre	3 970,00
vii. Keeping or conducting of a night club or discotheque	980,00
viii. Other: Not Specified above	850,00
17,2 Issuance of a duplicate licence	290,00
17,3 Furnishing of documents as contemplated in regulation 23	290,00
17,4 Endorsement of licence as contemplated in regulation 6	400,00
17,5 Endorsement of licence as contemplated in section 2(8)	400,00
17,6 Furnishing of reasons by the Licencing Authority as contemplated in regulation 13	980,00
17,7 Issuing of hawkers licences	
a) Application fees per annum	290,00
b) Penalties for any offence	As per schedule

<u>ITEM</u>	<u>TARIFE</u> <u>2024/2025</u>	<u>TARIFE</u> <u>2022/2023</u>
18 <u>FLAT RATE</u>		
18,1 Flat rate	581,27	
18,2 Indigent: Flat rate – Indigent (Gross income less than two(2) old pensioners grant)		-

ITEM

TARIFF
2024/2025

20 TRAFFIC SERVICES

- 20,1 Traffic control with rallies
 - i. Per traffic officer per hour
- 20,2 Closing of streets on public request (excluding funerals)
 - i. Per traffic officer per hour (excluding funerals)
 - ii. Special events(sport) per hour or part off

740,00
1 780,00
830,00

FEES FOR LAND USE APPLICATIONS SUBMITTED IN TERMS OF THE MUNICIPAL

APPLICATION

TARIFF 2024/2025

CATEGORY 1: LAND DEVELOPMENT APPLICATIONS

1.	Township Establishment	10 070,00
2.	Extension of the boundaries of a Township	5 140,00
3.	Amendment of a township establishment application	5 140,00
4.	Phasing / cancellation of approved layout plan	3 780,00
5.	Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of the land	1 890,00
6.	Amendment or cancellation of a general plan of a township	4 720,00
7.	Amendments to original application prior to submission	50% of original application fee

CATEGORY 2 LAND USE APPLICATIONS

1.	Rezoning	6 500,00
2.	Consolidation of land	2 730,00
3.	Subdivision of land:	
a.	For first five Portions	5 770,00
b.	More than 5 portions	940,00
4.	Subdivision of Farm Land: (Act 70 of 1970)	
a.	For first five Portions	7 340,00
b.	More than 5 portions	940,00
5.	Amendments to original application prior to adjudication	50% of original application fee

MISCELLANEOUS FEES

6.	Application for second dwelling	3 770,00
7.	Building line regulations	
a.	Low density (10 units/ha)	3 770,00
b.	Medium density (25 units/ha)	4 720,00
c.	High density (45 units/ha)	6 600,00
8.	Approval of site development plan	940,00
9.	Extension of validity period of approval of building plans	2 100,00
10.	Issuing of Certificates:	
a.	Zoning certificate: per erf / portion / holding	660,00
b.	Any other certificate ito LUMS and National Building Regulations and Standards Act, Act 103 of 1977	660,00
11.	Appeals and in loco inspections carried out by Inspectorate	4 720,00

12. Re-issuing of any notice of approval of any application	660,00
13. Public Notices	
a. Public Notice and advertisements in the legal section of a news paper	1 040,00
b. Public Notice and advertisements in the Provincial Gazette	5 250,00

1. Way leave application (application to determine where the Council's services are located or a specific area where new services are to be installed)

5 660,00

2. Any other application not provided for elsewhere in this schedule of fees

5 660,00

COPIES

1. Spatial Development Framework:

(a) Hard copy

6 820,00

(b) electronic format

3 990,00

2. Copy of Land Use Management Scheme

6 820,00

(a) Hard Copy

6 820,00

(b) electronic format

3 990,00

3. Copies of Land Surveyer Diagrammes / diagramme

400,00

FINES AND PENALTIES

1. Contravention of Delmas Town Planning Scheme 2007 or Land Use Management Scheme in terms of Section 143 (2) of the LUMS By-Laws

R 30 000 pm from date of serving of contravention notice

ITEM

TARIFF
2022/2023

ALL RENTAL FACILITIES WILL INCREASE BY 10% AS STIPULATED ON THE LEASE AGREEMENT

Rental per square	90,00
Malita/Herfslaan	
1(one) Bedroom	550,00
2(two) Bedroom	825,00

ITEM**TARIFF**
2024/2025**Air Quality Permits and authorizations**

Pesticides spraying permit	1 500,00
Spray painting permit	1 500,00
Fuel Burning Equipment Permit	1 500,00
Open Burning Authorisation	1 500,00

VICTOR KHANYE LOCAL MUNICIPALITY



BUDGET CIRCULARS

2024/2025

DRAFT BUDGET

ANNEXURE E



Municipal Budget Circular for the 2024/25 MTREF

INTRODUCTION	2
1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS	2
2. KEY FOCUS AREAS FOR THE 2024/25 BUDGET PROCESS	3
2.1. LOCAL GOVERNMENT CONDITIONAL GRANTS AND UNCONDITIONAL GRANTS ALLOCATIONS	3
2.2. POST 2023 MTBPS CHANGES	4
2.3. REVIEW OF THE LOCAL GOVERNMENT FISCAL FRAMEWORK	5
2.4. UPDATE ON THE REVIEW OF THE CONDITIONAL GRANTS	5
2.5. FUNDING FOR LOCAL ECONOMIC DEVELOPMENT (LED) PROGRAMMES	6
2.6. REFORMS TO IMPROVE THE EFFICIENCY AND FINANCIAL SUSTAINABILITY OF METRO'S TRADING SERVICES	6
2.7. CRITERIA FOR THE RELEASE OF THE EQUITABLE SHARE:	7
3. REVENUE MANAGEMENT	7
3.1. UPDATE ON MUNICIPAL DEBT RELIEF (MFMA CIRCULAR NO. 124)	8
3.2. SMART METER GRANT	8
3.3. TRANSVERSAL TENDER RT-29	9
4. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES	9
4.1. CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANT FUNDS	9
4.2. UNSPENT CONDITIONAL GRANT FUNDS FOR 2023/24	11
5. FUNDING CHOICES AND MANAGEMENT ISSUES	11
5.1. EMPLOYEE RELATED COSTS	12
5.2. REMUNERATION OF COUNCILLORS	12
5.3. GOVERNANCE, PERFORMANCE, AND INVESTMENT MATTERS	12
5.4. ENVIRONMENTAL POLLUTION	13
6. MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)	14
6.1. GO LIVE ON VERSION 6.8 OF THE CHART	14
6.2. MSCOA DATA STRINGS CREDIBILITY	14
6.3. REGULATING THE MINIMUM BUSINESS PROCESSES AND SYSTEM SPECIFICATIONS FOR MSCOA	15
7. SUBMITTING DOCUMENTS TO THE GOMUNI UPLOAD PORTAL	16
7.1. SUBMISSIONS TO THE NATIONAL TREASURY	16
7.2. UPDATING OF CONTACT DETAILS ON GOMUNI	16
7.3. SUBMISSION OF ADDITIONAL REPORTS	16
7.4. PROCUREMENT SPEND REPORTING	16
8. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS	17
8.1. ASSISTANCE WITH THE COMPILATION OF BUDGETS	17

Table 1: Macroeconomic performance and projections, 2022 – 2027

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Forecast		
CPI Inflation	6.9%	6.0%	4.9%	4.6%	4.6%

Source: 2024 budget review.

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

Headline inflation is projected to moderate from 6 per cent in 2023 to 4.9 per cent in 2024 and 4.6 per cent in 2025 and 2026 as food and fuel inflation continue to decline. In 2023 food inflation slowed less than expected due to power cuts and rand depreciation, keeping imported food costs high. An avian influenza outbreak also increased the costs for poultry and eggs. These factors are expected to dissipate over the medium term.

The current economic challenges in the country place pressure on households' ability to pay municipal accounts, therefore municipal own revenue generation gets affected.

It is noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections.

Fiscal strategy to contain debt (fiscal consolidation) through reduction of budgets and reprioritisation

The 2024 budget balances development and sustainable public finances. In the context of persistent low economic growth, government will protect critical services, support economic growth through reforms and public investment and stabilise public debt. Although South Africa continues to confront difficult economic conditions, a moderate recovery is forecast in the economic outlook. Broad reforms are underway in energy, freight, water and telecommunications. Yet it will take time to reverse the consequences of operational, maintenance and government failures at state owned companies responsible for electricity, rail and ports. Rapid growth in debt- service costs choke the economy and the public finances. Government is staying the course to narrow the budget deficit and stabilise debt. This year, for the first time since 2008/09, government will achieve a primary budget surplus. Debt will stabilise in 2025/26.

The balances approach to fiscal consolidation includes expenditure restraint and moderate revenue increases, while continuing to support the social wage and ensuring additional funding for critical services. Government will after extensive consultation propose a binding fiscal anchor for future sustainability. In the interim, the debt stabilisation primary surplus will anchor fiscal policy.

The consolidated budget includes the main budget framework and spending by provinces, social security funds, public entities including municipalities finances from their own revenue sources. Government remains committed to fiscal consolidation that balances the needs of the most vulnerable in society and protects the public finances for future generations.

2. Key focus areas for the 2024/25 budget process

2.1. Local government conditional grants and unconditional grants allocations

Reductions reversed: Previous reductions proposed on the sharing of the general fuel levy to the metropolitan municipalities, the rural roads asset management systems and the water services infrastructure grants have been reversed.

Reductions revised downwards: The previous reduction of R218 million to the integrated national electrification programme municipal grant is revised to R204 million; the previous reduction of R49 million to the municipal disaster response grant is revised to R35 million; and the previous reduction of R48 million to the municipal systems improvement grant is revised to R27 million.

Further reductions: To make funds available for other government priorities, reductions have been made to some municipal conditional grants over the 2024 MTEF period. These include an additional reduction of R3.5 billion to the integrated national electrification programme Eskom grant; an additional reduction of R73 million to the integrated urban development grant; an additional reduction of R14 million to the energy efficiency and demand-side management grant; an additional reduction of R4 million to the public transport network grant; an additional reduction of R127 million to the direct component of the regional bulk infrastructure grant; and an additional reduction of R852 million to the indirect component of the regional bulk infrastructure grant.

Reprioritisations: Reprioritisations over the MTEF period include the following: R58.3 million from the direct component of the municipal infrastructure grant is converted to the indirect component of the grant; R587 million from the direct component of the regional bulk infrastructure grant is converted to the indirect component; R91 million from the integrated urban development grant and R1.4 billion from the municipal infrastructure grant are shifted to the municipal disaster recovery grant to fund the repair and reconstruction of municipal infrastructure damaged by the floods that occurred between February and March 2023; R400 million from the first two years of the MTEF period are shifted to the outer year in the public transport network grant; R2 billion is reprioritised from the integrated national electrification programme municipal grant to fund the baseline for the new smart meters grant; and R432 million is reprioritised from the integrated national electrification programme Eskom grant to fund other priorities in the energy sector.

2.3. Review of the local government fiscal framework

Government's five-year programme of action to improve local governance, as endorsed by the Budget Forum, includes efforts to improve the funding model for local government. The National Treasury is reviewing a draft report for regulating municipal surcharges on electricity and identifying alternative sources of revenue to replace these. The next step will be consultation with external stakeholders.

The local government equitable share formula is being updated in various ways, including improving its responsiveness to the different functions assigned to district and local municipalities. In addition, the formula will be refined with reforms such as exploring the feasibility of introducing a cost differential model, community services components for health services and firefighting functions, objective criteria for benchmarking municipalities in relation to their administrative functions. The Department of Cooperative Governance, the National Treasury, the South African Local Government Association, the Financial and Fiscal Commission and statistics South Africa are identifying areas for refinement over the 2024 MTEF period.

2.4. Update on the review of the conditional grants

The South African government initiated a review of the existing grant system amid concerns of its effectiveness, including underspending on infrastructure grants and fragmentation in

2024/25 USDG Financing Component for Trading Services

Municipalities must submit the following to the transferring officer and the National Treasury to qualify for making an application for the financing component:

- A council approved turnaround strategy to the Department of Human Settlement (DHS) and the National Treasury by 31 July 2024;
- A roadmap on the institutional reforms for improved management and governance to be submitted to DHS and National Treasury by 30 September 2024; and
- A business and investment plan that is consistent with the services development plan by 30 September 2024.

In support of these conditions, National Treasury will issue a guidance note by 1 April 2024, on requirements for turnaround strategies, institutional reforms and business plans for the financing component on trading services.

2025/26 onwards Improving the efficiency of urban utility services

Beyond 2024/25, the intention is to extend the reform agenda beyond water services to other revenue-generating trading services, including electricity and solid waste management. The Explanatory Memorandum, **Annexure W1**, to the 2024 Division of Revenue Bill provides the following direction on future work on municipal fiscal frameworks linked to trading/ utility services.

The grant reforms will aim to:

- Increase the level of investments in utility services (water, wastewater, electricity and solid waste) by leveraging grant finance with loan finance, linked to improved operational and financial performance of services providers;
- Catalyse changes in the structure, management, and governance of utility services businesses to support improvements in operational, technical and financial performance;
- Promote professional management with a single point of management accountability for utility services in cities, suitable managerial autonomy and the technical skills necessary to manage an effective service; and
- Promote and ensure full financial transparency, including by making the financial relationship between municipalities and the utility services explicit.

2.7. Criteria for the release of the Equitable Share:

- The criteria for the release of the equitable share were covered in Circulars No. 122 remains relevant and are still applicable for the release of equitable share instalments in the 2024/25 financial year.
- Failure to comply with the criteria will result in National Treasury invoking Section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

3. Revenue Management

A completed template with supporting documentation and council resolution must be submitted to revenuemanagement@treasury.gov.za and sadesh.ramjathan@treasury.gov.za before 30 April 2024.

The applications will be evaluated before 31 May 2024 and allocations will be completed determined the commencement of the municipal budget year.

3.3. Transversal tender RT-29

The National Treasury is finalising the RT-29 transversal tender for a smart metering solution, and the appointed panel is available to all municipalities from March 2024. The transversal tender is targeting smart meter solutions for the water and electricity functions, STS meters compliance and load reduction systems. It will also enable municipalities to implement bi-directional smart metering systems. Municipalities are once again cautioned not to contract any smart metering systems or solutions without considering the RT-29 transversal tender which provides a competitive pricing comparison and cost saving on procurement. Municipalities wishing to participate in the RT-29 transversal must make their interest known to the Office of the Chief Procurement Officer (OCPO) on the email TCcontract1@treasury.gov.za. These municipalities must show evidence of a budget allocation in the current budget as well as future budgets for participation.

4. Conditional Grant Transfers to Municipalities

4.1. Criteria for the rollover of conditional grant funds

In terms of Section 21 of the Division of Revenue Act, 2023 (Act No.5 of 2023) (DoRA) in conjunction with the Division of Revenue Amendment Act, 2023 (Act No. 24 of 2023), the Act requires that any conditional allocation or a portion thereof that is not spent at the end of the 2023/24 financial year reverts to the National Revenue Fund (NRF), unless the rollover of the allocation is approved in terms of subsection (2). Furthermore, the receiving officer, provincial treasury and national transferring officer is required to prove to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of Section 21(2) of the 2023 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of Section 21(2) of the 2023 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated, spent and the balance per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):
 - a) Proof that the service provider was appointed for delivery of the project before 29 March 2024; or
 - b) Proof of project tender and tender submissions published and closed before 31 March 2024 or with the appointment of contractor or service provider for delivery of service before 30 June 2024 in cases where additional funding was allocated during the course of the financial year of the project;
 - c) Incorporation of the Appropriation Statement; and
 - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2024 (attach cash flow projection for the applicable grant).

2. Rollover request of the same grant for the third consecutive time. In a case where a municipality is applying for rollover as a result of additional funding, the application will be carefully considered;
3. Funding for projects procured through Regulation 32 and 37 of the Municipal Supply Chain Management Regulations (Gazette No.27636) – Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the rollover application is linked to invoices that were issued before or on 31 March 2024. All invoices issued to the municipality before 31 March 2024 should be paid within the same year against the allocated conditional grants. i.e invoices must be paid within 30 days.

4.2. Unspent conditional grant funds for 2023/24

The process to ensure the return of unspent conditional grants for the 2023/24 financial year will be managed in accordance with Section 21 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2024 conditional grant expenditure reports according to Section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconciles;
- Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2024. The unspent grant values must be determined based on the guidance that was provided in mSCOA Circular No. 13 in as far as VAT, retention and interest is concerned; and
- Step 3: If the receiving officer wants to motivate in terms of Section 21(2) of the 2023 DoRA that the unspent funds are committed to identifiable projects, the rollover application pack must be submitted to National Treasury by no later than 31 August 2024.

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

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 22 October 2024;
- Step 5: National Treasury will communicate the unspent conditional grants amount by 12 November 2024. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 18 November 2024; and
- Step 6: Any unspent conditional grant funds that should have but has not been repaid to the National Revenue Fund by 18 November 2024, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 04 December 2024 equitable share allocation.

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

5. Funding choices and management issues

Given the current economic crisis the country faces, Municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Municipalities are advised to consider all the advice

growth. This will reduce the prospect for economic growth leading to high unemployment and less economic activities in general.

As such, the municipalities need to take the responsibility to create initiatives which will attract more investment. Key initiatives to improve this are investing in bulk and connector infrastructure as well as strengthening good governance.

The budget allocation to address infrastructure requirements are not sufficient. As such, the municipalities should improve governance and the overall financial health which will allow for the financier to be attracted to borrow municipalities to finance enabling infrastructure.

Urban management and in particular cleaning of the environment is critical for ensuring that municipal area is attractive. Thus, ability to attract investment should also include clearly defined initiatives that ensure the city is continuously clean. This will retain existing investors and also enable the municipalities to attract new investors who wishes to locate in the municipal area.

A firm's decision to invest is influenced by factors such as infrastructure and land availability, the institutional and regulatory environment, skills availability and innovation levels and the availability of enterprise support and finance. Municipalities have key roles that influence a decision to invest and expand in a particular space. Poorly performing spaces – such as industrial parks, CBDs, logistics hubs, townships – discourage investment and encourage disinvestment. Poorly performing economic assets, such as roads, ports, rail, communications, do the same. Many of the reasons for poor performing spaces and assets lie within the ambit of the public sector, but not all within the local sphere. In some instances, municipalities are directly responsible for what needs to be done, in other areas the municipality needs to mediate inter-governmental solutions.

To turnaround these spaces and unlock their economic potential the immediate focus must be on getting the basics right first –

- Ensure reliable and sustainable service delivery – water, sanitation, stormwater, roads, lighting and waste management;
- Ensure effective land governance – urgently resolve inter-governmental issues that inhibit performance;
- Undertake bulk infrastructure repair and maintenance;
- Address business and community safety issues;
- Operationalise and manage public open spaces and assets; and
- Manage the spaces – at minimum put in place municipal transversal teams responsible for ensuring the basics are in place.

The quality and transparency of municipal governance has a direct impact on economic performance. Dysfunctional municipalities discourage new investment and result in job loss. Ensuring the effective management of municipal businesses through evidenced-based decision making and sound financial management is essential to attract and retain firms. Improving the efficiency and transparency of municipal business processes that impact on the private sector – such as registering property, getting electricity connections, construction permits, obtaining wayleaves, getting a water connection, and issuing an informal trader permit – goes a long way to building business confidence and municipal credibility.

5.4 Environmental Pollution

The deteriorating quality of water resources in urban and rural areas due to pollution, failing infrastructure such as wastewater treatment and the lack of enforcement of by-laws, legislation and urban management, exacerbates water scarcity, and increases costs of providing potable water.

Registered users from municipalities, provincial treasuries and National Treasury have full access to their data on the LGDRS and can draw the information to verify the accuracy of the figures for their respective municipalities or province (in the case of provincial treasuries). The LGDRS reports can be accessed by registered users on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

From 2025/26, the National Treasury will open the access to all reports available on the LGDRS to the public. Municipalities should make a concerted effort to resolve their *mSCOA* data strings credibility issues as soon as possible to avoid facing the consequences of financial misconduct in terms of Section 171(1)(d) of the MFMA.

The LGDRS also provides information on municipal budgets and performance to the public through the Municipal Money portal. The information on the Municipal Money portal is sourced from the Consolidated Section 71 Reports published quarterly by the National Treasury. The Municipal Money portal is part of South Africa's Open Government Partnership (OGP) 5th National Action Plan to improve transparency and public participation in government processes and a link to the Municipal Money portal is available on the OGP website (76 countries and 104 municipalities are members).

6.3. Regulating the minimum business processes and system specifications for *mSCOA*

The National Treasury commenced with the work to regulate the minimum business processes and system specifications for *mSCOA* towards the end of 2025/26. The following working groups will be established to ensure that relevant stakeholders are consulted during the review processes:

- a. **Corporate governance** including internal and external audit, oversight committees, performance management, IT system requirements and management, municipal websites, document management, reporting mechanisms;
- b. **Municipal budgeting, planning and financial modelling** including IDP, Budgets Management, Revenue, Human Resources (HR) /Payroll, Assets;
- c. **Financial accounting** including general ledger, accounts receivables and payables, financial reporting, AFS reporting, insurance management, consolidation reporting;
- d. **Costing and reporting** including cost planning and cost management and reporting;
- e. **Project accounting** including project creation and planning, project management and reporting, contract management;
- f. **Treasury and cash management** including cash management and reporting, grant management and reporting, investment management and reserves, borrowings management, provisions and contingent liabilities;
- g. **Supply chain management** including supply chain management and inventory;
- h. **Full asset life cycle management** including maintenance management and asset management;
- i. **Real estate management** including property register and rental management and general processes;
- j. **Human resource and payroll management** including human resources, time management, payroll management and reporting;
- k. **Revenue management**, customer care, credit control and debt collection including revenue management and billing, credit control, customer management, debt collection, indigent management;
- l. **Valuation roll management**; and
- m. **Land use building control** including land use and building control.

procurement spend information across all spheres of government on a transactional level for spend and trend analysis purposes.

The OCPO designed and built a Data Warehouse that serves as common repository for procurement related data with the necessary capabilities to produce standardised information in a dashboard format via various Business Intelligence tools. Currently procurement spend data of all National and Provincial departments from 2017 to date is hosted and analysed in the Data Warehouse.

From 1 March 2024, municipalities must on monthly basis report all goods and services related payments at a transactional level monthly. Towards this end, municipalities must complete and submit the template attached as **Annexure E** and submit it to the GoMuni Upload portal under the folder Documents/ Other. These reports are due by the 15th of the month that follows the reporting month. The first report is therefore due on 15 April 2024. This information is only required for municipalities and not for municipal entities.

A Data Upload Tool is also available that allows municipalities to capture their spending data manually or extract the relevant information from the municipality's payment system automatically. Information captured on the Data Upload Tool will be submitted directly into the OCPOs Data Warehouse once the various online input validations to ensure the accuracy and completeness of the data has been passed. To access the tool, an email request must be sent to ocpodatarequest@treasury.gov.za to obtain a User ID and Password that is institution specific. Training on the use of the OCPO Data Upload Tool as well as technical integration information will be provided after the institution has received a User ID and Password.

The submission status of the OCPO Spend Report will be included on the status report of document submissions available on the LGDRS. Municipalities that opt to use the Data Upload Tool instead of submitting the excel template to GoMuni must submit a 'not applicable form' to the GoMuni Upload portal for their non-submission is not classified as outstanding.

8. The Municipal Budget and Reporting Regulations

8.1 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or **Schedule A**, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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

JH Hattingh
Chief Director: Local Government Budget Analysis
08 March 2024

ANNEXURE A – LIST OF REQUIRED REPORTS TO BE SUBMITTED TO NATIONAL TREASURY FOR DEBT RELIEF PROGRAMME (TEMPLATE)

ANNEXURE B – MUNICIPAL CERTIFICATE OF COMPLIANCE FOR DEBT RELIEF PROGRAMME (TEMPLATE)

ANNEXURE C – MUNICIPAL DEBT RELIEF – MONTHLY REPORTING – INDIGENT HOUSEHOLDS INFORMATION (TEMPLATE)

ANNEXURE D – MUNICIPAL DEBT RELIEF – MONTHLY REVENUE COLLECTION REPORTING (TEMPLATE)

ANNEXURE D – PROCUREMENT SPENT REPORTING (TEMPLATE)



Municipal Budget Circular for the 2024/25 MTREF

CONTENTS:

INTRODUCTION	3
1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS	3
2. KEY FOCUS AREAS FOR THE 2024/25 BUDGET PROCESS	4
2.1 LOCAL GOVERNMENT CONDITIONAL GRANTS ALLOCATIONS	4
2.2 PUBLICATION OF ALLOCATIONS FROM THE MUNICIPAL DISASTER RESPONSE GRANT AND CHANGES FROM THE STOPPING AND REALLOCATION PROCESS	6
3. REVENUE MANAGEMENT	7
3.1 MAXIMIZING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE	8
3.2 SETTING THE COST REFLECTIVE TARIFFS	9
3.3 CONSUMER DEPOSITS AND SECURITIES	9
3.4 CONTRACTS WITH CUSTOMERS	9
3.5 INDIGENT MANAGEMENT	10
3.6 VOLUNTARY RESTRICTION OF NOTIFIED MAXIMUM DEMAND (NMD)	10
3.7 PRO-ACTIVELY MANAGING COLLECTION OF MUNICIPAL REVENUE IN Eskom SUPPLIED AREAS	11
3.8 MAXIMISING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE REVENUE ON PROPERTY RATES	11
3.9 SETTING THE COST REFLECTIVE TARIFFS	11
3.10 CRITICAL NOTICE AFFECTING STS METERS AND THE RT29 TRANSVERSAL TENDER FOR SMART METERS	11
3.11 Eskom BULK TARIFF INCREASES	12
3.12 CONSUMER DEPOSITS AND SECURITIES	12
4. FUNDING CHOICES AND MANAGEMENT ISSUES	12
4.1 EMPLOYEE RELATED COSTS	12
4.2 REMUNERATION OF COUNCILLORS	13
5. FUNDING MUNICIPAL BUDGETS	13
5.1 APPROVAL OF DEFICIT BUDGETS	13
5.2 FUNDED BUDGET	13
5.3 CREDIBLE FUNDING PLANS	13
5.4 BUDGETING FOR DEBT IMPAIRMENT LOSS, WRITE OFF OF IRRECOVERABLE DEBT AND REVERSAL OF IMPAIRMENT LOSS	14
5.5 BURIAL OF COUNCILLORS USING PUBLIC FUNDS	14
5.6 THE USE OF MAYORAL DISCRETIONARY ACCOUNTS AND ANY OTHER COUNCIL DISCRETIONARY ACCOUNTS	15
5.7 DEVELOPMENT CHARGES	15
6. MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)	15
6.1 RELEASE OF VERSION 6.8 OF THE CHART	15
6.2 IMPROVING MSCOA DATA STRINGS CREDIBILITY	17
6.3 MSCOA REPORTING ON VALUE ADDED TAX (VAT)	17
6.4 USE OF FUNCTION SEGMENT TO ACHIEVE GRAP 18 SEGMENTAL REPORTING	18
6.5 PERIOD CLOSURE AND RECONCILIATION OF GENERAL LEDGER	18
6.6 MSCOA GOVERNANCE AND IMPLEMENTATION	19
6.7 REGULATING THE MINIMUM BUSINESS PROCESSES AND SYSTEM SPECIFICATIONS FOR MSCOA	19
6.8 TRAINING INITIATIVES	19
7. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS	20
7.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS	20
8. SUBMITTING BUDGET DOCUMENTATION AND A SCHEDULES FOR THE 2024/25 MTREF	21

Introduction

This budget circular provides guidance to municipalities with their compilation of the 2024/25 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (mSCOA) and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that is not covered in this circular.

1. The South African economy and inflation targets

The National Treasury forecasts real GDP growth of 0.8 per cent in 2023, compared with 0.9 per cent projected in the 2023 Budget Review. Growth is projected to average 1.4 per cent from 2024 to 2026. Relative to the 2023 Budget, the weaker projection for 2023 mainly reflects lower household consumption expenditure due to higher inflation and interest rates, and lower net exports. Power cuts are expected to continue for the remainder of this year and to gradually ease in 2024. Faster, determined implementation of energy and logistics reforms remains critical to boosting economic growth.

In the context of weaker global growth and risks to the domestic outlook, government is working to position the economy for sustained growth and resilience to shocks. A combination of a stable macroeconomic framework, the rapid implementation of economic and structural reforms, and improvements in state capability remains central to achieving higher growth, employment, and competitiveness.

Employment growth continues to lag South Africa's post-COVID-19 economic recovery, with 74 000 fewer people in employment in the second quarter of 2023 than in the fourth quarter of 2019. Improving employment growth sustainably over the long term requires faster GDP growth and improved education and skills development.

Headline inflation is expected to decelerate as the energy and food price shocks associated with global supply chain disruptions and the war in Ukraine dissipate. Headline consumer prices are expected to fall from an expected 6 per cent in 2023 to 4.9 per cent in 2024. Fuel prices have fallen since June 2023, largely reflecting base effects. Food price inflation, which peaked at 14.4 per cent in March 2023, slowed to 8.2 per cent by August 2023. However, the pace of deceleration has been slow relative to global food prices. This can be attributed to a weaker rand exchange rate and elevated production costs. Core inflation has remained near 5 per cent for most of 2023 due mainly to higher insurance and vehicle price inflation. Headline inflation is projected to return towards the mid-point of the 3 to 6 per cent target range in 2025.

Household consumption expenditure is expected to slow from 2.5 per cent in 2022 to 0.8 per cent in 2023 due to the cumulative effect of interest rate increases, elevated inflation and falling real disposable income, and generally weak consumer confidence. Growth in credit

Division Of Revenue Amendment Bill, 2023 (DoRAB)

Declared underspending in the local government equitable share – In January 2023, the National Energy Regulator of South Africa (NERSA) approved a bulk electricity tariff increase of 18.7 per cent for the 2023/24 financial year. The subsidy for free basic electricity in 2023/24 was calculated to include an additional 2 per cent in anticipation of higher municipal tariff increases than that published in January, due to the difference in the financial years of Eskom customers and municipalities. A further R1.4 billion was left unallocated in the local government equitable share to enable additional funding for municipalities should the final municipal tariff increase that was expected to be published between March and June 2023, exceed the 20.7 per cent increase provided for. In June 2023, NERSA approved a municipal tariff increase of 15.1 per cent. The unallocated amount of R1.4 billion in the local government equitable share is therefore surrendered as declared under-expenditure.

Fiscal consolidation reductions – There is a total downward adjustment of R3.4 billion to direct municipal conditional grants. This is made up of reductions of R9 million from the *infrastructure skills development grant*; R58 million from the *programme and project preparation support grant*; R32 million from the *expanded public works programme integrated grant for municipalities*; R1.2 billion from the *municipal infrastructure grant*; R306 million from the *informal settlements upgrading partnership grant for municipalities*; R553 million from the *urban settlements development grant*; R180 million from the *integrated national electrification programme grant for municipalities*; R40 million from the *neighbourhood development partnership grant*; R600 million from the *public transport network grant*; R237 million from the *regional bulk infrastructure grant*; and R244 million from the *water services infrastructure grant*.

Funds for post disaster repair and recovery – An amount of R1.2 billion is added to the *municipal disaster recovery grant* to fund the reconstruction and rehabilitation of municipal infrastructure damaged by the floods that occurred between February and March 2023.

Top-up of the municipal disaster response grant – Due to the floods that occurred between February and March 2023, the *municipal disaster response grant* was depleted by June 2023. R372 million is added to this grant to enable immediate response by municipalities in the event that a disaster occurs in the remaining months of the 2023/24 financial year.

Conversion of municipal infrastructure grant allocations – R10 million from uThukela Local Municipality's allocation is converted to an indirect allocation for implementation of the Ekuvukeni Water Supply Project by the Department of Cooperative Governance on the municipality's behalf. The project entails the replacement of an asbestos rising main from the Oliphanskop water treatment works. Similarly, R20 million from Emfuleni Local Municipality's allocation is converted to an indirect allocation to address the outfall of sewer in Evaton and Sebokeng.

Conversion of neighbourhood development partnership grant allocations – R88 million in the neighbourhood development partnership grant is converted from the direct to the indirect component of the grant. This is to expedite project implementation in municipalities that are experiencing administrative and financial challenges.

Reduction in the integrated national electrification programme (Eskom) grant – As part of the fiscal consolidation reductions, the integrated national electrification programme (Eskom) grant is reduced by R250 million.

Reprioritisation from the integrated national electrification (Eskom) grant – An amount of R53 million is reprioritised from the integrated national electrification (Eskom) grant to the vote

(2) An amount transferred in terms of subsection (1)(c) is, with the necessary changes, subject to the applicable framework for the 2022/23 financial year and the other requirements of this Act, as if it is an amount of an allocation for the 2022/23 financial year."

Using this section of the DoRA, immediate relief funds were transferred to municipalities from the 2023/24 Municipal Disaster Response Grant (MDRG) baseline in June 2023 (before the start of the 2023/24 municipal financial year). Section 27(2) requires that these funds be subject to the 2022/23 MDRG framework and the DoRA as if these were allocations for the 2022/23 financial year. The implications of this:

MDRG condition 1: Funds from this grant must be utilised within six calendar months following the date of the transfer of the funds to the municipality

By approving the release of these funds in June 2023, National Treasury implicitly approved the roll-over of these funds to the 2023/24 financial year. Therefore, the immediate relief funds transferred to municipalities on 15 June 2023 must be spent by 15 December 2023.

In terms of section 25(3)(d) of the Division of Revenue Act, 2023 (Act No. 5 of 2023 – herein referred to as "2023 DoRA"), which is now applicable to the immediate relief funds, the National Treasury may approve that, funds allocated in Schedule 7 be used at any time. In terms of section 25(3)(e) of the 2023 DoRA, funds approved in terms of paragraph (d) must be included in either the provincial adjustments appropriation legislation, municipal adjustments budgets or other appropriate legislation.

Expenditure need not wait for the passing of such adjustments budget as this is emergency spending or unforeseen and unavoidable expenditure, which is provided for in section 29 of the Municipal Finance Management Act, 2003 ("MFMA").

Municipalities must ensure that the disaster funding and expenditure are ring fenced (isolated) and classified correctly in terms of the mSCOA when budgeting and transacting, as per the guidance provided in mSCOA Circular No. 14 dated 16 May 2022.

3. Revenue Management

The weak economic growth continues to impact municipal finances and as communicated in MFMA Circular No. 89 this has strained consumers' ability to pay for services. Coupled with this conundrum is the marginal growth in national transfers as compared to the past. These two critical factors necessitate municipalities to function optimally suggesting that municipal operations, processes and procedures must be efficient. Inefficiencies in this space are guaranteed to manifest on municipal finances. Although some municipalities have managed these challenges well, others have fallen into financial distress and face liquidity challenges. Subsequently, municipalities are unable to meet their payment obligations to Eskom, water boards and other creditors. Therefore, municipalities must maximise their revenue generating potential and collect what is due to them and concurrently, eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide for their core mandate and to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the 4 to 6 per cent target band; therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2024/25 in

Based on the cited section, municipalities are expected to comply with the provisions of section 23 of the MPRA to ensure that the latest information is used in the reconciliation process. All revenue foregone as supported by municipal policies due to municipal reductions rebates and exemptions must be accounted for in the Part B register and all subsequent supplementary rolls performed are accounted for using a Part A register.

Furthermore, municipalities are also advised and expected to comply with section 8(1) of the MPRA in terms of the billing methodology that should be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used in the reconciliation process. A further test would be to reconcile this information with the Deeds Office registry.

In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll/ Part A register to the billing system to the National Treasury on a quarterly basis by no later than the 10th working day after the end of the quarter. A detailed action plan must accompany the reconciliation where variances are noted.

The information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: https://lg.treasury.gov.za/ibi_apps/signin.

3.2 Setting the Cost reflective tariffs

Municipalities must ensure that the capital repayment of loans are included in the cost when determining the tariff. In addition, they must ensure that the consumption charges for services are only based on consumption and all other variable costs. Therefore, fixed costs such as salary and wages, etc. should be covered by a fixed charge.

During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure. New infrastructure developments in a municipal area of jurisdiction should be obliged to consider and incorporate energy efficiency sources of energy available such as solar or wind to respond to the ongoing global energy crisis.

3.3 Consumer Deposits and securities

Credit control policies should be reviewed and amended to include the raising of consumer deposits, the authority to raise deposits should be deleted where it is still in the Electricity and Water by-laws, this should be included in the credit control and debt collection by-laws. Deposits should be equal or more than two months bulk accounts from water services authorities and Eskom.

3.4 Contracts with customers

All municipalities should ensure that their service agreements with customers address the following matters:

- Requirements of POPIA;
- Digital and Physical Domicilium for the delivery of notices;
- Acceptance of liability in the case of proven tampering of services;
- Acceptance of Magistrates Court Jurisdiction if in arrears and legal action has been taken;
- Acceptance to adhere to Municipal policies and by-laws;

voluntary restriction of its NMD by Eskom. The application must include a council resolution to the effect that council approves and agrees to such a voluntary restriction and the effective date thereof. National Treasury will then make an application to Eskom for this purpose.

3.7 Pro-actively managing collection of municipal revenue in Eskom supplied areas

NT notes that in the context of the Electricity Regulation Act, 2006 (ERA) existing section 21(5) prohibiting Eskom to cut supply in their areas to assist municipalities to collect on rates, water, wastewater and refuse removal – municipalities have no other tool but the restriction of water to collect in Eskom supply areas. Until ERA is amended it is critical that municipalities update their By-laws and policies to facilitate and legally allow the restriction of water as part of proper credit control for municipal revenue collection in Eskom supplied areas. The process before the supply of water is restricted/ limited, must honour the water supply rights of the indigent as well as the administrative processes and procedures, as contained in the municipal by-laws and policies read with section 4(3)(a) of the Water Services Act.

3.8 Maximising the revenue generation of the municipal revenue base Revenue on Property rates

(This section should be read in addition to the information provided on MFMA Circular No. 123 and previous circulars pertaining to this matter).

It is important that municipalities who are performing a general valuation (GV) to implement a new valuation roll on 1 July 2024. Furthermore, it must as a best practice compare the current consolidated roll to the new valuation roll. This can identify any anomalies and errors of category of property and market values for review and investigation and the option of lodging an objection by the municipality, where applicable. This process should also identify outliers and shifts in market values by category and area so that tariffs on the new roll can be modelled and determined in an equitable manner to avoid rates shocks.

Municipalities should undertake this exercise as a routine practice during the budget process so that supplementary adjustments to the valuation roll are kept up to date. In order to ensure that the most updated information is used for the reconciliations, municipalities are reminded to adhere and comply with section 23(1) and section 23(2) of the MPRA and therefore use the Part A register as the basis for performing the reconciliations going forward.

3.9 Setting the Cost reflective tariffs

Municipalities must ensure that when tariffs are designed, the capital repayment of loans are also included in the cost to determine the tariff.

Municipalities must ensure that when tariffs are designed that consumption charges for services are only based on consumption and all other variable costs. Fixed costs e.g. salary and wages, etc. should be covered by a fixed charge. The municipality must ensure its budgeting process address the requirement to maintain its infrastructure. New developments in/ a municipality should mandatorily make provision for alternative energy such as solar or wind or any other energy option available.

3.10 Critical Notice Affecting STS Meters and the RT29 Transversal Tender for Smart Meters

As highlighted in MFMA Circulars No. 115 and 123 (dated 04 March 2022 and 03 March 2023 respectively) municipalities are once again alerted that there is still a pending business risk to the prepayment metering industry that requires urgency of action. The token identifiers (TID) used to identify each credit token will run out of available numbers in November 2024, at which point all STS meters will stop accepting credit tokens. The remedy is to enter a special set of key change tokens in order to reset the meter memory. Municipalities are advised that

already not in a position to afford the current wage cost, would have to limit the increase in the 2024/25 MTREF and to exercise the option for exemption for any negotiated increase above the level of their affordability.

4.2 Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

5. FUNDING MUNICIPAL BUDGETS

5.1 Approval of deficit budgets

National/ Provincial Treasuries encourage municipalities to prepare a surplus budget to avoid placing the municipality's resources in financial difficulties. The adoption of a credible budget starts with the preparation of a surplus budget. With effect from 1 July 2024 all municipal Councils are advised not to approve a deficit budget, as such Mayors who table budgets to Council must be aware of the implications of a deficit budget.

Accounting Officers and their Chief Financial Officers are responsible for preparing budgets and accordingly are tasked with ensuring that the Mayor is guarded against submitting a deficit budget to Council for adoption. Failure thereof may result in Councils implementing section 171 of the MFMA to both the Accounting Officer and Chief Financial Officer.

5.2 Funded Budget

Subsequently, the National Treasury would like to re-emphasise that municipalities must not adopt an unfunded budget. The emphasis is on municipalities to comply with section 18 of the MFMA and ensure that they fund their MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates. Municipalities are encouraged to limit expenditure according to the anticipated revenue projections. Should their collection rate improve during the financial year, municipalities may bring back initial expenditure items omitted. Municipalities should note that the Office of the Auditor General will soon start auditing those municipalities that have tabled and adopted unfunded budgets over an extended period given that this practice is not only illegal but also compromise their financial sustainability.

5.3 Credible Funding Plans

Municipalities must adopt a credible funding plan in cases where the budget is unfunded (an unfunded budget is not encouraged). Where a funding plan lacks credibility, they will be required to correct the funding plan and ensure that it is credible. The credible funding plan must be immediately adopted by the Municipal Council and the changes to budget must be effected in the mid-year adjustments budget to ensure compliance with section 18 of the MFMA. The funding plan must show progressive improvement in the funding of the budget.

each Accounting Officer and Chief Financial Officer will be held responsible, and each Council can deal with such instances in terms of section 171 of the MFMA.

5.6 The use of mayoral discretionary accounts and any other council discretionary accounts

In the previous Budget Circulars municipalities were cautioned against the tendency of utilising Mayoral Discretionary accounts. The risk or danger herein is that public funds are availed/allocated or given out to other bodies or institutions or individuals by the Mayors of a municipality outside the budget process.

These allocations are at times not known by the Council as they were not disclosed in the budget approved by Council, meaning that there was a lack of transparency during the budgeting processes. Municipalities are reminded that this practice of utilising "Mayoral Discretionary Accounts" is not supported by the National Treasury. Therefore, if there are policies developed by municipalities allowing or promoting such activities, those policies must be rescinded when the Council approves the 2024/25 MTREF budget.

Any further use of public funds in that manner will be audited by the AGSA with effect from 1 July 2024 with an intention of ensuring that Accounting Officers/ Executive Mayors and Chief Financial Officers, that allow such practices to continue in their municipalities will be held personally responsible.

5.7 Development charges

Development charges are important components of a sustainable municipal infrastructure financing system, especially for cities and large urban municipalities, as they are used to finance land intensification. Despite their potential as an alternative option for financing infrastructure, municipalities have not fully used development charges due to uncertainty surrounding the regulatory frameworks. To address this uncertainty, amendments to the Municipal Fiscal Powers and Functions Act (2007) are proposed. The Municipal Fiscal Powers and Functions Amendment Bill proposes new, uniform regulations for levying development charges, so strengthening municipalities' revenue-raising framework. This will allow municipalities to mobilise own revenue resources to fund their infrastructure needs and support economic growth.

Once enacted, these amendments will create legal certainty for municipalities to levy development charges, regulate their applicability and create a more standardised, equitable, and sustainable framework for development charges. The Bill was approved by Cabinet for tabling in Parliament on 17 August 2022 and subsequently introduced in Parliament on 08 September 2022. The Bill is currently being processed in line with the Parliamentary processes. Once the Bill has been enacted, the amendments will take effect from the next municipal financial year (commencing 1 July) or on a date prescribed by the President.

The National Treasury will clearly articulate the budgeting and accounting requirements upon the completion of the Parliamentary processes.

6. Municipal Standard Chart of Accounts (mSCOA)

6.1 Release of Version 6.8 of the Chart

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.8 is released with this circular. Version 6.8 of the chart will be effective from 2024/25 and must be used to compile the 2024/25 MTREF. The linkages to chart version 6.8 can be downloaded from GoMuni on the following link under the mSCOA/ List mSCOA WIP account linkages menu option:

- Residential sectional title garages for Drakenstein Municipality.

6.2 Improving *m*SCOA data strings credibility

The credibility of the *m*SCOA data strings that have been submitted by municipalities to the GoMuni Upload portal has improved over the last financial year. However, the following areas of concern remain:

- Municipalities continue to **transact against line items without budgets** and as a result exceed the annual budget already in month 1 to 3 (quarter 1) of the new financial year;
- **Opening balances** for the previous year are **not transferred** in the first month (M01) of the current year, and all adjustments made during the preparation of the annual financial statements in periods 14 and 15 are not transferred through journals to the opening balances of the current year in the month of the current year that the adjustments are done;
- **Cash flow tables** (Tables A7, B7 and C7) are still **not populating correctly** and fully. This can be attributed to the fact that several municipalities still do not use balance sheet budgeting and movement accounting. Guidance on the use of balance sheet budgeting and movement accounting to populate tables A7, B7, and C7 correctly was provided in MFMA Budget Circular No. 107 (dated 04 December 2020) and *m*SCOA Circular No. 11 (dated 04 December 2020);
- Budget and transacting for **water inventory** is **not done correctly** in terms of the guidance given in MFMA Budget Circular No.115 (dated 04 March 2022) and MFMA Budget Circular No. 122 (dated 12 December 2022); and
- Some municipalities **do not budget and transact correctly** or completely **for irrecoverable debt written off and impairment loss** as well as the reversal of impairment loss of consumer debtors that have a significant impact on the funding of budgets.

National and provincial treasuries analyse the data strings of municipalities monthly to identify errors and communicate these findings to municipalities. Municipalities must use the feedback received to correct recurring errors in subsequent periods. Going forward, the National Treasury will not allow data string errors made in a previous month to be corrected in the next open period as this skew the monthly figures on the National Treasury Local Government Database and Reporting System (LGDRS). Municipalities must therefore **verify** the credibility and accuracy of the information in their financial system **prior** to submitting the *m*SCOA data strings to the LGDRS. The data on the LGDRS is used by various stakeholders such as the South African Reserve Bank (SARB), STATSSA, SARS, Department of Water Affairs (DWA), NERSA, DCoG, SALGA, AGSA, World Bank universities and the public.

6.3 *m*SCOA reporting on Value Added Tax (VAT)

In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments, municipalities must be VAT registered and must declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies). The output tax is declared, and the input tax claimed by completing a VAT 201 return.

The guidance provided in *m*SCOA Circular No. 12 must be followed when reporting on VAT. It should be noted that the South African Revenue Services (SARS) will be using the data on the LGDRS submitted by municipalities to verify the VAT 201 return in 2024/25. It is therefore

- Period closures (i.e. budget process, month-end and year-end) and certification within the statutory reporting dates;
- Reconciliations and balancing of the sub-system and the General Ledger of the core ERP System with control accounts as a condition of all period closures;
- System generated transfer of opening balance to month 1 in the following year subsequent to the year-end closures period 12 as at 30 June (of the current year);
- Automated roll-over of the closing balance from month 12 into period 13 of the current financial year and month 01 of the new financial year; and
- Automated roll-over of the closing balance from period 13 to 14 and 15 of the current financial year and the corresponding month in the new financial year.

Guidance on the required period closures will be provided in *mSCOA* Circular No. 15 that will be issued in 2024.

6.6 *mSCOA* governance and implementation

Municipalities that have not yet achieved the required level of *mSCOA* implementation, must develop and implement a road map (action plan) to fast track the implementation of *mSCOA*. The focus areas that should be considered (at a minimum) when developing the road map are articulated in **Annexure A** attached to this circular.

6.7 Regulating the minimum business processes and system specifications for *mSCOA*

The National Treasury will regulate the minimum business processes and system specifications for *mSCOA* towards the end of 2025/26. This project will also include the following outputs:

- Review and update the set of minimum business processes and system specifications for *mSCOA* (currently articulated in MFMA Circular No. 80) to incorporate new legislative requirements that have been issued since the circular was published;
- Update and develop the standard operating procedures (SOPs) for *mSCOA*;
- Align the current ICT due diligence assessment for *mSCOA* to the new Regulations;
- Consultation with key stakeholders on draft regulations; and
- Training on the new Regulations to ensure that there is a fair understanding of the new regulation by stakeholders.

Further communication will be issued on the consultation processes and training in due course.

6.8 Training Initiatives

The National Treasury has introduced several training initiatives to capacitate municipalities, government departments, system vendors and other stakeholders on *mSCOA*. In 2024, these training initiatives will include:

- **Virtual Master classes:** This training is hosted by CIGFARO at no cost via zoom on a monthly basis and deals with technical and accounting aspects of the use of *mSCOA* chart;

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Western Cape	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
	Enock Ndlovu	012-315 5385	Enock.Ndlovu@treasury.gov.za
Cape Town	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
George	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Technical issues on GoMuni Website	Data management		lgdataqueries@treasury.gov.za

8. Submitting budget documentation and A schedules for the 2024/25 MTREF

8.1 Time frames for submission

The LGDRS will be locked at 00:00 on the 10th working day of every month for the submission of data strings due, as required in terms of section 71 of the MFMA. Closed periods will not be opened to correct errors or to accommodate non-submission of data strings, regardless of whether a Schedule G application was done or not.

Municipalities must therefore verify the credibility and accuracy of the information in their financial system prior to closing the month on the ERP system and submitting the mSCOA data strings to the LGDRS.

Annexure A (attached) provides a list of the deadline dates for the submission of mSCOA data strings and documents to the GoMuni Upload portal in the 2024/25 MTREF. The GoMuni Upload portal can be accessed by registered users on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

Contact



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JH Hattingh

Chief Director: Local Government Budget Analysis

07 December 2023

mSCOA chart, basic accounting, balance sheet budgeting and movement accounting and all system modules and functionalities to use the ERP systems solution. Consideration should be given to training, the establishment of User Support Groups and the availability of user manuals on the system.

- Change management initiatives to ensure that mSCOA is institutionalised as an organisational reform and not only a financial reform.

Category	Documents Required	mSCOA Data Strings Required	Due Date	Date for Closing LGDRS Submission
	16. Funding Plan Draft 17. Indigent Register Draft 18. General Valuation Roll (GVR) Draft			
Adopted Budget	1. A1 Schedule Final 2. Budget Document Final 3. Council Resolution Final 4. Quality Certificate Final 5. Budget locking certificate Final 6. IDP Final 7. SDBIP Final 8. Spatial Development Framework Final 9. Long Term Financial Strategies Final 10. Service standards Final 11. Rates Billing Final 12. Tariff List Final 13. Property Rates and Tariffs List Final 14. Final Tariff Policies on: a. Property Rates and Service charges b. Borrowing c. Budget Implementation and Management d. Cash Management and Investment e. Credit Control and Debt Collection f. Funding and Reserves g. Indigents h. Long-term Financial Planning i. Management and Disposal of Assets j. Infrastructure Investment & Capital Projects k. Supply Chain Management 15. mSCOA Road Map Final 16. Fixed Asset Register Final	1. ORGB – Original (adopted) Budget 2. PROR – Project Details Original Budget 3. A1F – Final non-financial data	10 working days after approval by council	12 July 2024

Category	Documents Required	mSCOA Data Strings Required	Due Date	Date for Closing LGDRS Submission
		3.DBAU - Debtors		
Restated	4. Restated AFS	RAUD - Restated AFS	Immediately (within 24 hours) after approved by Council	2022/23: 15 August 2024
Annual Report	5. Annual Report 6. Council Oversight Report	Not applicable	Within nine months after the end of a financial year deal	15 May 2025
REVENUE MANAGEMENT DOCUMENTS				
Revenue	1. Tariff Tool Draft and Final 2. Tariff Tool Final 3. Bulk Suppliers (water and electricity) proof of payment-M01 to M12 4. Proof of payment 3rd party (Staff benefits, SARS)-M01 to M12 5. Bulk Suppliers - repayment plans 6. Repayment plan (with any of its creditors excluding bulk suppliers) 7. Municipality Valuation Roll Reconciliation-Q1 to Q4 8. Revenue Enhancement Strategy 9. Municipality Revenue Assessment Tool 10. Schedule for the new general valuation roll 11. Supplementary Valuation Roll 12. Municipal Debt relief Application	Not applicable	1. Annually 2. Monthly 3. Monthly 4. As applicable* 5. As applicable* 6. As applicable 7. Quarterly 8. Every 3 years* 9. Every 3 years* 10. Annually 11. Annually	
MFRS DOCUMENTS				
MFRS	1. Mandatory FRP Progress Report-M01 to M12	Not applicable	Monthly*	Not applicable

QUALITY CERTIFICATE

I, **TM MASHABELA**, Municipal Manager of **Victor Khanye Local Municipality, MP311**, hereby certify that the final annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Development Plan of the Municipality.



TM Mashabela

Municipal Manager

Victor Khanye Local Municipality (MP311)

VICTOR KHANYE LOCAL MUNICIPALITY



BUDGET FUNDING PLAN

2024/2025

ANNUAL BUDGET

ANNEXURE F

**VICTOR KHANYE LOCAL MUNICIPALITY
BUDGET FUNDING PLAN - 2024/25**

Status Quo	Focus Area	Key Activities	Impact	Progress on Implementation of Activities
OFFICE OF THE MUNICIPAL MANAGER				
	outdoor advertising	Revenue from outdoor advertising and fine		
	spluma certificate	Revenue from spluma certificate and fine		
	application for consolidation and rezoning	Revenue from application for consolidation and rezoning and fine		
	Application for Business Licence	Revenue from Application for Business Licence and fine		

TECHNICAL SERVICE :

Status Quo	Focus Area	Key Activities	Impact	Progress on Implementation of Activities
Inaccurate data, dysfunctional and breached meters	Audit and replacement of dysfunctional/non-existing electricity meters	installation of electricity meters		The installation of 600 prepaid meters was done since September 2023 until now. The appointment of the service provider to procure and install smart prepaid meters is finalised and will resume the program and
	Transformers Refurbishment	Refurbishment of Transformer and Substation		The municipality has done substations maintenance Delmas main and install 3 way switch for the network and install the line for Mccain from D1 sustation

	Distribution Losses on Electricity	Quarterly meter Audit				The meter audit has been done 2255 household audited and meters are not working and 608 the team was able to do TID
	Distribution Losses on Water	Water conservation awareness campaign.Provision of targeted advice and support & assist in improving efficiency of water use				The project is on phase two where the design and instlation of bulk meters for big companies is progress. Meter audit for 9900 household Ext 3-7. Replaced 1300 meters and new installation is 600
		Unmetered water consumption/Non-revenue water Install 1300 Conventional water meters in Botteng Ext. 3-7 Install 1000 prepaid water meters funded by DWS (WSIG) R 3 million received. Total amount of the grant is R 20 m for the financial year 2022/2023 200 prepaid meters per months (5) 260 conventional water meters (5) Determine the use and occupation of the land (Council or municipal land) then formalise the current use or dispose				The project is on phase two where the design and instlation of bulk meters for big companies is progress. Meter audit for 9900 household Ext 3-7. Replaced 1300 meters and new installation is 600
		Residential complexes Identify and prioritise residential complexes in Delmas, Eloff and Sundra. Install bulk water meters. 10 x bulk meters 1 bulk meter installed 8 bulk meter available at the stores				The project is on phase two where the design and instlation of bulk meters for big companies is progress. Meter audit for 9900 household Ext 3-7. Replaced 1300 meters and new installation is 600
Unmonitored Honey sucker services(Septic tanks)	Revenue from Honey sucker	Ensure that the service is charged as per the approved tariffs and paid for				The Technical has devolped SOP and is sending monthly accounts to the Revenue for the charges to relevant account holders

	Under collection of building plans fee	Revenue From Building Plans and fines from those in contravention of the Building plan law				the income is as in when collected
BUDGET AND TREASURY						
Status Quo	Focus Area	Key Activities	Impact			Progress on Implementation of Activities
Low payment Rate 73%	Top 100 Online Business (Debt Collection)	Account Management including calls; dest top data cleansing discontinue of services	R14.488.317			
	Residential (Debt Collection)	Account Management including calls; dest top data cleansing discontinue of services	R4.005.292			
	Organ of the state (Debt Collection)	Account Management including calls; dest top data cleansing discontinue of services	R996.447			
	Farms (Debt Collection)	Account Management including calls; dest top data cleansing discontinue of services	R2.964.978			

	Mines (Debt Collection)	Account Management including calls; dest top data cleansing discontinue of services (Rezoning)	R1.814.824		
	Employee Salary Deduction	Monthly accounts deduction from salary with realistic repayment plan	R250.000		
	Councillors	Monthly accounts deduction from salary with realistic repayment plan	R21.315.17		The municipality has received R 21 375,17 amount is R 210 510,30 outstanding in total
	System	Procurement of Meter Data Management systems (Online metering)			Specification committee to sit and review the tender document
Status Quo	Focus Area	Key Activities	Impact	Progress on Implementation of Activities	
	Revenue generated from Community Services	Refuse Collection	R		
	Revenue Generated from Fire Services	Fire Services - Inspections	R		
Non collection of traffic fines issued for the contravention road regulations	Collecting of Traffic Fines	1.The municipality has a debt book on traffic fines. 2. Campaign to issue warrant of arrest to all municipal employees. 3.Work with the court judge for the collection of revenue in this area. 4. appointment of traffic officers by the end of January 2023	R		
CORPORATE SERVICES					

Status Quo	Focus Area	Key Activities	Impact	Progress on Implementation of Activities
	Revenue Gereneration from Hiring of Facilities	Income from Rental Facilities		
	Revenue from old age homes	Revenue from old age home		
lease Agreement to be renewed	Leasing of Municipal Properties	Conclude Leases		
EXPENDITURE REDUCTION PLAN				
Status Quo	Focus Area	Key Activities	Impact	Progress on Implementation of Activities
Current Percentage Contracted Services above norm of 2 - 5%	Expenditure Reduction	Identify all functions that can be done in house and work toward in sourcing of the services		
Employees claiming excessive overtime.	Reduce overtime and standby allowance	Revive efficient customer care with focus on receiving and recording all community complaints and timeous distribution to service delivery units for action Consistent Reporting of overtime (Weekly) Introduction of shift system	R	
Bulk purchases not being paid	Reduce Current Liabilities	Engage top creditors to develop a payment arrangements, signed payment plans Eskom and Rand water	The municipality has repayment with Rand water and has applied for debt relief fund. The municipal	

Monthly reports are considered by Financial Services Section 80, Mayoral and Council Committee on quarterly basis	Submit a report on the implementation of the budget funding plan to the financial services section 80 committee on monthly basis	Track the progress on implementation of the budget funding plan and also encourage accountability. Track the progress to reflect the cashflow increase				
Section 71 and Section 52(d) reports are submitted to Provincial and National Treasury	Submit the progress report to National and Provincial Treasury Monthly	Monitor and improve the implementation of the funding plan				

VICTOR KHANYE LOCAL MUNICIPALITY BUDGET FUNDING PLAN - 2024/25				
Status Quo	Focus Area	Key Activities	Impact	Progress on Implementation of Activities
OFFICE OF THE MUNICIPAL MANAGER				
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		Unmetered water consumption/Non-revenue water Install 1300 Conventional water meters in Botleng Ext. 3-7 Install 1000 prepaid water meters funded by DWS (WSIG) R 3 million received. Total amount of the grant is R 20 m for the financial year 2022/2023 200 prepaid meters per months (5) 260 conventional water meters (5) Determine the use and occupation of the land (Council or municipal land) then formalise the current use or dispose				
		Residential complexes Identify and prioritise residential complexes in Delmas, Eloff and Sundra. Install bulk water meters. 10 x bulk meters 1 bulk meter installed 8 bulk meter available at the stores				The project is on phase two where the design and installation of bulk meters for big companies is progress. Meter audit for 9900 household Ext 3-7. Replaced 1300 meters and new installation is 600
Unmonitored Honey sucker services(Septic tanks)	Revenue from Honey sucker	Ensure that the service is charged as per the approved tariffs and paid for				

	Under collection of building plans fee	Revenue From Building Plans and fines from those in contravention of the Building plan law				
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	Farms (Debt Collection)	Account Management including calls; dest top data cleansing discontinue of services	R2.964.978			
	Mines (Debt Collection)	Account Management including calls; dest top data cleansing discontinue of services (Rezoning)	R1.814.824			

	Employee Salary Deduction	Monthly accounts deduction from salary with realistic repayment plan			
	Councillors	Monthly accounts deduction from salary with realistic repayment plan			
	System	Procurement of Meter Data Management systems (Online metering)			
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Section 71 and Section 52(d) reports are submitted to Provincial and National Treasury	Submit the progress report to National and Provincial Treasury Monthly	Monitor and improve the implementation of the funding plan			

VICTOR KHANYE LOCAL MUNICIPALITY



BUDGET RELATED POLICIES

2024/2025

ANNEXURE C



VICTOR KHANYE LOCAL MUNICIPALITY

**RATES POLICY
1 JULY 2024 - 30 JUNE 2025**

CONTENTS

1. INTRODUCTION

The Local Government Municipal Property Rates Act 2004 Act 6 of 2004 (Herein after referred to as the MPRA) requires municipalities to develop, adopt and implement a rates policy in consistent with the provisions of Section 3(1) of the of the MPRA as well as Section 62(1) (f) (ii) of the Municipal Finance Management Act, 2003, Act No. 56 of 2003 (Herein after referred to as the MFMA).

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDP) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDP) and budget processes, which a municipality invites communities to input prior municipal council adoption of the budget.

The rates policy is the outcome of a community participation process followed in terms of the provisions of Section 4 of the of the MPRA and final adoption by the Council and sets out the policy of the Victor Khanye Local Municipality for levying rates on ratable property. In applying its rates policy, the Council shall adhere to all requirements of amongst other the MPRA and MFMA including any regulations promulgated in terms of these acts'

The municipality will as part of each annual operating budget impose a rate in the rand on the market value of all ratable properties as recorded in the municipality's valuation roll(s). Ratable property shall include any rights registered against such property, with the exception a mortgage bond. Generally, all land within a Council area is ratable unless it is specially exempted as set out in section 15 of the MPRA. Such exemption includes cemeteries, amateur sport grounds and properties owned by welfare organization.

A municipality must adopt a rating policy which sets out the broad policy framework, within which the Council rates its area (Section 3), and must annually review and if necessary amend its rates policy (Section 5)

2. LEGISLATIVE FRAMEWORK

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

3. DEFINITIONS

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned is subject to that contained in the Act.

Act	Means the Local Government: Municipal Property Rates Act,
Agricultural Property	means property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of [a] the property for the purpose of eco-tourism or for the trading in or hunting of game

By-law	A municipal by-law may be enforced only after it has been published in the official gazette of the relevant province.
Date of valuation	Means the date determined by a municipality in terms of section 31 (1)
Day	means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday;";
Effective date	In relation to a valuation roll means the date on which the valuation roll takes effect in terms of section 32, or b. in relation to a supplementary valuation roll, means the date on which a supplementary roll takes effect in terms of section 78
Exclusion	In relation to a municipality rating power, means a restriction of that power as provided for in section 17
exemption	In relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15
Indigent	Means any household that is legally resident in the Country and reside in Victor Khanye Local Municipality's jurisdictional area, who due to a number of economic and social factors is unable to pay Municipal basic services and registered as indigent in terms of the Indigent
Happy Letter	Happy Letter means a Letter of Satisfaction which is required by an institution to the PURCHASER and which confirms that the PURCHASER has accepted possession of the unit
Local Municipality	Means that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls and which is described in section 155 (1) of the constitution as a category B municipality

Mining property	means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002(Act No. 28 of 2002);
Multiple purpose	in relation to a property, means the use of a property for more than one purpose, subject to section 9
Municipal valuer or valuer of a municipality	Means a person designated as a municipal valuer in terms of section 33
Market Value	In relation to a property means the value of the property determined in accordance with section 46
Municipal property	Means all properties of which the municipality is the owner or which property vests in the municipality but excludes such property owned by or vested in the municipality which is used for residential, business and commercial and/ or industrial purposes and municipal properties has a corresponding meaning

Owner	'owner'- (a) in relation to a property referred to in paragraph (a) of the definition of 'property', means a person in whose name ownership of the property is registered; (b) in relation to a right referred to in paragraph (b) of the definition of 'property', means a person in whose name the right is registered; (c) in relation to a land tenure right referred to in paragraph (c) of the definition of 'property', means a person in whose name the right is registered or to whom it was granted in terms of legislation; or (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of 'property', means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of 'publicly controlled', provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases: (i) A trustee, in the case of a property in a trust excluding state trust land; (ii) an executor or administrator, in the case of a property in a deceased estate; (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation; (iv) a judicial manager, in the case of a property in the estate of a person under judicial management; (v) a curator, in the case of a property in the estate of a person under curatorship; (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude; (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
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Occupier	In relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property
pensioner	means a person whom - is at least than 60 years of age on date of application
Permitted use	In relation to a property , means the limited purposes for which the property may be used in terms of (a) any restrictions imposed by (i) a condition of title (ii) a provision of a town planning or land use scheme or (iii) any legislation applicable to any specific property or properties or (b) any alleviation of any such restrictions
Person	Includes an organ of state
Place of public worship	means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is— (a) registered in the name of the religious community; (b) registered in the name of a trust established for the sole benefit of a religious community;
Property	Means; 'property' means- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person; (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property; (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or (d) Public service infrastructure
Public Benefits Organization	Means an organization conducting specified public benefit activities as defined in section 30 of the income Tax Act 1962 (Act No 58 of 1962) and registered in terms of the income Tax Act for Tax reductions because of those activities

Public service infrastructure	Publicly controlled infrastructure of the following kinds a. National, Provincial or other public roads on which goods, services or labour move across a municipal boundary b. Water or sewer pipes, ducts or other conduits, dams and water treatment plants or water pumps forming part of a water or sewer scheme serving the public c. Power stations, power substations or power lines forming part of an electricity scheme serving the public d. Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels e. Railway lines forming part of a national railway system f. Communication towers, masts, exchanges or lines forming part of a communication system serving the public g. Runways or aprons on the air traffic control unit at national or provincial airports; including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purpose. h. Break waters/sea walls channels basins, quay walls and jetties roads, railway or infrastructure used for the provision of water/lights/power/sewer or similar services of ports or navigational aids comprising light houses/radio navigation aids/buoys/beacons or any other device or system used to assist the safe and efficient navigation of vessels i. Any other publicly controlled infrastructure as may be prescribed or j. A right registered against immovable property in connection with infrastructure mentioned in paragraph (a) to (i)
Public service purpose	ACT in relation to the use of a property, means property owned and used by an organ of state as— (a) hospitals or clinics; (b) schools, pre-schools, early childhood development centres or further education and training colleges; (c) national and provincial libraries and archives; (d) police stations; (e) correctional facilities; or (f) courts of law, but excludes property contemplated in the definition of 'public service infrastructure'
Protected Area	An area that is or has to be listed in the register referred to in section 10 of the Protected Areas Act, 2003.
Rate	Means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution
Ratable property	Means property on which a municipality may in terms of section 2 levy a rate excluding property fully excluded from the levying of rates

	in terms of section 17
ratio	in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category
Rebate	In relation to a rate payable on a property means a discount granted in terms of section 15 of the amount of the rate payable on the property
Reduction	In relation to a rate payable on a property means the lowering in terms of section 15 of the amount for which the property was valued and the rating of the property at that lower amount

Residential property	means a property included in a valuation roll in terms of section 48(2)(b) [as residential;] in respect of which the primary use or permitted use is for residential purposes without derogating from section 9;".
Sectional title act	Means the sectional titles Act 1986 (Act 95 of 1986)
Sectional title scheme	Means a scheme defined in section 1 of the sectional titles Act
Sectional title unit	Means a unit defined in section 1 of sectional titles Act
State trust land	Means land owned by the state (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure (b) over which the land tenure rights were registered or granted or (c) which is earmarked for disposal in terms of the restitution of land rights Act 1994 (Act 22 of 1994)
Vacant Land	Means all properties zoned in or in respect of which permitted use is for residential/business/agricultural/ state owned and are undeveloped, vacant and are within the a proclaimed township or a land development area
Zoning	Means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and "zoned" has corresponding meaning. Where the property carries multiple zoning rights , the categorization of such property will be determined by apportioning the market value of the property , in a manner as may be prescribed to the different purposes for which the property is used and applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments

4. Purpose

The purpose of the policy is

- (1) To comply with the provisions set out in section 3 of the Act
- (2) To determine the criteria to be applied for
 - (a) Levying differential rates for different categories of properties
 - (b) Exemptions relating to specific category of owners of properties, or owners of a specific category of properties; (c) Rebates and reductions (d) Rate increases
- (3) To determine or provide the criteria for the determination of:
 - (a) Categories of properties for the purpose of levying different rates:
And
 - (b) Categories of owners of properties or categories of properties for the purposes of granting of exemptions, rebates, and reductions
- (4) Determine how the municipality's power must be exercised in relation to properties which are to be categorized for multiple purposes
- (5) Identify and provide reasons for
 - (a) Exemptions, Rebates and reductions
 - (b) Exclusions
 - (c) Where provided for by the minister of for Local Government, rates on properties must be phased in
- (6) Take into account the effects of rates on the poor and provide appropriate measures to alleviate the rates burden on them
- (7) Take into account the effect of rates on organizations conducting public benefit activities
- (8) Take into account the effect of rates on public service infrastructure.
- (9) Determine measures to promote local economic development and social development
- (10) Identify ratable properties that are not rated

5. STRATEGIC FOCUS

In determining the rate on property, exemptions, rebates and reductions the Council has considered the following:

- 5.1 The impact of rates on the community;
- 5.2 The impact of rate on businesses;
- 5.3 The current economic climate;
- 5.4 The integrated development plan (IDP) of the municipality;
- 5.5 The Local Economic Development Objectives of the municipality; and
- 5.6 Mitigate major shocks to ratepayers when moving from a site rating system to rating on the total value (land and buildings) of a property.

6. ANNUAL ADOPTION OF THE POLICY

- 6.1 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 mayor in terms of 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 (32 of 2000)

6.2 Community participation will take place in accordance with chapter 4 of the Local Government: Municipal System Act, Act 32 of 2000 and by following the processes as per sections 21A and 21B of the Municipal Systems Act, Act 32 of 2000 (as contained under section 5 of the Municipality Systems Act Amendment Act, Act 44 of 2003) as follows:

- As a document made public (S21A)
 - Displayed at the head and satellite offices and libraries of the municipality
 - Displayed on the municipality's official website (as per prescriptions contained under S21B)
 - Notified to the local community of the place, including website address, where detailed particulars can be obtained
 - Inviting the local community to submit written comments or representations to the municipality in respect of the published documents

6.3 The formal established forums representing a said category of rate payers must also be invited annually to the Council Meeting to be held for the purpose of approval of the Property Rates Policy provided that the information required in 4.2 is duly provided such established forms.

6.4 The policy will be approved with the annual budget in compliance with Section 24 of the MFMA.

6.5 The municipality will adopt and published a by-law in terms of section 162 of the constitution and section 12 and 13 of the MSA to give effect to the implementation rates policy.

7. KEY PRINCIPLES

The Municipality's Rates Policy (herein after referred to as "the/this Policy") is based on the

following guiding principles:

- equity;
- affordability;
- poverty alleviation;
- social and economic development;
- financial sustainability; and
- cost efficiency.

8. Accounts to be furnished

A municipality must furnish each person liable for the payment of a rate with a written account specifying

- (a) The amount due for the rates payable
 - (b) The date on or before which the amount is payable
 - (c) How the amount was calculated.
 - (d) The market value of the property
 - (e) If the property is subject to any compulsory phasing-in discount in terms of section 21, the amount of the discount, and
 - (f) If the property is subject to any additional rate in terms of section 22, the amount due for additional rates
- (1A) A person liable for a rate must furnish the municipality with an address where correspondence can be directed to.

9. AMOUNT DUE FOR RATES – section 11

(1) A rate levied by a municipality on property must be an amount in the Rand-

- (a) on the market value of the property;
- (b) in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value as contemplated in section 17(1)(a), or on such lower percentage as the Minister may determine in terms of section 17 (4); or
- (c) in the case of property to which section 17(l)(h) applies, on the market value of the property less the amount stated in that section, or on such other amount as the Minister may determine in terms of section 17(3).

(2) A rate levied by a municipality on properties with a market value below a prescribed valuation level may, instead of a rate determined in terms of subsection (1.), be a uniform fixed amount per property.

10. LIABILITYTY FOR RATES - Section 24-29 MPRA

10.1 A rate levied by the municipality on a property must be paid by the owner of the property, subject to Chapter 9 of the Municipal System Act

10.2 A municipality must furnish each person liable for the payment of a rate with a written account specifying-

- (a) The amount due for rates payable
- (b) The date on or before which the amount is payable
- (c) How the amount was calculated
- (d) The market value of the property
- (e) If the property is subject to any compulsory phasing-in terms of section 21, the amount of the discount; and
- (f) If the property is subject to any additional rate in terms of section 22, the amount due for additional rates.

10.3 Section 27(2) (2) A person is liable for payment of a rate whether or not that person has received a written account in terms of subsection (1). If a person has not received a written account, that person must make the necessary inquiries from the municipality.

10.4 If an amount due for rates levied is unpaid by the owner of the property, the Municipality may recover the amount from a tenant or occupier of the property;(in

line with the credit control)

10.5 Any person who is in position of a happy letter from the department of housing or permission to occupy certificate/letter will also be liable to pay rates on the property

10.6 The amount for rates may be recovered from the agent of the owner;

10.7 Where the rates levied on a particular property have been as a result of a Supplementary valuation in terms of Section 78(1) THE MPRA these rates will be payable from dates as contemplated in section 78(4)(a),(b),(c) and(d) of the MPRA;

Section 78.

(1) A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any ratable property-

- (a) incorrectly omitted from the valuation roll;
- (b) included in a municipality after the last general valuation;
- (c) subdivided or consolidated after the last general valuation;
- (d) of which the market value has substantially increased or decreased for any
- (e) substantially incorrectly valued during the last general valuation
- (f) that must be revalued for any other exceptional reason
- (g) of which the category has changed or
- (h) the value of which was incorrectly recorded in the valuation roll as a result of a clerical or typing error

10.8 Recovery of rates due will be in accordance with municipality's Debt Collection Policy (credit and debt control) and by-law and other applicable legislation

10.9 When transfer of property takes place, the incidence of the property rates falls as a charge on the new owner from the date of registration by the Registrar of Deeds.

10.10 Rates are levied on an annual basis at the start of the financial year as per section 12(1) of the MPRA, but for the convenience of ratepayers raised monthly on consolidated consumer accounts and payable within 15 days of the following month according to the payments due dates stipulated on the specific monthly accounts.

10.11 Annually levied property tax and tariffs may not be changed during a financial year except for the purpose of a financial recovery plan as per section 28(6) of the MFMA

10.12 Arrear payment on property rates at the monthly or annual due dates, are subject to interest.

11. VALUATION OF RATEABLE PROPERTIES

11.1 A general valuation of all ratable properties will be undertaken and a valuation will be compiled every 5 Years.

11.2 Effective day as determined by the act and the approval of the council

11.3 Supplementary valuations will be undertaken on an ongoing basis.

11.4 Supplementary Valuation rolls will be compiled once a year'

11.5 Amendments to the valuation roll to reflect changes to the owner, address, category, extent, description or other prescribed particulars (section 79), will be done annually and only electronic copy of the valuation roll will be updated.

12. LEVYING OF RATES

Section (7)(1)- When levying rates, a municipality must, subject to subsection (2), levy rates on all ratable property in its area

12.1 Differential Rates (CATEGORIES)

Section 8. (1) Subject to section 19, a municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of ratable property, which may include categories determined according to the

- (a) use of the property;
- (b) permitted use of the property;
- (c) a combination of (a) and (b)

The Municipal Valuer of Victor Khanye Local Municipality will be responsible for the categorizing of ratable properties and the maintenance thereof, and any change in the actual use of the property, may result in a change of categories.

Properties shall first of all be categorized in accordance with their formal zoning. Town planning schemes, town establishment schemes and town planning regulations may be used to determine the formal zoning.

If, for whatever reason, the status or zoning of a property cannot be determined in terms of the actual use shall then be determined in order to appropriately categorize such property.

All relevant information, including circumstantial evidence, may be taken into consideration in an attempt to determine for what purpose the property is being used. A physical inspection may be done to acquire the necessary information.

The categories that are determined in terms of section 8(2) of the MPRA are:

Section 8 (2) A municipality must determine the following categories for ratable property in terms of subsection (1): Provided such property category exists within the municipal jurisdiction:

- (a) Residential properties;
- (b) industrial properties;
- (c) business and commercial properties;
- (d) agricultural purposes;
- (e) Mining properties
- (f) properties owned by an organ of state and used for public service purposes;

- (g) public service infrastructure;
- (h) properties owned by public benefit organizations and used for specified public benefit activities
- (i) properties used for multiple purposes, subject to section 9; or
- (j) any other category of property as may be determined by the minister, with the concurrence of the Minister of Finance, by notice in the Gazette
- (k) Vacant properties

MULTI PURPOSE

9. (1) A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for- (a) a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated; (c) multiple purposes in terms of section 8(2)(r)

(2) A rate levied on a property assigned in terms of subsection (1)(c) to a category of (a) apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and (b) applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value. apportionments.

Rates Tariffs

<u>Category</u>	<u>Tariff</u>
Residential	
Business	
Industrial	
Mining Activities	
Vacant Land	
Agricultural	
Public Benefit Organisations	
Public Service Infrastructure	

13. CRITERIA FOR RATING MULTIPLE USE PROPERTY

The following criteria are to be used:

- 13.1 By apportioning the market value of a property to the different purposes for which the Property is used, for
- 13.2 Applying the relevant cent amount in the Rand to the corresponding apportioned market value', applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments

14. CRITERIA FOR DIFFERENTIAL RATING ON DIFFERENT CATEGORIES OF PROPERTIES

The following has been taken into consideration for the purpose of differential rating:

- 12.1 the nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes
- 12.2 vacant land will be rated higher (in terms of a Cent amount in a Rand) as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purpose by owners'
- 12.3 promotion of social and economic development of a municipality'
- 12.4 Differential rating among the various property categories will be done by way of setting different amount in the Rand for each property category rather than by way of reductions and rebates. This is much simpler for citizens to understand and thus promotes the principle of transparency.

15. RELIEF MEASURE RELATED TO CATEGORIES OF PROPERTIES AND OWNERS OF PROPERTIES

- 15.1 CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTION
Section 15 of the MPRA states that:

When granting in terms of subsection (1) exemptions, rebates or reductions in respect of owners of categories of properties, a municipality may determine such categories in accordance with section 8(2). and when granting exemptions, rebates or

reductions in respect of categories of owners of properties, such categories may include-

- (a) indigent owners;
- (b) owner's dependent on pensions or social grants for their livelihood;
- (c) owners temporarily without income;
- (d) owners of property situated within an area affected by -

- (i) a disaster within the meaning of the Disaster Management Act 2002 (Act
- (ii) any other serious adverse social or economic conditions:
determined by the municipality; or
- No. 57 of 2002); or
- (e) owners of residential properties with a market value lower than R50 000 (RDP houses)
- (f) owners of agricultural properties who are bona Fide farmers
- (g) Properties used for public service purposes
- (h) Properties to which the national heritage resource Act 25 of 1991 and the cultural institutions Act 119 of 1998

15.2. GRANTING OF REBATES AND REDUCTIONS

- i. The exemptions, rebates and reductions will be considered after an application form which is to be provided by Council is accompanied by the following relevant documents are submitted:
- ii All applications must be addressed in writing;
- iii. A SARS tax exemption certificate;
- iv. Pension or social grant proofs including affidavit has been lodged with the municipality on an annual basis
- v. These 'applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.
- vi. The municipality retains the right to refuse exemptions if the details and or accompanying documents are incomplete, incorrect and or false.

15.3. OTHER EXEMPTIONS

As determined in Section 17 of the Act

Other impermissible rates

- 17. (1) A municipality may not levy a rate on the first 30% of the market value of public service infrastructure;
- (f) on mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1;
- (g) on a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds;
- (h) on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
 - (i) for residential properties; or
 - (ii) for properties used for multiple purposes, provided one or more
- (i) on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

- (1A) The exclusion from rates of a property referred to in subsection (1) (b) lapses
- (a) if the property is alienated or let; or
 - (b) if the exclusion from rates of a property lapses in terms of paragraph (a), the new owner or lessee becomes liable to the municipality concerned for the rates that, had it not been for subsection (1)(b), would have been payable on the property, notwithstanding section 78, with effect from the date of alienation or lease.

(2) (a) The exclusion from rates of a property referred to in subsection (1)(e) lapses if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection.

(b) If the property in respect of which the declaration is withdrawn is privately owned the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection (1) (e), would have been payable on the property during the period commencing from the effective date of the current valuation roll of the municipality.

(c) If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property.

- (d) The amount for which an owner becomes liable in terms of paragraph (b) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

(b) If the property in respect of which the declaration is withdrawn is privately owned, (d) Paragraphs (b) and (c) apply only if the declaration of the property was withdrawn a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner. -

(3) The Minister, acting with the concurrence of the Minister of Finance, may from time to time by notice in the Gazette, increase the monetary threshold referred to in subsection (1)(z) to reflect inflation.

(4) The Minister may, by notice in the Gazette, lower the percentage referred to in subsection (1)(a), but only after consultation with-

- (a) relevant Cabinet members responsible for the various aspects of public
 - (b) organized local government; and
 - (c) relevant public service infrastructure entities.
- service infrastructure;

(5) (a) The exclusion from rates of a property referred to in subsection (1)(i) lapses if the property-

- (i) is disposed of by the religious community owning it; or
- (ii) is no longer used primarily as a place of public worship by a religious community or, in the case of an official residence contemplated in that subsection, is no longer used as such an official residence.

(b) If the exclusion from rates of a property used as such an official residence lapses,

the religious community owning the property becomes liable to the municipality concerned for any rates that, had it not been for subsection (1)(i), would have been payable on the property during the period of one year preceding the date on which the exclusion lapsed.

(c) The amount for which the religious community becomes liable in terms of

paragraph (b) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

16. Criteria For Increasing of Rates

It is proposed that the following be taken into account for the purpose of increasing /decreasing rates:

- 16.2. Priorities of a municipality reflected in its IDP
- 16.3. The revenue needs of the municipality.
- 16.4. A need for management of rates shocks.
- 16.5. Affordability of rates to ratepayers.

17. LIABILITY FOR RATES BY PROPERTY OWNERS

17.2. Property rates payable by owners

In case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act, 1970 the municipality will treat the owner of such property for the purpose of liability for rates in the following manner;

The municipality has considered the following three scenarios:

SCENARIO 1

If the joint property owners are all available and are traceable, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities'

In a circumstance where joint owners of the agricultural property have an agreement among themselves that a specific joint owner is liable for all rates levied in respect of that agricultural property, a municipality will hold such a specific joint owner liable for all rates levied in respect of the agricultural property. Such an agreement must be in writing and signed by all affected parties, and a certified copy thereof must be submitted to the municipality.

In a circumstance where joint owners of the agricultural property have an agreement among themselves that each joint owner is liable for that portion or rates on that property that represent that joint owner's undivided share in the agricultural property, a municipality will hold each joint owner liable for their portion of rate levied on the agriculture property. Such an agreement must be in writing and signed by all affected parties, and a certified copy thereof must be submitted to the municipality.

In a circumstance where joint owners of the agricultural property have not

informed a municipality in writing as to who is liable for rates regarding agricultural property, a municipality will apply after 24(b)(i) or (ii) of the Act.

SCENARIO 2

If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property of a significant larger portion of the entire property (e.g. 80%), the municipality will hold that joint owner liable for the total rates bill for that entire property.

SCENARIO 3

If the joint property owners are not traceable with the exception of one joint owner and such joint owner is occupying or using a small portion of the entire property, the municipality will hold that joint owner liable for that portion of rates levied on the entire property that represents that joint owner's undivided share in that property.

17.3. Method and time of Payment

- i. The municipality will recover rates on a monthly basis.
- ii. Annual rates must be paid in monthly instalments to the municipality at the end of each month.
- iii. A municipality makes provision for the recovery of rates on a monthly basis, subject to conditions outlined in the credit control policy of the municipality.

17.4. Deferral of payment of rates liabilities

The municipality will consider each and every application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far as the cash - flow of the municipality is concerned.

18. RELIEF MECHANISMS

The Council may grant exemptions, rebates and reductions in recognition of Section 15(2) of the Property Rates Act.

18.2. Rebates

In relation to a rate payable on a property means a discount granted in terms of section 15 of the amount of the rate payable on the property

18.3. Exemptions:

- i. Rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (Act 100 of 1987);
- ii. Publicly controlled infrastructure as defined in the act;
- iii. Residential property that is occupied by the owner with a value below R50 000
- iv. Cemeteries and crematoriums which are registered in the names of private person and which are used exclusively for burials and cremations, as the case may be;

- v. Museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and which are open to public, whether admission is charged or not;
- vi National monuments including ancillary business activities at national monuments;
- vii. Rateable property registered in the name of a trustee or trustees or any organization which is being maintained for the welfare of war veterans as defined in sec 1 of Social Aid Act (House of Assembly), 1989 (Act No 37 of 1989), and their families;
- viii Sports grounds used for the purposes of amateur sport and any social activities which are connected with such sport;
- ix. Rateable property registered in the name of the Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any organization which is in the opinion of the municipality, similar or any rateable property let by a municipality to any such organization; etc
- x. Rateable property registered in the name of a declared institution as defined in section 1 of the Cultural Institutions Act, 1969 (Act No 29 of 1969), or the Cultural Institutions Act (House of Assembly), 1989 (Act No 66 of 1989);
- xi. Persons who have reached the age of 60 years or more during the financial year, and physically or mentally disabled people who can substantiate receipt of a social pension, or persons certified by the Medical Officer of Health as physically or mentally handicapped, subject to the following conditions:
 - a) Pensioner with income less than R 4 020 per month, 100% rebate
 - b) Pensioners with income between R5 620 and R4 021, 80% rebate
 - c) Pensioners with income between R7 420 and R5 621, 60% rebate
 - d) For pensioners who exceed the above threshold the rebate will be limited to 60%
 - e) The rateable property concerned must be occupied only by the applicant and his/her spouse, if any and by dependents without income or by people because of specific circumstances in the Chief Financial Officer's opinion;
 - f) There must be not more than two (2) dwelling - units on the rateable Property concerned;
 - g) The applicant must submit proof of his/her age and identity and, in the case of a physically handicapped person, also proof of the receipt of a social pensioner or, if not in receipt of such pension, proof of certified by a Medical Officer of Health;
 - h) The consumer's current account is paid in full; and
 - i) The property is categorized as residential
- xii All other properties as specified in terms of Section 17(1Xa) - (i) of the MPRA

The exemption in 17.3.1 to 17.3.15 will be granted after an application has been considered by the Valuation Roll or Section 15(2) (a) - (f) of the Property Rates Act'

19. AMOUNT DUE FOR RATES

A rate (cent amount in a Rand) will be reflected in the budget'

20. ANNUAL REVIEW OF RATES POLICY

The municipality will annually review, and if necessary amend its rates policy taking into accounts public comments and inputs.

21. THE EFFECTIVE DATES OF THE RATES POLICY

The rates policy takes effect from the start of the municipal financial year.

22. CORRECTION OF ERRORS AND OMISSIONS

Section 78.

- (1) A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any ratable property-
- (a) incorrectly omitted from the valuation roll;
 - (b) included in a municipality after the last general valuation;
 - (c) subdivided or consolidated after the last general valuation;
 - (d) of which the market value has substantially increased or decreased for any
 - (e) substantially incorrectly valued during the last general valuation
 - (f) that must be revalued for any other exceptional reason
 - (g) of which the category has changed or
 - (h) the value of which was incorrectly recorded in the valuation roll as a result of a clerical or typing error



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

CASH MANAGEMENT AND INVESTMENT POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:2022/04/04

1. TERMS OF REFERENCE

Legal Framework:-

- Constitution of the Republic of SA, No 108 of 1996,
- Municipal Finance Management Act, No 56 of 2003,
- Municipal Systems Act, No 32 of 2000
- Deposit taking Institutions: Bank Act 94 of 1990,
- Guidelines from national treasury,
- Victor Khanye Local Municipality Delegation of Powers,

2. PURPOSE

The Cash management, Investment and Financial procedures Policy should provide mechanisms aimed at gaining the highest possible return without undue risk during the period when funds are not needed. Furthermore it should provide direction with regards to the overall cash management within the municipality as well as the financial procedures and processes. The Municipal Council has the following responsibilities:-

- To invest public funds with great care.
- To establish a mechanism of dealing with foreign and local investment within the jurisdiction of the municipality and stimulating economic growth, through job creation and other means.
- To create municipal assets which are positive contributors to the Local Economic Development Strategy.
- To establish and maintain a loan redemption fund for redemption of external loans.
- To manage cash flow.
- To operate and manage their financial processes in a fair, open and transparent way that is consistent and comply to relevant legislations, policy statements and General Recognized Accounting Standards.

3. SCOPE OF APPLICATION

This policy will apply within the Victor Khanye Local Municipality administration.

4. PREAMBLE

As trustee of public funds, the council has an obligation to see to it, that cash resources are managed as effectively and as efficiently as possible, and within generally recognized accounting principles.

5. PROCEDURE

5.1 Limit Exposure to a Single Institution

Larger sums of money should be invested with more than one institution in order to limit the risk exposure for the council. The limit exposure, excluding the primary bank account, per institution is set at R 4 million on any specific time.

5.2. Risk and Return

It should be accepted as a general principle that the larger the return, the greater the risk will be.

5.3. Borrowing Money for Re-Investments

The council will not borrow money only for investment purpose. All funds borrowed must be required for capital purposes and projects approved through the capital budget of the municipality.

5.4. Registered Financial Institutions

The Chief Financial Official entrusted with the responsibility to handle municipal finances must ensure that Institutions where funds are to be invested or where Council is operating its primary bank account (section 8 of the Municipal Finance Management Act) are registered in terms of the deposit taking institutions Bank

Act 94 of 1990 and that they are approved financial institutions as approved by National Treasury from time to time. Council will refrain from investing in institutions which do not have a sound track record in the market.

5.5. Growth Related Investments

When making investments, it should be ensured that at least the Capital amount invested is guaranteed. It is accepted that interest rates may vary from time to time, however a lower interest rate must be accepted for the benefit of low risk. Council will refrain from high income investments at a high risk.

6. GENERAL PRACTICE

6.1. General

After determining if cash is available for investments and fixing the maximum term of investments, the Chief Financial Officer has to consider the way in which investments are to be made, its rates can vary according to many market perceptions with regard to the term of investment, quotations should be requested in writing for periods within the limitations of the maximum term, these should be recorded in a schedule.

6.2. Payment of Commission

It is required by the Auditor General that Financial Institutions where investments are made must issue a certificate with regard to each investment. Said certificate must state that the financial institution has not, nor will pay any commission and has not / nor will grant any other benefit for obtaining such investment to an agent or go between, or to any person nominated by such an agent or go between. No Councilor or official of the municipality may receive any

commission or any other benefit from an institution where Council is investing funds or operating its bank account.

6.3. Reports

- Council has to be given a quarterly and year-end report on all investments.

6.4. Cash In Bank

- Funds in the current account must be sufficient to cover at least one month's Operational and Capital Expenditure.
- All cash receipts must be deposited into Council's primary bank account by no later than one day after it was received. Monies received on a Friday must be banked by no later than the following Monday. Moneys received one day prior to a public holiday, must be deposited into the primary bank account by no later than the next working day.
- When funds are held in a current account, it is a good business practice to operate a call account. The overriding principle is that funds in the current account are to be kept at an absolute minimum, except if interest rate on current account is more or less the same than a call deposit account.

6.5 Withdrawals from bank account

Withdrawals from Council's primary bank account may only be done through an electronic funds transfer (EFT) directly into the bank account of the beneficiary. Confirmation of the bank details of a creditor/supplier/beneficiary must be in writing and attached to every payment processed. Withdrawals from the primary bank account must be approved by at least two senior officials in the Budget & Treasury Offices. Withdrawals from the primary bank account must be approved either by two "A" classified signatures, or at least one "A" and one "B" classified signature. The classification of signatures are as follows:

Chief Financial Officer	-	"A"
Deputy Chief Financial Officer	-	"A"
Assistant Managers Expenditure	-	"B"

Hence all EFT must be approved by either the Chief Financial Officer or the Deputy Chief Financial Officer.

The procurement card must be limited to the following:

1. The refund of deposits held for the rental of halls and other facilities of Council.
2. The refund of consumer deposits.
3. The replenishment of the petty cash and floats of cashiers.
4. The payment of temporary workers are made through EFT payments
5. The payment of creditors under circumstances where EFT is not possible due to:
 - The incorrect bank details supplied by the beneficiary.
 - Connection failures due to network problems to avoid late payment or interest charges.
5. The account balances must form part of the cashbook balance and must be reconciled with the primary bank account.
6. Passwords are maintained on both the financial system and the electronic bank system operated by council. All passwords must be changed regularly being defined as at least monthly.

6.6 Transfers from secondary bank accounts

The money for MIG and DOE (Department of Energy) is usually transferred from primary to secondary so that it might not be used for other expenses but capital projects only.

6.7 Bank accounts

Bank Account Administration: (MFMA – Section 7, 8, 9 and 10)

6.7.1 Primary Bank Account

The following bank account will be utilized as the primary bank account of Council:

Account type	: Current account
Account holder name	: Victor Khanye Local Municipality
Account number	: 420526994
Bank name	: Standard Bank
Branch name	: Delmas
Branch code	: 052644

6.7.2 Secondary Bank Accounts

Council is operating the following secondary bank accounts:

Account type	: Temporary deposit account.
Account holder name	: Victor Khanye Local Municipality
Account number	: 85000026
Bank name	: ABSA
Branch name	: Delmas
Branch code	: 334244

All accounts are operated under the name of the Victor Khanye Local Municipality.

6.8 Cash and bank reconciliations

Only official cashiers will receive money on behalf of Council and will issue an official receipt from Council as and when said money is received. All funds received, will be reconciled on a daily basis and paid into the primary bank account as per the determination of paragraph 6.4 of this policy.

Bank reconciliations between the cashbook and bank accounts will be done on a continuous basis and a report will be submitted on a monthly basis. The Chief Financial Officer will report on a monthly basis to council on the bank reconciliation as well as the bank and cashbook balances.

Said bank reconciliation indicating the cashbook opening balance, the monetary value of all funds received during the month, the monetary value of all payments made during the month as well as the closing cashbook balance at the end of the month, will be reported to Council.

6.9 Credit Worthiness

The municipality will through its delegation of powers delegate the authority to the Chief Financial Officer to invest the maximum amount as stipulated by council. The Chief Financial Officer has to ensure that the credit worthiness and previous performance of the institution are to his/her satisfaction, before investing money with such institutions.

When the CFO makes investment has to ensure that the cash flow of the municipality is in order:

The Chief Financial Officer can invest R4 million and for amounts exceeding R4 million he has to get approval from the Accounting Officer before making the investment.

Only written quotation will be acceptable to council all required details from the institution's representative including the person responsible (Municipal Officer) for making quotations from institutions should record the relevant terms and rates and other facts such as whether the interest is accrued on a monthly basis on a maturation date.

Once the required number of quotations have been obtained, with which funds are to be invested, the best offer is normally accepted, with thorough consideration of the investments principles.

No attempts should be made to make institutions compete with each other as far as their rates and terms are concerned.

The above-mentioned procedure should be followed, regardless of whether the money is to be invested in a fixed deposit or on a call basis.

It is essential to make sure that the investment document received is a generic document, issued by an approved institution, and the investment capital should be paid over only to the institution with, which it is to be invested and not to an agent.

6.10 Management of short-term loan/bank overdraft

A short-term loan may only be obtained in anticipation of a positive income stream or to finance capital projects in anticipation of an approved capital grant or long-term loan.

The short-term loan must be repaid by the end of the financial year.

The council can only approve a short-term loan on the submission of a cash flow statement indicating the anticipated income stream or a certificate stating the approved grant or long-term loan.

A Council approved overnight overdraft facility for a period of no longer than a fortnight and to a value determined by the Council only be exercised by the Municipal Manager.

6.10 Valuation of investments

Investments must be fair valued at market value on 30 June and reported accordingly in the Annual Financial Statements.

6.11 Unauthorized, fruitless/wasteful and irregular expenditure

The Victor Khanye Local municipality uses Section 32 of the Municipal Finance Management Act, no 56 of 2003, as the reference point with regards to unauthorized, fruitless and irregular expenditure. Within the financial framework of the municipality these types of expenditure are defined as follows:

Unauthorized: Expenditure not budgeted for through the approved annual budget or any other adjustments to the approved budget of the municipality as well as expenditure not authorized through the approved delegation of powers of the Victor Khanye Local Municipality.

Fruitless /

Wasteful: Expenditure incurred that could have been saved if the necessary precaution measures were taken or expenditure incurred by the municipality without any benefit to the municipality in terms of its mandate given by the Constitution of the Republic of South Africa, Act 108 of 1996 or any other subsequent acts of parliament.

Irregular: Expenditure incurred which is non-compliant to any policies of the municipality, specifically to the Supply Chain Management Policy, or any other pieces of by-laws of the municipality or relevant acts of parliament.

If any official or councilor of the municipality takes note of an expenditure that might be unauthorized, fruitless or irregular he/she must report it immediately, in

writing, to the municipal manager. After investigating the matter, the municipal manager must report to council with a recommendation to either:

- Condone the expenditure and thereby approve it.
- To recover the expenditure from the councilor or official authorizing/certifying the expenditure.

Through investigating the matter the municipal manager must consider the circumstances under which the expenditure was incurred, possible benefit to the council as well as the possible implications to council should the expenditure not have been incurred.

Deviations from the SCM policy

The municipal manager may approve deviations from the supply chain management policy under the following conditions:

- Due to the recent history of the Victor Khanye Local Municipality, all urgent interventions in respect of the provision of a continued supply of potable water to the community;
- All urgent interventions in respect of the operation of the sewerage purification plant and discharge of sewer that complies with the relevant legal requirements.
- Expenditure relating to "strip-and-quote" in respect of repair and maintenance of council's assets required for service delivery to the community.
- Any other expenditure the municipal manager may consider to be of an urgent nature to maintain basic service delivery to the community in terms of council's approved mandate.

Deviations from the SCM policy must be dealt with administratively according to the following process;

- As and when an official identify an urgent expenditure to be incurred in terms of the aforementioned circumstances he/she must report immediately to the relevant director.
- The relevant director must prepare a report to explain the circumstances around the expenditure as well as a motivation to deviate from the SCM policy.
- Said report must be submitted for comments to the SCM unit as well as the Budget & Treasury Office for financial comments.
- Report to be submitted thereafter to the Municipal Manager for consideration.
- After the request was approved by the Municipal Manager can the SCM unit continue with the issuing of an official order.
- In the case of a very urgent expenditure the director involve may continue with the expenditure after confirmation from the municipal manager to continue where-after the municipal manager may condone the expenditure in writing immediately afterwards.

The Municipal Manager must report to Council all deviations from the SCM policy.

7. OTHER EXTERNAL DEPOSITS

Other investment possibilities, which are subject to the applicable legislation and are available to the council include debentures as well as other municipalities or statutory bodies in the Republic instituted under and in terms of any law with regard to such investments; the principles and practice, as set out above, will apply.

8. CONTROL OVER INVESTMENTS

Proper record in the form of an investment register should be kept of all investments made inter-alia the following should be reflected:- The institution, funds, interest rates and the maturation date.

9. ASSETS ACCUMULATION

The council should identify appropriate public assets, which it invests in, which will have a worth-while financial return, and avoid investing in public assets which would be costly for the council.

10. PUBLIC PRIVATE PARTNERSHIP (PPP)

The council should carefully investigate possibilities of (PPP) which may be more viable in rendering municipal services.

It should also review the performance of the municipality with regards to service delivery and investigate the most effective ways of rendering services to communities.

The municipality will explore mechanisms of attracting investment within the jurisdiction of the municipality through reduced assessment rates and other simulative means of contributing to economic growth and job creation.

The municipality will liaise with Provincial and National Government on the required protocol of such ventures. The council will also through its LED Strategy encourage local investment within the municipal area of jurisdiction.

11. INTERNATIONAL INVESTMENTS

The council will not Invest Surplus Funds abroad due to its Local Economic Development Strategy. All Surplus Funds will be invested within the borders of the Republic of South Africa.

However the council will welcome international investors to invest within the municipal council boundaries, in a manner which will be discussed at length in the Local Economic Development Strategy of the Municipality.

12. OTHER FINANCIAL POLICY STATEMENTS/PROCEDURES

See delegation of signing powers attached.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

INDIGENT POLICY

1 July 2024 – 30 June 2025

Policy Number:	Approved by Council:
Resolution No:	Review Date:

Contents

1. INTRODUCTION.....	4
2. PREAMBLE.....	4
3. PURPOSE.....	5
4. OBJECTIVE OF POLICY.....	5
5. PRINCIPLES OF THE POLICY.....	6
6. DEFINITIONS.....	7
7. LEGISLATIVE FRAMEWORK AND GUIDELINES.....	11
8. SCOPE OF APPLICATION.....	11
9. CHARACTERISTICS OF INDIGENTS.....	Error! Bookmark not defined.
10. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT.....	12
10.1 REGISTERED HOUSEHOLD.....	Error! Bookmark not defined.
10.1.1 INDIGENT HOUSEHOLD.....	12
10.1.2 CHILD-HEADED HOUSEHOLD.....	12
10.1.3 EXCLUSIONS – REGISTERED HOUSEHOLDS.....	13
10.2 DEEMED INDIGENT HOUSEHOLD.....	13
10.3 EXCLUSIONS – DEEMED INDIGENT HOUSEHOLD.....	14
10.4 INDIGENT.....	14
11. EXTENT OF INDIGENT SUPPORT.....	15
11.1 REGISTERED INDIGENT HOUSEHOLD / PERSON.....	15
11.2 DEEMED INDIGENT HOUSEHOLD.....	Error! Bookmark not defined.
12. PERIOD OF RELIEF.....	16
13. ADMINISTRATION OF INDIGENT SUPPORT.....	16
14. CONTROL MEASURES FOR THE DISTRIBUTION OF INDIGENT SUPPORT.....	18
15. CORRECTIVE STEPS.....	Error! Bookmark not defined.
16. ACTION AGAINST MALPRACTICES TO MISREPRESENTATION OR MISUSE.....	18
17. EXITING THE PROGRAMME.....	20
18. RIGHT TO APPEAL.....	20
19. PROCEDURE FOR INDIGENT VERIFICATION.....	20
20. FACTORS TO BE CONSIDERED.....	22
21. REGISTRATION OF INDIGENTS.....	23
Visible perceptibility.....	23
Advantage of using perceptibility method.....	23

22	JOB CREATION.....	Error! Bookmark not defined.
23	ASSESSMENT OF INDIGENTS.....	24
24	SHORT TITLE.....	25

1. INTRODUCTION

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

2. PREAMBLE

WHEREAS Section 74 of the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000), requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households.

WHEREAS Council needs to have an approved Indigent Support Policy.

WHEREAS such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households.

HEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life which takes into account health and environmental considerations.

NOW THEREFORE the Council of the Victor Khanye Local Municipality has adopted the Indigent Support Policy set out hereunder:

3. PURPOSE

- To ensure and maintain access to basic services and/or benefits for all identified and deserving poor households including emergency services rendered by the Victor Khanye Local Municipality;
- To improve monitoring systems, provide support and to strengthen capacity of the Victor Khanye Local Municipality to implement the policy;
- To ensure that subsidisation for indigent support is funded and allocated as per policy directives to the qualifying households;
- To effectively manage co-ordination between internal departments with regard to the policy implementation;
- To ensure the implementation of an exit strategy to support the increased mobility of the poor from the indigent register;
- To ensure that the Victor Khanye Local Municipality remains financially sustainable while meeting the needs of the indigents;
- To ascertain appropriate targeting options for the defined indigent households so as to ensure inclusiveness in the approach and application of the policy in an equitable manner;

4. OBJECTIVE OF POLICY

The objective of the Indigent Support Policy is to ensure:-

- a) the provision of basic services to indigent households in communities falling under the jurisdiction of the Victor Khanye Local Municipality in a sustainable manner, within the financial and administrative capacity of the Victor Khanye Local Municipality.
- b) the establishment of procedures and guidelines for the effective of subsidisation of basic service charges to such approved indigent households, within budgetary and Intergovernmental grant guidelines.

5. PRINCIPLES OF THE POLICY

Section 74 (2) (c) of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following:-

"poor households must have access to at least basic services through:

- i. *tariffs that cover only operating and maintenance costs;*
- ii. *special tariffs or life line tariffs for low levels of use or consumption of services for basic levels of service; or*
- iii. *any other direct or indirect method of subsidisation of tariffs for poor households;"*

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

- a) the Indigent Support Policy must be formulated in accordance with the Constitution of the Republic of South Africa, 1996, (Act No 108 of 1996 and other applicable legislation, amongst others, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) which provides that everybody has a right to administrative justice that is lawful, reasonable and procedurally fair.
- b) relief must be provided by the Victor Khanye Local Municipality to registered residential consumers of services who are indigent.
- c) Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.
- d) the subsidising of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.

- e) differentiation must be made between those households who cannot afford to pay for basic services and those who do not want to pay for these services.
- f) other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.
- g) the relief should be valid for a maximum period of 36 months.
- h) the Council may review and amend the qualification criteria for indigent support.
- i) the joint gross income of all the household occupants will be taken into account in determining the validity of indigent support application.
- j) the indigent data-base shall be updated regularly.
- k) misuse of any support or grant or supply of invalid information will lead to punitive action by Victor Khanye Local Municipality against indigent support beneficiaries.
- l) the Victor Khanye Local Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source.
- m) the Council must/may use external services and/or references to verify the information provided by the applicants.

6. DEFINITIONS

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

“Authorised Officer” : means any official of the Council who has been authorised by the Council to administer, implement and enforce the provisions of this policy.

"By-law"	:	means a by-law adopted by the Council.
"Basic Services"	:	means the supply of the following basic services within the budgetary and legislative guidelines: Energy supply Water supply Sanitation services Refuse removal service
"Calendar days"	:	means all days in the month inclusive of Saturdays and Sundays.
"Child Headed Households"	:	is deemed to be minor dependants of registered owner or tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households.
"Municipal Manager"	:	means the person appointed by the Council as the Municipal Manager of the Victor Khanye Local Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person: (a) acting in such position, and (b) to whom the Municipal Manager has delegated a power, function or duty.
"Council"	:	Means - (a) the "Municipality" and vice versa; (b) the Council of the Victor Khanye Local Municipality established by

Provincial Notice No. 6768, as amended, exercising its legislative and executive authority through the municipality;

(c) its successor in title;

(d) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Local Government Municipal Systems Act, 2000 (Act No 32 of 2000); or

(e) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the Act, or any other by-law, as the case may be.

“Deemed Indigent Household” : means individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll.

“Dependant” : means a person under the age of 18 years who is financially dependent and resides permanently with the owner and/or tenant of property in a single residential property within the area of jurisdiction of Victor Khanye Local Municipality.

"Essential household services package"	:	means provision of water supply, sanitation, refuse removal, supply of basic energy.
"Household Income"	:	means any form of remuneration and/ or income as defined in the Sixth Schedule to the Income Tax Act, 58 of 1962 but excluding State Children Support grants.
"Illegal connection"	:	a connection to any system through which municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
"Indigent Household"	:	means individuals who live together in a single residential property and collectively qualifies for indigent relief in terms of this policy.
"Indigent Person"	:	means a person lacking the basic necessities of life such as insufficient water, basic sanitation, refuse removal, health care, housing, environmental health, and supply of basic energy, food and clothing as defined in this policy.
"Municipality"	"	means the "Council" as defined above.
"Occupants"	:	means the owner and/or legal tenant of property and all individuals who live together in a single residential property.
"Pensioner"	:	means a person whom - (i) is at least than 60 years of age on date of application, provided that where couples are married in community of property and the property is registered in

both their names , the age of the eldest
will be the qualifying factor;

(ii) is the registered owner of the
property or registered as "Life right use"
tenant in deeds office;

(iii) is the owner/occupant and account
holder of the property concerned, which
will consist of one dwelling only and no
part thereof will be sub-leased;

7. LEGISLATIVE FRAMEWORK AND GUIDELINES

Constitution of the Republic of South Africa, Act No 108 of 1996.

Local Government Municipal Systems Act, Act No 32 of 2000.

Guidelines

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

8. SCOPE OF APPLICATION

The Indigent Support Policy shall be applicable within the area of jurisdiction of the Victor Khanye Local Municipality.

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

9. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT

10.1 REGISTRATION CRITERIA

10.1.1 INDIGENT HOUSEHOLD

A private residential household will be registered as indigent on the following conditions:-

1. The applicant agrees to the limited supply of electricity to a 20 ampere pre-paid installation. The first application to change ampere to the lower level will be free of charge
2. The total gross monthly income of all members of the household must not exceed the amount of R4 220.00 i.e. **2 old maximum age pensioner's grant**
3. account in respect of Basic Services and/or Assessment rates is held with Council in the name of the applicant
4. applicant is a South African citizen;
5. the property is used for residential purposes only; and
6. The tenants and occupiers listed by the Applicant to be included on the Indigent Register, must be South African Citizens.

7. The Applicant must reside on the Relevant Qualifying Property.

10.1.2 CHILD-HEADED HOUSEHOLD

Child-headed households will be treated as special cases subject to the following conditions:

- a) the normal qualifying criteria for indigent support in respect of remaining members of household is complied with;
- b) the account of the deceased parents is closed;
- c) the oldest child signs the user agreement assisted by appointed legal guardian;
- d) the status of the household is reviewed in terms of this policy at least on three monthly bases.
- e) The Relevant Qualifying Property is not occupied by any member other than minor dependent children of the deceased owner/tenant or legal guardian.

10.1.3 EXCLUSIONS – REGISTERED HOUSEHOLDS

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

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

10.2 DEEMED INDIGENT HOUSEHOLD

Households within the following categories of properties will be deemed to be indigent households:

- a) the property is used for residential purposes only as reflected in General Valuation roll;

- b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property;

10.3 EXCLUSIONS – DEEMED INDIGENT HOUSEHOLD

Indigent relief will be withdrawn where upon verification the deemed indigent household, including occupants/residents and/or dependants residing on the property, as the case may be, -

- a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
- b) owner of property owns more than one (1) property, registered individually or jointly.
- c) owner of property rent or sublease his property or part thereof to any third party.
- d) deemed indigent household tampers or illegally connects or reconnects services.
- e) business activities are being conducted on property.
- f) properties registered in name of National, Provincial or Local Government.
- g) owner of property applies to be excluded from deemed indigent relief.
- h) Indigent is property is found to be listed on the cost schedule for clearances.
Sale of the Property; All historically granted subsidies within the current financial year will be reversed and same demanded from the owner of the property, which is the seller.

10.4 INDIGENT

Indigent relief in respect of other services provided by Council, *excluding household free basic services and assessment rates grants*, will be granted to approved **indigent person** where:-

- a) applicant is a South African citizen;
- b) applicant is over the age of 18 years of age but includes financially dependent minors of applicant;

- c) applicant benefits or regular monetary income is less than two (2) monthly state pension grant, as amended by Minister of Finance from time to time.

11 EXTENT OF INDIGENT SUPPORT

11.1 REGISTERED INDIGENT HOUSEHOLD / PERSON

Indigent support will be given on a monthly basis, and the extent of the monthly support will be determined by the National Policy Guidelines and the Municipality's annual budgetary proposals and MTREF in respect of:

- Free basic water of 6kl per household per month;
- Free refuse collection;
- Free basic electricity or energy (depending on which service level is applicable) of 50 Kwh per household per month;
- Free basic sanitation; and
- Assessment rates in respect of residential property registered in name of qualifying indigent owner subject to the maximum valuation of 450sqm or as determined by the Municipality from time to time.
- The level of indigent support granted shall not exceed the actual monthly billing to the Account in respect of the Services.
- The relief will be subject to National Policy Guidelines and the Municipality's approved budgetary provisions.

The total amount due by a registered Indigent will be written off upon approval of the Application for indigent support.

- In terms of late submission of Indigent renewal, subsidies will only be granted from the date of the application. The indigent now approved by acknowledge any debt that may have accrued on his/her account prior to the application being made. In the case of tenants occupying Municipal Properties, all rental amounts due on approval of the Application for indigent will be written off.
- the accumulated debt in respect of deemed indigents be written off on date of qualification in terms of this policy and all debt incurred after the date of qualification will be due and payable.
- Annual write offs of arrear Indigent debtors may also be considered by the Municipality
- The recipient's monthly Account per service will be credited with the amount of indigent relief granted in terms of this Section of the Policy.
- A household may apply for the continuation of relief on expiry of the specified relief period subject to compliance with the applicable Policy qualification criteria.
- All indigent customers will be provided with prepaid water meters as and when the approved applicant utilizes water in excess of the free basic/as and when prepaid meters are available for installation by the municipality, the approved applicant will also receive a prepaid electricity meter

12 PERIOD OF RELIEF

Application based Indigent relief is granted for a reviewable period of 36 months which is determined by Council from time to time. The indigent register will be reviewed and updated after 36 months.

13 ADMINISTRATION OF INDIGENT SUPPORT

The Applicant must present his/her South African Identity Document at the point of Application, where after the following will be required:

An Applicant must complete an official Indigent Management Registration

Form, supported by the following documents:

- A valid South African Identity Document.
- An affidavit by the applicant mentioning each member and beneficiary in the household by name and Identity Number and declaring the status of income for each member and beneficiary.
- If unemployed, an affidavit stating since when the Applicant has been unemployed.
- A copy of three months' Bank statements where an Applicant is selfemployed.
- A copy of a salary advice where an Applicant is employed.
- A Letter of Authority where the Applicant is the Executor of a Deceased Estate.
- SASSA Confirmation Letter for applicants who are receiving any grants from the State.
- Proof of Confirmation of any receipt of Pension or Grant for Pensioners and Retrenchment Recipients of Grants.

- the Applicant is the registered owner, legal tenant or occupier of the Relevant Qualifying Property, the Property details must be supplied with a copy of the monthly Account Statement and/or Prepaid Meter Token

SECTION 89 – DECEASED ESTATES

Children who have lost both parents and who have inherited fixed property and subject to the inability of the estate to pay arrear Municipal Accounts can register as Indigents on the Indigent Register and the Municipality can write off the arrears on such fixed property due to the Municipality upon application and successful consideration of the application.

Documentation Required in Application of Indigent Status for this Specific Registration:

- Certified copy of the South African ID of Account Holder and all occupants of the Property.
- Certified copy of the Death Certificate.
- Proof of Income of the Applicant.
- SASSA Confirmation Letter.
- Proof of Grant-Main Applicant and Children claimed for.
- School Reports.
- Bank Statement of the Applicant if applicable
- Sworn Affidavit by the Applicant declaring any source of income.
- Latest Municipal Account Statement and latest prepaid electricity token if applicable.
- Copy of Rental Agreement if renting from Municipal Property.
- For all other private property rentals, Certified ID copy of the owner and written confirmation that the Applicant has permission to stay in the property at cost of the owner.

14 CONTROL MEASURES FOR THE DISTRIBUTION OF INDIGENT SUPPORT

- a) any resident of the municipality who is aware of malpractice may lodge an objection to the Council for granting such relief to such a person.
- b) the details of all applicants and their respective households must be submitted to the Council on a quarterly basis.
- c) restrict the level of utilization of consumption services for the people who cannot afford to pay.
- d) the consumption of metered services by indigent households must be lowered to increase affordability of service charges
- e) applicants who agree to the limited electricity supply of 20 ampere pre-paid installation, will be registered as indigents, but their average electricity consumption levels must be monitored.
- f) If average consumption levels exceed 300 units per month, taken over a period of three months, the department of Financial services will receive such information on which the relevant officials must physically investigate and evaluate the household for qualification in accordance with the other criteria of the policy
- g) Once a registered indigent consumer has been de-registered after evaluation, he/she will not again be considered as indigent for a period of 12 months from date of de-registration.

15 ACTION AGAINST MALPRACTICES TO MISREPRESENTATION OR MISUSE

Customers found to have misrepresented themselves in order to benefit from any of the Councils relief and / or benefit in terms of this policy, will be deemed to have committed an offence and remedial measures will be taken in a manner as

determined by the Council from time to time, and all relief and / or benefits that have been received will be reversed to account of customer from date of offence.

a) the Council may refer any misrepresentation to the committee, who must take such action as ordered by the Council, or any of the following steps deemed appropriate by the committee:

- i. request the resident to provide full proof of his/her banking account, receipt of income details as well as pension registration where applicable.
- ii. the details of the objector shall remain anonymous.
- iii. request a social worker's report on the household, and
- iv. institute criminal proceedings against the recipient.

b) if it is established that incorrect information was furnished in obtaining relief any of the following actions may be taken:-

- i. suspend or stop the relief immediately.
- ii. recover from the recipient the amount of relief furnished by debiting his/her account.
- iii. apply the credit control and debt collection procedures of the municipality.
- iv. institute criminal proceedings against the recipient.

Customers found to have tampered, or illegally connects or reconnects services, will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief and/or benefits that have been received will be reversed to account of customer from date of offence and relief suspended or stopped immediately.

16 EXITING THE PROGRAMME

Upon the expiry of the 3 years period as contained in above the debtor may apply to be de-registered. The application for de-registration will be administrated by the Health and Social Development Department who will advise Finance accordingly where after the affected departments will be requested to restore the full services at the property.

All approved applicants will be captured in the indigent data base, from which all skills development and job creation programmes developed by the Victor Khanye Local Municipality will draw their intake from. Any department developing a measure or programme designed to target the poor will use this database as the source of their programme participants. This is designed to systematically assure that households qualifying for indigence are subject to the full range of interventions delivered through (or in collaboration with) the THE MUNICIPALITY, in accordance with the Growth and Development Strategy Pillars, one of which is poverty alleviation.

17 RIGHT TO APPEAL

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

18 PROCEDURE FOR INDIGENT VERIFICATION

- The applicant should be the owner and personally reside on the property.
- There will be three levels of evaluation that an application for indigence will undergo. The first level will be the visit and evaluation by the **Ward**

committee members, who will collect information and supply it to the ward councilor. The **ward councilor** will conduct a level 2 investigation, to verify the data collected by the Ward committee members. The Ward councilor will make a recommendation to BTO (budget and treasury office)

- **Verification – External Scans**

An external scan of Applicants recommended as suitable households for registration on the Indigent Register, must be concluded with UIF, SARS, Department of Social Development, Retail and Credit Bureau or any other relevant institution. The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must then also be captured in the Indigent Management System. The external scan must be done separately from the site verification.

- The **Indigent applications** will be approved and authorized by a delegated personnel in the revenue division and the subsidization of the indigent take effect.
- The applicants for indigence registration should be issued with a reference number. These applications should be handled by the Budget and Treasury Directorate.
- The maximum period for completion of assessment of an applicant's support should be determined as 3 months from date of application.
- That an indigent registration be valid for up to three years where after subsidies / rebates must terminate and the balance in the indigent suspense account must be debited back to the account.
- The indigents should re-apply for assistance. No application should be transferred to the following year without completing the process again.
- Indigent customers are compelled to inform council about any change of their indigence status. The declaration that an applicant signs when applying for assistance will be used to impose penalties to those who misled Council. The penalties may include but not be limited to the discontinuation of services and the arrears to be paid in full.

- That application forms in respect of approved indigents be submitted to the Budget and Treasury directorate for capturing within 7 days after approval.
- That all outstanding balances up to the date of approval be placed into a special indigents suspense account.
- Council will determine from time to time, the maximum amount allowed per indigent as a subsidy or a rebate.
- The registered indigent consumers be held responsible for any consumption up and above the assistance indicated by the agreement which has been determined by council.
- Service be suspended to indigents who fail to pay for services consumed up and above the subsidized amount.
- No legal action, must be instituted against special indigent consumers.

19 FACTORS TO BE CONSIDERED

The council will determine the subsidy to be allocated to indigents as per guidelines provided in the National Legislation.

The following factors will be considered:-

- i. Cost of living of the area.
- ii. Economic development of the area
- iii. Minimum living level (MLL is the lowest sum possible on which a specific size of family can live in our existing social environment)
- iv. Population size etc.
- v. Council Budget (Income)

Also taking into consideration that IGTs should be targeted to subsidise the provision of local public services and is the responsibility of the municipality to ensure that eligible households have access to those life-line services.

Utmost care has to be taken that those consumers who can and are able to pay for services do not use indigence as an excuse for non-payment.

20 REGISTRATION OF INDIGENTS

This process should not create unfounded expectations from the communities. It is advised that the council first come up with evaluation criteria according to, which indigent people can be classified, like visible perceptibility.

Visible perceptibility

- Possible to identify indigents by visiting individual households
- Indigents in all cases live under precarious circumstances as the poorest of the poor.
- No one is working at that particular household

Advantage of using perceptibility method

- Minimum services can be supplied to cater for a determined number of households.
- If possible, prepaid water stand pipes can be installed
- Fixed minimum tariffs can be implemented i.e. life-line tariffs
- Upgraded informal areas be created, each area with its own applicable tariff

21 MONITORING AND EVALUATION

Council reserves the right to send officials or its agents to household consumers receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

22 ASSESSMENT OF INDIGENTS

Look at different households:

- a. Size of households
- b. Number of employed individuals
- c. Number of users of services etc
- d. Number of self employed

24. EXIT STRATEGY

- a. It is imperative to provide subsidized services to indigent households, it is also important for the municipality and other sphere of Government to create economic opportunities to indigent households.
- b. The indigent household may exit from the subsidy
 - If the household income exceed the threshold (R4 220.00)
 - If the household employment status changes
 - If the indigent passes away

SPECIFIC CIRCUMSTANCES FOR TERMINATION OF RELIEF AND REMOVAL FROM THE INDIGENT REGISTER

In addition to the General Circumstances for Termination of Relief and Removal from the Indigent Register as contained in this Policy, the following Specific Circumstances are applicable to this Section: The Indigent Relief will be terminated, and the Indigent Household removed from the Indigent Register when any of the following events occur:

- Death of the Account Holder;
- Sale of the Property
- When the Applicant vacates the Property;
- If it is established that the Applicant or any tenant or occupier has tampered with any of the utility connection of the Municipality;
- Refusal to accept any of the limitations on provision of basic services

- Indigent is property is found to be listed on the cost schedule for clearances
It is found that any information provided on the Application was falsified or untrue.
Voluntary exist by an Indigent Household or Indigent Person.
- Relief will be stopped with immediate effect if it is found that a registered Indigent has supplied information known to have been untrue in order to register on the Indigent Register to obtain relief in terms of this Policy. It will further be stopped if it is discovered that a registered Indigent failed to inform Victor Khanye Local Municipality of changes in his/her/their financial circumstances which would disqualify them from receiving assistance in terms of this Policy.
- Providing misleading information constitutes fraud and Victor Khanye Local Municipality may claim any financial benefits that have been granted, from the person who claimed to be Indigent and such an Applicant will not be eligible to apply for assistance for a period of 5 (five) years.
- In addition to having to repay the financial benefits, the person who claimed to be Indigent who has received the benefits, will be guilty of committing an act of fraud which is a criminal offence and criminal charges may be brought against such person/s

25.SHORT TITLE

This policy shall be called the Indigent Support Policy of the Victor Khanye Local Municipality.

26.CONTACT OF THE OFFICE RESPONSIBLE FOR THE INDIGENT POLICY:

Telephone no. 013 665 6000 Office No. 19 Revenue Section

E-mail: mandlam@victorkhanyelm.gov.za



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

DEBT COLLECTION AND CREDIT CONTROL MANAGEMENT POLICY

1 July 2024 – June 2025

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1. INTRODUCTION

This policy is applicable to Victor Khanye Local Municipality only. In terms of section 80 of the Local Government: Municipal Systems Act, 32 of 2000, the Municipality may enter into service delivery agreements with service providers to provide municipal services to customers. In such instances the internal credit control and debt collection policies of those entities may differ from this policy, but shall always be subject to the promulgated Credit Control and Debt Collection By-Laws in terms of Article 9. Section 96 of the Local Government: Municipal Systems act, 32 of 2000 further stipulate that "A municipality – (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and (b) for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of the Act", Thus the existence of this policy which is reviewed annually.

2. PURPOSE

This policy has been compiled as required in terms of Section 97 of the Local Government: Municipal Systems Act 32 of 2000 (hereinafter referred to as the Act) and is designed to provide for credit control and debt collection procedures and mechanisms. It also aims to ensure that the Municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality's geographic area with the objectives of sustainable service delivery, which contributes towards the fulfillment of the following constitutional mandate as required by Section 152 (1) & (2) of Act no 108 of 1996 (Constitution of the Republic of South Africa).

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

2. A Municipality must strive, within its financial and administrative capacity to achieve the above-mentioned objectives.

3. DEFINITION

Account:-

Any account rendered for municipal taxes, services and other charges. This includes charges raised as a result of damages to Municipal property.

Act:-

Means the local government: Municipal System act, act no.32 of 2000

Arrangement:-

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

Arrears:-

Any amount due, owing payable in respect of municipal services not paid by due date.

Credit Control:-

Means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

Consolidated account:-

A monthly account reflecting municipal service fees, charges, surcharges on fees, property rates and other municipal taxes, levies and duties and all consolidations in terms of Section 102 of the Act

Council:-

Means the Victor Khanye Local Municipality, a municipal council as referred to in chapter 7 of the Constitution of the Republic of South Africa, act no 108 of 1996.

Customer: -

Means any person to whom a service is rendered and levied or charged in terms of the tariff structure of the council.

Debtors: -

A person who owes the municipality money for services consumed and to whom an account was rendered.

Debt Collectors: -

Means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein.

Debtor's socio-economic status: -

It is the situation within which a debtor is perceived to be living in, which will assist in assessing how much income does the debtor generate thus how much can the debtor be able to pay for arrears.

Defaulter: -

Any customer in arrears.

Deemed owner: -

Means a person, who is not the registered owner of the property, in occupation of such property by virtue of the Black Administration Act.

Employer: -

Means an employer as defined in paragraph 1 of the seventh schedule of the Income tax act, act no 58 of 1962;

Illegal tempering: -

It is the unauthorized handling of municipal infrastructural assets, with the intention to distort information that can be accessed from such machinery or with the intention to consume services in a fraudulent manner.

Indigent: -

A person who is needy and furthermore who generates no income or generates income which is so minimal that he can't make a worthwhile contribution towards the payment of municipal services.

Level 1 cut-off: -

The electricity supply to the property will be discontinued at the meter box and a seal will be installed. In respect of water supply a washer will be installed in the supply pipe to reduce the supply to a minimum basic supply of not more than six kiloliter per month. A notice to this effect will be delivered to the property requesting the occupier to contact the debt collection unit in order to make arrangements for the payment of the outstanding amount. Arrangements for longer than 12 months should be approved by the Municipal Manager.

Level 2 cut-off:-

The electricity supply to the property will be discontinued at the pole outside the property and a seal will be installed. In respect of water supply a washer or a

pre-paid water meter will be installed to reduce the supply to a minimum basic supply of not more than six kiloliters per month and a locking device will be installed over the main tap to ensure limited supply. A notice to this effect will be delivered to the property requesting the occupier to pay the outstanding amount in full before the supply to the property will be restored.

Monthly average consumptions: -

Means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

Occupier: -

Includes any person in actual occupation of premises without regard to the title under which they occupy, if any;

Owner: -

In relation to premises means the person, natural or legal, who from time to time is registered as such in a deeds registry as defined in the Deeds Registries act, act no 47 of 1937.

Person: -

Means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, a public utility body, voluntary association or a trust.

Prescribed debt: -

Means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969

Service: -

Means any service rendered by the council, in respect of which an account may be rendered, excluding any service rendered by the council as an agent for another principal.

Standard rate of interest: -

Means the interest rate as determined by the council from time to time.

Tariff: -

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

Tariff Policy: -

Means a Tariff Policy adopted by the council in terms of section 74 of the Local Government: Municipal system act 32 2000

4. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- Ensure that all monies due and payable to the municipality are collected;
- Provide for credit control procedures and mechanisms and debt collection procedures and mechanisms;
- Provides for indigents in a way that is consistent with rates and tariff policies and any national policy on indigents subject to the indigent Policy of the municipality.
- Set realistic targets consistent with generally recognized accounting practices and collection ratios and the estimates of income set in the budget less an acceptable provision for bad debts;
- Provide for the interest charge on arrears, where appropriate; and provide for extension of time for payment of an account;
- Provide for disconnection of services or the restriction of the provision of services when payment is in arrears; and also, provide for matters relating to unauthorized consumption of services, theft and damage;

Victor Khanye Local Municipality would like to give priority to the basic needs of the municipality, promote the development of the local community, ensure that all members of the municipality have access to at least the minimum level of basic municipal service, which are equitable, accessible, and are provided in an economically & environmentally sustainable manner.

This policy aims to stimulate and maintain cost recovery measures in the provision of services so that the level, standard and quality of municipal services can be reviewed and improved over a period of time.

5. PRINCIPLES

- 5.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected officials (councilors) are responsible for policy-making, while it is the responsibility of the Municipal Manager to execute these policies.
- 5.2 All consumers must complete an official application form formally requesting the municipality to connect them to service supply lines
- 5.3 Billing is to be accurate, timeous and understandable
- 5.4 Enforcement of payment must be prompt, consistent and effective
- 5.5 By completing the prescribed application form for the provision of municipal services the customer of services enters into an agreement with the municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit act(NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.
- 5.6 Application forms will be used to categories consumers, to determine the amount of the deposit payable by the consumer and whether the customer qualifies for indigent support, pre-payment of credit meters
- 5.7 Depending on Credit Rating Council may provide reduced levels of services to manage the debt growth
- 5.8 Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution
- 5.9 Incentives and disincentive may be used in collection procedures
- 5.10 The policy must be implemented with equity, fairness and consistency
- 5.11 The level of services provided to consumers who regularly defaults will be reduced
- 5.12 Debts and arrangement to repay debts shall be treated holistically

6. CREDIT CONTROL MEASURES

6.1 Important and Final Notice

- All customers must pay their current accounts in full as per date stated on the monthly statement.
- Failure to pay the amount payable (current charge) on or before the due date indicated on the statement, the Municipality will disconnect electricity or reduce the supply of water without any further notice after seven (7) days from the due date.
- Prepaid electricity: in the event that the current account or amount is not paid on or before the due date, the Municipality will block the purchase of electricity on the vending system after

seven (7) days from the due date, until the amount is settled in full.

- No arrangements will be accepted for the current amount charged.

6.2 Registration

Residential

- Consumers who require a service must enter into a written service agreement with the municipality.
- Connection application can only be made by a legal title holder of the property or a nominated proxy.
- Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract or the tenant in default in terms of this clause
- On the death of a partner married in terms of the applicable marriage legislation of South Africa, the surviving spouse may have the account transferred together with the outstanding debt and deposit into their name by completing a service agreement.
- Upon the death of a parent, the above will not apply to the siblings. Siblings will be required to complete a service agreement with written consent from the executor or letter of authority issued by the Magistrate Court of the estate and the necessary deposit will need to be paid.

Business – The municipality must not open any new accounts for tenants on business except when the business is on property where the municipality is the owner. All municipal services must be charged to the business owners only.

Government – the Municipality will continue to register tenants for services. The tenants will be held liable for the services charged on the the Government property, however the respective Government Departments shall then be held liable for the property rates debts on the property.

Sundry accounts – The customer must provide the Municipality with a Municipal account number or rate account number. If the customer does not have an existing Municipal account, then a new account must be created.

The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.

The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the Municipality, into one consolidated account.

Failure by the Council to render an account does not relieve a customer of the obligation to pay any amount that is due and payable.

If there is an outstanding debt on the property, this debt must be settled in full, or suitable payment arrangements must be made by the owner of the property, before any customer / owner is registered for services.

Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

Where the purpose for or extent to which any municipal service used is changed the onus and obligation is on the customer / owner to advise the Municipality of such change.

6.3 Deposits payable

All deposits will be adjusted annually with a rate to be determined by council and will be charged before a new connection to electricity or water supply is made.

No interest shall be payable by the Municipality or its authorized agent on any deposit held.

In cases where a service provider is already connected to council's supply without a deposit paid, such services will be terminated until the connection is registered and a deposit is paid into the name of a new service debtor.

Deposits should be paid in cash, however in the instances of a bulk services consumer, a bank guarantee in favor of council can be presented and safe guarded by council until the services are terminated.

The amount of a deposit in respect of new service agreements will be determined based on the type of service, Date of service agreement application will determine applicable deposit amount payable.

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. A deposit shall be forfeited to the Municipality if the customer has not claimed it within 12 (twelve) months of termination of agreement.

6.3.1 Consumer categories

<u>The following deposits will be applicable:</u>	2024/25
Low voltage:	
single phase	9900
Three phase	14300
0 – 199 KVA	35200
High voltage:	
200 – 499 KVA	44000
> 500 KVA	68200
House Hold Consumer Conventional Meter - Delmas	1650
House Hold Consumer Pre-paid Meter - Delmas	880
House Hold Consumer Botleng/Eloff/Sundra	605

6.4 ACCOUNTS AND BILLING

Customers will receive one consolidated bill for all services to a property, which is situated within the boundaries of the Municipality.

Accounts are produced in accordance with the meter reading cycles.

An account will be rendered each month in cycles of approximately 30 days.

The Municipality will undertake to have the accounts delivered to all consumers. However non-receipt of an account does not prevent interest charges, penalties and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the account, before the due date.

Accounts must be paid on or before the due date as indicated on the account.

Interest on arrears will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.

Payments for accounts must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via third party agents, the money must be received in the municipal bank account on or before the due date and not later than the close of Business.

Consumers will be issued with a 7 (seven) working day notice of their unpaid accounts prior to the commencement of the debt collection process.

Non-payment of the account will result in debt collection action taken against defaulters.

6.5 RIGHT TO ACCESS

The owner and /or occupier of property is to allow an authorized representative of the municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.

The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

If a person fails to comply with the request for reasonable access the municipality or its authorized representative may:

- (a) By written notice require such person to restore access at his/her own expense within a specified period.
- (b) Should access be prohibited, the municipality will serve a notice to the consumer to allow such access, failure to comply with the notice will result in municipality taking all action necessary to gain entry or access.

6.6 INTEREST ON ARREARS

Interest will be levied on all arrears at a rate of % per annum

The interest rate will be determined at Prime plus 2% at the start of the municipality's financial year and will remain fixed for the financial year

Council reserves the sole right to amend the above rate as it deems necessary to improve revenue and service delivery

Interest is levied on all accounts in arrears in excess of 30 days. Interest levied but not paid is included in the arrear amount of such a debtor.

Specific categories of customers, services and debtor groups as determined by the council from time to time, may be excluded from interest on arrear charges.

6.7 Responsibility for amounts due

In terms of Section 118 (3) of the Municipal Systems Act 32 of 2000 an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.

The municipality reserves the right to cancel a contract with the occupier in default and register the owner only for services on the property.

No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.

Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all Municipal debts charged on the property.

Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.

Directors of Companies, members of Close Corporation and Trustees of Trusts shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety, then a deposit equivalent to twice the usual deposit shall apply.

- For so long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the Municipality may recover from such tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner.

- The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant / occupier / agent.
- The amount the Municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.
- Should the tenant, occupier and / or agent refuse to pay as above, to the Municipality, the services of the tenant, occupier and / or agent may be disconnected.

Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute.

Pre-paid meters shall not be installed until all outstanding debt has been paid in full, subject to clause 6.3 hereto.

The owner of the property may be held liable for tampering with the electricity metering equipment or the water metering equipment on the property as well as charges that arise therefrom.

Rates Clearance

Issuing of rates clearance figures and rates clearance certificates on transfer of property in the municipalities jurisdiction must be done in accordance with section 118 of the Local Government: Municipal Systems Act, Act No. 32 of 2000, as amended, as well as any other policy and legislative requirement.

The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Systems Act, which is lodged with the municipality in the prescribed manner.

This is subject to all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid.

If the owner refuses to pay the debt which is older than two years then the municipality will apply to a competent Court for an order in the following terms: -

- a. In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.

b. In the case where there is no judgment debt, for an order staying transfer of the property pending the finalisation of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.

c. The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred.

Conditions for approval of section 118.

Specific conditions that must be met before a Section 118 will be granted. The conditions are as follows:

Compliance with Section 118(1) of the Municipal Systems Act.

- Submission of an acknowledgment of debt letter on the attorney's letterhead. This letter must state that the outstanding amount will be paid as soon as the property transfer is completed.
- The acknowledgment of debt letter must be signed by both the attorney and the client.

6.8 Allocation of payments

Payments from debtors will be allocated in priority sequence as follows to the various municipal services:

- Property tax
- Refuse services
- Sewerage services
- Other miscellaneous charges
- Water supply
- Electricity supply

6.9 CUSTOMER ASSISTANCE PROGRAMMES

These are programs that the Municipality will design to assist customers meet their obligations, such as:

- Rates rebates;
- Arrangements for settlement;
- Indigent assistance scheme.
- Incentive Debt Repayment Scheme

6.10 Debt collection process

The debt collection process will be maintained by the Debt Collection Unit and will be under the supervision of the Assistant Manager (Revenue services):

In respect of the collection of debts owed to the municipality the following process will be followed:

1. All water and electricity meters will be read on a monthly basis and captured on the financial system before the monthly billing cycle. Meters are read and captured manually however the use of electronically systems need to be encourage with the aim to reduce human error to the minimum. Exception reports to be generated to detect incorrect readings and corrections to be made.
2. Billing cycle to be performed after all meter readings are captured. Data submitted to service provider for the posting of municipal accounts.
3. The following facilities to be maintained for the payment of municipal accounts:
 - a. Cashier points at the municipality EFT payments direct into the bank primary bank account,
 - b. Direct deposits into the bank account at any Standard Bank branch.

If the account is not paid by the due date it will be handed over to the debt collection unit to recover the arrear debt.

6.11 Arrear debt collection

The municipality shall have the right to restrict or discontinue the supply of services or to implement any other debt collection action necessary due to late or non-payment of accounts, relating to any consumer, owner or property

If the customer fails to pay any account within a period of seven (7) working days after the expiry of the due date then:-

The steps mentioned above in the first paragraph (6.1) of credit control measures will prevail.

After the notice is issued and the time frame has lapsed the following process commence:

- (i) If the debtor pays the account in full no further action is necessary.

- (ii) The interest on outstanding amounts will be applicable at the standard interest rate as determined by council, being prime rate plus 2% at the start of the financial year and will remain fixed for the financial year. The outstanding accounts of households registered in terms of council's Indigent policy will not be charged with interest.
- (iii) With regards to properties where electricity is not supplied by council and in the absence of the required reaction as mentioned above in respect of the final notice, the water supply to the property is restricted by the installation of a trickier washer which will only allow access to the basic water supply being six kiloliters per month.
- (iv) Once the debtor enters into a payment arrangement with council or pay his account in full the service to the property will be restored.
- (v) In the circumstances of no further reaction from the debtor after the services were restricted to the property, the debt collection unit will, via the field workers, revisit the property after 14 days to ensure that the service is still discontinued. If it is found that the property is reconnected, a tamperproof disconnection, (level 2 cut-off) will be performed to ensure a more tamperproof disconnection. The cost hereof will be charged against the account of the debtor.
- (vi) In the case of a level 2 cut-off the services to the property will only be restored once the arrear account is paid in full.
- (vii) If consecutive follow-up actions due to no reaction by the debtor reveal that a disconnection has been tampered with, another level 2 disconnection, will take place in the case of electricity, or the installation of a trickier in the case of water, are done. The account of the debtor is once again charged with the cost of these actions and the legal steps are taken to collect arrears where the cut-off actions yielded not satisfactory results.
- (viii) Accounts which are less than R3,000, will not be handed over for legal action due to the legal costs exceeding the capital amount. All legal and related costs will be charged to the account of the property debtor. Legal actions will not be instituted against households registered in terms of council's Indigent policy.
- (ix) In circumstances when a property owner intends to sell his/her property and applies for a clearance certificate in terms of Section 118 of the Systems Act, No 32 of 2000, such property owner will be liable for the payment of all outstanding amounts on the same property for the preceding two years, regardless of the fact if it is his/her own debts or those of a tenant or any other occupier of the property. A clearance certificate, certifying that

all outstanding amounts for the immediate past two years in respect of a property are paid in full, will only be issued by the municipality once proof of such payment can be presented by the registered owner of the property.

One of the following measures will be used by a Municipality to enforce section 118(3) of the Local Government: Municipal Systems Act, 32 of 2000:

- i. Attempting to obtain full payment of all municipal debt from the seller.
- ii. Requesting the seller to authorise the conveyancer to provide an undertaking that payment will be made of any unpaid debt, out of the proceeds of the sale of the property, if sufficient, upon registration of transfer in preference to any bond holder.
- iii. Informing the purchaser that should there be any municipal debt outstanding against the property, such debt is a charge against the property, and that such purchaser shall be liable for such debt which is still owing after registration and that the continued supply of municipal services to the property may be affected while the debt remains outstanding.
- iv. Interdicting the transfer of the property until the municipal debt is paid in full.
- v. Interdicting the distribution of the proceeds of the sale.

7. ARRANGEMENTS FOR SETTLEMENT

Arrangements are permissible for debtors who experience difficulties in paying their accounts.

No interest will be levied on accounts with arrangements if those arrangements are kept up to date.

DURATION OF ARRANGEMENT

The maximum period of arrangement will not exceed periods as stipulated in this policy.

DEFAULT REPAYMENT ARRANGEMENT

Debtors who default on their third payment arrangement are required to pay full settlement of their outstanding arrears

- That the consumer pays the current account plus the repayment instalments monthly.
- That the debtor should not default on their payment. Should the debtor fail to honor the arrangements, the municipality may terminate the services without any further notification.

Residential Consumers

Outstanding Balance (arrears 30 days and above)	Minimum Deposit	Maximum Duration of repayment
R1 – R1 000	Full Settlement	
R1001 -2000	50%	1 month
R2001 – 5000	30%	3 months
R5001 – 10 000	25%	5 months
R10 001 -20 000	15%	8 months
R20 001 and more	10%	Maximum of 24 months

Any variation for the above terms must be approved in writing by the CFO or his/her nominee.

No arrangements will be made on the current amount charged to the consumer,

Before arrangement can be done the following should be presented:

1. Copy of the ID
2. Arrangement by any other person except the owner of the property or account holder; a Sworn commissioned affidavit acknowledging debt owed to municipality and providing mandate to the proxy to sign acknowledgement on their behalf.

3. If applicant is a tenant on a property, sworn commissioned consent/affidavit by owner of the property (Including copy of Owner' ID) issued in favour of the tenant is required whereby owner acknowledges debt and granting approval for the tenant to enter into such agreement on their account with council.
4. The approved minimum deposit payable may not be lesser than the clients' current month bill plus first instalment of the repayment agreement.
5. The CFO or his/her nominee, may at his/her discretion; grant approval for the repayment term of the arrangement to be extended beyond the terms as stipulated above

Businesses

Outstanding Balance (arrears 30days and above)	Deposit	Maximum Duration of repayment
R1 – 5000	Full Settlement	None
R5001 – 10 000	50%	1 month
R10 001 – R30 000	35%	3 months
R30 000 – R50 000	25%	6 months
R50 000 and more	15%	Maximum of 12 months

Any variation for the above terms must be approved in writing by the CFO or his/her nominee.

Before arrangement can be done the following should be presented:

1. Copy ID of company representative
2. Certified copies of company registration
3. Proxy letter or resolution on company letterhead authorizing company representative to acknowledge debt on behalf of company/entity.
4. If applicant is a tenant on a property, written consent by owner to Debt Repayment Arrangement by tenant is required whereby owner acknowledges debt and approves entering into debt repayment arrangement
5. The CFO or his/her nominee, may at his/her discretion; grant approval for the repayment term of the arrangement to be extended beyond the terms as stipulated above.

Deceased Estates

In accordance with the provisions of Administration of Estates Act the executor of a Deceased Estate shall be liable for payment of all debts on the property.

It remains the sole responsibility of the occupiers to inform the Municipality that the property forms part of a deceased estate and the Municipality may refuse services until an executor has been appointed

Occupiers of property in a deceased estate where neither an executor nor administrator has been appointed, may be required to sign a service level agreement.

7. CUSTOMER CARE AND MANAGEMENT

Councilors are responsible for policy making and officials are responsible for executing policies which will be agreed upon within council, so that they can be implemented and supported by councilors and officials equally. There will be a report on areas of weakness identified and achievement gained.

- Consumers will be treated according to the Batho Pele Principles – Consultation, access, value for money, openness and transparency, accountability, redress, courteous, be supplied with all the necessary information. Various forms of communication with the community within the municipal area will be created and utilized.
- There will be means of communicating with the community about the level of services that they will be receiving, the cost involved in the provision of the service, the reason for the payment of the service fees and the manner in which monies raised from service are used.
- Consumers/users will be provided with different mechanisms to measure the performance, and to provide feedback to the municipality about the type of service received including its quality and value for money. (The mechanisms will be stated in the municipality's communication strategy).

The consumers will also be informed about the system, which will be used for measuring and billing, their consumption of various services in an accurate and verifiable manner.

Communication Strategy

The community will at all times be made aware of the Credit Control and Debt Collection measures that council is implementing through various means which, are possible and accessible to the existing and potential debtors of the municipality

- (a) Considering the fact that the Municipality is legally compelled to implement its credit control and debt collection policy, ward committees may be requested to submit positive executable proposals to support the matter, and make it more acceptable to the community.
- (b) That the Municipal Manager could be requested to draw-up a notice regarding the Policy, and or that the policy be published in Public Places and be distributed to all households in the Municipality's area of jurisdiction

8. DISPUTES

- In this policy "dispute" refers to the instance when a debtor questions the correctness of any account rendered by the Municipality with the Municipal Manager as per the process in sub-item (2) below.
- In order for a dispute to be registered with the municipality, the following procedures must be followed:
 - By the debtor
 - (a) The dispute must be submitted in writing (in a form that will be provided by the municipality or retrieved from the municipalities website)
 - (b) No dispute will be registered verbally whether in person or over the telephone.
 - (c) The debtor must furnish full personal particulars including ALL account numbers held with the Municipality, direct contact telephone number, fax-

number, postal and e-mail addresses and any other relevant particulars required by the municipality.

(d) The full nature of the dispute must be described in the correspondence referred to above.

(e) The onus will be on the debtor to ensure that he receives a written acknowledgement of the dispute.

(f) The debtor will be liable for the amount due except for the dispute amount on or before due date for the account rendered.

• By the Municipality:

(a) On receipt of the dispute the following actions are to be taken:

- A written acknowledgement of the receipt of the dispute must be provided to the debtor.

- The amount payable by the debtor for the specific month of the dispute and inform the debtor that all accounts thereafter must be paid in full.

- Specify the time to resolve the dispute- disputes must be solved within 3 (three) months

- The dispute must be registered in a dispute register

- Inform the Debtors Department and the Debt Collection Department of the dispute

- Ensure that all relevant information received is rectified accordingly on the finance system

- Conduct checks or follow-ups on all disputes as unresolved

7.3 The following provisions apply to the consideration of disputes:

(a) All disputes must be concluded by the Municipal Manager or delegated official

(b) The Municipal Manager's or the delegated official's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in this Policy after the debtor is provided with the outcome of the appeal.

(c) The same debt will not again be defined as a dispute in terms of this paragraph and will not be reconsidered as the subject of a dispute.

(d) Should the debtor not be satisfied with the outcome of the dispute, a debtor may lodge an appeal in terms of section 62 of the Systems Act.

7.4 The Municipality reserves the right to declare a dispute on any account as may be deemed necessary.

Account collection agreements

The municipality may enter into account collection agreements for the payment of services with various employers or agents who will act on behalf of council to recover outstanding amounts.

9. CREATION OF A DATA BASE

- (1) Credit control and debt collection starts when the customer applies for municipal Services and every customer must complete an application form.
- (2) The application form will be used to get credit information on customers. It will also assist with the identification of those who qualify for indigence support and those who should only have access to restricted consumption, such as prepaid meters.
- (3) The application form will be a binding contract between the council and the customer and will inform the customer of the conditions on which the service is rendered.
- (4) A copy of the application form, the conditions on which the service is rendered, the council's credit control and debt collection policy and the credit control and debt collection by-law will be handed to every customer who might request it from time to time.

10. CREDIT CONTROL & DEBT COLLECTION PROCEDURES AND MECHANISMS

- (1) Reasonable access to pay points and various forms of payment will be provided.
- (2) Enforcement of payment will be prompt, consistent and cost-effective.
- (3) Criminal conduct will result in prosecution in court.
- (4) Non-payment by debtors of their accounts has a direct negative impact on the ability of service delivery to other consumers.
- (5) Current account levied not paid by the indicated due date are in arrears and all debtors with arrears are subject to credit control measures.
- (6) Credit control measures are applied with pro-active reminder or warning. Account statements are regarded as reminders of the arrears status of the account as well as stating the intention to take credit control measures.
- (7) No metered services can continue to be delivered to any unknown consumer, who is not registered with the municipality as a consumer.

- (8) Client who make no further use of any service but still owe an amount, are inactive debtors who, after the submission of a second inactive account statement to their latest known postal addresses are handed for legal action or alternative Credit Control and Debt Collection procedures.

11. IRRECOVERABLE DEBTS

The Municipal Manager must ensure that all avenues are utilized to collect the municipality's debt.

There are some circumstances that allow for the valid termination of debt collection procedures (Council approval required)

- The insolvency or demise of the debtor, whose estate has insufficient funds
- A balance being too small to recover, for economic reasons considering the cost of recovery (R3 000.00)
- Prescription
- When the debtor relocates and two tracing agents are unable to trace the current whereabouts of the debtor
- All reasonable notifications and cost effective legal avenues to recover the outstanding amount have been exhausted.
- The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate
- It is impossible to prove the debt outstanding
- The outstanding amount is due to an administrative error by council or by Council resolution, on good cause shown
-

With the exclusion of approved indigent applicants, outstanding amounts of debtors be submitted from time to time to Council for considering the writing off thereof should circumstance requires it. With each submission to council, the circumstances will also be reported to council for consideration.

Should money be received from debtor after the debtor's account was written off then the amount should be paid into the Provision for Bad Debts.

12. INDIGENT CONSUMERS

Please refer to the Victor Khanye Local Municipality's indigent Policy.

Households are subsidized with 6kl of water and 50kWh electricity per month. Should this be exceeded the debtor will be held liable for the account.

The subsidy for the indigents will be funded from the equitable share / intergovernmental grant.

Electricity as well as the water consumption in excess of 6kl will be levied separately on the municipal account if applicable.

13. DISCOUNT SERVICES

From time-to-time the municipality will issue announcements on the categories of people deserving discount.

14. ILLEGAL TAMPERING AND DISCONNECTION

Should a meter of a consumer / user be found to be tampered with, a **penalty** will apply according to the amount approved by Council in the tariff structure. A new meter will only be installed after the payment has been made in full or acceptable arrangements have been made. The penalty must be paid in full and no arrangements may be made for the payment of the penalties.

If a consumer tampers with the supply of electricity/water, the supply will be terminated and the consumer will receive a notice about the illegal connection, and that his/her action constitutes a criminal offence.

If a municipal employee has been found to have assisted in the tampering of electricity and/or water meter, such employee will be subjected to disciplinary action.

An average consumption will be levied on an account for the period the consumer ceased purchasing electricity before any reconnection can be authorized. The calculated average as per the municipal tariff policy will be debited to the consumer's account.

15. INCOME TARGETS

Income as set in the budget less on acceptable provision for bad debt.

16. Staff and Councilors in arrears

- I. Item 10 of Schedule 2 to the Act states that – "A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period."
- II. In the case where an official is in arrears for a period of sixty (60) days a written notice will be issued to that official and given a period of fourteen (14) working days to pay the outstanding amount or make arrangements.

- III. Failure to pay the outstanding amount or to make acceptable arrangements for repayment will result in the deduction of the outstanding amount, the terms will be determined by the Accounting Officer / CFO.
- IV. In accordance with Schedule 1, item 12A of the Systems Act, a Councillor of the Municipality may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the Municipality. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

PROVISION FOR DOUBTFUL DEBT AND DEBT WRITE-OFF POLICY

1 July 2024 – 30 June 2025

Policy Number:	Approved by Council:
Resolution No:	Review Date:

Contents

1.	APPLICATION AND SCOPE	3
2.	OBJECTIVES OF THE POLICY	3
3.	INTRODUCTION	3
5.	IMPAIRMENT OF DEBTORS	5
	CONSUMER DEBTORS	6
5.1		6
5.2	SUNDRY DEPOSITS	7
5.3	SUNDRY DEBTORS	7
7	WRITE OFF OF DOUBTFUL DEBTORS	9
7.1	AMOUNTS EQUAL TO OR LOWER THAN AMOUNTS DELEGATED TO THE CHIEF FINANCIAL OFFICER BY COUNCIL FROM TIME TO TIME	10
7.2	AMOUNTS EXCEEDING THE CFO'S DELEGATED AUTHORITY	10
7.3	APPLICATION OF PRESCRIPTION ACT	12
7.4	SPECIFIC DEBT WRITE-OFF INCENTIVES	12
7.5	OTHER WRITE OFFS	13

1. APPLICATION AND SCOPE

The Provision for Doubtful Debt and Debt Write-Off Policy is applicable to the Victor Khanye Local Municipality.

NOW THEREFORE the Council of the Victor Khanye Local Municipality has adopted the Provision for Doubtful Debt and Debt Write-off Policy as set out hereunder –

2. OBJECTIVES OF THE POLICY

- To ensure that debtors disclosed in the annual financial statements are stated at amounts that are deemed to be collectable.
- To ensure that uncollectable debt is written off within guidelines of existing policies and applicable legislation.

3. INTRODUCTION

The effective management of debtors include, amongst others, the following processes:

- Implementation/Maintenance of the appropriate ICT Systems and Business Processes;
- Accurate billing;
- Customer care and accounts enquiry management;
- Effective and timeous credit control;
- Impairment of debtors (Provision for Doubtful Debtors);
- Write-off of uncollectable debtors.

3 – PROVISION FOR DOUBTFUL DEBT AND DEBT WRITE OFF POLICY

This policy provides guidelines on the treatment of the impairment and write-off of debtors.

4. APPLICABLE ACCOUNTING STANDARDS

GRAP 104 financial instruments sets out the requirements and guidelines for the impairment of financial assets subsequently carried at amortised cost.

GRAP 104.46 all financial assets measured at amortised cost, or cost, are subject to an impairment review...”

GRAP 104.57 an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial assets or group of financial assets is impaired.

If any such evidence exists, the entity shall apply paragraphs .61 to .63 (for financial assets carried at amortised cost) and paragraph . 64 (for financial assets carried at cost) to determine the amount of any impairment loss”.

GRAP 104.58 a “a financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(a loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated”.

GRAP 104.61 if there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets's

carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in surplus or deficit"

5. IMPAIRMENT OF DEBTORS

Consumer debtors, long term receivables and other debtors are stated at cost less a provision for bad debts. The provision is made on an individual basis, or based on expected cash flows.

An objective assessment of financial assets is made at financial year-end in order to determine possible impairment. Impairment loss is recognized as an expense in the Statement of Financial Performance.

Individual classes of loans and receivables are assessed for impairment using the following methodologies:

5.1 CONSUMER DEBTORS

Consumer Debtors are evaluated at each reporting date and impaired as follows:

Category of Debtor	Percentage of debt regarded as collectable	Percentage of debt provided for as irrecoverable (ie Impairment Percentage)
Credit balances	Zero	Zero
Accounts with balances only in current (0 – 30)0''	100%	Zero
Inactive accounts	Zero	100%
Approved indigents	Zero	100%
Pending indigents	Zero	100%
No payment received during preceding 6 months	Zero	100%
State debtors (National, Provincial, Local and SOE's)	100%	Zero
Farm owned properties	100%	Zero
All other debtors: Significant financial difficulties of the debtors and default or delinquency in payments or all debt outstanding for more than 30 days are considered indicators to determine that debtors are impaired. The remainder of the debtors are evaluated using a payment ratio which can be defined as the sum of the debtors's total payment for the year divided by the debtors's total billing for the year. Only impairing debtors balance after 6 month of non-payment		

5.2 SUNDRY DEPOSITS

Sundry deposits are assessed for impairment to ensure that no objective evidence exists that these deposits are irrecoverable.

5.3 SUNDRY DEBTORS

Sundry debtors are those Suspense Control Accounts classified as financial instruments with debit balances as at year-end. Sundry debtors are assessed individually for impairment to ensure that no objective evidence exists that these debtors are irrecoverable.

6 IDENTIFICATION OF IRRECOVERABLE DEBTS

6.1 When the municipality identifies customers whose debts appear to be irrecoverable even after the whole credit control and debt collection process has been followed in terms of trying to obtain payment, then such accounts should be regarded as irrecoverable.

6.2 Once the debt is regarded as irrecoverable during the course of the year it must be grouped with others so that at the latest by April every year a report should serve before the Council in order to write off the irrecoverable debts.

6.3 Debts can be regarded as irrecoverable under the following circumstances:-

6.3.1. General

- 6.3.1.1 Debt that was subject to all the collection procedures provided for in this policy and still was unsuccessful to collect the debt and where the debt collection process had been abandoned.
- 6.3.1.2 Debt of which the cost to collect debt has exceeded the debt debt amount.
- 6.3.1.3 Debt of indigent debtors that cannot be collected after the implementation of the debt collection procedures applicable to indigent consumers.
- 6.3.1.4 Small amount debt which the cost to collect the debt is more than the debt amount.

6.3.2 Debt of deceased estate

- 6.3.2.1 Claims must have been submitted to the estate of the deceased
- 6.3.2.2 The executor of the estate advised Council in writing that there are no funds in the estate, and if the heir is employed he will be fully liable for the outstanding debt.

6.3.3 Debt of debtors who have emigrated

- 6.3.3.1 Debt collection procedures must have been implemented;
- 6.3.3.2 Council was informed by a reliable source that the debtor had emigrated.

6.3.4 Debt that has prescribed

- 6.3.4.1 Debt collection procedures must have been implemented;
- 6.3.4.2 Debt must be older than three years
- 6.3.4.3 Debt must comply with the provisions of section 10 Chapter III of the Prescription Act No 68 of 1969

6.3.5 Debt of insolvent estates

- 6.3.5.1 Debt collection procedures must have been implemented
- 6.3.5.2 Claims must have been submitted to the liquidators of the insolvent estate
- 6.3.5.3 The liquidators of the solvent estate must advise Council in writing that there are no funds in the estate
- 6.3.5.4 Council received dividends on the amount owing and was advised that the estate had been finalized and there will be no further dividends forthcoming.

6.3.6 Debt of indigent Households

- 6.3.6.1 Approved indigent debtors who qualify and remain with indigent status for more than two years, may be written off after obtaining a Council resolution.
- 6.3.6.2 Any debt accrued, in excess of the discounted monthly levies, will be recoverable in terms of the credit control policy.

7 WRITE OFF OF DOUBTFUL DEBTORS

Where debts are identified as being irrecoverable (in periods subsequent to debtors being impaired), the process of write-off will be treated as follows:

7.1 AMOUNTS EQUAL TO OR LOWER THAN AMOUNTS DELEGATED TO THE CHIEF FINANCIAL OFFICER BY COUNCIL FROM TIME TO TIME

Debt collector identifying irrecoverable debtors within the delegated powers of the CFO must prepare a report for the attention of the CFO detailing the nature of the underlying debt, conditions that led to the debt being identified as being irrecoverable, details on credit and debt collection processes followed to recover the debt and confirmation that all available avenues to recover the debt have been exhausted and that further actions would be fruitless and not cost effective.

The report of the debt collector must be scrutinised by the revenue manager and his recommendation must be documented in the report.

The final report containing the recommendations of both the debt collector as well as the revenue manager must be presented to the chief financial officer for consideration.

Requests approved by the Municipal Manager in consultation with the CFO will be processed against the relevant debtors account and reflected as debit against Bad Debt Provision in the financial ledger.

Reconciliation of the Provision for Doubtful Debtors Account must be prepared annually by the director income and retained for audit purposes.

7.2 AMOUNTS EXCEEDING THE CFO'S DELEGATED AUTHORITY

The process for the consideration of write-off of debts in respect of amounts in excess of CFO delegated authority must be dealt with as follows:

The debt collector identifying irrecoverable debts in excess of chief financial officer delegations and prepare report detailing the nature of the underlying debt, conditions that led to the debt being identified as being irrecoverable, details on credit and debt collection processes followed to recover the debt and confirmation that all available avenues to recover the debt have been exhausted and that further actions would be fruitless and not cost effective.

The report of the debt collector must be scrutinised by the revenue manager and his recommendation must be documented in the report.

The final report containing the recommendations of both the debt collector as well as the revenue manager must be presented to the chief financial officer for consideration.

If approved by the CFO, a formal report must be submitted to the Finance Portfolio Committee, Mayoral Committee and Council for consideration.

Approvals granted by council must be processed against the relevant debtors account and reflected as debit against bad debt provision in the financial ledger.

Reconciliation of the Provision for Doubtful Debtors Account must be prepared annually by the director income and retained for audit purposes.

7.3 APPLICATION OF PRESCRIPTION ACT

The provisions of Prescription Act will apply to all services debt, excluding assessment rates. Applications and/or claims for prescription from debtors will only be assessed if no formal credit control or legal actions have been instituted during prescription debt period of three (3) years.

Income manager will assess application in terms of prescribed requirements. If in compliance with Prescription Act, approval may be granted to write-off prescribed portion of debt.

Approvals granted must be processed against the relevant debtors account and reflected as debit against Bad Debt Provision in the financial ledger.

Reconciliation of the Provision for Doubtful Debtors Account must be prepared annually by the director income and retained for audit purposes.

7.4 SPECIFIC DEBT WRITE-OFF INCENTIVES

Revenue manager to identify and investigate specific uncollectable debt categories. Report with full details as to the reasons for categorized debt write off to be submitted to council for approval.

Municipal manager to approve the writing off of interest on accounts where a once off settlement is made.

Approvals granted must be processed against the relevant debtors account and reflected as debit against Bad Debt Provision in the financial ledger.

Reconciliation of the Provision for Doubtful Debtors Account must be prepared annually by the director income and retained for audit purposes.

7.5 OTHER WRITE OFFS

Department/Entity identify deemed irrecoverable debts and prepare report detailing the nature of the underlying debt, conditions that led to the debt being identified as being irrecoverable, details on credit and debt collection processes followed to recover the debt and confirmation that all available avenues to recover the debt have been exhausted.

If approved by the CFO, formal report must be submitted to the Finance Portfolio Committee, Mayoral Committee and Council for consideration.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

SUPPLY CHAIN MANAGEMENT POLICY

Policy Number: D	Approved by Council:
Resolution No:	Review Date: February 2024

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

The Council of the Victor Khanye Local Municipality resolves in terms of section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality:

TABLE OF CONTENTS

1. Definitions

CHAPTER 1

**ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT
POLICY**

2. Supply chain management policy
3. Adoption and amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub delegations
6. Oversight role of council
7. Supply chain management units
8. Training of supply chain management officials

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

9. Format of supply chain management

Part 1: Demand management

10. System of demand management

Part 2: Acquisition management

11. System of acquisition management
12. Range of procurement processes
13. General preconditions for consideration of written quotations or bids
14. Lists of accredited prospective providers
15. Preferential Procurement Aim
16. Petty cash purchases
17. Written quotations
18. Formal written price quotations
19. Procedures for procuring goods or services through written quotations and formal written price quotations
20. Competitive bidding process
21. Process for competitive bidding
22. Bid documentation for competitive bids
23. Public invitation for competitive bids
24. Procedure for handling, opening and recording of bids
25. Negotiations with preferred bidders
26. Two-stage bidding process
27. Committee system for competitive bids
28. Bid specification committees
29. Bid evaluation committees
30. Bid adjudication committees
31. Procurement of banking services
32. Procurement of IT related goods or services
33. Procurement of goods and services under contracts secured by other organs of state
34. Procurement of goods necessitating special safety arrangements
35. Proudly SA Campaign
36. Appointment of consultants
37. Deviation from, and ratification of minor breaches of, procurement processes
38. Unsolicited bids

39. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

40. Logistics management
41. Disposal management
42. Risk management
43. Performance management

Part 4: Other matters

44. Prohibition on awards to persons whose tax matters are not in order
45. Prohibition on awards to persons in the service of the state
46. Awards to close family members of persons in the service of the state
47. Ethical standards
48. Inducements, rewards, gifts and favours
49. Sponsorships
50. Objections and complaints
51. Resolution of disputes, objections, complaints and queries
52. Contracts providing for compensation based on turnover
53. Payment of sub-contractors / JV Partners
54. Extending and varying a contract
55. Short Title and Commencement
60. Rotation on panel of service providers

1. **Definitions**

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

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

- (ii) **“competitive bid”** means a bid in terms of a competitive bidding process;
- (iii) **“final award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
- (iv) **“formal written price quotation”** means quotations referred to in paragraph 12 (1) (c) of this policy;
- (v) **“in the service of the state”** means to be –
 - (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
 - (b) a member of the board of directors of any municipal entity;
 - (c) an official of any municipality or municipal entity;
 - (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
 - (e) a member of the accounting authority of any national or provincial public entity; or
 - (f) an employee of Parliament or a provincial legislature;
- (vi) **“long term contract”** means a contract with a duration period exceeding one year;
- (vii) **“list of accredited prospective providers”** means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of paragraph 14 of this policy;
- (viii) **“other applicable legislation”** means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000); and
 - (d) the Prevention and Combating of Corrupt Activities Act, 2004 [Act 12 of 2004].
-
- (ix) **“Regulation”** means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations, published in Notice 868 of 30 May 2005;
 - (x) **“Treasury guidelines”** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;
 - (xi) **“the Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - (xii) **“written quotations”** means quotations referred to in paragraph 12(1)(b) of this policy.
 - (xiii) **“specific goals”** means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and development Programme as published in Government Gazette No. 16085 dated 23 November 1994;

CHAPTER 1
ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN
MANAGEMENT POLICY

Supply chain management policy

2. (1) The principles of this policy are that it -
- (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the regulatory framework prescribed in Chapter 2 of the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) The municipality may not act otherwise than in accordance with this supply chain management policy when –
- (a) procuring goods or services;
 - (b) disposing of goods no longer needed;
 - (c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

- (d) in the case of a municipality, selecting external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) Subparagraphs (1) and (2) of this policy do not apply in the circumstances described in section 110 (2) of the Act except where specifically provided otherwise in this policy.

Adoption and amendment of the supply chain management policy

- 3. (1) The accounting officer must –
 - (a) at least annually review the implementation of this policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
- (2) If the accounting officer submits a draft policy to the council that differs from the model policy, the accounting officer must ensure that such draft policy complies with the Regulations. The accounting officer must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4) The accounting officer of the municipality must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality has and implements this supply chain management policy.

Delegation of supply chain management powers and duties

4. (1) The council hereby delegates and is required to further delegate such additional powers and duties to the accounting officer so as to enable the accounting officer –
 - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) the supply chain management policy;
 - (b) to maximise administrative and operational efficiency in the implementation of the supply chain management policy;
 - (c) to 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
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Section 79 of the Act apply to the subdelegation of powers and duties delegated to the accounting officer in terms of subparagraph (1) of this policy.
- (3) The council or accounting officer may not delegate or subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.

- (5) The accounting officer may not delegate or sub-delegate the authority to enter into negotiations in terms of paragraph 24 of this policy.

Sub-delegations

5. (1) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such subdelegation must be consistent with subparagraph (2) and paragraph 4 of this policy.
- (2) The power to make a final award –
- (a) Above R10 million (VAT included) may not be sub-delegated by the accounting officer;
 - (b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
 - (i) The chief financial officer;
 - (ii) A senior manager; or
 - (iii) A bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (c) Not exceeding R 2 million (VAT included) may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.

- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) of this policy must within **five (05)** working days of the end of each month submit to the official referred to in subparagraph (4) of this policy a written report containing particulars of each final award made by such official or committee during that month, including–
- (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) of this policy must be submitted –
- (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii) of this policy; or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to

make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.

- (7) The Accounting Officer may sub-delegate the Chairpersonship of the Bid Adjudication Committee to any Senior Official reporting directly to the chief financial officer or Deputy chief financial officer.
- (8) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

- 6. (1) The council must maintain oversight over the implementation of this supply chain management policy.
- (2) For the purposes of such oversight the accounting officer must –
 - (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality,
 - (ii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.
- (3) The accounting officer must, within twenty [20] days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive committee.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

7. (1) A supply chain management unit is hereby established to implement this supply chain management policy.
- (2) The supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

8. The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

Format of supply chain management

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

Part 1: Demand management

System of demand management

10. In order to ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy needs, an effective system of demand management must include the following:
- (a) Planning for future requirements. Acquisition and disposals of all goods required to meet the strategic goals outlined in the Integrated Development Plan must be quantified, budgeted and planned to ensure timely and effective delivery, appropriate quality at a fair cost to meet the needs of the municipality and community. Critical delivery dates must be determined and adhered to as set out in the service delivery and budget implementation plan contemplated in section 69[3][a] of the Act.
 - (b) If the requirement is of a repetitive nature and there are benefits of economies of scale a contract for a specific commodity should be arranged.

- (c) In order to compile the correct specifications an industry analysis / research should be undertaken to ensure future needs and technology benefits are maximised.

Part 2: Acquisition management

System of acquisition management

- 11. (1) Through operational procedures, an effective system of acquisition management is established in Part 2 of this policy in order to ensure –
 - (a) that goods and services are procured by the municipality in accordance with authorized processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
 - and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) This supply chain management policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - (a) water from the Department of Water and Sanitation or a public entity, another municipality or a municipal entity; and
 - (b) electricity from ESKOM or another public entity, another municipality or a municipal entity.

- (3) The following information must be made public wherever goods or services contemplated in section 110(2) of the Act are procured other than through the supply chain management system -
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

(4) For quotations (up to and including R300 000.00) bidders are required to be registered on the Central Supplier Database (CSD) prior to the acceptance of their quotation (the issue of an official order) in respect of the goods or services required. Procurements above R300 000.00 go through a competitive bidding process.

(5) where bids exceed R300 000.00, bidders who are not registered on the Central Supplier Database are not precluded from submitting bids but must however be registered prior to the awarding of the tender.

(6) All parties to a Joint Venture or Consortium must individually comply with the requirements of clauses.

Range of procurement processes

12. (1) The procurement of goods and services through this policy is provided by way of –
- (a) Petty cash purchases shall be incurred up to a value of R500 (VAT included);
 - (b) Verbal quotation / one quotation up to value of R2.000 (VAT included);
 - (c) Three written quotations for procurements of a transaction value over R2.000 up to R29 999 (VAT included);
 - (d) Formal written price quotations for procurements of a transaction value over R29 999 up to R300.000 (VAT included); and
 - (e) a competitive bidding process for–
 - (i) procurements above a transaction value of R300.000 (VAT included); and

- (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
 - (a) lower, but not increase, the different threshold values specified in subsection (1); or
 - (b) direct that –
 - (i) written or verbal quotation be obtained for any specific procurement of a transaction value lower than R2.000;
 - (ii) three formal written price quotations be obtained for any specific procurement of a transaction value lower than R29 999; or
 - (iii) a three formal written price quotations process may be followed for any specific procurement of a transaction value lower than R300.000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items shall as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations, formal written price quotations or bids

- 13. A written quotation, formal written price quotation or bid may not be considered unless the provider who submitted the quotation or bid –
 - (a) has furnished that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any;

- (iv) tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (b) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- (iv) whether a spouse, life partner, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

PREFERENTIAL PROCUREMENT AIM

14. (a) The aim of this section of the Municipality's Supply Chain Management Policy is to give effect to, and to ensure compliance with, all applicable legislation and national directives in respect of preferential procurement and broad-based black economic empowerment.

(b) The following procurement strategies are addressed in this section:

the application of a preference point system in terms of the revised Preferential Procurement Regulations (PPR), 2022.

- (c) the unbundling of large projects, where appropriate, into smaller contracts to ensure that a spread of opportunities is made available to suppliers, service providers and construction contractors of various sizes.
- (d) the use of functionality/quality, where appropriate, in procurement processes to ensure that goods supplied are fit for purpose, or that a minimum level of experience and competence in respect of service providers or construction contractors is attained.
- (e) the increase of employment opportunities by ensuring the use of labour-intensive technologies.
- (f) the targeting of labour and/or enterprises from specific areas within the boundaries of the Victor Khanye Municipal area.

- (g) Preferential procurement is further enhanced by provisions aimed at improved access to information, simplification of documentation; deduct performance from payment invoices, reduced payment cycles and good governance.

KEY PRINCIPLES OF THE PREFERENTIAL PROCUREMENT SYSTEM

- (a) The key principles of this system are:

Identification of preference point system;

- (b) The application of 80/20 preference point system for acquisition of goods or services with Rand value equal to or below **R50 million**;

- (c) The application of 90/10 preference point system for acquisition of goods or services with Rand value **above R50 million**;

- (d) The application of 80/20 preference points system for tenders to generate income or to dispose of or lease assets with Rand value equal to or **below R50 million**;

- (e) The application of 90/10 preference point system for tenders to generate income or to dispose of or lease assets with Rand value **above R50 million**;

- (f) That bids may be declared non-responsive if they fail to achieve a minimum score for functionality (quality), if indicated in the bid documents.

- (g) The preference point system shall be used in the evaluation of responsive bids for the purposes of determining preferred/recommended bidders, and for the adjudication thereof.

The preference point system is not applicable to petty cash purchases.

PLANNING AND IDENTIFICATION OF PREFERENCE POINT SYSTEM

- (a) Prior to embarking on any procurement process, the responsible Department must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.

- (b) The Bid Specifications Committee shall determine the appropriate preference point system to be used in the evaluation and adjudication of bids and shall ensure that such is clearly stipulated in the bid documentation as contemplated in section 2 of the Preferential

- (c) Procurement Policy Framework Act (PPPFA), 2000 including the implementation of programmes of the Reconstruction and Development Programme as published in

Government Gazette No. 16085 dated 23 November 1994.

(d) An organ of state must, in the tender documents, stipulate—
the applicable preference point system as envisaged in Preferential Procurement Regulations (PPR) 2022, section 4, 5, 6 or 7;

(e) The specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

(f) If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

(g) That the bid specifications and the advert must be approved by the Accounting Officer or his/her delegate before it can be advertised.

EVALUATION OF BIDS BASED ON FUNCTIONALITY (QUALITY)

(a) Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.

(b) If a bid is to be evaluated on functionality, this must be clearly stated in the invitation to submit a bid, and in the bid documentation.

(c) The evaluation criteria for measuring functionality must be objective. When evaluating bids on functionality the:

(d) evaluation criteria for measuring functionality;

weight of each criterion;

applicable values; and

(e) minimum qualifying score for functionality, must be clearly stipulated in the bid document.

CLOSED BIDDING MAY BE CONSIDERED FOR CONTRACT MANAGEMENT FOR SPECIALIZED PROJECTS

- (a) If a bid fails to achieve the minimum qualifying score for compliance or functionality requirements as indicated in the bid document, it must be regarded as non-responsive, and be rejected (not considered any further in the evaluation process).
- (b) Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.
- (c) The municipality is allowed to request documents from bidders for completeness of compliance purposes which may not provide an added advantage/ standing above other bidders.

EVALUATION OF BIDS BASED ON THE PREFERENTIAL POINTS SYSTEM

- (a) The municipality must, in the tender documents, stipulate -
The applicable preference point system applicable to the tender as envisaged in
- (b) Preferential Procurement Regulations (PPR) 2022, section 4, 5, 6 or 7;
the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.
- (c) If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—
an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

THE APPLICATION OF 80/20 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS OR

SERVICES WITH RAND VALUE EQUAL TO OR BELOW R50 MILLION

The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = \frac{(80(1 - \frac{PT - Pmin}{Pmin}))}{Pmin}$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

THE APPLICATION OF 90/10 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS OR SERVICES WITH RAND VALUE ABOVE R50 MILLION

The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = \frac{(90(1 - \frac{PT - Pmin}{Pmin}))}{Pmin}$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

THE APPLICATION OF 80/20 PREFERENCE POINTS SYSTEM FOR TENDERS FOR INCOME-GENERATING CONTRACTS WITH RAND VALUE EQUAL TO OR BELOW R50 MILLION

The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = \frac{80(1 + \frac{PT - Pmax}{Pmax})}{Pmax}$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

THE APPLICATION OF 90/10 PREFERENCE POINT SYSTEM FOR TENDERS FOR INCOME-GENERATING CONTRACTS WITH RAND VALUE ABOVE R50 MILLION

The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = \frac{90(1 + \frac{PT - Pmax}{Pmax})}{Pmax}$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

CRITERIA FOR BREAKING OF DEADLOCK IN SCORING

If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.

If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

REMEDIES

If an organ of state is of the view that a tenderer submitted false information regarding a specific goal, it must—

inform the tenderer accordingly; and

give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.

After considering the representations referred to in subregulation 13.13.1.2, the organ of state may, if it concludes that such information is false—

disqualify the tenderer or terminate the contract in whole or in part; and
if applicable, claim damages from the tenderer.

Lists of accredited prospective providers

20. (1) The accounting officer must —

- (a) keep a list and encourage service providers to register on central supplier database (CSD) of accredited prospective providers of goods and services that must be used for the

- procurement requirements through written or verbal quotations and formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to register on Central Supplier database (CSD);
 - (c) specify the listing criteria for accredited prospective providers including compliance with SARS tax matters; and
 - (d) disallow the use of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

- (2) registration on CSD is an ongoing process

Petty cash purchases

- 15. (1) The conditions for the procurement of goods and services by means of petty cash purchases of this policy, are that minor items are purchased for up to R 500, 00 (Five Hundred Rand) (VAT included) where it is impractical, impossible or not cost-effective to follow the official supply chain management procedures.
- (2) The chief financial officer will authorize officials from his department to keep petty cash registers and to grant refunds for cash purposes or allow cash advances.
- (3) Cash advances can only be granted for out-of-pocket expenses for delegated representatives of the municipality or upon a written quotation but in all instances a petty cash voucher should be approved by the related departmental head.
- (4) Officially delegated persons will agree to the deduction from his next remuneration any cash advances of which no proof of expenditure is presented on return from the attended event.
- (5) A monthly reconciliation report from holder of a petty cash must be provided to the chief financial officer, including –

- (i) the total amount of petty cash purchases for that month; and
- (ii) receipts and appropriate documents for each purchase.

Written quotations

16. The conditions for the procurement of goods or services through written quotations, are as follows –

- (a) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by 14(1)(b) and (c) of this policy;
- (b) providers must be requested to either submit or confirm such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer; and
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows-

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by paragraph 14(1)(b) and (c);

- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (d) the accounting officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three (3) working days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written quotations and formal written price quotations

18. The operational procedure for the procurement of goods or services through written quotations or formal written price quotations, are as follows—
- (a) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and all official notice boards of the municipality;
 - (b) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;
 - (c) the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused;
 - (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written quotations and formal

written price quotations accepted by an official acting in terms of a subdelegation, and;

- (e) the chief financial officer must set requirements for proper record keeping of written quotations and final written price quotations.

Competitive bids

- 19. (1) Goods or services above a transaction value of R300 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraphs 11(2) and 36 of this policy; and
- (2) No requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

- 20. The procedures for a competitive bidding process are established in Part 2 of this policy for each of the following stages:
 - (a) the compilation of bidding documentation;
 - (b) the public invitation of bids;
 - (c) site meetings or briefing sessions, if applicable;
 - (d) the handling of bids submitted in response to public invitation;
 - (e) the evaluation of bids;
 - (f) the award of contracts;
 - (g) the administration of contracts; and
 - (h) proper record keeping.

Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –

- (a) take into account –
 - (i) the general conditions of contract;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the

Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (2) A non-refundable charge shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, are as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2);
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and

- (iii) date, time and venue of any proposed site meetings or briefing sessions.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids—
 - (i) must be opened only in public; and
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price; and
- (c) The accounting officer must —
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

24. (1) The accounting officer may, subject to paragraph 4(5) of this policy, negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

25. (1) A two-stage bidding process is allowed for –
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26. (1) The following committees are hereby established -
- (a) bid specification committees as required, depending on the department of the municipality involved;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;

- (2) The accounting officer is required to appoint the members of each committee, taking into account section 117 of the Act; and
- (3) The accounting officer is required to provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
 - (a) paragraph 27, 28 and 29 of this policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committees

- 27. (1) The appropriate bid specification committee must, depending on the department involved, compile the specifications for each procurement of goods or services by the municipality.
- (2) Specifications –
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and

test methods, packaging, marking or labeling of conformity certification;

- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this policy.
- (3) The bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

28. (1) The bid evaluation committee must –
- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (b) objectively evaluate each bidder's ability to execute the contract;

- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) The bid evaluation committee must as far as possible be composed of–
- (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality.

Bid adjudication committees

29. (1) The bid adjudication committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) The bid adjudication committee must consist of at least four senior managers of the municipality which must include –
- (i) the chief financial officer or, if the chief financial officer is not available, another senior finance official heading either of the budget or treasury offices, reporting directly to the chief

- financial officer and designated by the chief financial officer;
and
- (ii) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (iii) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
- (b) The accounting officer may –
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days.

Procurement of banking services

- 30. (1) Banking services –
 - (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than sixty (60) days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 31. (1) The accounting officer **may** request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties **must** enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

32. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
 - (e) after the process done as mentioned above (a)-(d), the receipt documents should be subjected to bid adjudication committee to confirm such prior the confirmation of the appointment.
- (2) Subparagraphs (1)(c) and (d) do not apply if –

- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
- (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. (1) The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
- (a) Firstly –suppliers and businesses within the municipality or district;
 - (b) Secondly – suppliers and businesses within the relevant province;
 - (c) Thirdly – suppliers and businesses within the Republic of South Africa.

Appointment of consultants

35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if-
- (a) the value of the contract exceeds R300 000 (VAT included);
- or

- (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos and food for such animals and botanical specimens for nature and game reserves; or

- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

37. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) All written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and

the National Treasury the reasons for rejecting or not following those recommendations.

- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38. The following measures are established to combat the abuse of the supply chain management system:

- (1) The accounting officer must—
- (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this supply chain management policy, and when justified —
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - (d) reject any bid from a bidder—
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or

municipal entity, are in arrears for more than three months; or

- (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

- (iv) has been listed in the Register for Tender Defaulters
In terms section 29 of the Prevention and Combating
of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and
relevant provincial treasury in writing of any actions taken in terms
of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

- 39. An effective system of logistics management must include the following:
 - (a) monitoring of spending patterns on types or classes of goods and
services which should where practical incorporate the coding of
items to ensure that each item has a unique number for the
purposes of monitoring
 - (b) setting of inventory levels that includes minimum and maximum
levels and lead times wherever goods are placed in stock;
 - (c) placing of manual or electronic orders for all acquisitions other than
petty cash;
 - (d) before payment is approved, a certification from the responsible
officer that the goods and services are received or rendered on
time and is in accordance with the order, the general conditions of
contract and specifications where applicable and that the price
charged is as quoted / in terms of a contract;
 - (e) appropriate standards of internal control and warehouse
management to ensure goods placed in stores are secure and only
used for the purpose they were purchased;
 - (f) regular checking to ensure that all assets including official vehicles
are properly managed, appropriately maintained and only used for
official purposes; and

- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for a particular good or service.

Disposal management

- 40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the Act, are as follows:
 - (a) Movable assets:
 - (i) the asset is uneconomical to repair;
 - (ii) the asset is irreparable;
 - (iii) the relevant department has no further use for the asset; and
 - (iv) no other department requires the asset.
 - (b) Immovable assets:
 - (i) the relevant department has no further use for the asset;
 - (ii) no other department requires the asset;
 - (iii) a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; or
 - (iv) where the assets were specifically created for the sale or rental thereof to the public.
- (2) The disposal of assets must—
 - (a) be by one of the following methods:
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset;
- (b) provided that –
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
 - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;
- (c) furthermore ensure that –
 - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and

- (d) ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

Risk management

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

- (a) non compliance by the supplier to deliver within the agreed timeframes;
- (b) supply of inferior goods or services by the supplier;
- (c) inability of the supplier to provide goods or services as ordered;
- (d) non adherence to the municipality policy with regards to utilization of preferred suppliers; and
- (e) procurement of goods or services at prices or of a quality not in the best interest of the municipality.

(2) Risk management must include –

- (a) the identification of risks on a case-by-case basis;
- (b) the allocation of risks to the party best suited to manage such risks;
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

42. The accounting officer must ensure that an effective internal monitoring system is implemented in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management

processes were followed and whether the measurable performance objectives linked to and approved with the budget and the service delivery and budget implementation plan, were achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

43. (1) The accounting officer must ensure that, irrespective of the procurement process followed, no award above R15 000 is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a provider or bidder, a tax clearance certificate from SARS must first be provided as contemplated in paragraph 13(a)(iv).
- (3) Before making an award to a provider or bidder, where the annual turnover is expected to exceed R1 000 000, that the provider or bidder be registered for VAT as per the Income Tax Act 58 of 1962.

Prohibition on awards to persons in the service of the state

44. The accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person –
- (a) who is in the service of the state; or
 - (b) if that person is not a natural person, of which any director, manager, majority shareholder or majority stakeholder is a person in the service of the state; or
 - (c) who is an advisor or consultant contracted with the municipality in respect of a contract that would cause a conflict of interest.

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

45. The notes to the annual financial statements must disclose particulars of any award of more than R2000 (Two Thousand Rand) to a person who is

a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Ethical standards

46. (1) A code of ethical standards is hereby established, in accordance with subparagraph (2), for officials and other role players in the supply chain management system in order to promote –
- (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of the supply chain management policy –
- (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) notwithstanding subparagraph (2)(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed

- procurement or disposal process of, or in any award of a contract by, the municipality;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to the municipality;
 - (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
 - (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
- (a) must be recorded in a register which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

- (5) A breach of the code of conduct adopted by the municipality must be dealt with in accordance with schedule 2 of the Local Government: Municipal Systems Act, 2000.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

47. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of the supply chain management policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

48. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or

- (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

- 49. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action, at the office of the accounting officer.

Resolution of disputes, objections, complaints and queries

- 50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
 - (a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
 - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and

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

Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate–
- (a) a cap on the compensation payable to the service provider; and
 - (h) that such compensation must be performance based.

Payment of sub-contractors or joint venture partners

52. The chief financial officer or an official designated by the chief financial officer may consent to the direct payment of sub-contractors or joint venture partners by way of:
- (a) an agreement for direct payment.

Extending or varying a contract

53.(1) Subject to subsection (2), the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:-

- (a) the circumstances as contemplated in paragraph 36[1][a] prevail; or
- (b) with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.

(2) The municipality may not extend or vary a contract:-

- (a) for a period exceeding the duration of the original agreement; or
- (b) for an amount exceeding hundred [100] percent of the original bid value.

(3) Within one [1] month of the decision referred to in sub-paragraph (1), the matters specified in sub-paragraph (4) must be:-

- (a) displayed at a prominent place that is designed for that purpose by the municipality.

(4) The matters to be published or displayed are:-

- (a) the reasons for dispensing with the prescribed procedure;
- (b) a summary of the requirements of the goods or services; and
- (c) the details of the person, body, organization or corporation supplying the goods or services.

(5) The functions of the accounting officer in terms of this section may not be assigned nor delegated.

54. Register for tender defaulters

- (1) The accounting officer shall keep a register of providers that have defaulted with the municipality in the past, stating reasons for defaulting in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004).

- (a) The accounting officer shall reject any bid if that bidder or any of its directors has been listed in the Register for Tender Defaulters of treasury.
- (b) The register determines the period, which may not be less than five years or more than 10 years, for which the convicted provider shall be prohibited from doing business with the public sector;
 - (i) if the period determined by the register has expired, the convicted provider would be prohibited from doing business with the public sector.

55. Rotation on panel of service providers

- (1) if the municipality has appointed a panel of service providers, which a rotation of such panel has to be implemented.
- (2) The rotation of such panel has to be monitored by both the scmu and the end user department for fairness on the panel.
- (3) The end user department must submit a request for approval to scmu before an order is issued for work to be done by one panellists.
- (4) The appointed panel of service providers will still be expected to submit quotations.
- (5) Then scum due processes will apply.

ANNEXURE A

Infrastructure Procurement in terms of PPPA 2017

Short Title and Commencement

This policy is called the Victor Khanye Local Municipality Supply Chain Management Policy and takes effect on 01 January 2006, and has been reviewed in 2008; 2009; 2010; 2011; 2012;2017,2018,2019,2020,2021,2022,2023



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

TARIFF POLICY

July 2023 – June 2024

Policy Number:	Approved by Council:
Resolution No:	Review Date:

PREAMBLE

According to section 229(1) of the Constitution of South Africa 1996, A municipality may impose rates on property and surcharges on fees of services provided by or on behalf of the municipality.

Whereas the Municipal Systems Act no. 32 of 2000 Section 74(1) states that the Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.

That in terms of Reconstruction and Development Programme, essential service must be made available to everybody in local government at the lowest possible tariffs required to sustain the necessary levels of service.

2. SCOPE OF APPLICATION

This policy will apply to tariffs charged by Victor Khanye Local Municipality for the services that are provided by the municipality.

3. PURPOSE

To have a policy which promote fairness and ensures that individuals are not discriminated against and all people are treated equally, according to section 74(1) Systems Act No.32 of 2000, .

For the purpose of administration and also for ease of understanding and acceptance by users, the tariff structures should be as simple as possible.

4. PROCEDURE

Whereas the Municipal Systems Act No.32 of 2000 Section 75(1) states that a Municipal Council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.

This policy is enforceable after the by-law has been adopted by Council.

4.1 Categorization of Consumers

For the purpose of this policy and as fulfilment of a legislative requirement, the different categories of consumers, and the funding of the service provision will be discussed.

The payment for services is charged proportionally to consumption and unit cost, are indicated in the tariff structure.

Indigent consumers are charged differently as discussed in this policy, and the indigent and credit control policy.

There are different consumers of services within the Municipality.

The major categorization that has been used in this policy is:-

- a) **Domestic Consumers** – Natural Persons in residential households who pay tariffs as stipulated by Council, which includes capital, operational and maintenance, administration, replacement and interest charges.
Indigent Domestic Consumers - who receive basic services and pay life-line tariffs including operational and maintenance cost. These consumers are subsidised from the Equitable share receive from National Government.
- b) **Non-profit Community organisations** these organisations are mainly service orientated e.g. churches, hospitals, schools, police stations, sports clubs, and all other charitable organisations.

- c) **Commercial Consumers** – Businesses, Shops, Commercial houses, Hotels, Close Corporations, Companies, Statutory Bodies, Public utilities, Voluntary Associations or Trusts.
- d) **Industrial Consumers** – bulk service users

Tariffs are also differentiated according to the location of the property where the service is rendered.

	Determination of the Tariff (how)	Standard of Service
Eloff	As explained in the tariff categories in par.4.5	Same level of service
Sundra	As explained in the tariff categories in par.4.5	Same level of service
Delmas	As explained in the tariff categories in par.4.5	Same level of service
Botleng	As explained in the tariff categories in par.4.5	Same level of service

4.2 Special Tariff for Commercial/Industrial Users

New commercial/industrial consumers can negotiate from time to time special tariffs on an ad-hoc basis with council when establishing for the first time in Delmas.

4.3 Subsidisation of poor households

Council subsidise the municipal services accounts of residents (households) in terms of the Indigent Policy of Council.

Key: ES – Equitable share from National Government.

4.4 Cost of rendering services

The costs of rendering municipal services include the capital, operating, maintenance, administration cost.

Should there be a need for replacement it is dealt with separately according to the individual situation, but it is also reflected on individual tariffs.

Interest is charged on municipal accounts according to the Credit Control and Debt Collection Policy.

Provisions have been made for surcharges and they are discussed in this policy as per service consumed.

4.5 Individual Tariff determination

Subsidization of the standard service and the different tariffs as per service.

4.6 Tariff Category

This policy differentiates between different categories of tariffs.

The **Subsidised tariff** is a tariff which does not enable the municipality to recover all the costs incurred when rendering that specific service.

An **economic tariff**, the cost of rendering the service is recovered as far as it is possible.

Trading Service tariff enables the municipality to generate a small surplus.

Property Tax is a tariff, which generates an income for the municipality.

It is used to subsidize municipal services which are categorised as either economic or subsidised tariffs.

Subsidised Services	Economic Services	Trading Services	Property tax
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• Cemetery • Library • Fire brigade • Health	• Sanitation and Refuse Removal • Sewer and plumbing • Posters and banners • All rentals (halls and machinery) • Furnishing of information • Building Regulations • Removal of trees • Licence and Traffic	• Electricity • Water	Property tax
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The determination of each tariff is individually discussed.

4.6.1 CEMETERY (Subsidised service)

- The cost of service is partially recovered from the tariffs
- Subsidized from property tax
- Differentiate between the following categories:
 - Residents and non-residents
 - Adults and children 12 years and younger
- Levied separately for:
 - Purchasing of grave
 - Opening and closing of grave
 - Deeper and wider of grave

4.5.2 LIBRARY (Subsidised service)

- Subsidised tariff from property tax
- Tariff differentiate between residents and non-residents
- Different penalty fees for late returning are applicable as per the following categories:
 - References literature
 - Other literature

4.5.3 RENTAL OF OLD AGE HOMES

- **Subsidized tariff from property rates**
- **Differentiate between the following**
 - **One bed room flat**
 - **Two bed room flat**

4.5.4 FIRE BRIGADE SERVICES (Subsidized service)

- Subsidized tariff from property tax
- Tariffs differentiate between:
 - Services rendered within municipal boundaries, and
 - Services rendered outside municipal boundaries
- The tariff is calculated according to the actual cost incurred with regards to:
 - Personnel cost
 - Vehicle and equipment cost
- Consumable items are levied at the cost of replacement plus the ruling consumer prize index (CPIX).
- Idle time is mainly subsidised from property tax.

4.5.5 PROPERTY TAX

- Property tax is levied as a cent in the rand per the valuation of the property.
- The basis for property tax is the valuation roll, which is compiled every four years.

- The valuation roll is available for inspection and appeals before implementation.
- Property tax differentiates according to zoning of the property as follows:
 - Residential properties
 - Business properties
 - Undeveloped properties
 - Agricultural holdings

Rebates are applicable on the following categories:

- Government properties
- Residential properties : Pensioners
- Agricultural holdings are taxed according to the property valuation. On certain categories, rebates are applicable during the first 3 years after implementation of tax on all properties for the first time. Property tax is phased in over a period of four years.
- Property tax is determined to finance the shortfall on the budget after all other tariffs are calculated.
- Budget growth is subjected to the approval of the Minister of Finance through National Treasury
- Full analysis of categories and applicable cent per rand is available in the Tariff Schedule

4.5.6 ELECTRICITY (Trading service)

- Tariffs are determined to such an effect that it generates a surplus, which is transferred to the rates account.
- Differentiate between the following tariffs:
 - Basic charge (availability charge) for all excluding indigent household.
 - Consumption charge as per actual consumption applicable on all consumers including businesses, industries, community organisations and households

Actual consumption is metered and meters are read on a monthly basis. Should it not be possible to read a meter due to reasons beyond Council's control, an average consumption is determined based on the actual consumption during the immediate past three months.

- Differentiate between the following consumers:
 - Domestic consumers, including private dwellings, boarding houses, flats, nursing homes and hospitals, educational institutions, charitable institution, churches and farms
 - The type of supply is limited to 70 Ampere single or three Phase.
 - Commercial, industrial and general consumers
 - This tariff is applicable to:
 - a) Shops
 - b) Commercial houses
 - c) Offices building
 - d) Hotels licensed in terms of the Liquor Act
 - e) Bars
 - f) Cafes, tearooms and restaurants
 - g) Combined shops and tearooms
 - h) Public halls
 - i) Clubs licensed in terms of the Liquor Act
 - j) Industrial or manufacturing concerned
 - k) Buildings or parts of buildings containing a number of the classifications under (a) to (j) and where the consumption in terms of this tariff is metered separately by Council.
 - l) All other consumers, excluding those specified under other items.

The following different types of supply are available:

- a) 100 Ampere current limit, 3 Phase

b) 70 Ampere current limit, single Phase

- A differentiated fix charge is applicable on the aforementioned types of supply.
- A discounted unit charge is applicable

A consumer shall apply, in writing, for the type of supply, which he/she requires in terms of the above. It remains the option of Council to classify such consumer according to his/her demand or consumption or both. The minimum period for which metering equipment for any type of supply will be installed, shall be 12 months. No change to the metering equipment in order to change to a different tariff shall be permitted within the first 12 months after taking into use any special tariff, except on payment of a charge to cover the cost of the change of the metering equipment. Such costs shall be determined by the Engineering Services.

- Bulk consumers

The Council reserves the right to connect consumers with an estimated load of more than 40 kVA as bulk consumers, either by means of low or high tension.

The tariffs differentiate between bulk consumers connected to low as well as high voltage. On both type of connections, a

fix charge, a demand charge per kVA and a consumption charge per unit are applicable.

- A reconnection charge is applicable in cases where a supply was discontinued, due to non-payment.

- Inclining block tariff structure is applicable with effect from 1 July 2012. As consumption increase, the applicable tariff will also increase. The following inclining blocks are applicable:
 - 0 to 50 kWh.
 - 51 to 350 kWh.
 - 351 to 600 kWh.
 - > 600 kWh.
- Council will consider through the approval of the tariff structure a suitable tariff for the usage of the first 50 kWh per household. Council may alternatively provide the first 50 kWh free of charge to residential properties registered as indigents on pre-paid meters as part of a free basic services.

4.5.7 HEALTH (Subsidized service)

- Actual cost is recovered from the tariffs for only the following health service:
 - Water and milk analysis
 - Pest control
 - All other health service are rendered free of charge
 - A health subsidy is received from the Provincial Government.
- The remaining cost is financed from the rates account

4.5.8 a. POSTER, ADVERTISEMENTS AND BANNERS

- Users pay for the display of posters
- The following categories are applicable
- Advertisement posters:
 - Meetings, elections, fundraising events
 - Erection of advertisement signs equal and smaller as 1m² (per 90 day or part thereof display)

- Erection of advertisement signs larger than 1m² (per 90 day or part thereof display)
- Display of "FOR SALE", "FOR RENT", "ON SHOW" SIGNS
- Banners
 - Banners across Victor Khanye Local Municipality's Streets will be allowed after paying the applicable tariff.

4.6.8 .b SEWERAGE SERVICES (Economic service)

- Tariffs are determined to such an effect that the total cost of the service is recovered from the tariffs.
- The following tariffs are applicable:
 - General sewerage services (opening of drains, etc)
 - Fixed tariff per connection to the property.
 - Availability charge according to the size of the land
 - Differentiate between residential and business consumers
 - Separate outflow tariff applicable on McCain
 - Vacuum services
 - Tariffs differentiate according to the location of property where the service is rendered. The actual cost is recovered through this tariffs

4.5.9 HALLS

- The following halls are available for the renting to the public:
 - F C Dumat Hall (Delmas)
 - Eloff Hall (Eloff)
 - Botleng Hall (Sinethemba)
 - Hall and Arts & Culture Centre (Botleng x3)
 - Simon Gondwe Sports centre

- A deposit and rental fee, payable in advance, are applicable.
- Crockery and cutlery is available for rental
 - Tariffs are determined to be market related

4.5.10 REFUSE REMOVAL

- A standard once a week refuse removal service is applicable. All rubbish must be placed in a plastic bag. The number of bags is not limited.
- Tariffs are determined to such an effect that the total cost of services are recovered
- Tariffs differentiate between:
 - Households, churches and flats
 - Businesses
- Other types of refuse removal services are also available:
 - Mass containers: emptied once per week
 - Mass containers: emptied twice per week
 - Mass containers: emptied three times per week
 - Business: 80 litres per day, emptied twice per week
 - Business: per extra removal
 - Once off: drop and remove
 - Removal of medical waste
- Cleaning of stands is done on a request basis
- Services are charged according to the size of the stand, as well as m³ rubbish removed.
- Annihilation
 - A fixed charged per animal
- Removal and disposal of carcasses

- Tariffs differentiate between carcasses equal or smaller than 600 kg and carcasses which exceeds 600kg
- The service is charged according to the actual cost incurred
- Dried sludge
 - A fixed tariff per 6m³ is applicable

4.5.11 IMPOUNDING OF VEHICLES

- The actual tow-in cost per vehicle as well as a tariff per vehicle per day or part thereof is applicable

4.5.12 HIRING OUT OF MACHINERY AND EQUIPMENT

- a) Equipment is rent at the market related tariff.
- b) The list of machinery and equipment is available for inspection.

4.5.13 FURNISHING OF INFORMATION AND ISSUING OF CERTIFICATES

- a) Tariffs are determined on a cost recovering basis plus 5%
- b) See list as per tariff schedule

4.5.14 WATER

- a) Tariffs are determined to such an effect that a surplus realises from the delivery thereof
- b) Water is provided at different tariffs according to the source thereof:
 - Rand Water Board (Sundra and Eloff townships)
 - Municipal Bore Holes (Delmas and Botleng townships)

c) The following tariff structure is applicable:

- Basic charge (available charge) according to the utilization of the stand. The tariff differentiates between vacant stands, and occupied stands.
- Consumption tariff :
 - Residential
 - The first 6kl is charged at a rate as determined by council (excluding indigent households and low cost housing)
 - The following step tariff structure is applicable:
 - ✓ 0 – 6kl (cost recovery)
 - ✓ 7 – 26 kl (cost recovery)
 - ✓ 27kl onwards (surplus generating)
 - Business/Industrial
 - A fixed business tariff is applicable. No step tariff structure. The consumption tariff differentiated according to the source of supply. Be it either Rand Water or from a municipal bore hole.

(d) Consumption is charge as per actual consumption applicable on all consumers including businesses, industries, community organizations and households Actual consumption is metered and meters are read on a monthly basis. Should it not be possible to read a meter due to reasons beyond Council's control, an average consumption is determined based on the actual consumption during the immediate past three months.

(a) A once off connection fee as well as a termination fee is applicable.

(f) A reconnection charge is applicable in cases where a supply was discontinued, due to non-payment.

(g) A standard 6 kl water will be provided free of charge to indigent households as a free basic service.

(h) A flat rate of 10 kl will be charge to household where there is no in water meter connection.

4.5.15 STANDARD BUILDING REGULATIONS

Tariffs are determined according to market trends and actual cost involved.
See the tariff schedule for the descriptions and nature of tariffs applicable

4.5.16 STREET PROJECTIONS

Tariffs are determined according to market trends, actual cost involved and in accordance with the Act on National Building Regulations and Building Standards.

See the tariff schedule for the descriptions and nature of tariffs applicable.

4.5.17 REMOVAL OF TREES

(a) A fee is payable in respect of the application to remove a tree, situated within a street reserve, public open space or other Council's property.

(b) Trees are not removed from private property

(c) A fine is payable in a case where a tree has been killed with a chemical remedy or any other way on Council's property without prior approval from Council.

4.5.18 ISSUING OF BUSINESS LICENCES

In terms of Regulation 8, business licences are issued to categories of businesses

as listed in the attached tariff schedule

4.5.19. Flat Rate

Replacing the monthly levied tariffs for property tax, sewerage and refuse removal as per monthly billing, a flat rate as determined from time to time by council is applicable on certain households in historically disadvantaged areas namely in wards 1.2.3.4 and 5, with a stand size of 450sqm and less and/or an RDP

All unmetered residential properties must be charged 10kl of water.

4.5.20 TRAFFIC SERVICES

The following tariffs are levied:

- Traffic control during rallies or any other activity excluding funerals.
- Closing of streets on public request
- Tariffs are based on actual cost involved – Personnel, vehicle and equipment costs.

Consumable items are charged separately at replacement cost plus consumer price index

ANNEXURE: TARIFF STRUCTURE

Attached to this policy is the tariff structure as determined by the council. It should be noted that the tariffs will change from time to time, thus this section does not form part of the policy, but is an annexure.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

SUPPLY CHAIN MANAGEMENT POLICY

Policy Number: D	Approved by Council:
Resolution No:	Review Date: February 2024

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

The Council of the Victor Khanye Local Municipality resolves in terms of section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality:

TABLE OF CONTENTS

1. Definitions

CHAPTER 1

**ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT
POLICY**

2. Supply chain management policy
3. Adoption and amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub delegations
6. Oversight role of council
7. Supply chain management units
8. Training of supply chain management officials

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

9. Format of supply chain management

Part 1: Demand management

10. System of demand management

Part 2: Acquisition management

11. System of acquisition management
12. Range of procurement processes
13. General preconditions for consideration of written quotations or bids
14. Lists of accredited prospective providers
15. Preferential Procurement Aim
16. Petty cash purchases
17. Written quotations
18. Formal written price quotations
19. Procedures for procuring goods or services through written quotations and formal written price quotations
20. Competitive bidding process
21. Process for competitive bidding
22. Bid documentation for competitive bids
23. Public invitation for competitive bids
24. Procedure for handling, opening and recording of bids
25. Negotiations with preferred bidders
26. Two-stage bidding process
27. Committee system for competitive bids
28. Bid specification committees
29. Bid evaluation committees
30. Bid adjudication committees
31. Procurement of banking services
32. Procurement of IT related goods or services
33. Procurement of goods and services under contracts secured by other organs of state
34. Procurement of goods necessitating special safety arrangements
35. Proudly SA Campaign
36. Appointment of consultants
37. Deviation from, and ratification of minor breaches of, procurement processes
38. Unsolicited bids

39. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

40. Logistics management
41. Disposal management
42. Risk management
43. Performance management

Part 4: Other matters

44. Prohibition on awards to persons whose tax matters are not in order
45. Prohibition on awards to persons in the service of the state
46. Awards to close family members of persons in the service of the state
47. Ethical standards
48. Inducements, rewards, gifts and favours
49. Sponsorships
50. Objections and complaints
51. Resolution of disputes, objections, complaints and queries
52. Contracts providing for compensation based on turnover
53. Payment of sub-contractors / JV Partners
54. Extending and varying a contract
55. Short Title and Commencement
60. Rotation on panel of service providers

1. **Definitions**

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

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

- (ii) **“competitive bid”** means a bid in terms of a competitive bidding process;
- (iii) **“final award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
- (iv) **“formal written price quotation”** means quotations referred to in paragraph 12 (1) (c) of this policy;
- (v) **“in the service of the state”** means to be –
 - (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
 - (b) a member of the board of directors of any municipal entity;
 - (c) an official of any municipality or municipal entity;
 - (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
 - (e) a member of the accounting authority of any national or provincial public entity; or
 - (f) an employee of Parliament or a provincial legislature;
- (vi) **“long term contract”** means a contract with a duration period exceeding one year;
- (vii) **“list of accredited prospective providers”** means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of paragraph 14 of this policy;
- (viii) **“other applicable legislation”** means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000); and
 - (d) the Prevention and Combating of Corrupt Activities Act, 2004 [Act 12 of 2004].
-
- (ix) **“Regulation”** means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations, published in Notice 868 of 30 May 2005;
 - (x) **“Treasury guidelines”** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;
 - (xi) **“the Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - (xii) **“written quotations”** means quotations referred to in paragraph 12(1)(b) of this policy.
 - (xiii) **“specific goals”** means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and development Programme as published in Government Gazette No. 16085 dated 23 November 1994;

CHAPTER 1
ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN
MANAGEMENT POLICY

Supply chain management policy

2. (1) The principles of this policy are that it -
- (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the regulatory framework prescribed in Chapter 2 of the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) The municipality may not act otherwise than in accordance with this supply chain management policy when –
- (a) procuring goods or services;
 - (b) disposing of goods no longer needed;
 - (c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

- (d) in the case of a municipality, selecting external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) Subparagraphs (1) and (2) of this policy do not apply in the circumstances described in section 110 (2) of the Act except where specifically provided otherwise in this policy.

Adoption and amendment of the supply chain management policy

- 3. (1) The accounting officer must –
 - (a) at least annually review the implementation of this policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
- (2) If the accounting officer submits a draft policy to the council that differs from the model policy, the accounting officer must ensure that such draft policy complies with the Regulations. The accounting officer must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4) The accounting officer of the municipality must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality has and implements this supply chain management policy.

Delegation of supply chain management powers and duties

4. (1) The council hereby delegates and is required to further delegate such additional powers and duties to the accounting officer so as to enable the accounting officer –
 - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) the supply chain management policy;
 - (b) to maximise administrative and operational efficiency in the implementation of the supply chain management policy;
 - (c) to 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
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Section 79 of the Act apply to the subdelegation of powers and duties delegated to the accounting officer in terms of subparagraph (1) of this policy.
- (3) The council or accounting officer may not delegate or subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.

- (5) The accounting officer may not delegate or sub-delegate the authority to enter into negotiations in terms of paragraph 24 of this policy.

Sub-delegations

5. (1) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such subdelegation must be consistent with subparagraph (2) and paragraph 4 of this policy.
- (2) The power to make a final award –
- (a) Above R10 million (VAT included) may not be sub-delegated by the accounting officer;
- (b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
- (i) The chief financial officer;
- (ii) A senior manager; or
- (iii) A bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (c) Not exceeding R 2 million (VAT included) may be sub-delegated but only to –
- (i) the chief financial officer;
- (ii) a senior manager;
- (iii) a manager directly accountable to the chief financial officer or a senior manager; or
- (iv) a bid adjudication committee.

- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) of this policy must within **five (05)** working days of the end of each month submit to the official referred to in subparagraph (4) of this policy a written report containing particulars of each final award made by such official or committee during that month, including—
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) of this policy must be submitted –
 - (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii) of this policy; or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to

make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.

- (7) The Accounting Officer may sub-delegate the Chairpersonship of the Bid Adjudication Committee to any Senior Official reporting directly to the chief financial officer or Deputy chief financial officer.
- (8) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

- 6. (1) The council must maintain oversight over the implementation of this supply chain management policy.
- (2) For the purposes of such oversight the accounting officer must –
 - (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality,
 - (ii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.
- (3) The accounting officer must, within twenty [20] days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive committee.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

7. (1) A supply chain management unit is hereby established to implement this supply chain management policy.
- (2) The supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

8. The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

Format of supply chain management

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

Part 1: Demand management

System of demand management

10. In order to ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy needs, an effective system of demand management must include the following:
- (a) Planning for future requirements. Acquisition and disposals of all goods required to meet the strategic goals outlined in the Integrated Development Plan must be quantified, budgeted and planned to ensure timely and effective delivery, appropriate quality at a fair cost to meet the needs of the municipality and community. Critical delivery dates must be determined and adhered to as set out in the service delivery and budget implementation plan contemplated in section 69[3][a] of the Act.
 - (b) If the requirement is of a repetitive nature and there are benefits of economies of scale a contract for a specific commodity should be arranged.

- (c) In order to compile the correct specifications an industry analysis / research should be undertaken to ensure future needs and technology benefits are maximised.

Part 2: Acquisition management

System of acquisition management

- 11. (1) Through operational procedures, an effective system of acquisition management is established in Part 2 of this policy in order to ensure –
 - (a) that goods and services are procured by the municipality in accordance with authorized processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
 - and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) This supply chain management policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - (a) water from the Department of Water and Sanitation or a public entity, another municipality or a municipal entity; and
 - (b) electricity from ESKOM or another public entity, another municipality or a municipal entity.

- (3) The following information must be made public wherever goods or services contemplated in section 110(2) of the Act are procured other than through the supply chain management system -
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

(4) For quotations (up to and including R300 000.00) bidders are required to be registered on the Central Supplier Database (CSD) prior to the acceptance of their quotation (the issue of an official order) in respect of the goods or services required. Procurements above R300 000.00 go through a competitive bidding process.

(5) where bids exceed R300 000.00, bidders who are not registered on the Central Supplier Database are not precluded from submitting bids but must however be registered prior to the awarding of the tender.

(6) All parties to a Joint Venture or Consortium must individually comply with the requirements of clauses.

Range of procurement processes

12. (1) The procurement of goods and services through this policy is provided by way of –
- (a) Petty cash purchases shall be incurred up to a value of R500 (VAT included);
 - (b) Verbal quotation / one quotation up to value of R2.000 (VAT included);
 - (c) Three written quotations for procurements of a transaction value over R2.000 up to R29 999 (VAT included);
 - (d) Formal written price quotations for procurements of a transaction value over R29 999 up to R300.000 (VAT included); and
 - (e) a competitive bidding process for–
 - (i) procurements above a transaction value of R300.000 (VAT included); and

- (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
 - (a) lower, but not increase, the different threshold values specified in subsection (1); or
 - (b) direct that –
 - (i) written or verbal quotation be obtained for any specific procurement of a transaction value lower than R2.000;
 - (ii) three formal written price quotations be obtained for any specific procurement of a transaction value lower than R29 999; or
 - (iii) a three formal written price quotations process may be followed for any specific procurement of a transaction value lower than R300.000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items shall as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations, formal written price quotations or bids

- 13. A written quotation, formal written price quotation or bid may not be considered unless the provider who submitted the quotation or bid –
 - (a) has furnished that provider's –
 - (i) full name;
 - (ii) identification number, or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any;

- (iv) tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (b) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- (iv) whether a spouse, life partner, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

PREFERENTIAL PROCUREMENT AIM

14. (a) The aim of this section of the Municipality's Supply Chain Management Policy is to give effect to, and to ensure compliance with, all applicable legislation and national directives in respect of preferential procurement and broad-based black economic empowerment.

(b) The following procurement strategies are addressed in this section:
the application of a preference point system in terms of the revised Preferential Procurement Regulations (PPR), 2022.

- (c) the unbundling of large projects, where appropriate, into smaller contracts to ensure that a spread of opportunities is made available to suppliers, service providers and construction contractors of various sizes.
- (d) the use of functionality/quality, where appropriate, in procurement processes to ensure that goods supplied are fit for purpose, or that a minimum level of experience and competence in respect of service providers or construction contractors is attained.
- (e) the increase of employment opportunities by ensuring the use of labour-intensive technologies.
- (f) the targeting of labour and/or enterprises from specific areas within the boundaries of the Victor Khanye Municipal area.

- (g) Preferential procurement is further enhanced by provisions aimed at improved access to information, simplification of documentation; deduct performance from payment invoices, reduced payment cycles and good governance.

KEY PRINCIPLES OF THE PREFERENTIAL PROCUREMENT SYSTEM

- (a) The key principles of this system are:

Identification of preference point system;

- (b) The application of 80/20 preference point system for acquisition of goods or services with Rand value equal to or below **R50 million**;

- (c) The application of 90/10 preference point system for acquisition of goods or services with Rand value **above R50 million**;

- (d) The application of 80/20 preference points system for tenders to generate income or to dispose of or lease assets with Rand value equal to or **below R50 million**;

- (e) The application of 90/10 preference point system for tenders to generate income or to dispose of or lease assets with Rand value **above R50 million**;

- (f) That bids may be declared non-responsive if they fail to achieve a minimum score for functionality (quality), if indicated in the bid documents.

- (g) The preference point system shall be used in the evaluation of responsive bids for the purposes of determining preferred/recommended bidders, and for the adjudication thereof.

The preference point system is not applicable to petty cash purchases.

PLANNING AND IDENTIFICATION OF PREFERENCE POINT SYSTEM

- (a) Prior to embarking on any procurement process, the responsible Department must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.

- (b) The Bid Specifications Committee shall determine the appropriate preference point system to be used in the evaluation and adjudication of bids and shall ensure that such is clearly stipulated in the bid documentation as contemplated in section 2 of the Preferential

- (c) Procurement Policy Framework Act (PPPFA), 2000 including the implementation of programmes of the Reconstruction and Development Programme as published in

Government Gazette No. 16085 dated 23 November 1994.

(d) An organ of state must, in the tender documents, stipulate—
the applicable preference point system as envisaged in Preferential Procurement Regulations (PPR) 2022, section 4, 5, 6 or 7;

(e) The specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

(f) If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

(g) That the bid specifications and the advert must be approved by the Accounting Officer or his/her delegate before it can be advertised.

EVALUATION OF BIDS BASED ON FUNCTIONALITY (QUALITY)

(a) Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.

(b) If a bid is to be evaluated on functionality, this must be clearly stated in the invitation to submit a bid, and in the bid documentation.

(c) The evaluation criteria for measuring functionality must be objective. When evaluating bids on functionality the:

(d) evaluation criteria for measuring functionality;

weight of each criterion;

applicable values; and

(e) minimum qualifying score for functionality, must be clearly stipulated in the bid document.

CLOSED BIDDING MAY BE CONSIDERED FOR CONTRACT MANAGEMENT FOR SPECIALIZED PROJECTS

- (a) If a bid fails to achieve the minimum qualifying score for compliance or functionality requirements as indicated in the bid document, it must be regarded as non-responsive, and be rejected (not considered any further in the evaluation process).
- (b) Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.
- (c) The municipality is allowed to request documents from bidders for completeness of compliance purposes which may not provide an added advantage/ standing above other bidders.

EVALUATION OF BIDS BASED ON THE PREFERENTIAL POINTS SYSTEM

- (a) The municipality must, in the tender documents, stipulate -
The applicable preference point system applicable to the tender as envisaged in
- (b) Preferential Procurement Regulations (PPR) 2022, section 4, 5, 6 or 7;
the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.
- (c) If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—
an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

THE APPLICATION OF 80/20 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS OR

SERVICES WITH RAND VALUE EQUAL TO OR BELOW R50 MILLION

The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = \frac{80(1 - \frac{PT - Pmin}{Pmin})}{Pmin}$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

THE APPLICATION OF 90/10 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS OR SERVICES WITH RAND VALUE ABOVE R50 MILLION

The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = \frac{90(1 - \frac{PT - Pmin}{Pmin})}{Pmin}$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

THE APPLICATION OF 80/20 PREFERENCE POINTS SYSTEM FOR TENDERS FOR INCOME-GENERATING CONTRACTS WITH RAND VALUE EQUAL TO OR BELOW R50 MILLION

The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = (80(1 + \frac{PT - Pmax}{Pmax}))$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

THE APPLICATION OF 90/10 PREFERENCE POINT SYSTEM FOR TENDERS FOR INCOME-GENERATING CONTRACTS WITH RAND VALUE ABOVE R50 MILLION

The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = (90(1 + \frac{PT - Pmax}{Pmax}))$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender in the tender document as follows:

Race 30%

Gender 30%

Disability 30%

RDP 10%

The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

Subject to section 2(1)(f) of the Preferential Procurement Policy Framework Act (PPPFA), 2000 the contract must be awarded to the tenderer scoring the highest points.

CRITERIA FOR BREAKING OF DEADLOCK IN SCORING

If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.

If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

REMEDIES

If an organ of state is of the view that a tenderer submitted false information regarding a specific goal, it must—

inform the tenderer accordingly; and

give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.

After considering the representations referred to in subregulation 13.13.1.2, the organ of state may, if it concludes that such information is false—

disqualify the tenderer or terminate the contract in whole or in part; and

if applicable, claim damages from the tenderer.

Lists of accredited prospective providers

20. (1) The accounting officer must —

- (a) keep a list and encourage service providers to register on central supplier database (CSD) of accredited prospective providers of goods and services that must be used for the

- procurement requirements through written or verbal quotations and formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to register on Central Supplier database (CSD);
 - (c) specify the listing criteria for accredited prospective providers including compliance with SARS tax matters; and
 - (d) disallow the use of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) registration on CSD is an ongoing process

Petty cash purchases

15. (1) The conditions for the procurement of goods and services by means of petty cash purchases of this policy, are that minor items are purchased for up to R 500, 00 (Five Hundred Rand) (VAT included) where it is impractical, impossible or not cost-effective to follow the official supply chain management procedures.
- (2) The chief financial officer will authorize officials from his department to keep petty cash registers and to grant refunds for cash purposes or allow cash advances.
 - (3) Cash advances can only be granted for out-of-pocket expenses for delegated representatives of the municipality or upon a written quotation but in all instances a petty cash voucher should be approved by the related departmental head.
 - (4) Officially delegated persons will agree to the deduction from his next remuneration any cash advances of which no proof of expenditure is presented on return from the attended event.
 - (5) A monthly reconciliation report from holder of a petty cash must be provided to the chief financial officer, including –

- (i) the total amount of petty cash purchases for that month; and
- (ii) receipts and appropriate documents for each purchase.

Written quotations

16. The conditions for the procurement of goods or services through written quotations, are as follows –
- (a) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by 14(1)(b) and (c) of this policy;
 - (b) providers must be requested to either submit or confirm such quotations in writing;
 - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer; and
 - (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows-
- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
 - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by paragraph 14(1)(b) and (c);

- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (d) the accounting officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three (3) working days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written quotations and formal written price quotations

18. The operational procedure for the procurement of goods or services through written quotations or formal written price quotations, are as follows—
- (a) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and all official notice boards of the municipality;
 - (b) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;
 - (c) the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused;
 - (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written quotations and formal

written price quotations accepted by an official acting in terms of a subdelegation, and;

- (e) the chief financial officer must set requirements for proper record keeping of written quotations and final written price quotations.

Competitive bids

19. (1) Goods or services above a transaction value of R300 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraphs 11(2) and 36 of this policy; and

- (2) No requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

20. The procedures for a competitive bidding process are established in Part 2 of this policy for each of the following stages:

- (a) the compilation of bidding documentation;
- (b) the public invitation of bids;
- (c) site meetings or briefing sessions, if applicable;
- (d) the handling of bids submitted in response to public invitation;
- (e) the evaluation of bids;
- (f) the award of contracts;
- (g) the administration of contracts; and
- (h) proper record keeping.

Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –

- (a) take into account –
 - (i) the general conditions of contract;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the

Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (2) A non-refundable charge shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, are as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2);
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and

- (iii) date, time and venue of any proposed site meetings or briefing sessions.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
 - (i) must be opened only in public; and
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price; and
- (c) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

24. (1) The accounting officer may, subject to paragraph 4(5) of this policy, negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

25. (1) A two-stage bidding process is allowed for –
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26. (1) The following committees are hereby established -
- (a) bid specification committees as required, depending on the department of the municipality involved;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;

- (2) The accounting officer is required to appoint the members of each committee, taking into account section 117 of the Act; and
- (3) The accounting officer is required to provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
 - (a) paragraph 27, 28 and 29 of this policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committees

- 27. (1) The appropriate bid specification committee must, depending on the department involved, compile the specifications for each procurement of goods or services by the municipality.
- (2) Specifications –
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and

test methods, packaging, marking or labeling of conformity certification;

- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this policy.
- (3) The bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
 - (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

- 28. (1) The bid evaluation committee must –
 - (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (b) objectively evaluate each bidder's ability to execute the contract;

- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) The bid evaluation committee must as far as possible be composed of–
- (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality.

Bid adjudication committees

29. (1) The bid adjudication committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) The bid adjudication committee must consist of at least four senior managers of the municipality which must include –
- (i) the chief financial officer or, if the chief financial officer is not available, another senior finance official heading either of the budget or treasury offices, reporting directly to the chief

- financial officer and designated by the chief financial officer;
and
- (ii) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (iii) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
- (b) The accounting officer may –
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days.

Procurement of banking services

- 30. (1) Banking services –
 - (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than sixty (60) days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 31. (1) The accounting officer **may** request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties **must** enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

32. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
 - (e) after the process done as mentioned above (a)-(d), the receipt documents should be subjected to bid adjudication committee to confirm such prior the confirmation of the appointment.
- (2) Subparagraphs (1)(c) and (d) do not apply if –

- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
- (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. (1) The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
- (a) Firstly –suppliers and businesses within the municipality or district;
 - (b) Secondly – suppliers and businesses within the relevant province;
 - (c) Thirdly – suppliers and businesses within the Republic of South Africa.

Appointment of consultants

35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if-
- (a) the value of the contract exceeds R300 000 (VAT included);
- or

- (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos and food for such animals and botanical specimens for nature and game reserves; or

- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

37. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) All written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and

the National Treasury the reasons for rejecting or not following those recommendations.

- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38. The following measures are established to combat the abuse of the supply chain management system:

- (1) The accounting officer must—
- (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this supply chain management policy, and when justified —
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - (d) reject any bid from a bidder—
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or

- municipal entity, are in arrears for more than three months; or
- (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

- (iv) has been listed in the Register for Tender Defaulters
In terms section 29 of the Prevention and Combating
of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and
relevant provincial treasury in writing of any actions taken in terms
of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

39. An effective system of logistics management must include the following:
- (a) monitoring of spending patterns on types or classes of goods and
services which should where practical incorporate the coding of
items to ensure that each item has a unique number for the
purposes of monitoring
 - (b) setting of inventory levels that includes minimum and maximum
levels and lead times wherever goods are placed in stock;
 - (c) placing of manual or electronic orders for all acquisitions other than
petty cash;
 - (d) before payment is approved, a certification from the responsible
officer that the goods and services are received or rendered on
time and is in accordance with the order, the general conditions of
contract and specifications where applicable and that the price
charged is as quoted / in terms of a contract;
 - (e) appropriate standards of internal control and warehouse
management to ensure goods placed in stores are secure and only
used for the purpose they were purchased;
 - (f) regular checking to ensure that all assets including official vehicles
are properly managed, appropriately maintained and only used for
official purposes; and

- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for a particular good or service.

Disposal management

40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 of the Act, are as follows:

(a) Movable assets:

- (i) the asset is uneconomical to repair;
- (ii) the asset is irreparable;
- (iii) the relevant department has no further use for the asset; and
- (iv) no other department requires the asset.

(b) Immovable assets:

- (i) the relevant department has no further use for the asset;
- (ii) no other department requires the asset;
- (iii) a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; or
- (iv) where the assets were specifically created for the sale or rental thereof to the public.

(2) The disposal of assets must—

(a) be by one of the following methods:

- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset;
- (b) provided that –
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
 - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;
- (c) furthermore ensure that –
 - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and

- (d) ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

Risk management

41. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows-
- (a) non compliance by the supplier to deliver within the agreed timeframes;
 - (b) supply of inferior goods or services by the supplier;
 - (c) inability of the supplier to provide goods or services as ordered;
 - (d) non adherence to the municipality policy with regards to utilization of preferred suppliers; and
 - (e) procurement of goods or services at prices or of a quality not in the best interest of the municipality.
- (2) Risk management must include –
- (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

42. The accounting officer must ensure that an effective internal monitoring system is implemented in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management

processes were followed and whether the measurable performance objectives linked to and approved with the budget and the service delivery and budget implementation plan, were achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

43. (1) The accounting officer must ensure that, irrespective of the procurement process followed, no award above R15 000 is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a provider or bidder, a tax clearance certificate from SARS must first be provided as contemplated in paragraph 13(a)(iv).
- (3) Before making an award to a provider or bidder, where the annual turnover is expected to exceed R1 000 000, that the provider or bidder be registered for VAT as per the Income Tax Act 58 of 1962.

Prohibition on awards to persons in the service of the state

44. The accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person –
- (a) who is in the service of the state; or
 - (b) if that person is not a natural person, of which any director, manager, majority shareholder or majority stakeholder is a person in the service of the state; or
 - (c) who is an advisor or consultant contracted with the municipality in respect of a contract that would cause a conflict of interest.

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

45. The notes to the annual financial statements must disclose particulars of any award of more than R2000 (Two Thousand Rand) to a person who is

a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Ethical standards

46. (1) A code of ethical standards is hereby established, in accordance with subparagraph (2), for officials and other role players in the supply chain management system in order to promote –
- (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of the supply chain management policy –
- (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) notwithstanding subparagraph (2)(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed

- procurement or disposal process of, or in any award of a contract by, the municipality;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to the municipality;
 - (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
 - (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
- (a) must be recorded in a register which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

- (5) A breach of the code of conduct adopted by the municipality must be dealt with in accordance with schedule 2 of the Local Government: Municipal Systems Act, 2000.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

47. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of the supply chain management policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

48. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or

- (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

49. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action, at the office of the accounting officer.

Resolution of disputes, objections, complaints and queries

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
- (a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
 - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and

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

Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate–
- (a) a cap on the compensation payable to the service provider; and
 - (h) that such compensation must be performance based.

Payment of sub-contractors or joint venture partners

52. The chief financial officer or an official designated by the chief financial officer may consent to the direct payment of sub-contractors or joint venture partners by way of:
- (a) an agreement for direct payment.

Extending or varying a contract

53.(1) Subject to subsection (2), the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:-

- (a) the circumstances as contemplated in paragraph 36[1][a] prevail; or
- (b) with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.

(2) The municipality may not extend or vary a contract:-

- (a) for a period exceeding the duration of the original agreement; or
- (b) for an amount exceeding hundred [100] percent of the original bid value.

(3) Within one [1] month of the decision referred to in sub-paragraph (1), the matters specified in sub-paragraph (4) must be:-

- (a) displayed at a prominent place that is designed for that purpose by the municipality.

(4) The matters to be published or displayed are:-

- (a) the reasons for dispensing with the prescribed procedure;
- (b) a summary of the requirements of the goods or services; and
- (c) the details of the person, body, organization or corporation supplying the goods or services.

(5) The functions of the accounting officer in terms of this section may not be assigned nor delegated.

54. Register for tender defaulters

- (1) The accounting officer shall keep a register of providers that have defaulted with the municipality in the past, stating reasons for defaulting in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004).

- (a) The accounting officer shall reject any bid if that bidder or any of its directors has been listed in the Register for Tender Defaulters of treasury.
- (b) The register determines the period, which may not be less than five years or more than 10 years, for which the convicted provider shall be prohibited from doing business with the public sector;
 - (i) if the period determined by the register has expired, the convicted provider would be prohibited from doing business with the public sector.

55. Rotation on panel of service providers

- (1) if the municipality has appointed a panel of service providers, which a rotation of such panel has to be implemented.
- (2) The rotation of such panel has to be monitored by both the scmu and the end user department for fairness on the panel.
- (3) The end user department must submit a request for approval to scmu before an order is issued for work to be done by one panellists.
- (4) The appointed panel of service providers will still be expected to submit quotations.
- (5) Then scum due processes will apply.

ANNEXURE A

Infrastructure Procurement in terms of PPPA 2017

Short Title and Commencement

This policy is called the Victor Khanye Local Municipality Supply Chain Management Policy and takes effect on 01 January 2006, and has been reviewed in 2008; 2009; 2010; 2011; 2012;2017,2018,2019,2020,2021,2022,2023



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

PETTY CASH POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1. PREFACE

This policy is compiled with reference to the Municipal Finance Management Act, no 56 of 2003.

2. POLICY OBJECTIVE

To ensure the cost effective and efficient use of petty cash funds, while maintaining the required levels of control.

3. RULES AND PROCEDURES

Safeguarding:

- The petty cash fund is to be safeguarded in a lockable mounted safe which should be locked, not only after hours, but also during normal business hours in a locked, fire-and thief resistant safe located in Expenditure section.
- The designated official from the Expenditure section will fulfill the function of Petty Cash official.
- The Petty Cash official is responsible for the safekeeping of all the keys of the cashbox. The Accountant or Section Head is in possession of a spare key for the safe only.

Limitation on the use of Petty Cash box was R2500 now is R3000

- The maximum amount allocated to the Petty Cash Box will be R3 000.00 of which an individual claim may not exceed R 500.00 (Vat included).
- Loans or advances to employees for personal use from the Petty Cash funds are forbidden.

- No item, which is available from a supplier on Victor Khanye's Local Municipality's database, may be purchased through Petty Cash.
- The only exception for above would be emergency purchases, after official business hours and this will be authorized by the respective departmental head.

Request for reimbursement

- Request for Petty Cash reimbursement must be authorized by the delegated official, Head of Department or Section Head, as approved by council, in the allotted space, on the Petty Cash voucher and on the order instruction. The head of department must sign the order instruction and the receiver will sign the petty cash voucher: The head of department must sign the order instruction and the recipient must sign the Petty Cash voucher as proof of receipt and to verify that the amount is correct.
- The official signatory must ensure that funds are available on the budget, prior to submitting claims.
- An applicable vote number must be supplied on the Petty Cash voucher.
- Reason for purchase must be supplied.
- An official Petty Cash voucher must be used for all the above.

Securing of proper receipts for Petty Cash reimbursement

- An original receipt, signed by the person to be reimbursed, must support the Petty Cash voucher.
- Receipts must set forth the complete description of the purchase. If not identified on the receipt or cash register slip, the purchases must be itemized on a separate document, signed by the salesperson, and attached to the receipt.

- When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid, containing the vendor's name and signed by the salesperson.
- Receipts that bear evidence of alteration cannot be accepted or processed.

Documentation control

- All documentation (Petty Cash voucher and receipts), applicable for the period between replenishments, must be kept in the lockable cash box which will always be kept in a locked, fire-and thief resistant safe
- With replenishment, the above documentation together with a reconciliation sheet, must be attached to the bank statement of procurement card / payment voucher.

Reconciliation

- A request for replenishment must be supported by a reconciliation sheet compiled by the Petty cash official.
- The above sheet must be signed by the Petty Cash official and authorized by the Accountant or Section head.
- Such reconciliation must be done at least once a month.
- A year-end reconciliation and replenishment must be done, at the 30th of June, by the Accountant: Expenditure.

Shortages/ Losses

The Petty Cash official will be held accountable for losses and shortages unless:

- Prescribed procedures were followed.
- Petty Cash was properly secured.
- There is physical evidence of breaking-in and no act or omission, on the part of the Petty Cash official, contributed to loss.

NB: Failure to adhere to the above after investigation will lead to the Petty Cash official having to re-imburse the losses and shortages

Transferral of function

- The Petty Cash official must perform a reconciliation and a summary report compiled, before possession of Petty Cash, can be handed over.
- The summary report must be signed by both the Petty Cash official and the recipient, in order to verify that the amount in cash, correspond with the balance on the summary report.
- When the Petty Cash is returned to the Petty Cash official, the same processes must be taken.
- In cases where the Petty Cash official is on leave for more that 5 (five) business days, the responsibility of safeguarding, as well as procedures set out by this policy, may be transferred to the next level official appointed by the Expenditure: Section Head.



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

ASSET MANAGEMENT POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

ABREVIATIONS	3
1. PURPOSE OF THIS DOCUMENT	4
2. BACKGROUND	4
3. OBJECTIVES	6
4. APPROVAL AND EFFECTIVE DATE	6
5. KEY RESPONSIBILITIES	7
6. POLICY AMENDMENT	8
7. RELATIONSHIP WITH OTHER POLICIES	9
8. REFERENCES	9
9. POLICY FORMAT	10
10. POLICY FOR FIXED ASSET ACCOUNTING	11
11. INSURANCE	38
12. POLICY FOR SAFEGUARDING OF ASSETS	39
13. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE ASSETS .	41
14. POLICY IMPLEMENTATION	46
ANNEXURE	47

ABBREVIATIONS

AM	: Asset Management
AMS	: Asset Management System
CFO	: Chief Financial Officer
COGTA	: Department of Co-operative Governance and Traditional Affairs
EMES	: Department of Economic Service-Director
EPWP	: Expanded Public Work Programme
GAMAP	: General Accepted Municipal Accounting Practice
GIS	: Geographical Information System
GRAP	: Standard of Generally Recognised Accounting Practice
HR	: Human Resources
IAM	: Infrastructure Asset Management
IAMP	: Infrastructure Asset Management Plan
IAMS	: Infrastructure Asset Management Strategy
IAR	: Infrastructure Asset Register
IAS	: International Accounting Standards
IDP	: Integrated Development Plan
IT	: Information Technology
KPI	: Key Performance Indicators
LM	: Local Municipality
MFMA	: Municipal Finance Management Act
O&M	: Operation and Maintenance
OHSA	: Occupational Health and Safety Act
R	: Rand
SCM	: Supply Chain Management
SDBIP	: Service Delivery and Budget Implementation Plan
TOR	: Terms of Reference
VAT	: Value Added Tax
VKLM	: Victor Khanye Local Municipality

1. PURPOSE OF THIS DOCUMENT

This document indicated the policy of Victor Khanye Local Municipality (VKLM) for the management of its fixed assets. Detailed procedures are provided in a separate document. The policy commits the Municipality to establishing and maintaining an asset register that complies with the relevant accounting standards, as mentioned in paragraph 8. References, and managing the assets in a way that is aligned with the Municipality Strategy objectives and recognised good practice.

2. BACKGROUND

2.1 CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- Providing democratic and accountable government for local communities;
- Ensuring the provision of services to communities in a sustainable manner;
- Promoting social and economic development;
- Promoting a safe and healthy environment ; and
- Encouraging the involvement of communities and community organisations in matter of local government.

The manner in which a municipality manages its PPE is central to meeting the above challenges. Accordingly the Municipal Systems Act (MSA) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective; efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Municipal Manager.

The OHS requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its fixed assets safe.

2.2 ACCOUNTING STANDARDS

The MFMA requires municipalities to comply with the standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

Key changes include the recognition of depreciation of assets as an expense, and conditional grant as revenue when it is utilised. A Government Grant Reserve and a Donations and Public Contribution Reserve are established, based on the source of funding. Immovable assets are unbundled and each significant component is individually recognised and accounted for. PPE are measured at cost, though in cases where it is impracticable to establish the cost (e.g. where there are no reliable records, or records cannot be linked to specific assets), the cost is deemed to be the fair value of the immovable PPE. In cases where there is an active market for assets, valuation is on a market basis, whereas specialised buildings (such as community facilities) and infrastructure (such as a water supply network) are valued using a depreciated replacement cost. Significant changes in the value of immovable property, plant and equipment over time may be reflected through periodic revaluation.

As a medium capacity municipality, VKLM was required to convert to applicable standard of GRAP on 01 July 2009.

2.3 MANAGEMENT OF INFRASTRUCTURE ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- Long-term sustainability and risk management;
- Services delivery efficiency and improvement;
- Performance monitoring and accountability;
- Community interaction and transparent processes;
- Priority development of minimum basic services for all, and
- The provision financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation- for the above objectives to be achieved, the IDP need to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintenance and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of department of the municipality, including infrastructure, community services, financial planning, and corporate services .

COGTA has prepared guidelines in line with international practice that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as water and sanitation, roads, electricity etc.). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents as integrated plan for municipality covering all infrastructure. The arrangements outlined in the COGTA guidelines are further strengthened by the provision of National Treasury's Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of Government-wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

3. OBJECTIVES

The objective of this policy is for the municipality to:

- Implement prevailing accounting standards ; and
- Apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

4. APPROVAL AND EFFECTIVE DATE

The CFO is responsible for the submission of this document to Council to consider its adoption after consultation with the Municipal Manager. Council shall indicate the effective date for implementation of the policy.

5. KEY RESPONSIBILITIES

Municipal Manager

The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The Municipal Manager shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's fixed assets are valued in accordance with the standard of generally recognised accounting practice;
- That the municipality has and maintains a system of internal control for fixed assets, including as asset register; and
- The Directors and their teams comply with this policy.

As accounting officer of the municipality, the Municipal Manager shall be principal custodian of the entire municipality's assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the Municipal Manager shall be responsible for the preparation, in consultation with the CFO and Directors, of procedures to effectively and efficiently apply this policy.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investments in the municipality's assets are safeguarded and maintained.

The CFO, as one of the Directors of the municipality, shall also ensure, in exercising his financial responsibilities that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to immovable assets;
- The systems, procedure and registers required to substantiate the financial values of the municipalities assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The Directors and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- This policy and support procedures are established, maintained and effectively communicated.

The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be fixed asset registrar of the municipality and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.

Assistant Manager: Asset Management

The Assistant Manager: Asset Management (as delegated by the Municipal Manager and the CFO) should ensure that:

- appropriate systems of physical management and control are established and carried out for all assets;
- the municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
- proper accounting processes and procedures are implemented in conformity with the municipal financial policies and the MFMA to produce reliable data for inclusion in the municipal asset register;
- the asset management systems, processes and controls can provide an accurate, reliable and up-to-date account of assets under their control;

The Assistant Manager: Asset Management may delegate or otherwise assign responsibility for performing these functions to employees in the Asset Management Section but will remain accountable for ensuring these activities are performed. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by the Assistant Manager: Asset Management acting under the written instruction of the CFO.

Directors

Directors (the managers directly accountable to the Municipal Manager) shall ensure that:

- The municipal resources assigned to them and their subordinates are utilised effectively, efficiently, economically and transparently;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Together with the Assistant Manager: Asset Management, each Director must ensure that all office bound employees in his/her directorate has an updated asset inventory in his/her office available for inspection.

The Directors may delegate or otherwise assign responsibility for performing these functions to individual custodians and users of the assets but they shall remain accountable for ensuring these activities are performed.

6. POLICY AMENDMENT

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the

Municipal Manager and respective Directors. The recommendations of the CFO shall be considered for adoption by Council.

7. RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management and Insurance Policy.

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Financial Regulations
- Supply Chain Management Policy
- Tariff Policy
- Property Rates Policy
- Risk Management Policy
- Cash and Investment Management Policy
- Inventory Management Policy
- Loss Control Policy

8. REFERENCES

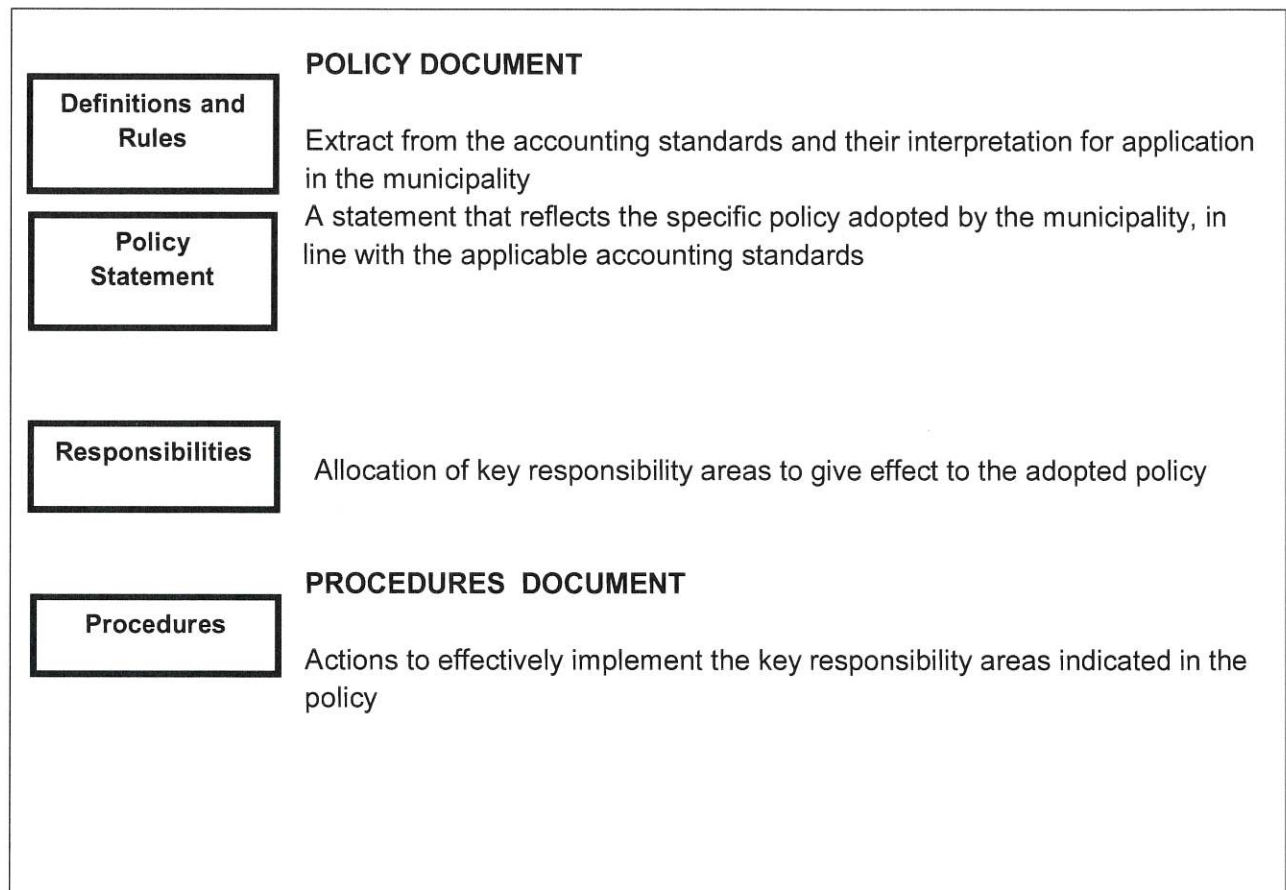
The following references were observed in compiling this document:

- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Local Government Capital Asset Management Guidelines, National Treasury, 2008.
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 2000
- Accounting Standard Board
- MFMA Circular 18 & 44
- Government Gazettes (30013 and 31021)
- GRAP 1 – Presentation of Financial Statements
- GRAP 3 – Accounting Policies, Estimates and Errors
- GRAP 5 – Borrowing Costs
- GRAP 13 – Leases
- GRAP 16 – Investment Properties
- GRAP 17 – Property, Plant and Equipment
- GRAP 21 – Impairment of Non-Cash Generating Assets
- GRAP 23 – Revenue from Non-exchange Transaction (Donations)
- GRAP 26 - Impairment of Cash Generating Assets
- GRAP 31 – Intangible Assets

- GRAP 100 – Discontinued Operations
- GRAP 27 - Agriculture
- GRAP 103 – Heritage Assets
- Municipal Asset Transfer and Regulations - Government Gazette No.31346

9. POLICY FORMAT

Figure 1 gives an overview to the format of presentation of this policy document, and how it links to a separate document that provides the procedure.



10. POLICY FOR FIXED ASSET ACCOUNTING

10.1. RECOGNITION

a) Definitions and rules

Asset

An asset is defined as a resource controlled by an entity as a result of past events and from which future economic benefits or service potential associated with the item will flow to the entity.

Fixed Asset

A fixed asset (also referred to as "non-current asset") is an asset with an expected useful life greater than 12 months.

PPE

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rentals to other, or for administrative purposes; and are expected to be used during more than one period. This includes items necessary for environment or safety reasons to leverage the economic benefits or service potential from other asset. Insignificant items may be aggregated. Property, plant and equipment are broken down into groups of assets of a similar nature or function in the municipality's operations for the purpose of disclosure in the financial statements.

Immovable PPE

Immoveable assets are fixed structures such as buildings and roads. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immovable asset (though it may be temporarily removed for repair).

Heritage Assets

If the municipality holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

Investment Property

Investment property is defined as property (Land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capitals appreciation, or both (rather than for use in the production or supply of goods or services or for administration purpose or sale in the ordinary course of operations). Examples of investment property are office parks, shopping centres or housing financed and managed by a municipality (or jointly with other parties). There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a

currently undetermined use is recognised as investment property until such time as the land has been determined.

Intangible Assets

Intangible assets are defined as identifiable non-monetary assets without physical substances. Examples are licenses/rights (such as water licenses), servitudes and software.

Servitudes

Servitudes are rights granted by a property owner to another person or entity to use the land for a certain purpose. Servitudes may be acquired through an agreement between parties, court order, statute or other means.

1) Creation of servitudes by way of legislation

- Municipalities receive certain rights regarding the creation of servitudes through legislation. For example a municipality may declare servitudes to be registered over certain parts of the land that falls within the boundaries of the proclaimed township so that the municipality can install infrastructure to provide basic services.
- No compensation is required to the landowner for servitudes granted to the municipality in terms of legislation. However costs may be incurred to register the servitudes with the Deeds Office.
- Servitudes granted under these conditions do not meet the "identifiable" criteria because:
 - it cannot be sold, transferred, rented or exchanged freely and are not separable from the municipality
 - they arise from rights granted in statute, as indicated earlier, are specifically excluded from the „identifiable" criteria (refer to the section on Identification for more detail).

The cost incurred to register these servitudes (if any) will be expensed and it should not be capitalised in accordance with GRAP 31.

2) Creation of servitudes by way of acquisition (including an agreement)

- A municipality may need a specific piece of land to install infrastructure, e.g. power cables. Where the landowner is compensated for the rights received associated with the land, the registered servitude may be accounted for as an intangible asset.

- Servitudes granted under these conditions meet the "identifiable" criteria as they arise from contractual or other legal rights that are acquired through a binding arrangement rather than by statute.
- The cost incurred to acquire the servitude (i.e. the compensation paid to the land owner) and any additional costs allowed by GRAP 31 (i.e. costs to bring the asset to the condition and location as intended by management) will be capitalised at initial recognition in accordance with GRAP 31.

Spares

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e. they are not usually considered fixed assets) and are expensed when consumed. Spares that constitute an entire or significant portion of a component type, or a specific component, defined in the immovable PPE asset hierarchy are considered capital spare parts and are recognised as an item of PPE immediately that they are available for use and in a location and condition necessary for it to be capable of operating in a manner intended by management.

Items used irregularly

Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognised as items of PPE.

Useful life

Useful life is defined as the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by an entity.

Control

An item is not recognised as an asset unless the entity has the capacity to control the service potential or future economic benefit of the asset, is able to deny or regulate access of that benefit, and has the ability to secure the future economic benefit of that asset. Legal title and physical possession are good indicators of control but are not infallible.

Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an entity.

Probability of the flow of benefits or service potential

The degree of certainty that any economic benefits or service potential associated with an item will flow to the municipality is

based on the judgement. The Municipal Manager shall exercise such judgement on behalf of the municipality, in consultation with the CFO and respective Director.

Economic benefits

Economic benefits are derived from assets that generate net cash inflow.

Service Potential

An asset has service potential if it has the capacity, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the municipality, such as the provision of services.

Leased assets

A lease is an agreement whereby the lesser conveys to the lessee (in this case, the municipality) the right to use an asset for an agreed period of time in return for a payment. Leases are categorised into finance and operating leases. A finance lease that transfers substantially all risks and rewards incident to ownership of an asset, even though the title may not eventually be transferred (substance over form). Where the risks and rewards of ownership of the assets are substantially transferred to the municipality, the lease is regarded as a finance lease recognised by the municipality. Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payment is expensed in the income statement on a systematic basis (straight-line basis over the lease term).

Asset custodian

The department that controls an asset, as well as the individual (asset custodian) that is responsible for the operations associated with such asset in the department, is identified by the respective Director, recorded, and communicated on recognition of the asset.

Reliable measurement

- b) Items are recognised that possess a cost or fair value that can be reliably measured in terms of this policy.

c) **Policy statement**

The municipality shall recognise all fixed assets existing at the time of adoption of this policy and the development of new, upgraded and renewed assets on an on-going basis. Such assets shall be capitalised in compliance with prevailing accounting standards.

d) **Responsibilities**

- The CFO and the Assistant Manager: Asset Management shall ensure that all assets owned by the Municipality are correctly recognised as assets according to the relevant

standards of GRAP and are incorporated into the Municipality's Asset Register.

- The Municipal Manager shall make recommendations to the Council as to the threshold monetary value for assets for which accelerated depreciation shall apply.
- The CFO shall keep a lease register with the following minimum information: name of the lesser, description of the asset, fair value of the asset at inception of the lease, lease commencement date, lease termination date, economic useful life of the asset, lease payments, and any restrictions in the lease agreement.
- Individual asset custodians, that are responsible for the operations associated with assets of the department as identified by the respective Director, shall be held responsible for the safekeeping and proper use of assets under their care and control.
- Directors and

10.2. CLASSIFICATION OF FIXED ASSETS

a) Definitions and rules

PPE of Asset Categories

The accounting categories of fixed assets are as follows:

1. Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations, that is shown as a single class for the purposes of disclosure in the financial statements);
2. Intangible assets; and
3. Investment property

Class of PPE

A class of PPE is defined as a group of assets of a similar nature or function in the municipality's operations. The total balance of each class of assets is disclosed in the notes to the financial statement.

PPE asset hierarchy

An assets hierarchy is adopted for PPE which enables separate accounting of parts (or components) of the asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the municipality including risk management(in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal(for example the extent of replacement or rehabilitation at the end of life) In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the hierarchy recognises the functional relationship of assets and component

PPE Infrastructure

Infrastructure assets are immoveable assets which are part of a network of similar assets.

PPE Community Property

Community property assets are immoveable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

Heritage Assets

Heritage assets are assets of cultural, historic or environmental significance, such as monuments, nature reserves, and work of art. Some heritage assets have more than one purpose, e.g. a historical building which, in addition to meeting the definition of a heritage asset, is also used as office accommodation. The municipality needs to determine whether the significant portion of the asset meets the definition of a heritage asset. The entity must use its judgement to make such assessment. The asset should be accounted for as a heritage asset if, and only, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purpose. If a significant portion is used for production, administrative purpose or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on PPE.

PPE Building Property

PPE building property assets are buildings that are used for municipal operations such as administration building and rental stock or housing not held for capital gain.

Intangible Assets

Intangible assets are defined as identifiable non-monetary assets without physical substance. Example are licenses/right (such as water licenses), servitudes and software.

Investment Property

Investment property is defined as property (Land and/or a building, or a part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or for capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operation). Examples of investment property are office parks, shopping centers or housing financed and managed by a municipality (or jointly with other parties). There is no asset hierarchy for investment property; each functional item will be individually recorder. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

In the case of a fixed asset not appearing in the adopted classification structure, a classification that is most closely comparable to the asset in question is used.

b) Policy Statement

The following asset categories, sub-categories and groups shall be used at the highest level of the classification structure for fixed asset

CATEGORY	SUB CATEGORY	GROUP
Infrastructure assets	Electricity Network	HV Network(>33Kv)
		MV Network(< = 33Kv
		LV Network(<1000V)
	Road and Storm-water Network	Roads
		Roads Structure
		Road Furniture
		Storm-water
	Water Supply Network	Boreholes
		Bulk Mains
		Dams & Weirs
		Distribution
		Distribution Points
		Pump Stations
		Reservoirs
		PRV Stations
		Water Treatment Works (WTW)
	Sanitation Network	Outfall Sewers
		Pump Station
		Reticulation
		Toilet Facilities
		Waste Water Treatment Works (WWTW)

Community Assets	Community Facilities	Halls/Centres
		Crèches
		Clinics/Care Centres
		Libraries/Museums /Galleries/Theatres
		Cemeteries/Crematoria
		Parks
		Public Open space
		Public Ablution Facilities
		Markets/Stalls/Shops
		Landfill Site
		Waste Transfer Stations
		Waste Processing Facilities
		Abattoirs
		Airports
		Bus Terminal/Taxi Ranks/Parking
Heritage Assets	Sport & Recreation Facilities	Indoor Facilities
		Outdoor Facilities
	Monuments	All
	Works of Art	All
	Conservation Area	All
	Historic Building	All
	Other heritage	All
		Municipal Offices

Other Assets	Operational Building	Pay/Enquiry Points
		Fire/Ambulance Stations
		Testing Stations
		Building Plan Office
		Workshops
		Yards/Depots
		Stores
		Laboratories
	Housing	Staff Housing
		Social Housing
	Operational Plant & Equipment	All
	Capital Spares	Capital Spares-Electricity
		Capital Spares-Road, rails and storm-water
		Capital Spares-Water Supply
		Capital Spares-Sanitation
		Capital Spares-Community & Other assets
Investment Property	Investment Property	Improved Property
		Unimproved Property
	Servitudes	Electricity Servitudes
		Road Access Servitudes

Intangible Assets		Rail Servitudes
		Storm-water Servitudes
		Water Servitudes
		Sanitation Servitudes
	Licenses, Rights	Water Rights
		Effluent Licenses
		Solid Waste Licenses

Asset hierarchies shall be adopted for each of the PPE asset group, separately identifying items of PPE at component level that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant. Land associated with Community Property, Heritage Property, Heritage Assets and Building Property shall be included at component level.

PPE shall be disclosed in the financial statements at the sub-category level.

The CFO will consider the recognition of assets as heritage assets according to the relevant Standard of GRAP and motivate their recommendation for adoption by council.

c) Responsibilities

- The CFO, the Deputy CFO and the Assistant Manager: Asset Management shall ensure that the classification of assets adopted by the municipality complies with the statutory requirements.
- The CFO shall consult with the Deputy CFO and the Assistant Manager: Asset Management to determine an effective and appropriate asset hierarchy for each class of assets to component level and record such in the Asset Management procedures documents.

10.3. IDENTIFICATION

a) Definition and Rules

Asset coding system

An asset coding system is the means by which the municipality is able to uniquely identify each asset (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis.

b) Policy Statement

A coding system shall be adopted and applied that will enable each asset (with PPE at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified.

c) Responsibilities

- The Municipal Manager shall develop and implement an asset coding system in consultation with the CFO and other Assistant Manager: Asset Management to meet the policy objective.
- Directors shall ensure that all the assets under their control are correctly coded.

10.4. ASSET REGISTER

a) Definitions and Rules

Fixed Asset Register

A fixed asset register is a database with information relating to each asset. The fixed asset register is structured in line with the adopted classification structure. The scope of data in the register is sufficient to facilitate the application of the respective accounting standard for each of the asset classes, and the strategic and operational asset management needs of the municipality.

Completeness of Data

It is recognised that it may not be practicable to complete all the required fields when compiling the initial asset register when converting to the new GRAP standards of accounts. However, processes have to be established so that all the data fields can be completed on an on-going basis on adoption of this policy.

Updating data in the Asset Register

The fixed asset register is updated by an Assistant Manager: Asset Management only when authorised and instructed to do so by the CFO.

b) Policy Statement

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The fixed asset register shall be updated and reconciled to the general ledger on a regular basis.

c) Responsibilities

- The CFO and the Deputy CFO shall define the format of the fixed asset register in consultation with the Municipal Manager and the Assistant Manager: Asset Management, and shall ensure that the format complies with the prevailing accounting standards.

- The Assistant Manager: Asset Management must collect all data required to establish and update the asset register in a timely fashion.
- The CFO and the Deputy CFO shall establish procedure to control the completeness and integrity of the asset register data.
- The CFO and the Deputy CFO shall ensure proper application of the control procedures.

10.5. MEASUREMENT AT RECOGNITION

a) Definitions and rules

Measurement at recognition of Property, Plant and Equipment

An item of assets that qualifies for recognition is measured at cost. Where an asset is required at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of assets, such as on recognising assets for which there are no records or records cannot be linked to specific assets, its cost is deemed to be its fair value.

Measurement at recognition of investment property

Investment property will be measured at cost including transaction cost at initial recognition. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or nominal value), its cost is its fair value at the date of acquisition.

Measurement at recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the data acquired.

Fair Value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market values obtained from a qualified valuer can be used where there is an active and liquid market for asset (For example: land and some types of plant and equipment). In the case of specialised buildings (Such as community buildings) and infrastructure where there is no such active and liquid market, a depreciation replacement cost (DRC) approach may be used. Assessment of fair value ate to be made by professional with qualifications and appropriate knowledge and experience in valuation of the respective assets.

Cost of an item of infrastructure

The capitalisation value comprises (i) purchase price and (ii) any directly attributable cost necessary to bring the asset to its location

and condition necessary for it to be operating in the manner intended by the municipality, plus (iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of such assets- in such an instance, the municipality should capitalise the cost of the asset together with VAT).

Cost associated with heritage assets

Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognised in the carrying amount of the heritage asset as incurred.

Directly Attributable Costs

Directly attributable costs are defined as:

- Cost of employee benefits arising directly from the construction or acquisition of the item.
- Costs of site preparation;
- Initial delivery and handling;
- Installation and assembly costs, cost of testing whether the asset is functioning properly, after deduction the net proceeds from selling an item produced while bringing the asset to that location and condition;
- Commissioning(Cost of testing the asset to see if the asset is functioning properly, after deducting the net proceeds from selling an item produced while bringing the asset to its current condition and location,); and
- Professional fees (for example associated with design fees, supervision, and environmental impact assessments)(in the case of all asset classes)

Changes in the existing decommissioning costs or Restoration costs included in the costs of an item

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

1. If the cost model is used-
 - Changes in the liability shall be added to or deducted from the cost of the related asset.
 - If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
 - If the adjustment results in an additional to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount

may not be recoverable. In this case the municipality should test the asset for impairment.

2. If the revaluation model is used-

- A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
- An increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
- If the decrease in liability exceeds the carrying amount that would have recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- If the change in liability is an indication the asset may have to be re-valued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be taken into account in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.

Exchange Assets

In cases where assets are exchanged, the cost is deemed to be fair value of the acquired asset and the disposed asset is de-recognised. If the acquired asset is not measured at its fair value, its cost price will be the carrying amount of the asset given up.

Finance Leases

A finance lease is recognised by the municipality (the lessee) at the commencement of a lease as an asset and liability in the statement of financial position at equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognised as an asset.

Depreciated replacement cost

The depreciated replacement cost (DRC) approach requires information on the expected useful life (EUL), residual value (RV), current replacement cost (CRC), and remaining useful life (RUL) of each of the asset components. The CRC is the product of a unit rate and the extent of the component and represents the cost of replacing the asset, and in cases where the existing asset is obsolete, the replacement with a modern equivalent. The depreciable portion cost (DRC) is established by proportionately reducing the depreciable portion based on the fraction of the remaining useful life over the expected useful life. Accordingly, the following formula is used:

$$\text{DRC} = (\text{CRC} - \text{RC}) \times \text{RUL/EUL} + \text{RV}$$

Replacement costs are "green field", unless there is evidence of definite cost variance due to "brown-field" modifications. Capital unit costs vary from site to site and provision is made for site specific influencing factors (e.g. topography). Capital unit costs are also influenced by macro-economic driving forces such as "supply-and-demand", economy of scale, financial markets and availability of contractors, and the impact of these factors are reflected in the capital unit rates where applicable. Adjustments of assets for escalation to the valuation date are applied.

Self-constructed Assets

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that can be classified as fixed assets and that are constructed by the municipality should be recorded in the asset register and each component that is part of this asset should be depreciated over its estimated useful life for that category of asset. Proper records are kept such that all costs associated with the construction of these are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

Construction of future investment property

If property is developed for future use as an investment property, such property shall in every respect be accounted for as Property, Plant and Equipment until it is ready for its intended use-then it shall be classified as an investment property.

Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include at interest on bank overdrafts and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of

borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign borrowings when these are regarded as an adjustment to interest costs. Borrowing costs shall be capitalised if related to construction of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sources to fund the project, i.e.: interest during construction".

In the following cases it is inappropriate to capitalise borrowing costs:

- It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e. capital or current. In such case, the municipality shall expense those borrowing costs related to a qualifying asset directly to the statement of financial; performance.
- In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financial activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset. As a reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.

Deferred payment

The cost of an asset is the cash equivalent at the recognition date. If the payment of the cost price is deferred beyond normal credit terms, the difference between the cash price equivalent (the total cost price is discounted to the asset's present value as at the transaction date) and the total payment is recognised as an interest expense over the period of credit unless such interest is recognised in the carrying value of the asset in accordance with the allowed alternative treatment in the Standard on Borrowing Costs, GRAP 5.

b) Policy Statement

Fixed asset that qualify for recognition shall be capitalised at cost. Interest on deferred payment will be expensed.

In cases where complete data is not available or cannot be reliably linked to specific assets:-

- The fair value of Property, Plant and Equipment, (infrastructure, community property and building property) shall be adopted on the recognition at a fair measurement.

- If the cost of heritage assets cannot be measured reliably, this should be disclosed in the notes to the financial statements together with a description of the nature of the asset.
- Investment property and intangible assets shall be measured at fair value on date of acquisition.

d) Responsibilities

- The Assistant Manager: Asset Management, in consultation with the Deputy CFO and the CFO shall determine effective procedures for the capitalisation of fixed assets on recognition.

10.6. MEASUREMENT AFTER RECOGNITION

a) Definitions and Rules

Options

Accounting standards allow measurement after recognition of assets as follows:

- Property, Plant and Equipment and intangible assets: on either a cost or revaluation model; and
- Investment Property: either cost model or the fair value model.

Different models can be applied, providing the treatment is consistent per asset class.

Cost Model

When the cost model is adopted, a fixed asset is carried after recognition at its cost less any accumulated depreciated and any accumulated impairment losses.

Revaluation Model

When the revaluation model is adopted as asset is carried after recognition at a re-valued amount. Being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued. Revaluation is to be executed by persons with suitable professional qualifications and experience. Any change to an asset's carrying amount as a result of revaluation, is credited (or deducted from any surplus from previous revaluations if the re-valued amount decrease from the previous re-valued amount) in the Revaluation Reserves.

The revaluation surplus is transferred to the Accumulated Surplus (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such immovable asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. An adjustment

of the aggregate transfer is made at the end of each financial year. If carrying amount based on the revaluation is less than the carrying value of the immovable asset recorded in the fixed asset register, the carrying value of such asset is adjusted by increasing the accumulated depreciation of the immovable asset in question by an amount sufficient to adjust the carrying value to the value based on the revaluation. Such additional depreciation expenses 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 sufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the asset in question in.

Investment Property

When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The gain or loss from the change in fair the fair value of investment property shall be included in the surplus or deficit for the period in which it arises. The fair value of the investment property shall reflect market conditions at the date. Investment property shall be valued on an annual basis. All fair value adjustments shall be included in the surplus or deficit for the financial year.

Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate immovable assets is recognised at the time the cost is incurred, and any previous statutory inspection cost is de-recognised.

Expenses to be capitalised

Expenses incurred in the enhancement of assets (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 assets are capitalised. Such expenses are recognised once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed)-prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of assets that ensures that the useful operating life of the asset is attained, are considered as operating expenses and not capitalised, irrespective of the quantum of the expenses concerned.

Spares

The location of capital spare shall be amended once they are placed in service, and re-classified to the applicable assets asset sub-category.

b) Policy Statement

Measurement after recognition shall be on the following:-

- Immoveable Assets: Cost Model.
- Moveable Assets: Cost Model.
- Heritage Assets: Cost Model.
- Investment Property: Cost Model.
- Intangible Assets: Cost Model.

Changes in asset value as a result of revaluation shall be reflected in a Revaluation Reserve.

c) Responsibilities

- The Assistant Manager: Asset Management, in consultation with the Deputy CFO and the CFO, shall determine suitable measurement of the value of assets after recognition, in accordance with the applicable Standards of Generally Recognised Accounting Practice.
- Information contained in documents of newly acquired assets on the estimated useful lives and asset maintenance periods or intervals is used to determine the relevant.
- The Assistant Manager: Asset Management in consultation with the Assistant Manager: Project Management must collect all the relevant information for the calculation and presentation of work-in-progress in the Fixed Asset Register.

10.7. DEPRECIATION

a) Definition and Rules

Depreciation

Depreciation is the systematic allocation of the depreciation amount of an asset over its remaining useful life. The amortisation of intangible assets is identical.

Land is considered to have unlimited life; therefore it is not depreciated. Heritage assets are also not depreciated.

Residual value

The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual values of assets are indicated in ANNEXURE A and B in the form of a percentage. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the modern equivalent replacement value.

Depreciation Method

Depreciation of assets is applied at the component level. A range of depreciation methods exist and can be selected to model consumption of service potential or economic benefit (for example the straight line method, diminishing amount method, fixed percentage on reducing balance method, sum of the year digits method, production unit method). The approach used should reflect the consumption of the future economic benefits or services

potential, and should be reviewed annually where there has been a change in the pattern of consumption.

Remaining useful life

The remaining useful life of a depreciable asset is the time remaining until an asset ceases to provide required standard of performance or economic usefulness.

The remaining useful life of all depreciable assets at initial recognition is the same as the expected useful life indicated in ANNEXURE A and B these figures have been established using available information on industry norms, experience of local influencing factors (such as climate, geotechnical conditions and operating conditions), the life-cycle strategy of the municipality, potential technical obsolescence, and legal limits on the use of the assets.

Annual review of remaining useful life

The remaining useful lives of depreciable assets are reviewed every year at the reporting date. Changes may be required as a result of new, updated or more reliable information being available.

Assets that have come to the end of their estimated useful lives but are still used and are in good condition may have their remaining useful lives revised in order to reflect the current condition of the assets.

Changes may also be required as a result of impairments (as contemplated in Section 10.8 of this policy). Depreciation charges in the current and future reporting periods are adjusted accordingly, and are accounted for as a change in an accounting estimate.

Depreciation charge

Depreciation starts once an asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and ceases when it is de-recognised. Depreciation is initially calculated from the day when an item of PPE is acquired or in the case of construction works and plants and machinery- the day in which the asset is available for use, until the end of the calendar month concerned. Therefore, depreciation charges are calculated monthly.

Carrying Amount

The carrying amount is the cost price/fair value amount after deducting any accumulated depreciation and accumulated impairment losses.

Spares

The depreciation of capital spares commences immediately when it is available and in the location and condition necessary for it to be

capable of operating in the manner intended by management. The depreciation continues once they are placed in services, or subsequently removed from services.

Finance Lease

Depreciation assets financed through a finance lease will give rise to a depreciation expense and finance cost which will occur for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with the policy of depreciable owned assets, and the depreciation recognised shall be calculated in accordance with the Standard on Property, Plant and Equipment, GRAP 17. If there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term, the asset will be fully depreciated over the asset's useful life.

b) Policy Statement

All assets, except land and heritage assets, shall be depreciated over their remaining useful lives. Intangible assets (except servitudes) will be amortised over their remaining useful life. The method of depreciation will be reviewed on an annual basis, though the straight line basis shall be used in all cases unless Council determines otherwise.

c) Responsibilities

- The Deputy CFO and the CFO shall ensure that a budgetary provision is made for the depreciation of all assets of the Municipality in the ensuing financial year, in consultation with the Assistant Manager: Financial Reporting.
- The CFO, the Deputy CFO and the Assistant Manager: Asset Management shall indicate a fixed annual date for the review of the remaining useful life of all assets recorded on the Asset Register.
- The Assistant Manager: Asset Management in consultation with the Deputy CFO, the CFO and individual custodians or users of assets shall annually review the expected useful life and residual values of assets and the depreciation method of assets and motivate to the Municipal Manager and CFO any adjustments if, in the judgement of the Assistant Manager: Asset Management and the custodian, such are not considered appropriate. Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- The CFO shall report changes made to the remaining useful life of ASSETS in the asset register to the Municipal Manager and Council.
- The Deputy CFO and the CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

10.8. IMPAIRMENT

a) Definition and Rules

Impairment

Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the assets future economic benefits or service potential through depreciation.

Indications of impairment

The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

- External Sources of Information:
 - Decline or cessation in demand;
 - Changes in the technological. Legal or government policy environment;
 - The carrying amount on the net assets of the entity is more than its market capitalisation; or
 - Market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an assets value in use and decrease the assets recoverable amount materially.
- A halt in construction could indicate impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.
- Internal Sources of Information:
 - Evidence of Physical Damage;
 - Evidence of obsolescence;
 - Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected date, and reassessing the useful life of an asset as finite rather than indefinite;
 - Cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted;
 - The actual net cash flow or operating profit or loss flowing from an asset ate significantly worse than those budgeted;
 - A significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss; flowing from the asset; or
 - Operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

- i) Other indications, such as loss of market value.

Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postpones to a specific future date, the project may be treated as work in progress and is not considered as halted.

Intangible assets

The municipality must test all intangible assets not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period it is performed at the same time every year.

Significant and Enduring nature

The municipality must only record impairments that are significant and have an enduring adverse effect (material and long-term impact). The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable services amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

Impairment loss

An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit (smallest group of assets that generate cash flows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

Non-cash generating units

Non-cash-generating units are those assets (or group of assets) that are not held the primary objective of regenerating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable amount is the higher of the assets fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount

that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash regenerating assets which are held on an on-going basis to provide specialised services or public goods to the community, the value in use of the assets is likely to be greater than the fair value less cost to sell. In such cases the municipality may use the assets value in use as its recordable service amount. The value in use of non-cash regenerating unit/asset is defined as the present value of the assets remaining service potential. This can be determined using any of the following approaches:

- The Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciation Replacement Cost (ODRC) approach may be used);
- The restoration cost approach (the Depreciation Replacement Cost less cost of restoration)-usually used in cases where there has been physical damage; or
- The service unit approach (which could be used for example where a production unit's model of depreciation is used).

Where the present value of an assets remaining service potential(determined as indicated above)exceeds the carrying value, the asset is not impaired-this will normally be the case unless there has been a significant and enduring event as indicated above.

Cash-generating unit

Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Holding as asset to generate a "commercial return" indicates that an entity intends to generate positive cash inflows the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. When the cost model is adopted, fair value is determined in accordance with the rules indicated for measurement after recognition. Costs to sell are the costs directly attributable to the disposal of the asset (for example agent fees, legal costs), excluding finance costs and income tax expenses. The value in use determined by estimating the future cash inflows and outflows from the continuing use of the asset and the net cash flows to be received or(paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

Judgement

The extent to which the asset is held with the objective of providing a commercial return needs to be considered to determine whether

the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a particular reporting period. Conversely, an asset may be non-cash generating asset even though it may be breaking even or generating a commercial return during a particular reporting period. In some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether extent to which the asset generates cash flows is so significant that the asset is a non-cash-generating-or a cash-generating asset. Judgement is needed in these circumstances.

Recognition of impairment

The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for future periods to allocate the assets revised carrying amount, less its residual value(if any), on a systematic basis over its remaining useful life.

When no future economic benefit is likely to flow ab asset, it is derecognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, s debited to the Standard of Financial Performance as a " Loss on Disposal of Asset".

In the event of compensation received for damage to an item of immovable ASSETS, the compensation is considered as the assets ability to generate income and is disclose under Sundry Revenue; and the asset is impaired/de-recognised.

Reversing the impairment loss

The municipality must assess each year from the source of information indicated above whether there is any indication that an impairment loss recognised in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increase to its recoverable amount (providing that it does not exceeds the carrying amount that would have determined had no impairment loss been recognised in prior periods). Any reversal of an impairment loss is recognised as a credit in surplus or deficit.

b) Policy Statement

Impairment of fixed assets shall be recognised as an expense in the Statement of Financial Performance when it occurs. Ad-hoc impairment shall be identified as part of normal operational management as well as scheduled annual inspections of the assets.

In this regard, the municipality considers itself an entity whose primary objective is to provide goods and services for community or social benefits, and where positive cash flows are generated(such as from sale of trading services such as water services), these are with view to support the primary objective rather than for financial return to equity holders. Consequently the municipality adopts the impairment treatment for non-cash generating units in the impairment of its assets and associated intangible assets.

c) Responsibilities

- The CFO shall indicate an annual date for the review of any impairment that may have occurred on assets under the control of the respective Directors.
- During verification of assets, the verification team shall review the condition of assets if they are indications of an impairment on the assets and capture the relevant information on the verification devices. The information about the condition of assets will then be used at the annual review date of impairment of assets.
- The custodians and users of assets may through their Directors motivate to the CFO proposed changes to the performance of such assets and the necessary impairment that needs to be recognised on such assets.
- During verification, the Asset Management staff should evaluate all fixed assets for impairment, taking into consideration and discussing with custodians and users and Departmental Managers.
- The Assistant Manager: Asset Management, through consultation with the Deputy CFO and the CFO should update the fixed asset register with the information received, relating to the impairment, from the verification system and other information sources and decisions taken in this regard.
- The CFO shall report changes made to the carrying value of these assets in the asset register to the Municipal Manager and Council.

10.9 DE-RECOGNITION

a) Definition and rules

De-recognition

Assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The carrying amount of the asset and the net disposal proceeds (or cost of de-commissioning and /or disposal of the asset) shall be included in the surpluses of (deficit) for the year when the item is derecognised.

Assets that are associated with the provision of basic services cannot be disposed without the approval of Council.

Government Gazette no 31346 sets out the regulations regarding municipal asset transferred and disposals, for example type of assets that need approval to be disposed or transferred, timeframes and Council approval.

Disposal of fixed assets should be at fair value. If payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent (the total proceeds discounted to the present value as at the transaction date). The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

b) Policy Statement

Assets for which no future economic benefits or service potential are expected shall be identified and method of disposal and the association costs or income considered by Council. The carrying amount of the asset shall be derecognised when no future economic benefits or service potential are expected from its use or its disposal.

c) Responsibilities

- Fixed assets shall be derecognised only on the recommendation of the Director of the department controlling the asset, and with the approval of the Municipal Manager and Council.
- Every Director shall report to the CFO on fixed assets which such Director wishes to have derecognised, stating in full the reason for such recommendation, indicating whether or not the assets are associated with the provision of basic services. The CFO shall consolidate all such reports, and shall promptly make a submission to the Municipal Manager on the fixed assets to be derecognised, the proposed method of disposal, and the estimated cost or income from such disposal. The Municipal Manager shall consider the submission and make recommendations to the Council for adoption.
- Assets that are replaced in the nominal course of the life-cycle renewal should be derecognised and removed from the asset register.
- The Municipal Manager, in consultation with the CFO and the Directors shall formulate norms and standard from the replacement of all fixed assets.

d) Assets under investigation

- The assets are only removed from the assets register once the investigation is complete and the decision to remove them has been approved by the relevant authority. Therefore the assets still under investigation at year end will still be part

of the asset register as much as they are disclosed as under investigation.

- Assets that could not be found during the asset verification exercise should be documented in a loss control register, which is ventilated in the Loss Control Committee. These discrepancies must be followed up and investigated. The outcome of the investigation will determine whether the asset has been lost, stolen, or possibly sold but not updated. Where the asset has been lost or stolen the authorisation process should be followed to allow for the asset to be written off and the asset register updated.
- Where the process has not been completed the fixed asset register must include a narrative with a summary of assets that could not be found and are under investigation. These assets will remain in the asset register until the investigation is complete and the outcome of that investigation will determine the way forward regarding the treatment of these assets, and
- The investigation process and period (timelines) should comply with the Municipal Asset Management Policy and the Loss Control Policy.

11. INSURANCE

a) Definition and rules

Insurance provides selected coverage for the accident loss of asset value.

Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury. The municipality can however elect to insure certain infrastructure risks, through approval must be obtained from the Council. The Risk Officer, in consultation with the Assistant Manager: Asset Management must conduct a risk assessment of all assets and after considering the risks involved, report to council, which assets must be insured. The risk assessment must be based on a loss probability analysis and if there is no capacity within the municipality to conduct the analysis, the Municipal Manager should obtain external professional assistance.

The municipality may elect to operate a self-insurance reserve, in which case the CFO shall annually determine the premiums payable by the department or votes after having received a list of assets and

insurable values of all relevant assets from the Assistant Manager: Asset Management.

Assets must be insured internally or externally and coverage must be based on the loss probability analysis. All insurance claims must be assessed by the Loss Control Committee, charged with the responsibility for the insurance of assets, to determine whether the damage to the assets can be recovered from possible third parties involved.

If damage was caused by an identifiable third party the Asset Control Officer should, through the Loss Control Committee and the Deputy CFO and the CFO, compile a report advising the Municipal Manager of the facts thereof and any possible further action.

b) Policy Statement

The municipality must adhere to the disaster management plan from prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster. The Municipal Manager shall decide on insurance cover for assets each financial year based on consultation with the Loss Control Committee and the CFO, and advise Council accordingly.

c) Responsibilities

- The Municipal Manager shall consult with the, Risk Officer, Assistant Manager: Asset Management and the CFO on the basis of insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the asset concerned. The approach shall take due cognisance of the budgetary resources of the municipality, and where applicable asset classes shall be prioritised in terms of their risk exposure and value.
- The Municipal Manager shall advise Council on the insurance approach taken.
- In the event that the CFO, through the Municipal Manager, is directed by Council to establish a self-insurance reserve, the CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

12. POLICY FOR SAFEGUARDING OF ASSETS

a) Definitions and rules

The municipality applies control and safeguards to ensure that assets are protected against improper use, loss, theft, malicious damage or accidental damage.

The existence of fixed assets must be verified from time-to-time, and measures adopted to control their use. Physical verification of fixed assets must be carried out at least once a year.

The municipality may allocate day-to-day duties relating to such control, verification and safekeeping to asset custodians, and record such in the asset register.

b) Policy Statement

An asset safeguarding plan shall be prepared for all fixed assets indicating measures that are considered effective to ensure that all assets under control of the municipality are appropriately safeguarded from inappropriate use or loss, including the identification of asset custodians for all assets. The impact of budgetary constraints on such measures shall be reported to Council. The existence, condition and location of these assets shall be verified annually (in line with the assessment of impairment).

c) Responsibilities

- The Risk Officer in consultation with the Director: Corporate Services shall prepare and submit to the Municipal Manager, upon request, an annual asset safeguarding plan for the fixed assets under the control of all departments, indicating the budget required.
- The Deputy CFO and the CFO shall confirm the available budget, and in consultation with the Director: Corporate Services and the Risk Officer and the Municipal Manager and determine the impact of any budget shortfall.
- The CFO shall report the impacts to the Municipal Manager for review, and advise Council.
- The Director: Corporate Services shall implement the safeguarding plan within the resource made available.
- The Municipal Manager may appoint a specialised physical security service provider to safeguard all assets of the Municipality at agreed points.
- The Assistant Manager: Asset Management shall establish procedures for the effective management of movement of assets from one location to another (both internal and external), transfers of assets from one custodian to another, and report damage, in consultation with the Deputy CFO and the CFO.
- Departmental Managers shall enforce the application of the procedure for controlling the movement of assets as prescribed by the CFO.
- The Manager: Corporate Services shall ensure that rented assets, such as photocopy machines, shall not be moved, unless by duly authorised staff.

- Malicious damage, theft, and break-ins must be reported to the Asset Control Officer within 48 hours of its occurrence and must be reported to the South African Police Service within twenty-four hours of occurrence.
- The Municipal Manager must report criminal activities to the South African Police Services.

13. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE ASSETS

a) Definitions and rules

Service Delivery

Immovable assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance.

Asset Management

The goal of Asset Management of immovable is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers. The core principles are:

- Taking a life-cycle approach;
- Developing cost-effective management strategies for long-term;
- Providing a defined level of service and monitoring performance;
- Understanding and meeting the impact of growth through demand management and infrastructure investment;
- Managing risks associated with asset failures;
- Sustainable use of physical resources, and
- Continuous improvement in the immovable asset management practices.

b) Policy Statement

The municipality shall provide municipal services for which the municipality is responsible, at an appropriate level, and in a transparent, accountable and sustainable manner, in pursuit of legislative requirements and in support of its strategic objectives, according to the following core principles:

- **Effective Governance**

The municipality shall strive to apply effective governance systems to provide for consistent asset management and maintenance planning in adhere to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected.

To this end, the Municipality shall:

- Continue to adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- Regularly review updates and amendments to the above legislation;
- Review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- Effectively apply legislation for the benefit of the community.

- **Sustainable Service Delivery**

The Municipality shall strive to provide to its customer services that are technically, environmentally and financially sustainable

To this end, the Municipality shall:

- Identify a suite of level and standards of service that conform with statutory requirements and rules for their application based on long-term affordability to the municipality;
- Identify technical and functional performance criteria and measure, and establish a commensurate monitoring and evaluation system;
- Identify current and future demand for services, and demand management strategies;
- Set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew and dispose infrastructure assets, where applicable in line with national targets;
- Apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- Prepare and adopt a maintenance strategy and plan to support the achievement of the required performance;
- Allocate budgets based on long-term financial forecasts that takes cognisance of the full life-cycle needs of existing and future infrastructure assets and risks to achieving the adopted performance targets;
- Strive for alignment of the financial statement with the actual service delivery potential of the infrastructure assets; and
- Implement its tariff and credit control and debt collection policies to sustain and protect the affordability of services by the community.

- **Social and Economic Development**

The municipality shall strive to promote social and economic development in its municipal area by means of delivery municipality services in a manner that meet the needs of the various customer user-groups in the community.

To this end, the Municipality shall:

- Regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- Implement changes to services in response to changing customer needs and expectations where appropriate;
- Foster the appropriate use of services through the provision of clear and appropriate information;
- Ensure services are managed to deliver the agreed levels and standards; and
- Create job opportunities and promote skills development in support of the national EPWP.

- **Custodianship**

The municipality shall strive to be a responsible custodian and guardian of the community's assets for current and future generations.

To this end, the municipality shall

- Establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- Establish appropriate development control measures including community information.
- Cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- Ensure that heritage resource are identified and protected; and
- Ensure that a long-term view is taken into account in infrastructure asset management decisions.

- **Transparency**

The municipal shall strive to manage its infrastructure assets in a manner that is transparent to all its customers, both now and in the future.

To this end, the municipality shall:

- Develop and maintain a culture of regular consultation with regard to its management of infrastructure in support of service delivery;

- Clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
 - Avail immovable asset information on a ward basis; and
 - Continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standard.
- **Cost- effectiveness and efficiency**
The municipality shall strive to manage its infrastructure assets in an efficient and effective manner.

To this end, the municipality shall:

- Assess life-cycle options for proposed new infrastructure in line with the Supply Chain Policy;
- Regularly review the actual extent, nature, utilisation, criticality, performance and condition of infrastructure assets to optimise planning and implementation works;
- Assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of infrastructure assets;
- Continue to secure and optimally utilise governmental grants in support of the provision of free basic services;
- Implement new and upgrading construction projects to maximise the utilisation of budgeted funds;
- Ensure the proper utilisation and maintenance of existing assets subject to availability of resources;
- establish and implement demand management plans;
- Timeously renew infrastructure asset based on capacity, performance, risk exposure, and cost;
- Timeously dispose of infrastructure assets that are no longer in use;
- review management and delivery capacity, and procure external support as necessary;
- establish documented processes, systems and data to support effective life-cycle infrastructure asset management;
- strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- Conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.

- **Responsibilities**

- Upon delegation from Council, the Municipal Manager shall establish an Asset Management Steering Committee to meet regularly and to take measures to effectively implement this policy and to report to Council on progress made at a frequency indicated by Council;
- Within two years adoption of this policy, the Director: Technical Services shall develop, and update at least every three years thereafter, an Asset Management Plan (AMP) for each service involving immovable assets that shall assess level and standards of service, future demand, risk determine a life-cycle plan for a minimum ten years planning horizon, and identify management practice improvement needs (three year horizon). The AMPs will be submitted through the Municipal Manager to Council for adoption. AMPs shall be used to inform the preparation of a Comprehensive Municipal Infrastructure Plan and budgets through the IDP process.
- The CFO shall, in consultation with Deputy CFO and the Assistant Manager: Asset Management and users of assets, determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilisation for that are common and applicable to all services. Where necessary, the Director: Technical Services shall interpret the grading scales for the immovable assets under their control. The Director: Technical Services shall determine the grading of all immovable assets under his/her control at a level of accuracy considered appropriate to the municipality's resources, at least every five years.
- Within two years of the adoption of this policy, The Director: Technical Services shall prepare, and review at least every three years thereafter, an Operation and Maintenance Strategy and Plan, and submit such, through the Municipal Manager, to Council for adoption. The municipality shall engage contractors when necessary to support in the implementation of maintenance actions and adopt a system that assists in managing such maintenance.
- Within two years of the adoption of this policy, Directors shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the Municipal Manager, to Council for adoption and inclusion in the Service Delivery and Budget Implementation Plan. Directors shall establish

a monitoring regime, and report actual performance each financial year.

- The Municipal Manager shall establish procedures to ensure that legislative requirements regarding the management of immovable assets, including but not limited to health and safety, and environmental protection, are documented and advised to directors. Directors shall address legislative needs in their strategies and plans, and shall enforce implementation.

14. POLICY IMPLEMENTATION

Detailed procedures shall be prepared and adopted by the Municipal Manager, in consultation with the CFO and Directors, to give effect to this policy.

15. POLICY ADOPTION

This policy has been considered and approved by the Council of Victor Khanye Local Municipality on this day..... of 2024.

ANNEXURE A: EXPECTED USEFUL LIVES AND RESIDUAL VALUES

Immovable Assets

Component Type	Description Type	EUL (yrs.)	Residual Value (%)
Air Conditioning	Air conditioning units server rooms Downflow unit	5	0
Air Conditioning	Air conditioning units rooms Midwall units	5	0
Air Conditioning	Chillers	5	0
Air conditioning	Standard installation (wall or split units)	5	0
Anchored wall		50	0
Auxiliary Equipment	HV substation control infrastructure (AC, DC, cabling etc.)	60	0
Auxiliary Equipment	HV substation control infrastructure (AC, DC, cabling etc.)	60	0
Auxiliary Equipment	Prepaid vending master stations	10	0
Auxiliary Equipment	Prepaid vending stations	10	0
Auxiliary Equipment	QoS equipment Minigraph	20	0
Auxiliary Equipment	QoS equipment Netlog 300	20	0
Auxiliary Equipment	QoS equipment Netlog 400	20	0
Auxiliary Equipment	QoS equipment Netlog 500	20	0
Auxiliary Equipment	QoS equipment Provograph	20	0
Auxiliary Equipment	QoS equipment Vectograph	20	0
Baler	Baler – H10	15	0
Baler	Baler – H20D	15	0
Batteries	Rechargeable	3	0
Battery Charger		10	0
Bin / Container	Open top skip	10	0
Bin / Container	Open top skip	10	0
Bin /Container	Plastic bin	10	0
Bin / Container	Roll on/off open steel	10	0
Bin / Container	Roll on/off open steel	10	0
Billboards		15	0
Battery Charger		10	0
Bowling green		20	0
Carports	Shade net	7	0
Circuit Breaker Panel	Bus-section panel – double busbar	50	0
Circuit Breaker Panel	Bus-section/coupler panel	50	0
Circuit Breaker Panel	Feeder panel	50	0
Circuit Breaker Panel	Feeder-panel – double bulbar	50	0
Circuit Breaker Panel	Indoor switch in switchboard	45	0
Circuit Breaker Panel	Incomer panel	50	0
Circuit Breaker Panel	Incomer panel- double busbar	50	0
Control Cable	Fibre Optic	50	0
Control Cable	Pilot cable	50	0
Channel	Lined Open (Lined area)	30	0
Channel	Unlined open	5	0

Asset Name	Asset Type	Unit	Standard
Chemical Toilet		10	0
Compressor	Workshop type - fixed	10	0
Commuter shelter		15	0
RC Structure	Above ground structure	50	0
RC Structure	Below ground structure	50	0
RC Structure	Mass concrete	50	0
RC Structure	Shuttered RC Eng structure	80	0
RC structure	Shuttered RC Eng structure – water retaining	50	0
Control panel	Network and equipment control panel	50	0
Control panel	Network and equipment control panel	50	0
Control panel	Equipment control panel	50	0
Compactor	Compactor – C5	15	0
Compactor	Compactor – C9	15	0
Culvert		60	0
Current Transformer		45	10
Dozer		15	50
LV Cable	LV Underground Service Connection – Single Phase (Per 30m Service)	60	0
LV Cable	LV Underground Service Connection – Three Phase (Per 30m Service)	60	0
LV Cable	Underground cable Commercial	60	0
LV Cable	Underground cable Domestic 2	60	0
LV Cable	Underground cable Domestic 3	60	0
Electrical Installation		30	0
Electric service connection	LV Overhead	50	0
Electric service connection	LV Underground	45	0
Electricity Meter	Credit LPU (Large Power Users) meter	20	0
Electricity Meter	Credit LPU 3 – 0 HV including metering unit	20	0
Electricity Meter	Credit meter	20	0
Electricity Meter	Prepayment meters	10	0
Electricity Meter	Remote meters	10	0
Engine	Petrol / diesel	15	0
Erosion Protection	Gabions	50	0
Erosion Protection	Rip Rap	20	0
Earth Structure		50	50
Earthworks	Falt terrain	50	50
Earthworks	Mountainous terrain	100	50
Earthworks	Rolling terrain	50	50
External furniture	3 seater concrete bench	20	0
External furniture	Children's play equipment (jungle gym)	20	0
External furniture	Concrete table (rectangular)	20	0
External furniture	Larger planter pot (>1m diameter)	20	0
External furniture	Medium planter pot (<1m diameter)	20	0

Component Type	Description Type	Est. Value (\$K)	Quantity
External furniture	Playground equipment	20	0
External furniture	Water feature (Small)	20	0
External furniture	Water Feature - park	20	0
Fabricated Steel	Galvanised steel	20	0
Fabricated Steel	Mild steel	10	0
Fabricated Steel	Stainless steel	40	0
Filter media	Silica sand	10	0
Finishes, fixtures & fittings	Civic Centers, community halls, chambers	15	0
Finishes, fixtures & fittings	Clinics and day hospitals	15	0
Finishes, fixtures & fittings	General offices, libraries, etc.	15	0
Finishes, fixtures & fittings	Stores, workshop, garages, depots	15	0
Fire protection	Extinguishers, hose reels only	20	0
Fire protection	Extinguishers, hose reels, full sprinkler system with booster pump	20	0
Fire protection	Extinguishers, hose reels, limited sprinklers	20	0
External lighting	Bollard - type	45	0
External lighting	Floodlights	30	0
External lighting	Streetlight with its network	45	0
Floor	Shuttered RC suspended floor slab	50	0
Floor	RC surface bed	50	0
Paving	Paved area	20	0
Fuse		0	0
Gas installation		20	0
Gearbox	Drive motor	15	0
Generator		20	0
Golf course	Municipal	50	0
Grid Inlet		30	0
Guard rail	Steel	20	0
Guard rail	Wood	15	0
High mast lighting		45	0
Speed hump		50	0
Honey sucker		10	0
HV Busbar Indoor	Cooper	60	0
HV Busbar Indoor	GIS bus bar	50	0
HV Busbar Indoor	Strung conductor(m)	60	0
HV Busbar Indoor	Tubular Conductor	50	0
HV Cable	Al PILC three core	50	0
HV Cable	Al XLPE single core	50	0
HV Cable	Cu PILC three core	50	0
HV Cable	Cu XLPE single	50	0
HV Cable	Cu XLPE three core	50	0
HV Cable	HV Al/Cu oil coiled cable	50	0

Asset Type	Material/Type	PL Value	Revised Value (%)
HV Cable	HV Al/CU single core XLPE cable	50	0
HV Overhead Line Conductor	Bear	50	0
HV Overhead Line Conductor	Fox	50	0
HV Overhead Line Conductor	Goat	50	0
HV Overhead Line Conductor	Hare	50	0
HV Overhead Line Conductor	Pelican	50	0
HV Overhead Line Conductor	Wolf	50	0
HV Overhead Line Insulators	Ceramic	50	0
HV Overhead Line Insulators	Composite	50	0
HV Overhead Line Insulators	Glass	50	0
HV Overhead Line Support structure	Concrete pole	50	0
HV Overhead Line Support structure	Steel lattice tower	50	0
HV Overhead Line Support structure	Wooden pole	50	0
HV Power Transformer	Auto wind	50	0
HV Power Transformer	Double wind	50	0
HV Switchgear – Circuit Breaker	Indoor GIS bays	50	0
HV Switchgear – Circuit Breaker	Outdoor	50	0
HV Switchgear – Isolating Link	Earth switches	50	0
HV Switchgear – Isolating Link	Indoor	50	0
HV Switchgear – Isolating Link	Indoor	50	0
HV Switchgear – Isolating Link	Outdoor hand operator	50	0
HV Switchgear – Isolating Link	Outdoor motorised	50	0
HV Switchgear – Isolating Link	Outdoor motorized – AIS Pantograph	50	0
HV Switchgear – Isolating Link	Above Ground – “Woodlands” type	20	0

Component Name	Component Type	Unit	Estimated Value (\$)
Hydrant	Below Ground	20	0
Irrigation	Automatic sprinkler system	10	0
Kerb Inlet		20	0
Kerb	Barrie kerb	20	0
Kerb	Mountable kerb	50	0
Land		N/A	0
Landfill restoration	Restored area		0
Load Control Set	Load control Master Station- Injection	20	0
Landscaping	Flower beds, shrubs & trees	30	0
Landscaping	Lawns	50	0
Lifts		30	0
Lining – Landfill		50	0
Local Transformer	HV primary	45	0
Local Transformer	HV primary	45	0
Load Shed Relay	Load control Controllers	20	0
LV Cable	LV underground service connection – single phase (per 30m service)	60	0
LV Cable	LV underground service connection – three phase (per 30m service)	60	0
LV Cable	Underground cable- commercial	60	0
LV Cable	Underground cable- domestic 2	60	0
LV Cable	Underground cable- domestic 3	60	0
LV Overhead Line	LV- Open Wire	45	0
LV Overhead Line	LV aerial bundle conductor- commercial	45	0
LV Overhead Line	LV aerial bundle conductor- domestic 1	45	0
LV Overhead Line	LV aerial bundle conductor- domestic 2	45	0
LV Overhead Line	LV aerial bundle conductor- network	45	0
LV Overhead Line	LV overhead service connection – single phase (per 30m service)	45	0
LV Overhead Line	LV overhead service connection –three phase (per 30m service)	60	0
LV Switchgear – Circuit Breaker	Feeder panel	30	0
Masonry Structure	General	50	0
Masonry Structure	Manholes	50	0
Min round-about		20	0
Motor	sewer	15	0
Motor	water	15	0
Mini-Sub	Mini-Sub with ring main unit	45	0
Mini- Sub	Mini-Sub without ring main unit	45	0
Mini-Sub	Mini-Sub with ring main unit	45	0
Mini-Sub	Mini-Sub without ring main unit	45	0
MV Bustar Indoor	Copper bar	60	0
MV Bustar Outdoor	Strung conductor (m)	60	0
MV Bustar Outdoor	Tubular Conductor	50	0
MV Cable	MV Cu & Al cable	50	0

Component Type	Description Type	Cost (€)	Residual Value (%)
MV Overhead Line	11Kv ABC	45	0
MV Overhead Line	Aerial Bundled Conductor	45	0
MV Overhead Line	Heavy conductor overhead line(>70 sqmm)	45	0
MV Overhead Line	Light conductor overhead line (<70 sqmm)	45	0
MV Power Transformer	Enclosed transformer	45	0
MV Power Transformer	Substation transformer	45	0
MV Switchgear-Breakers	Bus section panel Double busbar	45	0
MV Switchgear-Breakers	Bus- Section / Coupler panel	45	0
MV Switchgear-Breakers	Bus- Section / Coupler panel	45	0
MV Switchgear-Breakers	Feeder panel Double busbar	45	0
MV Switchgear-Breakers	Income panel	45	0
MV Switchgear-Breakers	Income panel Double busbar	45	0
MV Switchgear- Circuit Breaker	Bus- section panel- double busbar	45	0
MV Switchgear- Circuit Breaker	Bus-section/ coupler panel	45	0
MV Switchgear- Circuit Breaker	Feeder panel	45	0
MV Switchgear- Circuit Breaker	Feeder panel – double busbar	45	0
MV Switchgear- Circuit Breaker	Income panel	45	0
MV Switchgear- Circuit Breaker	Incomer panel- double busbar	45	0
MV Switchgear-Isolators	Ring main unit	45	0
MV Switchgear-Isolating Link	MV isolator	45	0
MV Switchgear- Isolating Link	MV isolator	45	0
MV Switchgear-Isolating Link	Ring main unit	45	0
LV Overhead Line	LV-Open Wire	45	0
LV Overhead Line	LV ABC	45	0
LV Overhead Line	LV Overhead Services connection- Single phase (per 30m Service)	45	0
LV Overhead Line	LV Overhead Services connection- Three phase (per 30m Service)	45	0
LV Overhead Line	Low voltage aerial bundle conductor Commercial	45	0

Component Type	Material/Item Type	Unit (m³)	Quantity (m³)
LV Overhead Line	Low voltage aerial bundle conductor Domestic 1	45	0
LV Overhead Line	Low voltage aerial bundle conductor Domestic 2	45	0
Paving	Paved area	20	0
Pedestrian bridge superstructure		50	0
Pilot cables		50	0
Pedestrian bridge substructure		50	0
Communal standpipe-Pedestal		10	0
Power Factor Equipment	Capacitor bank	50	0
Power Factor Equipment	Single phase, 20 min batter back-up	30	0
Pipe- Sewer	Clay	100	0
Pipe- Sewer	Concrete	40	0
Pipe- Sewer	Steel	40	0
Pipe- Sewer	uPVC	80	0
Pipe-Water	AC	40	0
Pipe-Water	GRP	80	0
Pipe-Water	HDPE	80	0
Pipe-Water	Steel	80	0
Pipe-Water	uPVC	80	0
Plumbing	Standard installation	20	0
Pump- hand		15	0
Pump- water		15	0
Pump- submersible		15	0
Pole Transformer	Pole transformer	12	0
Pole Transformer	Pole transformer	45	0
Perimeter Protection	1.2m high diamond mesh	15	0
Perimeter Protection	1.8m high brick wall	30	0
Perimeter Protection	1.8m high diamond mesh	15	0
Perimeter Protection	Concrete palisade fence	30	0
Perimeter Protection	Precast concrete wall	30	0
Pipe- Storm water	Concrete	50	0
Road Bridge abutments		89	0
Road bridge side barrier		80	0
Road bridge sub-structure		80	0
Road marking		2	0
Road reserves		N/A	0
Road bridge super-structure		80	0
Reactor		0	0
Retaining wall		60	0
Ring Main Unit	Ring Main Unit – 3 way	45	0
Ring Main Unit	Ring Main Unit – 4 way	45	0

Component Name	Description Type	Unit	Estimated Value (\$/sq)
Small building / enclosure	Brick, block walls & concrete roof slab	50	0
Small building / enclosure	Brick, Block walls & other roof	50	0
Small building / enclosure	Steel cage	20	0
Small building / enclosure	Steel cage	20	0
Security system	Security and access control	5	0
Septic Tank		40	0
Servitude		N/A	0
Sign-General	Large	15	0
Septic Tank		40	0
Servitude		N/A	0
Sign-General	Large	15	0
Sign-General	Standard	15	0
Sign-General	Very large	15	0
Signals		0	0
Sign- regulatory	Large	7	0
Sign-regulatory	Standard	7	0
Sports field	Cricket	30	0
Sports field	Netball / basketball	15	0
Sports field	Rugby / soccer	30	0
Squash court	Regulation size- indoor	15	0
Road surface	Bituminous (Medium)	9	0
Road surface	Bituminous (Thick)	12	0
Road surface	Bituminous (Thin)	7	0
Road surface	Concrete block surface	15	0
Road surface	Concrete	20	0
Road surface	Gravel	5	0
Sub-soil drain	Dewatering sub-soil drain	50	0
Stadium	Brick structure with roof and terraces	50	0
Stadium	Open structure with stepped terraces	50	0
Stadium	Structure with roof and stepped terraces	50	0
Street Light	Streetlight shared with LV network	45	0
Street Light	Streetlight with own network	45	0
Street rubbish bin		10	0
Road structural layer	Access	80	0
Road structural layer	Arterial / Distributor	30	0
Road structural layer	Collector	50	0
Surge Arrestor		0	0
Swimming pool	10m x 5m	20	0
Tank	Galvanised steel panel	30	0
Tank	Plastic	15	0
Communal standpipe- Tap		5	0

Category Type	Subcategory Type	Unit (x1000)	Unit value (%)
Telemetry	Advanced system	15	0
Telemetry	Intermediate system	15	0
Telemetry	Standard system	15	0
Tennis court	Floodlit	15	0
Tennis court	Standard	15	0
Tank	Galvanised steel panel	30	0
Tank	Plastic	15	0
Communal standpipe- Tap		5	0
Telemetry	Advanced system	15	0
Telemetry	Intermediate system	15	0
Telemetry	Standard system	15	0
Tennis court	Floodlit	15	0
Tennis court	Standard	15	0
Tank	Galvanised steel panel	30	0
Tank	Plastic	15	0
Communal standpipe- Tap		5	0
Telemetry	Advanced system	15	0
Telemetry	Intermediate system	15	0
Telemetry	Standard system	15	0
Tennis court	Floodlit	15	0
Tennis court	Standard	15	0
Tank	Galvanised steel panel	30	0
Tank	Plastic	15	0
Communal standpipe- Tap		5	0
Telemetry	Advanced system	15	0
Telemetry	Intermediate system	15	0
Telemetry	Standard system	15	0
Tennis court	Floodlit	15	0
Tennis court	Standard	15	0
Tank	Galvanised steel panel	30	0
Tank	Plastic	15	0
Communal standpipe- Tap		5	0
Telemetry	Advanced system	15	0
Telemetry	Intermediate system	15	0
Telemetry	Standard system	15	0

ANNEXURE B: EXPECTED USEFUL LIVES AND RESIDUAL VALUES

Movable Assets

Component Type	Description Type	EUL (yrs.)	Residual Value (%)
Furniture and Fittings	Bed	7	0
Furniture and Fittings	Bench	7	0
Furniture and Fittings	Bookcase	7	0
Furniture and Fittings	Cabinet	7	0
Furniture and Fittings	Chair	7	0
Furniture and Fittings	Credenza	7	0
Furniture and Fittings	Cupboard	7	0
Furniture and Fittings	Desk	7	0
Furniture and Fittings	Rack Filling	7	0
Furniture and Fittings	Board	7	0
Furniture and Fittings	Pigeon Hole	7	0
Furniture and Fittings	Table	7	0
Furniture and Fittings	Trolley	7	0
Communication Equipment	Two Way Radio	3	0
Computer Equipment	CPU	3	0
Computer Equipment	Screen	3	0
Computer Equipment	Laptop	3	0
Computer Equipment	Modem	3	0
Computer Equipment	UPS	3	0
Office Machine	Printer	5	0
Office Machine	Air Conditioner	5	0
Office Machine	Calculator	5	0
Office Machine	Cash Register	5	0
Office Machine	Refrigerator	5	0
Office Machine	Microwave	5	0
Office Machine	Fan	5	0
Office Machine	Heater	5	0
Office Machine	Television	5	0
Office Machine	Radio	5	0
Vehicle	Utility Vehicle (Bakkies)	5	10
Vehicle	Minibus	5	10
Vehicle	Passenger Vehicle	5	10
Vehicle	Truck	5	0
Specialised Vehicle	Tractor	10	15
Specialised Vehicle	Trailer	5	15
Specialised Vehicle	Emergency Trucks	20	15
Specialised Vehicle	Ambulance	5	15
Plant and Equipment	Generator	5	0
Plant and Equipment	Ladder	5	0



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

INVENTORY MANAGEMENT POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

INDEX

	Page No.
1. Definitions	2
2. Objective	3
3. Scope	3
4. Legal Framework	3
5. Accounting for Inventory	4
6. Inventory Procedures	5
7. Inventory Records	8
8. Reporting	9
9. Policy Adoption	9

ANNEXURES

Annexure A: Summary of Inventory Procedures	12
Annexure B: Stock Requisition Form	16
Annexure C: Fuel Requisition Form	17
Annexure D: Stock Card	18

1. DEFINITIONS

1.1 In this Policy, unless the context indicates otherwise, the following definitions are applied:-

<i>"Accounting Officer"</i>	means the Municipal Manager for the Municipality as contemplated in section 60 of the Local Government: Municipal Finance Management Act, 56 of 2003
<i>"Asset Control Officer"</i>	shall mean the person appointed as Asset Officer under section 6.2 below
<i>"Asset Officer"</i>	shall mean the person appointed as Asset Officer under section 6.2 below
<i>"Assistant Manager: Asset Management"</i>	shall mean the person appointed as Asset Officer under section 6.2 below
<i>"CFO"</i>	means the Chief Financial Officer designated in terms of section 80(2) (a) of the Local Government: Municipal Finance Management Act No56 of 2003
<i>"Cost"</i>	shall comprise costs of purchase, costs conversion and other costs incurred in bringing the inventories to their present location and condition
<i>"Delegated authority"</i>	means the official who is given the authority for relevant functions in terms of the municipality's written delegations;
<i>"Good received note"</i>	means a document which is used to acknowledge the receipt of goods in good condition and correct quantities
<i>"Inventories"</i>	are assets: In the form of material or supplies to be consumed in the production process, In the form of materials or supplies to be consumed or distributed in the rendering of services Held for sale or distribution in the ordinary course of operations, or In the process of production for sale or distribution
<i>"Municipality"</i>	shall mean the Victor Khanye Local Municipality;
<i>"Net Realisable Value"</i>	Is the estimated selling price in the ordinary course of operations less the estimated costs of completion and estimated costs necessary to make the sale exchange or distribution.

<i>“Obsolete inventory”</i>	means items that have expired, are redundant or damaged;
<i>“Re-order level”</i>	means the level of inventory at which inventory is re-ordered;
<i>“Requisition form”</i>	means a written request to the Inventory Supervisor to supply specified inventory;
<i>“Store”</i>	means a place where inventory is stored and reserved for future use, or a source from which supplies may be drawn;
<i>“Stores Clerical Assistant”</i>	means the official responsible for the receipt, issue and safeguarding of inventory and cost-effective and efficient management of inventory.
<i>“Stock requisition form”</i>	means a document which is used to authorize the removal or issue of stock items from stores.

2. OBJECTIVE OF THE POLICY

2.1 The policy aims to achieve the following objectives which are to:-

- a) Provide guidelines that employees of the Municipality must follow in the management and control of inventory, including safeguarding and disposal of inventory.
- b) Procure inventory in line with the established procurement principles contained in the Municipality's Supply Chain Management Policy.
- c) Eliminate any potential misuse of inventory and possible theft.

3. SCOPE

3.1 This policy applies to Victor Khanye Local Municipality's inventory received by the Asset Management Section and issued to users.

3.2 This policy specifically excludes:

- a) Water supplied to communities through water and sanitation infrastructure
- b) Equipment and other assets not defined as inventory;

4. LEGAL FRAMEWORK

4.1 In terms of the MFMA, the Accounting Officer for the municipality must:

- a) Be responsible for the effective, efficient, economical and transparent use of the resources of the municipality as per section 62 (1)(a);
- b) Take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and other losses as per section 62(1)(d);
- c) Be responsible for the management, including the safeguarding and the maintenance of the assets, and for the management of the liabilities, of the municipality as per section 63 (1)(a) and (b).

5. ACCOUNTING FOR INVENTORY

5.1 Recognition of inventory

In terms of the paragraph 14 of GRAP 12:

Inventories shall be recognized as an asset if, and only if,

- a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
- b) the cost of the inventories can be measured reliably

MEASUREMENT AT RECOGNITION

Inventories that qualify for recognition as assets shall initially be measured at cost

Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition

MEASUREMENT AFTER RECOGNITION

- .17 Inventories shall be measured at the lower of cost and net realization value, except where paragraph .18 applies
- .18 Inventories shall be measured at the lower of cost and current replacement cost where they are held for:
 - a) distribution at no charge or for a nominal charge ,or
 - b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

RECOGNITION AS AN EXPENSE

- .44 When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed, or related service is rendered. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write -down of inventories ,arising from an increase in net realizable value, shall be recognized as a

reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

- .45 Some inventories may be allocated to other assets accounts, for example, inventory used as a component of self-constructed property, plant or equipment. Inventories allocated to other assets in this way are recognized as an expense during the useful life of that asset

6 INVENTORY PROCEDURES

6.1 The procedures for inventory must be followed to ensure that:

- a) Inventory is safeguarded at all times;
- b) There are accurate records of quantities on hand at all times;
- c) Optimum inventory levels are maintained to meet the needs of users;
- d) Only authorised issues of inventory are made to users; and
- e) Items placed in store are secured and only used for the purpose for which they were purchased.

6.2 Appointment of Responsible Officials

6.2.1 The Municipal Manager must appoint, in writing, an official to perform the duties of a Stores Clerical Assistant, an Asset Control Practitioner, an Asset Officer and an Assistant Manager: Asset Management in terms of this Policy, Section 238 of the Constitution of the Republic of South Africa, Section 59 of the Municipal Systems Act and Section 79 of the Municipal Finance Management Act.

6.2.2 Adequate segregation of duties between the requisition, receipt, recording, storage and safekeeping of inventory and the management and control thereof must be maintained to avoid the potential occurrence of errors and fraud.

6.3 Ordering of Inventory

6.3.1 The Financial Management System must set inventory reorder levels for all items as determined by the Stores Department. The inventory levels must indicate the minimum and maximum inventory that can be maintained.

6.3.2 Due diligence and care shall be exercised in identifying low value and high value items of inventory and informed by the availability of storage space, need and frequent usage.

6.3.3 Minimum inventory level of high value items shall be ordered, any maximum order shall be based on specific requirement/need in order to avoid large amount of cash tied up on inventory.

6.3.4 When there is a need to purchase inventory, an official of the Stores Section will complete a request form detailing the items needed and their quantities and submit it to Supply Chain Management Section.

6.3.5 An official at the Supply Chain Management Section will initiate a process of requesting quotations from prospective suppliers or advertise for tender as per the Supply Chain Management Policy and Regulations.

- 6.3.6 The Supply Chain Management Section officials shall submit quotations received from prospective suppliers to officials at the Stores Section to fill an order instruction form in duplicate from a pre-numbered book, with the original copy attached to the quotations and the request form and given to officials at the Supply Chain Management Section to generate a purchase order.
- 6.3.7 The Supply Chain Management Unit will generate a purchase order which will then be forwarded to the supplier by an official of the Stores Section and another copy to the Stores Clerical Assistant to enable him/her to match the delivery notes to the order and the actual goods delivered. Another copy of the order and other related documents like quotations from suppliers and the order instruction to the Creditors Section for use in payment.

6.4 Receipt of Inventory

- 6.4.1 The quantity and quality of the inventory received from suppliers must be according to specifications and information on the order.
- 6.4.2 The Stores Clerical Assistant must compare the delivery note and the actual goods delivered to the purchase order before accepting the goods.
- 6.4.3 The invoice or delivery note must match the supplier name and order number.
- 6.4.4 The Stores Clerical Assistant must prepare the Goods Received Note to record all the inventory items ordered and in good condition.
- 6.4.5 The Stores Clerical Assistant must ensure that:
- a) All delivery notes are signed by him/her and the driver
 - b) All incorrect delivery items are rejected and clearly identified on both copies of the delivery note; and
 - c) The supplier signs all amendments
- 6.4.6 The inventory received must be transferred to the secured store by the Stores Clerical Assistant.
- 6.4.7 The inventories must be stored in their respective sections once they have been received as detailed in 6.5.
- 5.4.8 Any receipt of inventory must be updated and recorded on the stock cards.
- 6.4.9 The inventory stock cards and the Financial Management System must be updated on the day the goods are received, by the Stores Clerical Assistant and Asset Control Practitioner.

6.5 Storage of Inventory

- 6.5.1 Inventory must be stored in a secured, exclusive use area, under lock and key, furthermore the inventory must be insured in terms of the Asset Management Policy of the municipality.
- 6.5.2 The area must be used exclusively for the storage of inventory, with limited authorised access only.
- 6.5.3 Inventory must be positioned to facilitate efficient handling and checking:
- 6.5.4 All items must be stored separately, with proper segregation.

6.5.5 Inventory must be clearly labeled for easy identification. Inventory tag/stock cards or inventory labels may be used to identify each item and to aid in the physical verification of the items.

Details on stock cards should include the following:

- a) Goods Received Note number;
- b) Quantity received;
- c) Date of receipt;
- d) Quantity issued;
- e) Date of issue;
- f) Stock Issue Form number; and
- g) Closing stock.

6.5.6 Where possible, all items of the same type and reference must be stored together as per the description on the inventory records.

6.5.7 Items with limited shelf life must be rotated on a first in first out basis, in accordance with paragraph .35 of GRAP, to reduce the occurrence of expired or obsolete stocks.

6.5.8 Due diligence and care must be exercised to prevent damage of, or deterioration of inventory.

6.5.9 Due regard must be given to any safety standards which may apply to the storage of certain inventories.

6.5.10 Steps must be taken to ensure safe custody of items, including precautions against loss or theft.

6.5.11 The Stores Clerical Assistant or Delegated Official responsible for the custody and care of inventory must ensure that in his/her absence, such items, where applicable, are securely stored.

6.5.12 The responsibility for the custody of the storeroom keys must be allocated by the delegated authority to an official who is accountable for its use.

6.5.13 No unauthorised persons/officials shall obtain entry to premises, buildings or containers where inventory is kept, unless accompanied by the responsible official.

6.5.18 The following fire protection precautions must be adhered to:

- a) Inventories of flammable or dangerous nature shall be stored and handled in such a manner that persons or property are not endangered and in compliance with the requirements of any local authority;
- b) The area must be clearly signposted; and
- c) Fire extinguishing equipment must be placed in the area where inventories are held and must be serviced regularly.

6.6 Issue of Inventory

6.6.1 Only the Stores Clerical Assistant is authorised to issue inventory from the storeroom.

6.6.2 Inventory must only be issued in terms of the approved requisition form of the Municipality.

- 6.6.3 All requisition forms must be signed by the Stores Clerical Assistant and the person receiving the goods and a senior official authorizing the transaction.
- 6.6.4 The Stores Clerical Assistant must prepare the Stock Issue Note once stock items to be issued have been picked up from the shelves
- 6.6.5 The official receiving the inventory must acknowledge the receipt of stock items requested, by signing the Stock Issue Note prepared by the Stores Clerical Assistant.
- 6.6.6 Inventories must be issued and used for official purposes only.
- 6.6.7 Any issuing of inventory must be recorded on the stock cards.

6.7 Obsolete inventory

- 6.7.1 The preparatory work for the disposal of obsolete inventory must be undertaken by the Stores Clerical Assistant and verified by the Asset Officer.
- 6.7.2 The Accounting Officer or delegated authority must convene a Disposal Committee for the disposal of obsolete inventory.
- 6.7.3 The Disposal Committee should consist of at least three officials, one of whom must act as the chairperson.
- 6.7.4 The delegated authority may approve the write-off of inventory, if satisfied that: -
 - a) The inventory has expired and is redundant;
 - b) The inventory is of a specialised nature and has become outdated due to the introduction of upgraded and more effective products;
 - c) The inventory cannot be used for the purpose for which it was originally intended; or
 - d) The inventory has been damaged and is rendered useless.
- 6.7.5 All disposed of items must be updated in the inventory records/register/database for the purposes of proper management and control.

6.8 Inventory count

- 6.8.1 Items may be subject to an inventory count on a monthly basis.
- 6.8.2 Where the quantity of inventory is too large for the count to be completed on a single occasion, inventory counts may be carried out on a rotational basis with a full inventory count at the end of each financial year.
- 6.8.3 All approved Municipal procedures and processes must be complied with during the inventory count.
- 6.8.4 The Asset Officer must document in *Annexure B* and report to the CFO after investigating any discrepancies between the inventory records/register/database, bin/tag cards or inventory labels and the physical inventory.
- 6.8.5 The CFO must submit a report with the findings to the Accounting Officer, in order to have the matter reported to the Council of the Municipality for the write-off of any inventories losses, or the write –up of surpluses.

- 6.8.6 The appropriate disciplinary action must be instituted when applicable.
- 6.8.7 The inventory record, register, database or system must be updated accordingly.

7 INVENTORY RECORDS

- 7.1. An inventory record/register/database must be maintained for all inventory items, either manually and / or electronically.
- 7.2 All relevant information must be included for the proper management and control of all inventory items. It is recommended that details include but are not limited to:
- a) Order number/date;
 - b) Item description;
 - c) Quantity and value of stock on hand;
 - d) Quantity and value of stock received;
 - e) Quantity and value of stock issued;
 - f) Re-order level;
 - g) Optimum inventory level;
 - h) Quantity and value of obsolete stock; and
 - i) Opening/closing balance.
- 7.3 Monthly stock counts must be carried out and reconciliations must be done by the Asset Officer on differences between the physical stock and the stock records on the Financial Management System and all records thereof must be submitted to the Assistant Manager: Asset Management.
- 7.3 An inventory register/database must be printed monthly and the hard copy filed in a chronological order to maintain a proper audit trail.

8. REPORTING

- 8.1 A report must be submitted at least quarterly to the Chief Financial Officer detailing the following:
- a) Any inventory shortages or surpluses and the reasons for such;
 - b) Any inventory deficits proposed to be written-off; and
 - c) Any obsolete inventory items.
- 8.2 Inventories purchased during the financial year must be disclosed at cost in the disclosure notes of the Annual Financial Statements of the Municipality.
- 8.3 In terms of GRAP the financial statements shall disclose:
- a) the accounting policies adopted in measuring inventories, including the cost formula used,
 - b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity,
 - c) the carrying amount of inventories carried at fair value less costs to sell,
 - d) the amount of inventories recognized as an expense during the period,

- e) the amount of any write-down of inventories recognized as an expense in the period in accordance with paragraph .43,
- f) the amount of any reversal of any write-down that is recognized as a reduction in the amount of inventories recognized as an expense in the period in accordance with paragraph .43,
- g) the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph .43, and
- h) the carrying amount of inventories pledged as security for liabilities.

9 POLICY ADOPTION

This policy has been considered and approved by the Council of Victor Khanye Local Municipality on this day..... of 2024.

ANNEXURE A:

PROCEDURES FOR ORDERING, RECEIPT, MAINTENANCE, ISSUING AND DISPOSAL OF STOCK

NO.	PROCEDURE	FREQUENCY
1.	Ordering of Inventory:	
1.1	Stores reorder levels must be set for all items by the Asset Officer which will be as follows: • Reorder Level • Maximum Level • Minimum Level • Emergency Level	On-going
1.2	The Stores Clerical Assistant : • Must use the listing as a primary source of information to complete the purchase requisition; and • Physical inspection of stock on shelves shall be conducted before the requisition is filled in	On-going
1.3	A request form detailing the items needed and their quantities is filled and submitted to Supply Chain Management Section. Quotations from prospective suppliers are given to a Stores official who have to issue an order instruction and attach it to the quotations and request form and submit it to Supply Chain Management Section.	On-going
1.4	An order is generated by a Supply Management official and one copy given to Creditors/Expenditure Section, another copy to the Stores Clerical Assistant and another copy given to the Supplier.	On going
1.5	The order must be matched to the request form and order instruction to verify that the correct quantities and correct items have been ordered.	On going
1.6	The order with all the other documents must then be filed in alphabetical sequence at the Creditors Section.	On going
2.	Receipt of Stock:	
2.1	Goods will be delivered to the receiving area where the documentation will be recorded and then forwarded to the Stores Clerical Assistant.	On going
2.2	The receiving official must match the delivery note to the purchase order, and fill out a pre-numbered goods received note.	On going
2.3		On going

2.4	The Stores Controller / Store-man must compare the delivery note and actual goods delivered to the relevant order before accepting the goods.	On going
2.5	The goods received note must be signed by the Stores Controller / Store-man as proof of acceptance of the goods.	On going
2.6	Stock cards must be updated immediately on receipt of goods. Goods that are unused after the completion of the work or the fulfilment of the purpose for which they were issued, must be returned to the store and must be included in stock.	Periodically
3.	Maintenance of Stores:	
3.1.	Inventory and equipment belonging to the Council must be clearly marked as such, to indicate ownership.	On going
3.2	Inventory belonging to the Council shall be kept in a place approved of by the Accounting Officer, subject to the conditions he or she determines.	On going
3.3	No section shall carry inventory in excess of its normal requirements, as may be determined by the Accounting Officer.	On going
3.4	The CFO shall ensure that at least once every financial year, stock-taking of all stores of the Council takes place as follows:	Annually
3.4.1	The financial year-end stock take will take place on the last day of the financial year or as close to that date as possible.	Annually
3.4.2	All Heads of Sections and the Council's external auditors must be notified of the date of the annual year end stock take.	Annually
3.4.3	Stores must be closed at noon the day before stock take. A notice to this effect must be prominently displayed on the stores notice board.	Annually
3.4.4	In the case of an emergency, stock items may only be issued on the explicit authority of the Asset Officer.	Annually
3.4.5	Prior to stock take, the Asset Officer must ensure that all transactions up to the date of stock take, have been recorded. All goods received notes, requisition issues and goods returned notes should be captured onto the Financial Management System.	Annually
3.4.6	An official delegated the responsibility, shall make available stock take listing sheets to auditors for recording the physical count figures.	Annually

3.4.7	Stock items must be counted in an orderly fashion from one end to the other, using the two count method by a store-man and by persons not dealing with stock on a regular basis.	Annually
3.4.8	Stock that has been drawn for use at a later date should be included in the stock-count and not expensed. Consumables should also be included in the stock-count and not expensed.	Annually
3.4.9	After each item is counted, they must be marked with a sticker to indicate that they have been counted.	Annually
3.4.10	After each item is counted, the total must be entered onto the stock sheets.	Annually
3.4.11	Stock sheets must be signed by counters and checkers.	Annually
3.4.12	On completion of the count, all stock sheets must be handed to the Assistant Manager: Asset Management.	Annually
3.4.13	Physical count figures will be verified to the computerised listing.	Annually
3.4.14	Should any discrepancies arise, a recount of the product is done, and the requisition entries are re-checked.	Annually
3.4.15	All write-offs of obsolete or damaged stock should be authorised by the CFO.	Annually
3.5.16	The Assistant Manager: Asset Management shall submit a report to the CFO stating the quantity and value of any surplus or shortage of stores revealed by the stock-take, together with the possible reasons for this.	Annually
3.5.17	The CFO shall then report such surpluses and shortfalls to the Council for further steps to be taken, if necessary.	Annually
3.5.18	A thorough internal control system must be established by the CFO to ensure that when a change of officials responsible for stores and equipment takes place, accountability with regard to losses and deficits can be clearly established.	Annually
4.	Issue of Stock:	
4.1	Only the Stores Clerical Assistant is authorized to issue goods from the General stores.	On going
4.2	Goods should only be issued in terms of a properly authorised requisition form.	On going
4.3	Specimen signatures of all persons authorized to sign requisitions shall be supplied to the Asset Officer.	On going

4.4	If the signature is not of an authorised official, the requisition should be sent back to the respective section.	On going
4.5	The Stores Clerical Assistant must verify that the correct vote or reference number is entered on the stock requisition for the type of goods requested.	On going
4.6	The Stores Clerical Assistant and recipient of goods must agree that the goods requisitioned, agree to the goods drawn from stores, which is consistent with the Stock Issue Note.	On going
4.8	The recipient must sign the stock requisition book as evidence that the goods stated on the issue note, have been received.	On going
4.9	The Stores Clerical Assistant must immediately update details of the issue on the stock card of each item issued.	On going
4.10	Once the stores have been issued, the requisition is captured into the Financial Management System and updated by the Asset Control Practitioner.	On going
5.	Disposal of Goods:	
5.1	The CFO must furnish the Council with a list of goods to be disposed of, together with the reasons for their disposal.	Periodically
5.2	The goods disposed of in the instance referred to above may only be handed over to the purchaser on full payment of the purchase price, or when other satisfactory arrangements for payment have been made with the CFO.	Periodically
5.3	Stores may be disposed of by public auction provided that the approval of Council is obtained.	Periodically

STOCK REQUISITION FORM

VICTOR KHANYE

STS

No.

DATE: _____

[illegible]

I, the undersigned, certifies that I received the abovementioned items from the Stores Clerical Assistant

DATE RECEIVED BY AUTHORIZED BY

SIGNED BY IN REQUISITION REGISTER DATE.....

FUEL REQUISITION FORM

LOCAL MUNICIPALITY
UMASIPALA WEKHAYA

TYPE OF FUEL:
 REQ. NO.:
 DATE:

Opening stock		
+ Receipts		
- Issues		
CLOSING STOCK	DIPSTICK READINGS	Issued by

VICTOR KHANYE LOCAL MUNICIPALITY

STORES STOCK CARD

DESCRIPTION:

UNIT OF ISSUE:

[illegible]



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

VIREMENT POLICY 1st July 2022 – 30th June 2023

Policy Number:	Approved by Council:
Resolution No:	Review Date:

Contents

1. INTRODUCTION	3
2. PURPOSE.....	3
3. DEFINITIONS	4
4. MFMA REGULATION ON BUDGET VERSUS EXPENDITURE	6
5. VIREMENT REQUIREMENTS.....	8
6. OPERATING BUDGET VIREMENTS	9
7. CAPITAL BUDGET VIREMENTS	9
8. PROCESS AND ACCOUNTABILITY	10

1. INTRODUCTION

1.1 Webster's New Millennium™ Dictionary of English defines "Virement" as "a regulated transfer or re-allocation of money from one account to another, especially public funds."

1.2 A virement represents a flexible mechanism to effect budgetary amendments within a municipal financial year.

1.3 Changing circumstances and priorities during a financial period may give rise to a need to virement (transfer) funds within or between approved Votes, as defined in the Municipal Finance Management Act 56 of 2003 (MFMA). The treatment of such instances may, however, be dependent on whether an adjustments budget is required or not.

2. PURPOSE

2.1 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. A municipality's virement policy and its underlying administrative process within the system of delegations is one of these controls.

2.2 Section 81(1)(d) of the MFMA states inter alia that "The chief financial officer of a municipality-...must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79;..."

2.3 It is the responsibility of each Executive Director of each Directorate to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted and to ensure that funds are utilised effectively and efficiently.

2.4 Section 78(1)(b) of the MFMA states inter alia that "Each senior manager of a municipality and each official of a municipality exercising financial

management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure-...(b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;...”

2.5 This policy aims to provide guidelines to senior management in the use of virements as a mechanism in their day-to-day management of their budgets.

2.6 In addition it specifically aims to empower senior managers with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the MFMA and the City's system of delegations.

3. DEFINITIONS

3.1 Accounting Officer (MFMA)

“- (a) in relation to a municipality, means the municipal official referred to in section 60; or...”

3.2 Approved Budget (MFMA)

“ - means an annual budget-

(a) approved by a municipal council; or

(b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;”

3.3 Chief Financial Officer (MFMA)

“a person designated in terms of section 80(2)(a)”

3.4 Cost Centre

3.4.1 Cost centre is a cost collector which represents a logical point at which cost (expenditure) is collected and managed by a responsible cost centre owner.

3.5 Cost element

3.5.1 Cost elements distinguish between primary and secondary cost elements.

Primary cost elements are expenditure items mainly generated outside the organization. Secondary cost elements are utilized to reallocate cost by means of assessments, internal billing or activity based recoveries.

3.6 Executive Director

3.6.1 Section 56 of the Systems Act states inter alia that: "Appointment of managers directly accountable to municipal managers - (a) a municipal council, after consultation with the municipal manager, appoints a manager directly accountable to the municipal manager..."

3.7 Expenditure Category.

Expenditure Category distinguishes between the following categories
Operational Budget

3.7.1 Employee related cost

3.7.2 Remuneration of Councilors.

3.7.3 Contracted Services

3.7.4 Depreciation and Amortisation

3.7.5 Interest Dividends and Rent on Land

3.7.6 Inventory consumed

3.7.7 Operating leases

3.7.8 Operational cost

3.7.9 Transfers and Subsidies

3.8 Capital Budget

3.8.1 Acquisition of assets

3.9 Financial year

3.9.1 The 12 month period between 1 July and 30 June.

3.10 Vote (MFMA)

3.10.1 "(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."

3.10.2 In the terms of the Mscoa the votes of VKLM per is as allows for Virement vertically within the main functions.

3.11 Virement

3.11.1 The process of transferring an approved budgetary provision from one operating cost element or capital project to another within a vote during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption or as a result of changes to SCOA or SCOA implementation.

4. MFMA REGULATION ON BUDGET VERSUS EXPENDITURE

4.1 The MFMA regulates as follows regarding the incurring of expenditure against budgetary provisions.

4.1.1 Section 15 - Appropriation of funds for expenditure

"A municipality may, except where otherwise provided in this Act, incur expenditure only-

(a) in terms of an approved budget; and

(b) within the limits of the amounts appropriated for the different votes in an approved budget."

4.1.2 Unauthorised Expenditure (MFMA Definition)

"in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes-

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act;"

4.1.3 Overspending (MFMA Definition)

- "(a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
 - (c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;"

4.1.4 Section 71(1)(g)(iii) states inter alia “(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:...(g) when necessary, an explanation of...(iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget....”

5. VIREMENT REQUIREMENTS

5.1 The Virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a Directorate during a financial year.

5.2 In order for a “vote” (Directorate) to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations on the respective budgets.

5.3 Sufficient, (non-committed) budgetary provision should be available within the “giving” vote's cost element or project concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost element or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.

5.4 Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an adjustments budget (per MFMA Section 28).

5.5 In terms of Section 17 of the MFMA a municipality's budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets.

5.6 Virements are not permissible across, or between, votes.

- 5.7 Virements between Trading- and Rate-funded functions are not allowed, due to the differing impacts on respective tariff- or Rates-borne services' budgets, unless adopted via adjustment budgets (per MFMA Section 28).
- 5.8 Virement occurred as a result of changes to SCOA or SCOA implementation.

6. OPERATING BUDGET VIREMENTS

- 6.1 Virement are not allowed to utilize special purpose budgetary allocations, adopted by Council as such and to which specific Council recommendations apply (e.g. budget strategy for growth in repairs and maintenance provisions) and which result from specific resolutions adopted when adopting the budget, as virement sources.
- 6.2 Sound motivations should be provided for all Virement, as provided for on pro forma virement documentation.
- 6.3 Virement related to changes in SCOA or SCOA implementation are permitted.
- 6.4 Employee related cost
- (a) Virement are allowed between cost elements of and only if these virement are within - subjective category, subjective to the approval of the relevant Executive Director and the Chief Financial Officer.
 - (b) Virement within this category are allowed between elements, subjective to the approval of Chief Financial Officer and or Accounting Officer.
 - (c) Virement to and from this subjective expenditure category are allowed subject to the approval of the Chief Financial Officer.

7. CAPITAL BUDGET VIREMENTS

- 7.1 Only Virement which relate to projects approved as part of annual or adjustments budgets, will be permitted.
- 7.2 No Virement of which the affect will be to add "new" projects onto the Capital Budget, will be allowed.
- 7.3 Virement may not cause an increase to individual projects' total project cost.

- 7.4 Virement must be between projects of similar funding sources (e.g. EFF ↔ EFF).
- 7.5 Implementation of the project from which funds are virement may not be prejudiced (i.e. must not hinder completion of the project).
- 7.6 Motivations for Virement should clearly state the reason for the saving within the “giving” project, as well as the reason for the additional amount required.
- 7.7 Secondary Capital Cost Elements:
- 7.7.1 Virement are permissible only within the same cost elements of different projects.
- 7.7.2 The service requestor and service provider must endorse such Virement.
- 7.7.3 Proposed secondary capital expenditure Virement must be approved by the Director: Budgets.
- 7.8 Ward Allocations Projects:
- 7.8.1 Only Virement between existing projects approved by Council, within the same sub council, and within the same directorate will be permitted.
- 7.8.2 Virement will only be considered if approved by the relevant sub council (sub council resolution) and supported by the project managers and finance managers of the projects involved (annexure D).
- 7.8.3 Motivations for Virement between projects should clearly state the reason for the saving within the “giving” project, as well as the reason for the additional amount required.

8. PROCESS AND ACCOUNTABILITY

- 8.1 Accountability to ensure that virement application forms are completed in accordance with Council's virement policy and are not in conflict with the directorate's strategic objectives manifests with the head of the relevant directorate.
- 8.2 Completed virement documentation is to be effected by the Director: Budgets.
- 8.3 Virement approved and processed will be reported for information to the Executive Mayor on a quarterly basis.

VICTOR KHANYE LOCAL MUNICIPALITY



CREDITORS AND STAFF PAYMENT POLICY

2024/2025

TABLE OF CONTENTS

	Page no.
1. DEFINITIONS AND ABBREVIATIONS	
1.1 Definitions	3-4
2.2 Abbreviations	5
2. PROBLEM STATEMENT	5
3. PURPOSE OF THE POLICY	5
4. OBJECTIVE OF THE POLICY	6
5. LEGISLATION	6
6. DELEGATION OF AUTHORITY (BANK SIGNATORIES)	6
7. PAYMENT TO CREDITORS/SUPPLIERS	6
8. PAYMENT TO COUNCILLORS/STAFF	7
19. PAYMENT METHOD	8
10. FREQUENCY OF PAYMENTS	8
11. REVISION OF THE POLICY	9

1. DEFINITIONS AND ABBREVIATIONS

1.1 DEFINITIONS

"Accounting Officer"	Means a person appointed in terms of section 82(1)(a) or (b) of the Municipal Structures Act; and also refers to the Municipal Manager of the Municipality in terms Of section 60 of the MFMA.
"Accounts Payable"	Accounts Payable is money owed by an organization to its vendors/suppliers (Trade Creditors) for good and services purchased on credit.
"A construction Contract"	Is a contract specifically tendered/negotiated for the Construction of an asset or the maintenance of assets that necessarily takes a substantial period of time to complete and may stretch over more than one financial year.
"Credit Note"	A document provided by a vendor/supplier, stating that a certain amount has been credited to the Municipality's account due to supplies having been returned.
"Disbursement Transaction"	Refer to the payment of invoices received for goods and services.
"Electronic Fund Transfer"	The electronic movement of funds from the Municipality's main bank account to the different vendor/supplier accounts in the same or different banks.
"Goods Receipt Note"	Is confirmation documentation by the receiving department or Procurement Officer that shows that the ordered were received. It is used along with purchase order (PO) in the "three way match" to authorize invoice payment.
"IDP"	Means Integrated Development Plan.
"Invoice"	A non-negotiable commercial instrument issued by a vendor/supplier to the Municipality identifying both trading parties, lists/describes and quantifies the items/services provided, and shows the date of supply

	together with prices, discounts (if any), delivery and payments terms.
"MFMA"	Means Municipal Finance Management Act No. 56 of 2003.
"Municipality"	Victor Khanye Local Municipality.
"Payment"	The partial or complete discharge of an obligation by it settlement in the form of the transfer of funds on an approved outstanding invoice.
"Payment Terms"	As stipulated in the MFMA and informed to suppliers of goods and services rendered.
"Purchase Order"	Is a document sent to a vendor/supplier, authorizing the delivery of a product to the customer at a specified price, place, time and terms. The creation of a purchase order creates a legally binding contract which cannot be changed without the consent of both parties. A customer may sometimes create an open or standing purchase order. Open PO's are often used for services which occur over a period of time.
"Statement"	Summary of all transactions debits or credits with a vendor/supplier that occurred during the previous month and their effect on an open account balance. It is also called a statement of account.
"Tax Invoices"	The elements of what depicts a valid Tax Invoice are attached as Annexure B to this document.
"VAT"	Means Value Added Tax. VAT is a consumption tax levied on goods and services at each step of the production/distribution cycle. An indirect tax, VAT is paid by manufacturers, distributors and retailers when they receive goods in their inventories. Businesses are able to recover VAT payments through tax deductions, with the cost of the tax ultimately paid by the end consumer.
"Vendor Master File"	A central, comprehensive data base file generally maintained by the Accounts Payable Department that contains information about vendors/suppliers used to facilitate financial transactions between companies. The information includes payment terms, addresses, names, credit limit and payment or purchase transaction history.

1.2 ABBREVIATIONS

AP	-	Accounts Payable
EDI	-	Electronically Delivered Invoices
EFT	-	Electronic Funds Transfer
ERP	-	Enterprise Resource Planning
GRN	-	Good Received Note
PDF	-	Portable Document Format
SARS	-	South African Receiver of Revenue
SCM	-	Supply Chain Management
SOP	-	Standard Operating Procedures
VAT	-	Value Added Tax

2. PROBLEM STATEMENT

In compliance with the Municipal Finance Management Act (MFMA) (No. 56 of 2003), Local Government Municipal System Act (No. 32 of 2000), the King III Code on Corporate Governance in South Africa (2009) and any other applicable legislation, the Municipality must establish and maintain an adequate internal financial control system.

Limited resources should be used effectively, efficiently and in accordance with the approved budget, as well as the financial policy as determined by the financial regulations for local authorities and guidelines by the Financial Management of the Municipality.

The Creditors and Staff Payments Policy document serves to support the concept of the control measures necessary within Expenditure section of the municipality.

Further, it is deemed to serve as:

- (a) An information document in order that the users of the Expenditures Payable service have an understanding of what is required.
- (b) A working document to make the processes of Expenditure Payable more effective.

3. PURPOSE OF THE POLICY

This applies to the Creditors, Councillors, Officials and all those that receive payment from the Municipality.

4. OBJECTIVE OF THE POLICY

The objective of this Policy is to have a standard payment system in place with clear objectives regarding payment policy and dates which objectives are measurable in terms of customer service.

5. LEGISLATION

In terms of section 60 of the Municipal Finance Management Act, Act No. 56 of 2003, the Municipal Manager is deemed to be Accounting Officer of the Municipality. This Policy fulfils the responsibilities of the Accounting Officer in terms of section 65(2) of the MFMA which requires and Accounting Officer to take all reasonable steps to ensure that the Municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payments and payments of funds.

6. DELEGATION OF AUTHORITY (BANK SIGNATORIES)

Only officials approved by Council resolution who are signatories to the bank accounts of the Municipality are authorized to make payments or release EFT's on behalf Municipality. The release of Electronic Funds Transfer (EFT) must be authorized by two officials.

7. PAYMENT TO CREDITORS/SUPPLIERS

- (a) All reasonable steps must be taken to ensure that payments made by the Municipality are made direct to the person that supplied the service or to whom the payment is due, unless otherwise agreed upon as approved by the Chief Financial Officer.
- (b) The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered with 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, provided that all reasonable step are taken to ensure payment is made within thirty (30) days of the date of the invoice or statement.

- (c) This rule shall be departed from only where there are financial incentives to the benefit of the Municipality, and as approved by the Chief Financial Officer, before any payments are made.
- (d) Payments will be effected during any period of thirty (30) days from that date when the invoice was received by the user department. Any such early payment shall be approved by the Chief Financial Officer.
- (e) In respect of all other service providers/suppliers, the thirty (30) days payment policy will prevail.
- (f) Notwithstanding the foregoing Policy directives, the Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers/service providers 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.
- (g) The Chief Financial Officer shall not ordinarily process creditor payments, more than twice in each calendar month, such processing periods to be at the discretion of the Chief Financial Officer. Wherever possible, payments shall preferably be effected by means of electronic transfer rather than by non-transferable cheques.
- (h) Special payments to suppliers/creditors, other than as previously mentioned, shall be effected if there are compelling reasons for making such payments prior to the normal month end processing.
- (i) All the above payment scenarios referred to are subject to the submission of the correct and relevant supporting documents (e.g. invoice, quotation, requisition, purchase order, memorandum, service level agreement approved by the Head of Department or the Accounting Officer.

CESSIONS AGREEMENTS

Cession of a creditor of the Municipality to a third party may be permitted per contract;

A cession approved must relate to the supply of raw materials associated with a project undertaken by a creditor on behalf of the Municipality and not in respect of the provision of other services;

Any cession of payments to be advised of before orders are finalised.

8. PAYMENT TO COUNCILLORS/STAFF

- (a) In the week of Salary Payments, claims must be submitted prior to the salary closure date for that particular month.
- (b) The travelling claim for employees/councillors will be included with salary.
- (c) Claims falling outside of this arrangement will be rolled over to the following salary month.
- (d) This rule shall be departed only in respect of overseas travel approved by Council and will only apply in respect of the overseas travel and accommodation costs. Local subsistence and travel in respect of the overseas trip will be claimed as per paragraph above.
- (e) Salaries and allowances shall be paid on the 25th of each month with the exception of December.
- (f) If the 25th of the month falls on
 - Saturday;
 - Sunday;
 - Monday;
 - Public holiday; or
 - Day after a public holiday salary will be paid before
- (g) Salary and allowance documents must be submitted to Treasury for capturing and processing as per the cut off time table determined by the Chief Financial Officer circulated at the beginning of the financial year.
- (h) Councillors and officials delegated to attend the same function shall at all times
- (i) attempt to reduce the cost to Council by using one vehicle where circumstances
- (j) permit.
- (k) When a Council owned vehicle is used, the driver will be responsible for the
- (l) payment of all traffic fines related to reckless and negligent driving, speeding and
- (m) none usage of safety belt. The fine will paid by Council and the paid amount will be
- (n) deducted from the individual's salary.
- (o) The Council will only be responsible for the payment of all traffic fines related to
- (p) the roadworthiness of the vehicle used.
- (q) Official not receiving a fixed travel allowance shall utilize council vehicle unless
- (r) prior arrangements were made with the relevant Manager for the use of privately

- (s) owned vehicles.
- (t) Officials and councillors receiving a fixed monthly travel allowance may not use council owned vehicles except for ceremonial purposes as determined by the Municipal Manager.
- (u) Appropriate private transport, in accordance with the job requirements and duties of the position must be available for daily official use. The preferred vehicle to be used by the incumbent for the purpose of official travel must be registered on the scheme and a valid vehicle registration certificate which must be in the names of the incumbent must be presented prior to the payment of any allowance in terms of the scheme
- (v) Any person who breaches this policy and in so doing causes financial and material loss to Council shall be required to refund the Council or rectify the loss and be liable for disciplinary action.
- (w) An average of 250 days per annum will be used in calculation of leave days, acting allowance for T13 down wards and 365 days for T14 upwards including Executive Directors and Municipal Manager

9. PAYMENT METHOD

- (a) All Creditors, Councillors and Staff payments must be done via electronic transfers by EFT.
- (b) All suppliers doing business with the Municipality must have a valid business banking account.
- (c) Letter to confirm the existence of the account holder must be confirmed and signed by bank officials on bank letterheads, together with the bank request form from the municipality
- (d) Staff and Councillors should have one bank account for the whole financial year.
- (e) Cheques will be issued only on special request and should be authorized by the Chief Financial Officer and other designated personnel.
- (f) All banking details of service provider/suppliers must be verified and captured on the SCM Data base. The service provider should have one bank account for the whole year, unless if there's reasonable circumstances for the change of bank details only once a year.
- (g) Where the recipient is obliged to spend at least one night away from his or her usual place of residence on business and the accommodation to which that

allowance or advance relates is in the Republic of South Africa and the allowance or advance is granted to pay for

- (h) Incidental expenditure - means expenditure in respect of trips for table and Room service, reading material, private telephone Calls, snacks and non-alcoholic beverages, payable in Circumstances where actual expense are not claimed.
- (i) The municipality to increase the incidental cost per day from R60 to R 100 and meal from R150 to R 300 respectively as per SARS latest rates

Tax Year	Meals and incidental costs per day (R)	Incidental cost only per day (R)
2024	400	100

- (j) An agendas or invitation must be attached to the claim, where available.
- (k) Claims must be submitted not later than 60 days from the date of the trip, Claims received after this period shall be rejected, unless condoned by the Municipal Manager.
- (l) In the event that an individual was granted permission to attend a function/event/workshop/meeting/training at the cost of the Municipality but could not attend and no valid reason could be provided, costs incurred by Municipality shall be claimed from the individual's salary.

10. FREQUENCY OF PAYMENTS

- (a) All service providers and vendors shall be paid at least twice in a cycle of 30 days from the date of invoice received by the Municipality.
 - All invoices received from the 1st to the 14th will be paid by the 20th or the next working day.
 - Invoices received from the 21th to the 14th will be paid by the 15th of the following month or the next working day.

NB: From the 1ST till the 6th are Non-payment days due to month end procedures

11. REVISION OF THE POLICY

The Victor Khanye Local Municipality's Creditors, Councillors and Staff Payment Policy must be reviewed and amended, as and when it is necessary, to ensure that it remains relevant.



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VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

LOSS CONTROL POLICY

Policy Number:	Approved by Council:
Resolution No:	Review Date:

"Accounting Officer"

means the Municipal Manager for the Municipality as contemplated in section 60 of the Local Government: Municipal Finance Management Act, 56 of 2003

"Asset Control ~~Officer~~Practitioner~~Practitioner~~" shall mean the person appointed as Asset ~~Officer~~Practitioner under section 2.4 below

"Assistant Manager: Asset Management" shall mean the person appointed as Assistant Manager: Asset Management ~~Asset Officer~~ under section 2.4 below

"CFO"

means the Chief Financial Officer designated in terms of section 80(2) (a) of the Local Government: Municipal Finance Management Act No 56 of 2003

"Municipality"

shall mean the Victor Khanye Local Municipality

"MFMA"

shall mean the Municipal Finance Management Act 56 Of 2003

1. PREAMBLE

The Loss Control Policy provides a framework within which the Municipality will prevent, limit and reduce unnecessary losses. The policy also includes procedures to report losses to Management and the insurance claims process.

- 3-12.1 The Municipal Finance Management Act compels the accounting officer and officials within the official are of responsibility, amongst other things, to ensure that an effective, efficient and transparent system of risk management and internal control is established and carried out to prevent losses and to ensure the safeguarding and maintenance of all assets of the Municipality.
- 2.2 Section 62 (1) of the Municipal Finance Management Act states that the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take the all reasonable steps to ensure that resources of the Municipality are used effectively, efficiently and economically; that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented; that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
- 2.3 Section 78 (1) of the Municipal Finance Management Act states that senior managers and other officials of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently; that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented and that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary;
- 2.4 Section 79 (1) of the Municipal Finance Management Act states that the accounting officer of a municipality must, for the proper application of this Act in the municipality's administration, develop an appropriate system of delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the municipality's financial administration;
- 2.5 Section 176 (1) of the Municipal Finance Management Act states that no municipality or any of its political structures, political office-bearers or officials, no municipal entity or its board of directors or any of its directors or officials, and no other organ of state or person exercising a power or performing a function in terms of this Act, is liable in respect of any loss or damage resulting from the exercise of that power or the performance of that function in good faith.

Section 176 (2) of the Municipal Finance Management Act states that without limiting liability in terms of the common law or other legislation, a municipality may recover from a political office-bearer or official of the municipality, and a municipal entity may recover from a director or official of the entity, any loss or damage suffered by it because of the deliberate

or negligent unlawful actions of that political office-bearer or official when performing a function of office.

4.3. OBJECTIVE OF THIS POLICY

- 3.1 All officials including management are held responsible for losses in their areas of responsibility.
- 3.2 Assist officials to create a climate that is conducive to internal control, risk management and prevention of losses.
- 3.3 Contribute towards creating respect for the resources of the Municipality for use in the best possible way.
- 3.4 Encourage officials to perform their duties in a responsible manner and to avoid unlawful conduct that may result in unnecessary losses in general, or disturbance in service delivery or loss of records.
- 3.5 Uniform action and procedures for recording of losses and insurance claims is done more effectively and to promote greater efficiency in the management of losses and risk management.

4.1 Types of Losses

- 4.1.1 Theft or misuse of movable assets
- 4.1.2 Accidental damage of movable and immovable assets
- 4.1.3 Theft or misappropriation of inventory items
- 4.1.4 Natural disasters and weather elements like lightning strikes on power lines
- 4.1.5 Vandalism of Municipal assets and arson
- 4.1.6 Third party claims against the Municipality
- 4.1.7 Fruitless and wasteful expenditure
- 4.1.89 Fraud

4.1.9 Cashier shortages of cash banked when compared with cash register roll

4.1.10. Distribution losses for electricity and water

4.2 General Management of Losses

- 4.2.1 Losses to be reported within twenty-four (24) hours to the Asset Control Practitioner.
- 4.2.2 A criminal case has to be opened with the South African Police Service or in case of third party claims against the Municipality, an affidavit from the South African Police Services must be submitted to the Asset Control ~~Officer~~Practitioner.
- 4.2.3 An incident report and three quotations from recognised suppliers for the current market price of an asset or service must be submitted to the Asset Control ~~Officer~~Practitioner by

the concerned municipal official responsible for the loss, has to accompany the above mentioned information from the South African Police Service.

- 4.2.4 The incident report must have details of the time, place and how the incident of loss took place. The case number, name and contact numbers of the Police Officer who is in charge of the case must also be given on the report.
- 4.2.5 Incidents of loss must be recorded in a Loss Control Register kept by the Asset Control ~~Officer~~Practitioner.
- 4.2.6 Incidents of loss have to be reported to the insurance service provider within a week of the occurrence of the incident and officials must make sure that all the relevant information reach the Asset Control ~~Officer~~Practitioner within a week to ensure that the claims deadline is not missed.
- 4.2.7 The Asset Control ~~Officer~~Practitioner must lodge insurance claims with the appointed insurance service provider on behalf of the Municipality after gathering the relevant information of the incident.
- 4.2.8 The Loss Control Committee will review all incidents of losses that took place during a quarter and rule with regard to keeping lost assets on the asset register in case of tangible capital assets through a resolution and advise the Asset Control ~~Officer~~Practitioner and the Assistant Manager: Asset Management, who must inform and advise the Accounting Officer in writing and seek Council resolution in case of assets that have to be written-off the asset register if there is no possibility in recovering those assets.
- 4.2.9 The Loss Control Committee must determine cases where there is negligence on the part of a Municipal official if such a loss is not reimbursed by the insurance service provider.
- 4.2.10 Incidents that appear to be caused by negligence on the part of an official of the Municipality, and which the insurance service provider found cause not to reimburse the Municipality will be referred by the Loss Control Committee to the Accounting Officer for possible disciplinary action or recovery of the loss.
- 4.2.11 Cases of arson and vandalism of Municipal properties or infrastructure assets within the areas covered by the private physical security service provider must be referred to that particular security service provider for cost recovery and insurance claim purposes.
- 4.2.12 All details required in the Loss Control Register must be filled for the purpose of reporting an incident of loss.
- 4.2.13 It is every employee's duty to report misuse of Municipal assets, and therefore, such incidents must be reported to the Asset Control ~~Officer~~Practitioner and be considered by the Loss Control Committee.
- 4.2.14 The Loss Control Committee may recommend to the Accounting Officer for criminal charges to be brought against an employee involved in committing any Schedule 1 offence according to the Criminal Procedure Act Number 51 of 1977, if that offence may lead to a financial loss to the Municipality.
- 4.2.15 Employees' injuries on duty must be reported to the Occupational Health and Safety Officer under the Occupational Health and Safety Act and handled under applicable laws and regulations.

5. REPORTING OF LOSSES

5.1 Step 1: Registration of Damage or Loss

5.1.1 When an official becomes aware of a loss or damage, he/she must report to the immediate supervisor to the ~~Asset Control Officer~~Asset Control Practitioner in writing within one (1) working day of the incident.

5.1.2 The ~~Asset Control Officer~~Asset Control Practitioner must register all losses on the Loss Control Register after they have been reported.

5.1.3 Officials who are involved in accidents that affect third parties are responsible to inform the ~~Asset Control Officer~~Asset Control Practitioner of the incident and inform the third party claimant about relevant officials to contact in registering a claim.

5.1.4 Unauthorised, irregular, fruitless and wasteful expenditure must be reported on annual basis during the compilation and submission of annual financial statements for audit purposes.

5.1.5 Cashier shortages must be reported to Asset Control Practitioner on quarterly basis.

5.1.6 The Chief Financial Officer must submit a report on distribution losses on water and electricity on quarterly basis to the Asset Control Practitioner.

5.2 Step 2: Gathering of Information

5.2.1 It is the duty of the official who suffered the loss to bring all the relevant information relating to the incident of loss to the ~~Asset Control Officer~~Asset Control Practitioner within a week of the incident, including the documents mentioned under clause 4.2.

5.2.2 The ~~Asset Control Officer~~Asset Control Practitioner must determine the appropriate steps to take in mitigating the loss, and may involve other members of the Loss Control Committee or seek legal advice on the matter and communicate with the insurance service provider.

5.2.3 The Asset Management unit must provide proof of the asset's record and value on the asset register in case of a tangible capital asset.

5.2.4 The ~~Asset Control Officer~~Asset Control Practitioner must complete a claim form and send it to the insurance service provider according to the agreed insurance policy or agreement between the Municipality and the insurance service provider.

5.2.5 The ~~Asset Control Officer~~Asset Control Practitioner must open a file and number each case of loss reported to him and keep track with the progress of the cases with the insurance service provider. All communication with regard to a file must be kept.

5.2.6- Replacement for assets critical for service delivery may be done immediately pending the decision of the insurance service provider on whether to reimburse the Municipality for the loss or not.

5.3 Step 3: Receipt of Proceeds from the Insurance Service Provider

5.3.1 On receipt of proceeds from the insurance service provider, the ~~Asset Control Officer~~Asset Control Practitioner must create a unique vote number and ensure that it is used for its intended purpose.

5.4 Step 4: Reporting

- 5.4.1 The ~~Asset Control Officer~~Asset Control Practitioner must report to the Loss Control Committee on quarterly basis through Loss Control Reports.
- 5.4.2 The Loss Control Reports must be reviewed by the Loss Control Committee and determine cases of negligence that must be remedied through internal disciplinary action or recovery of the cost of the loss from the responsible official as per the provisions of section 176 (2) of the MFMA.
- 5.4.3 The Loss Control Committee must resolve on matters that must be forwarded to the Accounting Officer and other governance structures after every meeting.
- 5.4.4 Any loss of assets that the Loss Control Committee deems fit to be removed from the asset register must be submitted to the Asset Management Unit as a resolution after which must be submitted to the Accounting Officer for recommendation and approval by Council.
- 5.4.5 Minutes of the Loss Control Committee must be reviewed and signed by the Convenor of the Committee before being submitted to the Municipal Manager.
- 5.4.6 The Loss Control Committee must recommend to or advise the Municipal Manager about loss recoveries through a resolution, and recommend or advise for consequence management to be instituted in case of negligence.
- 5.4.7 The Loss Control Committee must recommend to or advise the Municipal Manager through a resolution, investigation to be instituted in case of loss.

6.1 The ~~Asset Control Officer~~Asset Control Practitioner

The ~~Asset Control Officer~~Asset Control Practitioner is an official appointed by the Accounting Officer in accordance with Section 79 of the Municipal Finance Management Act. The ~~Asset Control Officer~~Asset Control Practitioner is an official tasked with managing part of the loss control process of the Municipality.

- 6.1.1 Duties of the ~~Asset Control Officer~~Asset Control Practitioner
 - Obtaining details, reports and statements from employees of the Municipality and third parties.
 - Compiling and maintain the Loss Control Register.
 - Submission of insurance claims to the insurance service provider.
 - Communication with the insurance service provider regarding submitted claims.
 - Reporting to the Loss Control Committee on quarterly basis via the Loss Control Report.
 - Recording proceeds from the insurance service provider on the Financial Management System.
 - Act as a Scribe for the Loss Control Committee.
 - Report to the Accountant: Asset Management, all transactions that result from losses that must be processed in the financial records of the Municipality on quarterly basis.

6.2.1 Duties of the Assistant Manager: Asset Management

- Must review the Loss Control Register before submission to the Loss Control Committee and make sure that all accompanying documentation is also forwarded to the Committee.
- Present to the Loss Control Committee the Loss Control Register (may be assisted by the Asset Control Practitioner or Accountant: Asset Management)

6.2 Loss Control Committee

The Loss Control Committee must be made up of officials appointed in terms of section 79 of the Municipal Finance Management Act to effectively implement the provisions of the Loss Control Policy in preventing theft, unauthorised, irregular or fruitless or wasteful utilisation, of assets of the Municipality.

6.2.1 Responsibilities of the Loss Control Committee

- Must consider all reports submitted by the ~~Asset Control Officer~~Asset Control Practitioner.
- Evaluate reports and determine possible negligence.
- Recommend to the Accounting Officer action that must be taken against officials implicated in negligent loss of assets.
- Recommend to the Accounting Officer the writing off of assets on the asset register.
- Consider and review the Loss Control Policy for changes before submission to Council or any committee of Council for approval.

6.3 The Chief Financial Officer

In addition to submitting certain reports to the Loss Control Committee, the Chief Financial Officer or any other official appointed by the Accounting Officer will act as the Convenor of the Loss Control Committee.

6.2.3 Assistant Manager: Security Management

- The Assistant Manager: Security Management must follow-up and give the Loss Control Committee updates on previous cases reported to the South African Police Service for investigation.

Keeping records of files and documents used in Loss Control Management and the Loss Control Committee is a responsibility of the ~~Asset Control Officer~~Asset Control Practitioner. All records of losses as recorded on the Loss Control Register and communications with all parties involved in losses or claims must be kept in unique numbered files.

The Municipality must have a valid insurance policy with a recognised and registered insurance service provider all the time. The Accounting Officer has a responsibility to appoint an insurance service provider to cover risks involved.

Persons aggrieved by the actions or resolutions of the Loss Control Committee may lodge within seven (7) days of the decision or action, a written objection or complaint against the decision or action to the Accounting Officer.

This policy shall be reviewed annually.

11. COMMENCEMENT

This policy takes effect from the date it is adopted by Council or the date the Council stipulates for its commencement.

This policy has been considered and approved by the Council of Victor Khanye Local Municipality on this ____th day of May ~~2019~~2024.

Annexure A: Losses and Claims Process Flow Chart

