



Lukhanji Municipality  
**BUDGET STRATEGY AND  
EXPENDITURE FRAMEWORK**

**FOR**

**2014/15 – 2016/17**

**ADOPTED MAY 30, 2014**

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# LUKHANJI MUNICIPALITY



2014/15 BUDGET

## BUDGET SPEECH

DELIVERED BY

**EXECUTIVE MAYOR N MAKANDA**

30 MAY 2014

## **IDP AND BUDGET SPEECH 2014/15 FINANCIAL YEAR**

Honourable Speaker  
Chief Whip  
Members of the Mayoral Committee;  
Chairperson of MPAC  
Councillors;  
Leaders of Political Parties;  
Acting Municipal Manager and his Team;  
Members from our community  
Distinguished and special guests;  
Ladies and gentlemen.

Madam Speaker, we are gathered here this morning to consider the penultimate budget of *this* Council, and my first as Executive Mayor. We are just emerging from the fifth democratic national elections and heading for local government elections around the same time in 2016.

I can't promise that my budget presentation will be any easier than the last three budgets, but what I can almost be certain off is that this speech will be shorter than my predecessors'.

It's a budget which everyone knows has been prepared under extremely difficult and ever changing circumstances. As a local authority like many others, we, like all municipalities across the country had to bear the brunt of national austerity measures imposed by the then Minister of Finance, now our Minister of Cooperative Governance and Traditional Affairs, Minister Pravin Gordhan. I am not trying to buy face when I say I believe that, like all other municipalities we continue to face tough choices, not least because our population increase and demand for our services continues to rise whilst the funding available to provide them is reduced.

Despite what some people would have you believe, we know that during the past 20 years of democracy, the lives of people in Lukhanji has indeed changed for the better. Don't take my word for it - just listen to what the Statistician-General found about the growth of Lukhanji between the last Census in 2001 and ten years later, in 2011:

Despite an increase of the population with more than 6 177 people from 2001 to 190 722 we have increased the number of households from 44 909 in 2001 to 51 171 in 2011 while decreasing the average household size from 4.1 to 3.7 per dwelling. This is a positive indication that we have made progress in providing shelter to a substantial amount of people who were either forced to cohabit or live in backyard dwellings. On the other hand it poses a renewed challenge in that, as the number of household sizes drops, renewed pressure will be placed on the demand for shelter.

In 2001, 24 017 people were employed. By 2011 the number of employed persons increased to 33 651 with the unemployment rate decreasing by 19 611 people. This means that our local economy is growing and that we are doing something right. There is indeed a need for us to continue on this path and even seek a new path to improve a further, accelerated decline in the unemployment rate. The employment rate increased from a meager 13% in 2001 to more than 28% in 2011 – more than double.

Madam Speaker, during the national 2014 election campaigns of my party, the African National Congress, were resilient in its message to the electorate that indeed, it had a good story to tell. Facts and Figures don't lie.

To carry on with the "Good Story" of the past 20 years, Madam Speaker, the Statistician General tells us that the number of people who had no means of living decreased from 29% in 2001 to 14% in 2011. Is that not a good story to tell? Of course we need to work harder as a collective and in partnership with the broader business fraternity to reduce that figure to 0%. The 14% of our community that has no

means of income cuts across colour lines and an equitable policy needs to be applied to all. No one should live in undignified circumstances and everyone falling in that category should be encouraged to take full advantage of our Indigent Policy to offer some form of relief or comfort.

Madam Speaker, fellow Councillors, I have been painting a broad picture of how the face of Lukhanji changed since the advent of democracy and in particular during a ten year period between 2001 and 2011. But what can we say about our current track record - allow me to briefly elaborate in greater detail.

### Electrification

Currently our backlog on all households within the Lukhanji Municipality without access to electricity declined to an impressive 1,7%. These households are mainly in the rural areas where Eskom is responsible for supplying electricity. All information has been submitted to Eskom who are planning to electrify all outstanding households by 2015.

To cater for the electrification of households planned to be constructed in the near future by the Department of Human Settlements, such as New Rathwick and Unathi Mkefa we have applied to the Department of Energy for funding to create capacity on the network for these projects. This application was approved and an amount of R5 million was allocated to the Lukhanji Municipality for the 2014/15 financial year. This forms part of the Five Year Electricity Master Plan. The tender process for this work is currently in progress and it is anticipated that a contractor will be appointed by mid-July this year with the work expected to be completed by the mid-December this year.

Earlier this year, we have approved a Five Year Electricity Master Plan which is already in the process of being implemented. Due to limitation of funds, the total amount of R13 million earmarked and approved by Council for this project for the 2013/14 financial year could not be allocated. Only R5 million was made available but



came in very handy as Lukhanji, in particular the Ezibeleni and Industrial areas faced near disaster when the 66000, 11KVA transformer at Queendustria Substation caved in. The Technical Services Directorate had no alternative but to utilise the available funds to secure a new transformer for Ebdon Substation, which was transferred to Queendustria substation, in order to restore the power to the Ezibeleni and Queendustria customers. The implementation of the Master Plan is back on track although yet again, the anticipated funding of R15 million had to be reduced to R9 million in this budget to cater for other pressing infrastructural needs. A Consultant has been appointed and is on the verge of calling for tenders for the work planned for the new financial year. The work will be completed by March 2015.

For the residents of Nomzamo and Sabata Dalinyebo who has been continuously frustrated by electricity blackouts because of overloading, I am pleased to confirm that an amount of R 2,4 million was allocated to strengthen the electricity supply to the Central substation at Aloevale. The tender process is almost complete and it is anticipated that the contractor will be appointed by no later than the end of May 2014 with work expected to be completed by the end of December 2014. This will definitely improve the quality of supply to customers in the entire Nomzamo area up to and including the entire Sabata Dalinyebo suburb. I plead with residents in these two areas to be patient for just a little while longer while the upgrades is in progress.

In our current budget, we have allocated an amount of R2, 9 million for the installation of highmast lights. A contractor was appointed at the beginning of the year and at this stage, all the foundations for the structures have been completed. The contractor planned to start erecting the structures by the beginning of June and complete all structures by the 20th of June 2014. Once again we are dependent on Eskom to install power supplies to the structures once erected within the rural areas. All connection fees have already been paid to Eskom. Their processes are however extremely time consuming and it is anticipated that there will be some delays before the lights are fully operational. The lights installed at Ezibeleni will be connected as

soon as the contractor has erected it. A total of nine high mast lights will be installed throughout the Lukhanji area.

### Water & Sanitation

Madam Speaker, as we speak approximately 94% of all households have access to water in the entire Lukhanji area. About 86% have access to toilet facilities in our area. Our hands as a Water Services Provider were however tied to accelerate progress in this regard as Lukhanji had no authority to do any capital work. The District Municipality is responsible for such work but we have nevertheless managed to secure funding to the tune of R5 million from the Water Services Authority to install water and toilets in Phola Park.

The Water Services Authority is currently in the process of upgrading the capacity of the Queenstown Sewer Plant and extending the raw water capacity of the town by constructing a new pipeline from the Xonxa Dam. They are also in the process of installing VIP toilets in the greater area within the Lukhanji Municipal area. This will reduce our backlog substantially. The District is also in the process of installing a bulk network for the supply of water to the Hewu area. However, this has come to a standstill over the past few years as a result of a shortage of funding. The municipality is however confident that it will commence again soon. Planning is also in progress to upgrade both the Whittlesea and the Queenstown water purification works.

Madam Speaker, Fellow Councillors, by now all of you are aware that the entire Water and Sanitation function, including the billing will be absorbed by the Water Services Authority with effect from 1 July 2014. Attempts to persuade the District to delay the transfer of the function proved problematic and as a consequence all budgetary provisos in the draft budget had to be removed due to time constraints.

We had vibrant community engagements around this issues but it is not an option to merely stamp our feet, put our fingers in our ears and refuse to accept our lot in this regard. To do so would be reckless, ineffective and run the very real risk of taking Lukhanji backward. I shall keep making the case to all higher spheres of government on behalf of Lukhanji, together with our fellow citizens. I think there are some signs that there is an increasing realization that while we have responded responsibly to the wishes of the Water Services Authority we need to find ways to minimize the adverse effects this transition may have on our constituencies especially in the light of the recently national shrink decline in economic growth of 0,6%. This is the biggest dip the South African economy has experienced since the recession in 2009. Be that as it may, fellow Councillors, let us try in the meantime to be practical and make the best out of the challenges we face in this regard.

Madam Speaker, due to time constraints, allow me now to reflect briefly on the implementation of our current budget in respect of five or six other infrastructural capital projects.

1. Phase 3 of the Dumpy Adams Sport Complex – We have planned to have the project completed by October last year. Due to the delays in the procurement and harvesting of specialized grass the completion date of the project could only be realized in March of this year. Phase 3 of the project is 100% achieved.
2. Upgrading & Rehabilitation of Lukhanji Stormwater (Sada) - The initial completion date of the project was scheduled to be in September last year. Delays crept in due to the manufacturing process of the culverts and unhappiness by the community who insisted that the culverts served no purpose. These issues have since been addressed and project will be completed during the course of next week.
3. Surfacing of Gravel Roads in Ilinge and Ekuphumleni/Sada has been completed.

4. The completion of Community facilities (Halls, toilets) and Machibini Community Halls experienced considerable delays due to:
  - Reported unproductive workmanship.
  - The non-payment of service providers
  - Local Labour on this project is unproductive and lacks the proper brick laying skills.
  - Project is Funding; the Vote number has been exhausted.

To date the project reached 90% completion.

5. Revitalisation of Izingguthu Shearing Shed – 100% complete as is the construction of Whittlesea Public Toilets with the connection of electricity by Eskom remaining outstanding.
6. Intermodal Transport Facilities, – 90% completed. Delays occurred due to water flooding in the Bridge section and the challenge of water as contractors were working on a river-course that drains all the storm water from the Queenstown CBD. More time were spent on dewatering leading to additional delays. The project is 90% complete with final touches being brought into the bridge and the buildings.

Speaker, Councillors, I beg your indulgence as I need to briefly touch and update you on the aspect of Human settlements before I conclude with remarks on the business of today.

### Human Settlements

Since 2006, we have worked enthusiastically to eliminate the backlog of approximately ± 40 000 houses. To give an indication let me summarize what has been achieved to date. In Sabata Dalinyebo 450 units have been constructed, 1560 in Ezibeleni, 407 at

Toiskraal, 1215 in Ilinge, 160 at Imvani, a further 337 at Nomzamo, 266 in Zola, 150 at Xuma and 251 at Oliver Tambo. An additional 6601 housing units have been delivered in Ezibeleni, Mc Bride, Who Can Tell, Merino Walk, Tambo Village, Poplar Grove, Ensam, Whittlesea Ext 4, Botha's Hoek, Ekuphumleni (Zola) and Enkululekweni

Recently we have identified a number of other areas that needs to be prioritized for the alleviation of housing needs. These include attention to be given to 1012 and 1000 wooden/zinc structures in Ilinge and Sada respectively, 752 units in Lessyton, 407 in Toisekraal, an additional 225 in Zola, 3000 for New Rathwick Phase 1, 300 for phase 2 in Tylden, 143 in Phola Park, 700 in the Lower Didimane and Kamastone area and 200 for Military Veterans.

Madam Speaker, what remains a concern is that some of our beneficiaries are not appreciating our efforts to eradicate the dire need for housing. The practice of selling their properties as soon as it has been allocated is rife. On the other hand, instead of demolishing their shacks in informal settlements once they relocate into new houses, many sell their structures which works against our efforts to eradicate these informal settlements. This is all due to the increased urbanization of people migrating closer to Queenstown in search of better living and employment opportunities. The rental stock option is becoming increasingly a priority to address some of these challenges. However, a thorough audit of all completed housing programs needs to be conducted to establish to what extent original beneficiaries actually occupy their units.

In order to plan ahead and deal with our current backlog, our Directorate further developed the multiyear housing programme to secure funding where possible. To save time I will not go into the details of this programme save to say full details of targeted wards and progress made with the implementation of the programme is available at our Human Settlements Directorate.

Madam Speaker, the Mayoral Committee and Management will break away for a Strategic Session on 9 June to 13 June 2013 under the facilitation of SALGA assisted by various Sector Departments. SALGA established 5 work streams in the municipality to conduct an assessment of the status quo of our administration and findings will be presented at the strategic session. We hope to emerge from this session with concrete plans to streamline our operations and move Lukhanji forward.

Honourable Speaker, fellow Councillors it is now my pleasure to table the IDP and Budget for the 2014/2015 financial year which are meant to improve and better the lives of the people of Lukhanji.

This IDP and Budget include inputs we received during our various public participations processes facilitated by the Office of the Speaker.

Honourable Speaker, the Budget is informed by our IDP which is informed by our political mandate, national and local service delivery imperatives as well as the direct inputs of our community. In this IDP we took great pain to align these demands within the constraints of our resources and challenges - one of the key drivers being our quest to support to integrate national priorities as spelt out in the National Development Plan.

Our IDP being tabled today goes into detail on the projects and activities that aim to realize these objectives. I will not elaborate in detail on these.

However, let me highlight some of the key developmental, institutional and delivery issues that will anchor this perspective:

- The total Budget proposed for the 2014/15 financial year is estimated to be R523.6 million with R456.2 million going towards operational costs and the remainder, R67.4 Million to the capital budget.

- We have made provision in the amount of R54,5 million for bad debt for Electricity, Rates, Refuse Collection and Interest on Debtors.
- National Treasury allocated R118,3 million for the new year's Equitable Share. This represents an increase of about R6 million from this year's allocation.
- We have excluded all anticipated operating income and expenditure from the Chris Hani District Municipality for providing the entire water and sanitation service will be moving over to the District with effect from 1 July 2014.
- Salary increases for employees have been set at 6.79% in line with prescriptions of the multi - year Salary and Wage Collective Agreement. I need to point out that employee salaries have decreased from R148.8 million in the draft budget to R133.3 million in this final budget due to the 2014/15 final budget. The reduction in the salary budget was due to the water and sanitation function which was removed from the draft budget.
- Due to financial constraints, all new personnel requests by departments are not included in this budget.
- Councillor remuneration has increased from R18.8 million in 2013/14 to R20.2 million in the 2014/15 budget.
- We have made provision for an increase of 8,06% in electricity bulk purchases amounting to R150 million. Our electricity losses currently stand at 31% and we anticipate that it will decrease even further with the intervention of the Revenue enhancement team launched we have established in 2013.
- All costs related to the repayment for past fleet purchases are fully funded in this budget. It amounts to R1.3 million with the final amount of R675 000 to be paid in the 2015/16 financial year.
- We have allocated R4,04 million in the operating budget for normal street maintenance and repairs. This is in addition to what has been allocated in the Capital budget.
- An amount of R2.8 million is included in the capital budget for the purchase of small equipment and machinery.

Madam Speaker, allow me to summarise how our Capital Budget will be applied. Capital projects to be undertaken in the next financial year:

- R8,3 million has been allocated for the completion of the Intermodal taxi rank
- The Lukhanji Community Lightning programme will receive a R10.0 million.
- R8,8 million will be directed towards Sport fields.
- Construction of new cemeteries in Ilinge, Whittlesea and Lesseyton will receive R9.9 million.
- Construction of community halls will continue to receive R8.9 million further allocations for construction of halls in wards 1 and 7 in the 2014/15 budget with additional funding of R10.7 allocation in the MTREF for the construction of halls in wards 3 and 17.
- R5,8 million will go towards the upgrade of rural gravel roads will receive.
- Fencing of grazing camps will receive R2.6 million while R800 000 will go towards Shearing sheds.
- Surfacing of Lukhanji Roads will again receive R9.million.
- R19 million will be allocated to the provision of electricity infrastructure.
- We have received an additional R1 million for the fencing and Beautification of Mlungisi Cemetery from the District Municipality.

Madam Speaker we are proposing the following the tariff increases for the 2014/15 financial year.

- Electricity 7.39% increase with the first 50Kw free for registered indigents
- Rates 10% and
- Refuse Collection 8% increase

Honourable Speaker, fellow Councillors, this Budget would not have been possible without the work of many officials and Councillors, who have toiled tirelessly in recent months, and particularly in the last few weeks.



They have worked around the clock putting the finishing touches to the budget and consulting communities.

I would also like to sincerely thank my Mayoral Committee for their support of this budget and their input into its preparation.

I urge all councillors to put aside their parochial and political differences and continue to demonstrate much needed strong and desired leadership and unity by delivering this budget for today – and this budget for tomorrow and beyond.

It is a budget for Lukhanji and for our 191 000 residents.

I commend the 2014-15 IDP and Budget to you.

I thank you.

### 3. Budget Related Resolutions

1. Council resolves that in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the final annual budget of the municipality for the financial year 2014/15 and indicative allocations for the two projected outer years 2015/16 and 2016/17 and the multi – year and single year capital appropriations are approved as set-out in the following tables:

- 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) **Table A2.**
- 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) **Table A3.**
- 1.3. Budgeted Financial Performance (revenue and expenditure by source) **Table A4.**
- 1.4. Multi – year and single year Capital appropriations by municipal vote and standard classification and associated funding by source fund **Table A5.**
2. That the financial position, cash flow, cash – backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set - out in the following tables:
  - 2.1 Budgeted Financial Position Table **B6**
  - 2.2 Budgeted Cash Flows **Table A7.**
  - 2.3 Cash Backed Reserves/accumulated surplus Reconciliation **Table A8.**
  - 2.4 Asset Management **Table A9.**
  - 2.5 Basic Service Delivery measurement **Table A10.**
- 3 That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government Municipal Systems Act , Act 32 of 2000 as amended, the tariffs for the supply of electricity, waste management services and property rates as set out in **appendix A** that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2014.
- 4 That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as amended in 2014 and set out in **Appendix B** is approved.
- 5 Electricity tariffs be imposed at 8.06% approved by Nersa for bulk purchases with effect 1 July 2014.
- 6 Council resolves that all other tariffs and charges reflected in **appendix A** are approved for the budget year.
- 7 Council resolves that the Electricity tariffs for non-indigent consumers be approved with 7.39% with effect 1 July 2014.

- 8 Council resolves that the monthly electricity tariffs for registered indigents for the financial year be approved as follows:
- |                   |                   |
|-------------------|-------------------|
| First 50 Kw       | Free              |
| In excess of 51Kw | Increase of 7.39% |
- 9 Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year.
- 10 Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2014/15.
- 11 That in terms of section 24(2)(c )(iv) of the Municipal Finance Management Act, 56 of 2003, the amended Integrated Development Plan as submitted are approved as part of the medium term budget.
- 12 That the **6.8%** provided for salary increases for employees is maintained.
- 13 That indigent income levels are set at the following:
- |                    |        |
|--------------------|--------|
| Destitute indigent | R 1750 |
| Indigent           | R 2540 |
- 14 That in terms of section 24(2)(c )(v) of the municipal Finance Management Act, 56 of 2003, the budget – related policies, including any amendments as set out in appendix B to the Budget document are approved for the budget year 2014/15.

## The BUDGET

### 4 Executive Summary

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The Municipal Budget and Reporting Regulations (MBRR), are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The Municipal Finance Management Act (MFMA) and the related Circulars that have been distributed by the National Treasury require that the Mayor table a three year medium term budget strategy and expenditure framework to the Lukhanji Municipal Council by the end of March for the financial year beginning July 1,2014 and ending June 30,2015

The MFMA also requires that the municipal budget be tabled in council at least 90 days before the start of the new financial year.

The tabled budget is to be taken out to the public for consultation and then with all revisions be brought back to the entire municipal council for approval before the beginning of the new financial year as required in the MFMA. This final budget to be brought back to council will incorporate any of the submissions and changes that are deemed required by the Mayor.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include: 1) the budget must set out 'realistically anticipated revenues' for the year by each revenue source; 2) the budget must be generally divided between capital and operating expenditures and each must be set out by 'vote'; 3) expenditures can only be funded by 'realistic' revenues, surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects). There are many other format requirements for the budget that are too numerous to mention here, however, a complete listing can be found in section 17 of the MFMA.

The preparation of this budget document involved the making of critical policy decisions and key strategies and policy directions that were given by the Mayoral / Steering Committee over the past months. In August of 2013 the Mayoral committee approved a set of assumptions and forecasts that were then used to prepare 'baseline' budgets. These 'baseline' budgets formed the

basis for operating budget discussions and these were given to the Directors to review and revise within given guidelines. These revised baseline budgets returned by the directors then formed the basis for the draft budget that was built upon the key assumptions and decisions (*see section 10 for a discussion of budget assumptions*).

The budget and financial policies used to develop this budget are focused on making Lukhanji financially sustainable in the long run. One of the biggest challenges facing the municipality in the near future is maintaining an operating year end cash balance to allow for positive operating cash flows and unexpected contingencies.

It is the intention of the municipality to build a cash backed reserve in support of the capital assets reserve fund from which future assets financing can be made. Lukhanji Municipality does not have any cash – backed reserve at the moment. Cash reserves are not only necessary to pay all the creditors that we owe as required by the MFMA but to cushion the municipality in times of shortfalls in times of our cash position during the operating year.

Where residents are formally registered as indigent and have completed the requisite Municipal forms, had affidavits signed and had their residential status inspected and confirmed by municipal staff, then this charge will be waived.

As presented, the final Budget for 2014/15 balances expenditures with revenues and available cash balances as required by the MFMA. In addition, we anticipate moving toward our goal of maintaining an operating cash reserve of 30 days.

**Operational Revenues** are anticipated to reach **R456.2Million** (including currently known grants received for operational expenditures); **operational expenditures** funded from cash carry forwards and operating revenues are proposed at **R456.2 Million**.

**The Capital Budget** is funded from a blend of conditional grants, and internally generated fund. Capital expenditures for 2014/15 are estimated to total **R67.4 Million** for a variety of projects and purchases.

**Total Budget proposed for the 2014/15 financial year is therefore estimated to be R523.6 million.**

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and

forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

### **Operating Revenues**

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. **Allocations for bad debt** include the following amounts.
  - Electricity 29.4 million
  - Rates 1.4 million
  - Refuse Collection 13.8 million
  
  - Interest on Debtors 9.9 million
  
- **Rates and tariffs** in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). To summarize these recommended increases:
  - Electricity 7.39% increase
  - Rates 10.0% increase
  - Refuse Collection 8.0% increase
  
- The **Equitable Share** Allocation from the National Treasury is **R118,301,000** which is up from the current budget of R112,655,000.
  
- The operating budget does not anticipate any agency **payment from the Chris Hani District Municipality** for providing the water and sanitation service as the service has been taken over by the District Municipality.
  
- On the issue of water subsidy from the district municipality, MFMA circular 72, stipulates that if a district municipality has devolved the water function to the local municipalities within its area of jurisdiction it needs to ensure it provides for the transfer of a portion of the equitable share to the local municipalities actually performing the function through

the district's budget process. Over the past three years the anticipated agency subsidy did not come as promised and as a result there was deficits recorded in the water and sanitation accounts. Going forward this is one area that the local municipality will have to engage the district municipality in order to recover these deficits.

### **Operating Expenditures**

- **Employee salaries** and related expenses are increased by the level indicated by correspondence from the national treasury. MFMA circular 72 recommended that the projected inflation forecast plus one percent be applied to the employee salaries. **Salaries will therefore be increased by 6.79%**. Municipalities must take into consideration the multi - year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increases based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 percent for 2014/15 financial year (with effect from 1 July 2014).
  - The average CPI for the period February 2013 to 31 January 2014 is 5.79 per cent. Municipalities are therefore advised to provide for increases related to salaries and wages as follows:
    - 2014/15 Financial Year – 6.79 percent (5.79 percent plus 1 percent)
    - 2015/16 Financial Year – 6.40 percent (5.40 percent plus 1 percent)
    - 2016/17 Financial Year – 6.40 percent (5.40 percent plus 1 percent)
- MFMA circular 72 recommends that the projected inflation forecast plus one per cent be applied to the 2015/16 and 2016/17 financial years in the absence of a collective Salary and Wage agreement.
- **All new personnel requests by departments are not included in this budget due to budget shortfalls.** Employee salaries and wages have decreased from R148.8 million (2014/15 draft budget) to R133.3 million in the 2014/15 final budget. The reduction in the salary budget was due to the water and sanitation function which was taken from the budget. The personnel cost (R15.5million) associated with the water and sanitation function were accordingly taken off from the 2014/15 salary budget.
  - Municipalities have been advised by National Treasury to budget for remuneration of councilors based on the actual costs approved in

line with the latest Public Office Bearers Act issued in December 2013 and revised in January 2014. Councilor remuneration has increased from R18.8 million in 2013/14 to R20.2 million in the 2014/15 draft budget.

- **Electricity bulk purchases** are anticipated to **increase by 8.06%** in the 2014/15 financial year. Electricity bulk purchases will increase to R150.0 million in the 2014/15 financial year. Electricity losses which stand at the moment at 31.0% is expected to decrease further in the 2014/15 MTERF with the intervention of the Revenue enhancement team launched in 2013. Bulk electricity purchases budget is based on actual purchases over the 2012/13 and the first 8 months of the 2013/14 financial year with projections for the remaining months of the current year.
- All costs related to the repayment for **past fleet purchases** are fully funded in this budget. Interest payment and capital redemption payments for the municipality's finance leases will be fully paid up by 2015/16 financial year. Repayment in 2014/15 will amount to R1.3 million with the final amount of R675 000 to be paid in the 2015/16 financial year.
- An amount of **R4,04 million** has been allocated in the operating budget for normal street maintenance and repairs. This is in addition to what has been allocated in the Capital budget.
- **An amount of R2.8 million** is included in the capital budget for the purchase of small equipment and machinery. Previously small equipment budget was budgeted under operational budget. The new budget regulation stipulates that small equipment and machinery be budgeted in the capital budget. The small capital and equipment budget sits at the BTO who will monitor the procurement of these small equipment and machinery.
- Bad debt provision in the budget has decreased from R80.0 million (2013/14 original budget) and R67.0 million (2013/14 adjustment budget) **to R54.6 million in the 2014/15 budget**. The reduction in the bad debt provision was due to the removal of the bad debt provisions associated with the water and sanitation function.
- The municipality needs to tighten its belt in terms of spending on unnecessary expenses or non – priority expenditure.
- MFMA Circular No. 66 has also highlighted the following examples of non- priority expenditures that should be eliminated:
- The circular aims at providing guidelines within which expenditure should be incurred in broad terms.



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

- xii. costs associated with long-standing staff suspensions and the
- legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and
- xiii. the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.
- National Treasury is also informing Councilors, municipal
- employees and rate and tax payers that municipalities must concentrate their spending effort on services that are meaningful and not indulgent. In other words there should be a direct service budget aimed at the people who live in municipalities and not the municipalities themselves.

### **CAPITAL BUDGET**

The capital budget reflected in this document utilizes actually anticipated revenues, cash forward and to fund the budgeted expenditures of **R67.4 million**. Major items include the allocation of **R40.6 million** in conditional capital grants allocated to the municipality and **R25.8 million** to be funded from internal generated funds. Included in the conditional grant amount is **R3.0 million** in respect of Integrated National Electrification Programme (INEP) allocated to the municipality in the Division of Revenue Bill. Also included in the capital budget is **R1.0 million** received from Chris Hani District Municipality for the fencing and beautification of Mlungisi Cemetery.

**No External loan is included in this budget.** Any future external loan to be taken must be considered in line with the capacity of the municipality to spend such additional funding.

National Treasury has also indicated that a minimum of 40% of the capital budget should be for renewal as opposed to new infrastructure. The forthcoming budget indicates that renewal expenditure will amount to 21.9% of the capital budget (R14.8 million). The municipality will continue to work towards this goal in the near future.

Capital projects to be undertaken in the 2014/15 MTREF.

- Completion of the Intermodal taxi rank has been allocated R8.3 million in the 2014/15 financial year with a further R25.0 million to be allocated in the two outer years of the MTREF.

- The Lukhanji Community Lightning programme will receive a R10.0 million budget allocations in the MTREF with a R2.0 million allocation in 2014/15 financial year.
- Sport fields will receive R8.8 million funding in the 2014/15 with a further funding of R2.3 million in the 2015/16 budget.
- Construction of new cemeteries in Ilinge, whittlesea and Lesseyton will receive R9.9 million in the MTREF starting with a R2.0 million allocations in the 2014/15 budget.
- Construction of community halls will continue to receive R8.9 million further allocations for construction of halls in wards 1 and 7 in the 2014/15 budget with additional funding of R10.7 allocation in the MTREF for the construction of halls in wards 3 and 17.
- Upgrade of rural gravel roads will receive R5.8 million in the 2014/15 budget with a further R19.0 million allocation for the two outer years of the MTREF. Included in this amount will be allocation for the re – work on Qwabi bridge over Kuzintigu River.
- Fencing of grazing camps will receive R2.6 million in the medium term budget whilst Shearing sheds will receive R800 thousand in the MTREF. Details of these projects can be obtained from the LED section in the IPED Directorate.
- Surfacing of Lukhanji Roads will continue to receive funding with R9.0 million allocated in the 2014/15 budget with a further R20.0 million to be allocated in the MTREF.
- In addition to the above projects, a further R19.0 million will be allocated to the provision of electricity infrastructure in the Lukhanji Municipal area.
- Specifically, R14 million is provided for the “5 – Year Electricity Infrastructure Master Plan” initiated in the 2013/14 adjustment budget. R5.0 million of the above allocation is in respect of the 2013/14 unspent budget meant for the procurement of a replacement transformer. An additional R9.0 million is allocated this year for 5 – Year Electricity Infrastructure Master Plan. The amount approved by the Mayoral Committee for the “5 – Year Master Plan” was R100.0 million.
- Over the past two years the municipality has received R2.5 million for the fencing and Beautification of Mlungisi Cemetery. A further R1.0 million was received from the District Municipality for the completion of the project in 2014/15 financial year.

## **Conclusion**

Over the past few years the Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA.

Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for consideration and review.

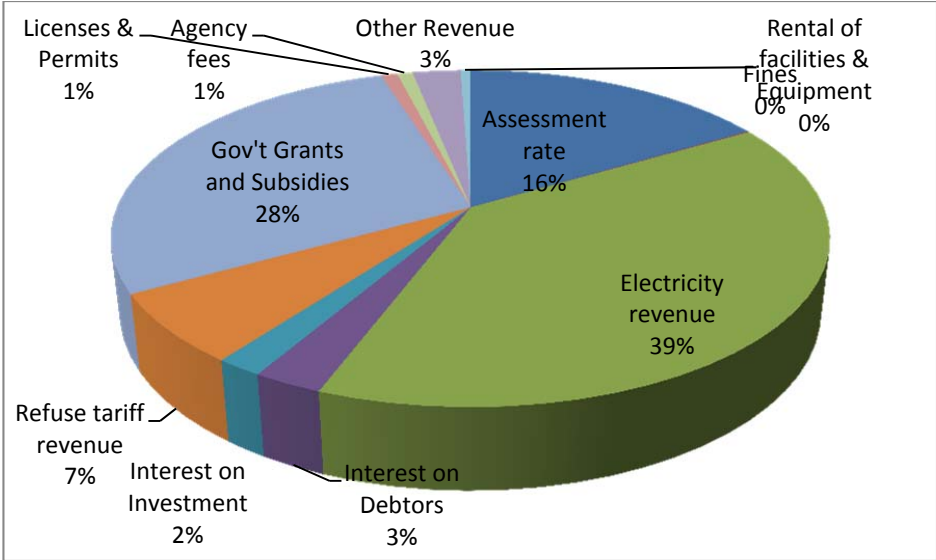
The tables and charts in the next few pages show the percentage makeup of the revenue and expenditures for the 2014/15 Lukhanji Budget.

| REVENUE                            |                |  |               |
|------------------------------------|----------------|--|---------------|
| Operating Budget Revenues ( R'000) |                | Capital Budget Revenues (R'000)                      |               |
| Assessment Rates                   | 75 162         | Municipal Infrastructure Grant (MIG)                 | 37 591        |
| Fines                              | 348            | Integrated National Electrification Programme (INEP) | 3 000         |
| Electricity tariff                 | 178 929        | Own Internal generated fund                          | 25 770        |
| Interest on Investments            | 8 200          | Chris Hani District Municipality                     | 1 000         |
| Interest on Debtors                | 12 163         |  |               |
| Refuse tariff                      | 30 507         |  |               |
| Grants & Subsidies                 | 128 899        |  |               |
| Licenses & Permit                  | 3 971          |  |               |
| Agency fees                        | 3 774          |  |               |
| Rental of facilities               | 2 476          |  |               |
| Other Revenue                      | 11 784         |  |               |
| <b>Total Operating Revenue</b>     | <b>456 213</b> | <b>Total Capital Revenue</b>                         | <b>67 361</b> |

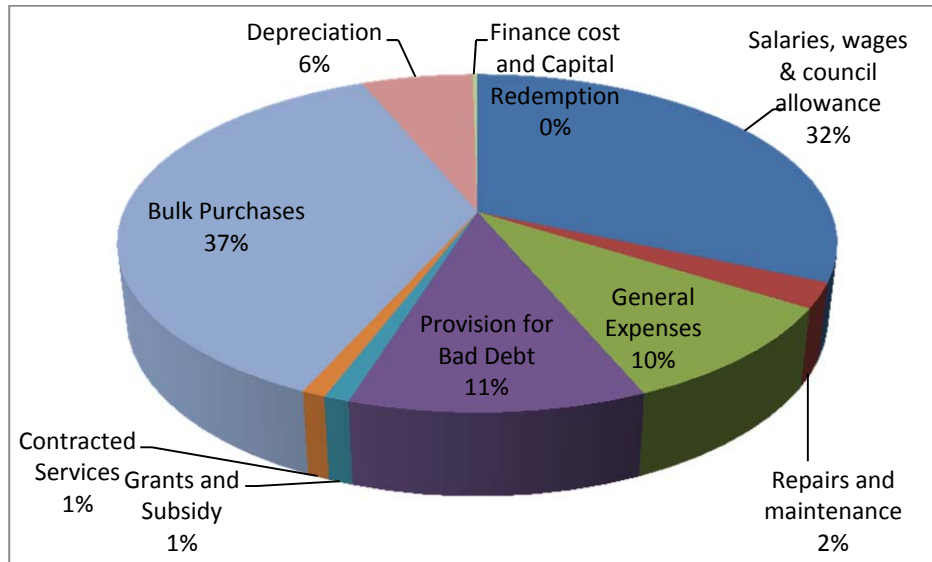
**EXPENDITURES**

| <b>Operating Budget Expenditure (R'000)</b> |                | <b>Capital Budget Expenditure (R'000)</b>     |               |
|---|----------------|---|---------------|
| Salaries, wages & Council allowance         | 153 452        | Inter modal                                   | 8 300         |
| Repairs and Maintenance                     | 11 569         | Surfacing of Lukhanji Roads                   | 9 000         |
| General Expenses                            | 47 051         | Community Hall Ward 1                         | 4 100         |
| Bad Debt provision                          | 54 564         | Community Hall Ward 7                         | 4 760         |
| Grant and Subsidies                         | 4 734          | Community Lightining                          | 2 000         |
| Contracted Services                         | 4 359          | Ilinge Cemetery                               | 1 000         |
| Bulk Purchases                              | 150 081        | Integrated National Electrification Programme | 3 000         |
| Depreciation                                | 29 117         | Lesseyton Cemetery                            | 1 000         |
| Finance cost and Capital Redemption         | 1 286          | Upgrade of Lukhanji Gravel Roads & Bridges    | 5 751         |
|   |                | Ilinge Sport field                            | 6 920         |
|   |                | PMU Fees                                      | 1 880         |
|   |                | 5 - Year Electrical Master Plan               | 14 000        |
|   |                | Small Equipment and Machinery                 | 2 770         |
|   |                | Fencing of Grazing Camps                      | 1 880         |
|   |                | Fencing of Mlungisi Cemetery                  | 1 000         |
| <b>Total</b>                                | <b>456 213</b> | <b>Total</b>                                  | <b>67 361</b> |

**HOW THE REVENUE BUDGET OF R456.2 MILLION IS MADE UP OF**



## HOW THE TOTAL OPERATING EXPENDITURE BUDGET OF R456.2 MILLION IS ALLOCATED





## **5 Annual Budget Tables (Operating & Capital)**

These budget schedules are to be approved by resolution of Council and are contained in the following pages:

- 5.1 - Table A1 - Budget Summary**
- 5.2 - Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**
- 5.3 - Table A3 - Budgeted Financial Performance (revenue and Expenditure by municipal vote)**
- 5.4 - Table A4 - Budgeted Financial Performance (revenue and Expenditure)**
- 5.5 - Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding**
- 5.6 - Table A6 - Budgeted Financial Position**
- 5.7 - Table A7 - Budgeted Cash Flows**
- 5.8 - Table A8 - Cash Backed reserves/accumulated surplus Reconciliation**
- 5.9 - Table A9 - Asset management**
- 5.10 - Table A10 - Basic Service Delivery**

EC134 Lukhanji - Table A1 Budget Summary

| Description  | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>R thousands</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Financial Performance</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 39,334          | 47,815          | 62,700          | 68,611               | 74,399          | 74,399             | 74,399            | 75,162  | 81,174                 | 87,668                 |
| Service charges  | 170,897         | 199,911         | 227,551         | 246,266              | 261,369         | 261,369            | 261,369           | 209,436   | 231,823                | 255,797                |
| Investment revenue   | 5,202           | 7,853           | 8,326           | 5,460                | 7,970           | 7,970              | 7,970             | 8,200   | 8,200                  | 8,200                  |
| Transfers recognised - operational                                   | 125,368         | 119,086         | 119,868         | 125,947              | 126,105         | 126,105            | 126,105           | 128,899   | 138,693                | 137,306                |
| Other own revenue  | 78,621          | 76,015          | 83,471          | 79,432               | 73,708          | 73,708             | 73,708            | 34,516  | 36,009                 | 37,389                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>419,423</b>  | <b>450,680</b>  | <b>501,916</b>  | <b>525,717</b>       | <b>543,550</b>  | <b>543,550</b>     | <b>543,550</b>    | <b>456,213</b>                                      | <b>495,899</b>         | <b>526,361</b>         |
| Employee costs   | 98,336          | 100,915         | 104,593         | 143,513              | 143,983         | 143,983            | 143,983           | 133,286   | 141,808                | 150,879                |
| Remuneration of councillors  | 15,242          | 17,918          | 18,065          | 18,795               | 19,892          | 19,892             | 19,892            | 20,167  | 21,297                 | 22,468                 |
| Depreciation & asset impairment                                      | 15,309          | 15,763          | 24,272          | 18,263               | 24,272          | 24,272             | 24,272            | 29,117  | 29,117                 | 29,117                 |
| Finance charges  | 876             | 4,126           | 5,675           | 2,140                | 2,140           | 2,140              | 2,140             | 1,286   | 675                    | -                      |
| Materials and bulk purchases   | 103,726         | 117,979         | 145,057         | 130,826              | 158,897         | 158,897            | 158,897           | 150,240   | 172,254                | 177,422                |
| Transfers and grants   | -               | -               | -               | -                    | -               | -                  | -                 | 4,734   | 4,383                  | 5,150                  |
| Other expenditure  | 147,934         | 154,501         | 158,661         | 212,180              | 194,366         | 194,366            | 194,366           | 117,383   | 126,364                | 141,324                |
| <b>Total Expenditure</b>   | <b>381,423</b>  | <b>411,201</b>  | <b>456,324</b>  | <b>525,717</b>       | <b>543,550</b>  | <b>543,550</b>     | <b>543,550</b>    | <b>456,212</b>                                      | <b>495,897</b>         | <b>526,360</b>         |
| <b>Surplus/(Deficit)</b>   | <b>37,999</b>   | <b>39,479</b>   | <b>45,592</b>   | <b>(0)</b>           | <b>(0)</b>      | <b>(0)</b>         | <b>0</b>          | <b>0</b>  | <b>1</b>               | <b>1</b>               |
| Transfers recognised - capital                                       | -               | 16,395          | (0)             | 34,037               | 42,559          | 42,559             | 42,559            | 40,591  | 39,324                 | 40,979                 |
| Contributions recognised - capital & contributed                     | -               | -               | -               | 35,625               | 38,426          | 38,426             | 38,426            | 26,769  | 12,500                 | 12,500                 |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>37,999</b>   | <b>55,874</b>   | <b>45,592</b>   | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,826</b>          | <b>53,480</b>          |
| Share of surplus/ (deficit) of associate                             | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>                                | <b>37,999</b>   | <b>55,874</b>   | <b>45,592</b>   | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,826</b>          | <b>53,480</b>          |
| <b>Capital expenditure &amp; funds sources</b>                       |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Capital expenditure</b>   | <b>802,003</b>  | <b>23,647</b>   | <b>105,151</b>  | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,824</b>          | <b>53,479</b>          |
| Transfers recognised - capital                                       | 801,983         | 23,647          | 26,996          | 34,037               | 42,559          | 42,559             | 42,559            | 41,591  | 39,324                 | 40,979                 |
| Public contributions & donations                                     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Borrowing  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Internally generated funds   | -               | -               | 78,155          | 35,625               | 38,425          | 38,425             | 38,425            | 25,770  | 12,500                 | 12,500                 |
| <b>Total sources of capital funds</b>                                | <b>801,983</b>  | <b>23,647</b>   | <b>105,151</b>  | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,824</b>          | <b>53,479</b>          |
| <b>Financial position</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total current assets   | 263,829         | 331,111         | 402,506         | 244,118              | 314,363         | 314,363            | 314,363           | 285,894   | 294,094                | 302,294                |
| Total non current assets   | 802,003         | 817,594         | 858,193         | 929,581              | 855,436         | 855,436            | 855,436           | 855,436   | 855,436                | 855,436                |
| Total current liabilities  | 55,864          | 65,907          | 76,820          | 50,922               | 87,998          | 87,998             | 87,998            | 49,796  | 49,288                 | 48,634                 |
| Total non current liabilities  | 83,864          | 78,457          | 143,637         | 77,571               | 28,410          | 28,410             | 28,410            | 27,037  | 25,876                 | 25,221                 |
| Community wealth/Equity  | 926,104         | 1,004,341       | 1,040,242       | 1,045,206            | 1,053,391       | 1,053,391          | 1,053,391         | 1,064,496   | 1,074,366              | 1,083,874              |
| <b>Cash flows</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net cash from (used) operating                                       | 30,510          | 82,315          | 22,847          | 84,898               | 50,278          | 50,278             | 50,278            | 61,007  | 54,608                 | 64,053                 |
| Net cash from (used) investing                                       | (12,518)        | (27,243)        | (197,098)       | (34,037)             | (42,558)        | (42,558)           | (42,558)          | (40,591)  | (39,324)               | (40,979)               |
| Net cash from (used) financing                                       | (1,022)         | (3,342)         | 43,956          | (1,715)              | (1,715)         | (1,715)            | (1,715)           | (1,162)   | (654)                  | -                      |
| <b>Cash/cash equivalents at the year end</b>                         | <b>125,000</b>  | <b>176,729</b>  | <b>46,434</b>   | <b>105,552</b>       | <b>130,439</b>  | <b>130,439</b>     | <b>130,439</b>    | <b>167,606</b>                                      | <b>182,236</b>         | <b>205,310</b>         |
| <b>Cash backing/surplus reconciliation</b>                           |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash and investments available                                       | 125,000         | 176,729         | 256,929         | 162,648              | 182,066         | 182,066            | 182,066           | 156,552   | 164,752                | 172,952                |
| Application of cash and investments                                  | (38,732)        | (91,077)        | (36,676)        | (43,358)             | (99,210)        | (99,210)           | (99,210)          | (84,175)  | (84,254)               | (84,078)               |
| <b>Balance - surplus (shortfall)</b>                                 | <b>163,732</b>  | <b>267,806</b>  | <b>293,605</b>  | <b>206,006</b>       | <b>281,276</b>  | <b>281,276</b>     | <b>281,276</b>    | <b>240,727</b>                                      | <b>249,006</b>         | <b>257,030</b>         |
| <b>Asset management</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Asset register summary (WDV)   | 802,003         | 817,594         | 1,658,193       | 929,581              | 855,436         | 855,436            | 855,436           | 855,436   | 855,436                | 855,436                |
| Depreciation & asset impairment                                      | 15,309          | 15,763          | 24,272          | 18,263               | 24,272          | 24,272             | 24,272            | 29,117  | 29,117                 | 29,117                 |
| Renewal of Existing Assets   | -               | -               | 27,856          | 21,980               | 24,139          | 24,139             | 24,139            | 14,751  | 16,312                 | 18,000                 |
| Repairs and Maintenance  | 6,652           | 6,288           | 14,172          | 22,925               | 16,679          | 16,679             | 11,569            | 11,569  | 13,444                 | 14,067                 |
| <b>Free services</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cost of Free Basic Services provided                                 | 31,834          | 35,710          | 36,586          | 27,957               | 27,957          | 27,957             | 9,687             | 9,687   | 9,687                  | 9,687                  |
| Revenue cost of free services provided                               | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Households below minimum service level</b>                        |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Water:   | 10              | 9               | 9               | 9                    | 9               | 9                  | -                 | -   | -                      | -                      |
| Sanitation/sewerage:   | -               | -               | -               | 5                    | 5               | 5                  | -                 | -   | -                      | -                      |
| Energy:  | -               | -               | -               | -                    | -               | -                  | 57                | 57  | 57                     | 57                     |
| Refuse:  | -               | 8               | 8               | 8                    | 8               | 8                  | 9                 | 9   | 9                      | 9                      |

EC134 Lukhanji - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description        | Ref      | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>R thousand</b>                          | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Revenue - Standard</b>                  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Governance and administration</i>       |          | 194,515         | 152,341         | 176,455         | 185,615              | 197,665         | 197,665            | 205,677   | 221,189                | 227,030                |
| Executive and council                      |          | 140,987         | 80,930          | 93,145          | 99,838               | 100,398         | 100,398            | 104,312   | 113,428                | 112,073                |
| Budget and treasury office                 |          | 52,555          | 67,851          | 83,115          | 85,654               | 94,811          | 94,811             | 99,418  | 105,814                | 113,009                |
| Corporate services                         |          | 973             | 3,560           | 195             | 123                  | 2,456           | 2,456              | 1,947   | 1,947                  | 1,947                  |
| <i>Community and public safety</i>         |          | 21,190          | 17,385          | 23,541          | 37,405               | 41,568          | 41,568             | 34,604  | 36,325                 | 28,194                 |
| Community and social services              |          | 1,878           | 3,862           | 9,311           | 13,233               | 21,874          | 21,874             | 17,554  | 17,315                 | 8,870                  |
| Sport and recreation                       |          | 210             | 945             | 5,003           | 5,157                | 9,634           | 9,634              | 7,135   | 9,094                  | 9,345                  |
| Public safety                              |          | 12,637          | 9,799           | 9,176           | 8,966                | 10,060          | 10,060             | 9,916   | 9,916                  | 9,978                  |
| Housing                                    |          | -               | -               | 51              | 10,049               | -               | -                  | -   | -                      | -                      |
| Health                                     |          | 6,465           | 2,780           | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Economic and environmental services</i> |          | 3,639           | 24,099          | 25,364          | 45,538               | 59,031          | 59,031             | 35,029  | 35,016                 | 41,939                 |
| Planning and development                   |          | 1,303           | 3,066           | 902             | 4,923                | 7,679           | 7,679              | 5,700   | 6,087                  | 6,170                  |
| Road transport                             |          | 2,335           | 21,033          | 24,462          | 40,616               | 51,352          | 51,352             | 29,329  | 28,929                 | 35,770                 |
| Environmental protection                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Trading services</i>                    |          | 200,077         | 273,248         | 276,553         | 326,818              | 326,268         | 326,268            | 248,260   | 255,191                | 282,674                |
| Electricity                                |          | 121,846         | 154,972         | 160,048         | 177,841              | 195,011         | 195,011            | 206,703   | 210,112                | 232,885                |
| Water                                      |          | 31,742          | 64,974          | 49,916          | 72,790               | 65,156          | 65,156             | -   | -                      | -                      |
| Waste water management                     |          | 17,793          | 18,778          | 28,463          | 37,426               | 26,676          | 26,676             | -   | -                      | -                      |
| Waste management                           |          | 28,696          | 34,524          | 38,126          | 38,761               | 39,425          | 39,425             | 41,558  | 45,079                 | 49,790                 |
| <i>Other</i>                               | 4        | 3               | 3               | 3               | 3                    | 3               | 3                  | 3   | 3                      | 3                      |
| <b>Total Revenue - Standard</b>            | <b>2</b> | <b>419,423</b>  | <b>467,075</b>  | <b>501,916</b>  | <b>595,379</b>       | <b>624,535</b>  | <b>624,535</b>     | <b>523,574</b>                                      | <b>547,723</b>         | <b>579,840</b>         |
| <b>Expenditure - Standard</b>              |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Governance and administration</i>       |          | 83,762          | 59,948          | 75,497          | 100,753              | 105,567         | 105,567            | 108,389   | 117,200                | 121,529                |
| Executive and council                      |          | 50,281          | 23,847          | 36,187          | 44,155               | 51,514          | 51,514             | 53,017  | 54,116                 | 56,235                 |
| Budget and treasury office                 |          | 27,964          | 24,810          | 31,203          | 45,859               | 41,070          | 41,070             | 35,924  | 43,326                 | 44,873                 |
| Corporate services                         |          | 5,517           | 11,292          | 8,108           | 10,740               | 12,983          | 12,983             | 19,448  | 19,759                 | 20,420                 |
| <i>Community and public safety</i>         |          | 43,477          | 42,502          | 52,392          | 67,225               | 50,149          | 50,149             | 52,871  | 58,177                 | 67,740                 |
| Community and social services              |          | 9,993           | 10,739          | 18,849          | 20,564               | 11,689          | 11,689             | 13,504  | 15,246                 | 22,129                 |
| Sport and recreation                       |          | 7,312           | 8,919           | 1,243           | 1,912                | 10,492          | 10,492             | 11,438  | 12,260                 | 13,027                 |
| Public safety                              |          | 17,245          | 20,021          | 25,676          | 31,549               | 27,968          | 27,968             | 27,929  | 30,671                 | 32,585                 |
| Housing                                    |          | -               | -               | 6,624           | 13,200               | -               | -                  | -   | -                      | -                      |
| Health                                     |          | 8,927           | 2,822           | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Economic and environmental services</i> |          | 16,691          | 28,714          | 25,307          | 34,364               | 45,356          | 45,356             | 47,034  | 47,202                 | 49,154                 |
| Planning and development                   |          | 7,083           | 10,410          | 4,436           | 6,688                | 18,960          | 18,960             | 16,708  | 17,364                 | 18,043                 |
| Road transport                             |          | 9,608           | 18,304          | 20,871          | 27,675               | 26,395          | 26,395             | 30,326  | 29,838                 | 31,110                 |
| Environmental protection                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Trading services</i>                    |          | 237,395         | 279,945         | 303,041         | 323,249              | 342,354         | 342,354            | 247,774   | 273,180                | 287,791                |
| Electricity                                |          | 149,606         | 152,650         | 193,548         | 182,582              | 215,478         | 215,478            | 210,186   | 231,202                | 243,011                |
| Water                                      |          | 49,920          | 67,687          | 65,748          | 81,783               | 73,990          | 73,990             | -   | -                      | -                      |
| Waste water management                     |          | 14,144          | 26,670          | 13,502          | 28,049               | 16,229          | 16,229             | -   | -                      | -                      |
| Waste management                           |          | 23,725          | 32,938          | 30,242          | 30,836               | 36,656          | 36,656             | 37,588  | 41,978                 | 44,780                 |
| <i>Other</i>                               | 4        | 99              | 92              | 86              | 126                  | 126             | 126                | 145   | 138                    | 146                    |
| <b>Total Expenditure - Standard</b>        | <b>3</b> | <b>381,423</b>  | <b>411,201</b>  | <b>456,324</b>  | <b>525,717</b>       | <b>543,550</b>  | <b>543,550</b>     | <b>456,213</b>                                      | <b>495,897</b>         | <b>526,359</b>         |
| <b>Surplus/(Deficit) for the year</b>      |          | <b>37,999</b>   | <b>55,874</b>   | <b>45,592</b>   | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>67,361</b>                                       | <b>51,826</b>          | <b>53,480</b>          |

EC134 Lukhanji - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description                              | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Revenue by Vote</b>                        | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                |     | 140,987         | 80,930          | 93,145          | 99,838               | 96,465          | 96,465             | 102,432   | 111,462                | 110,024                |
| Vote 2 - FINANCE AND ADMINISTRATION           |     | 53,528          | 71,411          | 83,115          | 87,398               | 97,267          | 97,267             | 101,365   | 107,761                | 114,956                |
| Vote 3 - PLANNING AND DEVELOPMENT             |     | 1,303           | 3,066           | 2,976           | 5,724                | 7,679           | 7,679              | 5,700   | 6,087                  | 6,170                  |
| Vote 4 - HEALTH                               |     | 6,465           | 2,780           | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES        |     | 1,878           | 3,862           | 6,175           | 19,261               | 21,874          | 21,874             | 17,554  | 17,315                 | 8,870                  |
| Vote 6 - COMMUNITY SAFETY                     |     | 12,637          | 9,799           | 10,353          | 10,060               | 10,060          | 10,060             | 9,916   | 9,915                  | 9,978                  |
| Vote 7 - SPORT AND RECREATION                 |     | 210             | 945             | 5,135           | 5,214                | 9,634           | 9,634              | 7,135   | 9,093                  | 9,344                  |
| Vote 8 - WASTE WATER MANAGEMENT               |     | 17,793          | 18,778          | 28,463          | 36,298               | 26,676          | 26,676             | -   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                     |     | 28,696          | 34,524          | 38,126          | 38,762               | 39,425          | 39,425             | 41,558  | 45,079                 | 48,904                 |
| Vote 10 - ROADS TRANSPORT                     |     | 2,335           | 21,033          | 24,462          | 48,116               | 51,352          | 51,352             | 29,329  | 28,929                 | 35,770                 |
| Vote 11 - WATER                               |     | 31,742          | 64,974          | 49,604          | 65,456               | 65,156          | 65,156             | -   | -                      | -                      |
| Vote 12 - ELECTRICITY                         |     | 121,846         | 154,972         | 160,360         | 178,236              | 195,011         | 195,011            | 206,703   | 210,113                | 233,772                |
| Vote 13 - OTHER                               |     | 3               | 3               | 3               | 3                    | 3               | 3                  | 3   | 3                      | 3                      |
| Vote 14 - HOUSING                             |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 15 - IPED                                |     | -               | -               | -               | 1,013                | 3,933           | 3,933              | 1,880   | 1,968                  | 2,049                  |
| <b>Total Revenue by Vote</b>                  | 2   | 419,423         | 467,075         | 501,916         | 595,379              | 624,535         | 624,535            | 523,574   | 547,723                | 579,840                |
| <b>Expenditure by Vote to be appropriated</b> | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                |     | 50,281          | 23,847          | 36,187          | 44,155               | 47,306          | 47,306             | 48,713  | 50,606                 | 52,546                 |
| Vote 2 - FINANCE AND ADMINISTRATION           |     | 33,481          | 36,102          | 41,184          | 56,065               | 59,034          | 59,034             | 61,068  | 63,085                 | 65,293                 |
| Vote 3 - PLANNING AND DEVELOPMENT             |     | 7,083           | 10,410          | 8,929           | 17,953               | 18,960          | 18,960             | 16,409  | 17,364                 | 18,043                 |
| Vote 4 - HEALTH                               |     | 8,927           | 2,822           | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES        |     | 9,993           | 10,739          | 11,101          | 13,046               | 11,684          | 11,684             | 13,629  | 15,246                 | 22,129                 |
| Vote 6 - COMMUNITY SAFETY                     |     | 17,245          | 20,021          | 25,290          | 27,356               | 27,968          | 27,968             | 28,023  | 30,671                 | 32,585                 |
| Vote 7 - SPORT AND RECREATION                 |     | 7,312           | 8,919           | 8,652           | 11,807               | 10,492          | 10,492             | 11,523  | 12,260                 | 13,027                 |
| Vote 8 - WASTE WATER MANAGEMENT               |     | 14,144          | 26,670          | 13,502          | 23,734               | 16,229          | 16,229             | -   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                     |     | 23,725          | 32,938          | 30,244          | 37,714               | 36,656          | 36,656             | 37,486  | 41,980                 | 44,782                 |
| Vote 10 - ROADS TRANSPORT                     |     | 9,608           | 18,304          | 15,178          | 24,769               | 26,395          | 26,395             | 28,628  | 29,838                 | 31,110                 |
| Vote 11 - WATER                               |     | 49,920          | 67,686          | 65,748          | 76,152               | 73,990          | 73,990             | -   | -                      | -                      |
| Vote 12 - ELECTRICITY                         |     | 149,606         | 152,650         | 198,188         | 188,618              | 210,497         | 210,497            | 207,256   | 231,202                | 243,011                |
| Vote 13 - OTHER                               |     | 99              | 92              | 86              | 126                  | 131             | 131                | 145   | 138                    | 146                    |
| Vote 14 - HOUSING                             |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 15 - IPED                                |     | -               | -               | 2,034           | 4,224                | 4,207           | 4,207              | 3,335   | 3,507                  | 3,688                  |
| <b>Total Expenditure by Vote</b>              | 2   | 381,423         | 411,201         | 456,324         | 525,717              | 543,550         | 543,550            | 456,213   | 495,897                | 526,359                |
| <b>Surplus/(Deficit) for the year</b>         | 2   | 37,999          | 55,874          | 45,592          | 69,662               | 80,985          | 80,985             | 67,361  | 51,826                 | 53,480                 |

EC134 Lukhanji - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description  | Ref  | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Revenue By Source</b>   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 2    | 39,334          | 47,815          | 62,700          | 68,611               | 74,399          | 74,399             | 74,399            | 75,162  | 81,174                 | 87,668                 |
| Property rates - penalties & collection charges                      |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Service charges - electricity revenue                                | 2    | 113,421         | 136,593         | 149,365         | 165,963              | 182,666         | 182,666            | 182,666           | 178,929   | 198,265                | 218,884                |
| Service charges - water revenue                                      | 2    | 25,157          | 27,414          | 29,076          | 30,706               | 30,406          | 30,406             | 30,406            | -   | -                      | -                      |
| Service charges - sanitation revenue                                 | 2    | 14,124          | 14,945          | 18,923          | 21,611               | 20,911          | 20,911             | 20,911            | -   | -                      | -                      |
| Service charges - refuse revenue                                     | 2    | 18,195          | 20,960          | 30,187          | 27,986               | 27,386          | 27,386             | 27,386            | 30,507  | 33,558                 | 36,914                 |
| Service charges - other  |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Rental of facilities and equipment                                   |      | 1,469           | 2,478           | 2,491           | 2,476                | 2,476           | 2,476              | 2,476             | 2,476   | 2,476                  | 2,476                  |
| Interest earned - external investments                               |      | 5,202           | 7,853           | 8,326           | 5,460                | 7,970           | 7,970              | 7,970             | 8,200   | 8,200                  | 8,200                  |
| Interest earned - outstanding debtors                                |      | 16,883          | 18,993          | 19,436          | 17,652               | 18,771          | 18,771             | 18,771            | 12,163  | 13,229                 | 14,389                 |
| Dividends received   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Fines  |      | 729             | 380             | 382             | 347                  | 347             | 347                | 347               | 348   | 348                    | 348                    |
| Licences and permits   |      | 5,009           | 3,888           | 4,488           | 3,889                | 3,889           | 3,889              | 3,889             | 3,971   | 3,971                  | 3,971                  |
| Agency services  |      | 35,945          | 38,466          | 25,630          | 43,350               | 35,242          | 35,242             | 35,242            | 3,774   | 3,774                  | 3,774                  |
| Transfers recognised - operational                                   |      | 125,368         | 119,086         | 119,868         | 125,947              | 126,105         | 126,105            | 126,105           | 128,899   | 138,693                | 137,306                |
| Other revenue  | 2    | 9,230           | 10,095          | 31,043          | 11,718               | 12,982          | 12,982             | 12,982            | 11,784  | 12,211                 | 12,430                 |
| Gains on disposal of PPE   |      | 9,356           | 1,714           |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |      | <b>419,423</b>  | <b>450,680</b>  | <b>501,916</b>  | <b>525,717</b>       | <b>543,550</b>  | <b>543,550</b>     | <b>543,550</b>    | <b>456,213</b>                                      | <b>495,899</b>         | <b>526,361</b>         |
| <b>Expenditure By Type</b>   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs   | 2    | 98,336          | 100,915         | 104,593         | 143,513              | 143,983         | 143,983            | 143,983           | 133,286   | 141,808                | 150,879                |
| Remuneration of councillors  |      | 15,242          | 17,918          | 18,065          | 18,795               | 19,892          | 19,892             | 19,892            | 20,167  | 21,297                 | 22,468                 |
| Debt impairment  | 3    | 76,044          | 79,188          | 74,111          | 80,343               | 66,794          | 66,794             | 66,794            | 54,564  | 58,992                 | 63,862                 |
| Depreciation & asset impairment                                      | 2    | 15,309          | 15,763          | 24,272          | 18,263               | 24,272          | 24,272             | 24,272            | 29,117  | 29,117                 | 29,117                 |
| Finance charges  |      | 876             | 4,126           | 5,675           | 2,140                | 2,140           | 2,140              | 2,140             | 1,286   | 675                    |                        |
| Bulk purchases   | 2    | 95,076          | 117,979         | 145,057         | 130,826              | 158,897         | 158,897            | 158,897           | 150,240   | 172,254                | 177,422                |
| Other materials  | 8    | 8,650           |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Contracted services  |      | 40,883          | 43,323          | 3,113           | 43,492               | 50,232          | 50,232             | 50,232            | 4,359   | 4,383                  | 4,408                  |
| Transfers and grants   |      | -               | -               | -               | -                    | -               | -                  | -                 | 4,734   | 4,383                  | 5,150                  |
| Other expenditure  | 4, 5 | 31,007          | 31,989          | 81,437          | 88,346               | 77,340          | 77,340             | 77,339            | 58,460  | 62,989                 | 73,054                 |
| Loss on disposal of PPE  |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Expenditure</b>   |      | <b>381,423</b>  | <b>411,201</b>  | <b>456,324</b>  | <b>525,717</b>       | <b>543,550</b>  | <b>543,550</b>     | <b>543,550</b>    | <b>456,212</b>                                      | <b>495,897</b>         | <b>526,360</b>         |
| <b>Surplus/(Deficit)</b>   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Surplus/(Deficit)  |      | 37,999          | 39,479          | 45,592          | (0)                  | (0)             | (0)                | 0                 | 0   | 1                      | 1                      |
| Transfers recognised - capital                                       |      |                 | 16,395          | (0)             | 34,037               | 42,559          | 42,559             | 42,559            | 40,591  | 39,324                 | 40,979                 |
| Contributions recognised - capital                                   | 6    | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Contributed assets   |      |                 |                 |                 | 35,625               | 38,426          | 38,426             | 38,426            | 26,769  | 12,500                 | 12,500                 |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> |      | <b>37,999</b>   | <b>55,874</b>   | <b>45,592</b>   | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,826</b>          | <b>53,480</b>          |
| <b>Taxation</b>  |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Surplus/(Deficit) after taxation</b>                              |      | <b>37,999</b>   | <b>55,874</b>   | <b>45,592</b>   | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,826</b>          | <b>53,480</b>          |
| Attributable to minorities   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Surplus/(Deficit) attributable to municipality</b>                |      | <b>37,999</b>   | <b>55,874</b>   | <b>45,592</b>   | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,826</b>          | <b>53,480</b>          |
| Share of surplus/ (deficit) of associate                             | 7    |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Surplus/(Deficit) for the year</b>                                |      | <b>37,999</b>   | <b>55,874</b>   | <b>45,592</b>   | <b>69,662</b>        | <b>80,985</b>   | <b>80,985</b>      | <b>80,985</b>     | <b>67,361</b>                                       | <b>51,826</b>          | <b>53,480</b>          |

EC134 Lukhanji - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description                                  | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Capital expenditure - Vote</b>                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Multi-year expenditure to be appropriated</b>  | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                    |     | 1,633           | 375             | -               | 1,285                | 2,215           | 2,215              | 2,215             | 1,880   | 1,966                  | 2,049                  |
| Vote 2 - FINANCE AND ADMINISTRATION               |     | 16,144          | 2,127           | -               | -                    | -               | -                  | -                 | 2,770   | 2,500                  | 2,500                  |
| Vote 3 - PLANNING AND DEVELOPMENT                 |     | -               | -               | -               | -                    | -               | -                  | -                 | 1,880   | 1,966                  | 2,049                  |
| Vote 4 - HEALTH                                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES            |     | 571,874         | 1,334           | -               | 13,200               | 15,948          | 15,948             | 15,948            | 10,860  | 11,200                 | 2,750                  |
| Vote 6 - COMMUNITY SAFETY                         |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 7 - SPORT AND RECREATION                     |     | 665             | 724             | -               | 5,000                | 9,419           | 9,419              | 9,419             | 6,920   | 8,880                  | 9,131                  |
| Vote 8 - WASTE WATER MANAGEMENT                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                         |     | 8,359           | 144             | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 10 - ROADS TRANSPORT                         |     | 119,096         | 11,940          | 105,151         | 40,056               | 44,691          | 44,691             | 44,691            | 23,051  | 22,312                 | 29,000                 |
| Vote 11 - WATER                                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 12 - ELECTRICITY                             |     | 84,212          | 7,003           | -               | 2,900                | 2,900           | 2,900              | 2,900             | 16,000  | 3,000                  | 6,000                  |
| Vote 13 - OTHER                                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 14 - HOUSING                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 15 - IPED                                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital multi-year expenditure sub-total</b>   | 7   | 801,983         | 23,647          | 105,151         | 62,440               | 75,174          | 75,174             | 75,174            | 63,361  | 51,824                 | 53,479                 |
| <b>Single-year expenditure to be appropriated</b> | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - FINANCE AND ADMINISTRATION               |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 3 - PLANNING AND DEVELOPMENT                 |     | -               | -               | -               | 1,381                | 2,185           | 2,185              | 2,185             | -   | -                      | -                      |
| Vote 4 - HEALTH                                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES            |     | -               | -               | -               | 378                  | 378             | 378                | 378               | 1,000   | -                      | -                      |
| Vote 6 - COMMUNITY SAFETY                         |     | -               | -               | -               | 270                  | 270             | 270                | 270               | -   | -                      | -                      |
| Vote 7 - SPORT AND RECREATION                     |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - WASTE WATER MANAGEMENT                   |     | -               | -               | -               | 1,866                | 1,051           | 1,051              | 1,051             | -   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                         |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 10 - ROADS TRANSPORT                         |     | -               | -               | -               | 1,783                | 383             | 383                | 383               | -   | -                      | -                      |
| Vote 11 - WATER                                   |     | -               | -               | -               | 562                  | 562             | 562                | 562               | -   | -                      | -                      |
| Vote 12 - ELECTRICITY                             |     | -               | -               | -               | 982                  | 982             | 982                | 982               | 3,000   | -                      | -                      |
| Vote 13 - OTHER                                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 14 - HOUSING                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 15 - IPED                                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital single-year expenditure sub-total</b>  |     | -               | -               | -               | 7,222                | 5,811           | 5,811              | 5,811             | 4,000   | -                      | -                      |
| <b>Total Capital Expenditure - Vote</b>           |     | 801,983         | 23,647          | 105,151         | 69,662               | 80,985          | 80,985             | 80,985            | 67,361  | 51,824                 | 53,479                 |
| <b>Capital Expenditure - Standard</b>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Governance and administration</i>              |     | 17,777          | 375             | -               | 1,285                | 2,215           | 2,215              | 2,215             | 4,650   | 4,466                  | 4,549                  |
| Executive and council                             |     | 1,633           | 375             | -               | 1,285                | 2,215           | 2,215              | 2,215             | 1,880   | 1,966                  | 2,049                  |
| Budget and treasury office                        |     | 16,144          | -               | -               | -                    | -               | -                  | -                 | 2,770   | 2,500                  | 2,500                  |
| Corporate services                                |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <i>Community and public safety</i>                |     | 685             | 2,101           | -               | 18,848               | 26,015          | 26,015             | 26,015            | 18,780  | 20,080                 | 11,881                 |
| Community and social services                     |     | -               | 1,377           | -               | 13,848               | 16,325          | 16,325             | 16,325            | 11,860  | 11,200                 | 2,750                  |
| Sport and recreation                              |     | 665             | 724             | -               | 5,000                | 9,419           | 9,419              | 9,419             | 6,920   | 8,880                  | 9,131                  |
| Public safety                                     |     | 20              | -               | -               | -                    | 270             | 270                | 270               | -   | -                      | -                      |
| Housing   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Health  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <i>Economic and environmental services</i>        |     | 690,970         | 14,067          | 105,151         | 43,220               | 47,259          | 47,259             | 47,259            | 24,931  | 24,278                 | 31,049                 |
| Planning and development                          |     | 571,874         | 2,127           | -               | 1,381                | 2,185           | 2,185              | 2,185             | 1,880   | 1,966                  | 2,049                  |
| Road transport                                    |     | 119,096         | 11,940          | 105,151         | 41,838               | 45,075          | 45,075             | 45,075            | 23,051  | 22,312                 | 29,000                 |
| Environmental protection                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <i>Trading services</i>                           |     | 92,571          | 7,103           | -               | 6,310                | 5,495           | 5,495              | 5,495             | 19,000  | 3,000                  | 6,000                  |
| Electricity                                       |     | 84,212          | 7,003           | -               | 3,882                | 3,882           | 3,882              | 3,882             | 19,000  | 3,000                  | 6,000                  |
| Water   |     | -               | -               | -               | 562                  | 562             | 562                | 562               | -   | -                      | -                      |
| Waste water management                            |     | -               | -               | -               | 1,866                | 1,051           | 1,051              | 1,051             | -   | -                      | -                      |
| Waste management                                  |     | 8,359           | 100             | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <i>Other</i>                                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Capital Expenditure - Standard</b>       | 3   | 802,003         | 23,647          | 105,151         | 69,662               | 80,985          | 80,985             | 80,985            | 67,361  | 51,824                 | 53,479                 |
| <b>Funded by:</b>                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| National Government                               |     | 801,983         | 23,647          | 26,996          | 34,037               | 42,559          | 42,559             | 42,559            | 40,591  | 39,324                 | 40,979                 |
| Provincial Government                             |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| District Municipality                             |     | -               | -               | -               | -                    | -               | -                  | -                 | 1,000   | -                      | -                      |
| Other transfers and grants                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Transfers recognised - capital                    | 4   | 801,983         | 23,647          | 26,996          | 34,037               | 42,559          | 42,559             | 42,559            | 41,591  | 39,324                 | 40,979                 |
| Public contributions & donations                  | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Borrowing   | 6   | -               | -               | 78,155          | 35,625               | 38,425          | 38,425             | 38,425            | 25,770  | 12,500                 | 12,500                 |
| Internally generated funds                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Capital Funding</b>                      | 7   | 801,983         | 23,647          | 105,151         | 69,662               | 80,985          | 80,985             | 80,985            | 67,361  | 51,824                 | 53,479                 |

EC134 Lukhanji - Table A6 Budgeted Financial Position

| Description                              | Ref | 2010/11          | 2011/12          | 2012/13          | Current Year 2013/14 |                  |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome  | Audited Outcome  | Audited Outcome  | Original Budget      | Adjusted Budget  | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>ASSETS</b>                            |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Current assets</b>                    |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Cash                                     |     | 27,277           | 73,694           | 136,088          | 56,406               | 70,997           | 70,997             | 70,997            | 36,818  | 36,818                 | 36,818                 |
| Call investment deposits                 | 1   | 97,722           | 103,035          | 120,841          | 106,242              | 111,069          | 111,069            | 111,069           | 119,734   | 127,934                | 136,134                |
| Consumer debtors                         | 1   | 25,538           | 36,092           | 96,157           | 61,864               | 110,800          | 110,800            | 110,800           | 107,844   | 107,844                | 107,844                |
| Other debtors                            |     | 113,292          | 118,290          | 49,344           | 19,606               | 21,421           | 21,421             | 21,421            | 21,422  | 21,422                 | 21,422                 |
| Current portion of long-term receivables |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Inventory                                | 2   |                  |                  | 76               |                      | 76               | 76                 | 76                | 76  | 76                     | 76                     |
| <b>Total current assets</b>              |     | <b>263,829</b>   | <b>331,111</b>   | <b>402,506</b>   | <b>244,118</b>       | <b>314,363</b>   | <b>314,363</b>     | <b>314,363</b>    | <b>285,894</b>                                      | <b>294,094</b>         | <b>302,294</b>         |
| <b>Non current assets</b>                |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Long-term receivables                    |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Investments                              |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Investment property                      |     | 91,284           | 91,284           | 91,284           | 105,015              | 91,581           | 91,581             | 91,581            | 91,581  | 91,581                 | 91,581                 |
| Investment in Associate                  |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Property, plant and equipment            | 3   | 710,711          | 726,310          | 764,415          | 824,567              | 763,856          | 763,856            | 763,856           | 763,856   | 763,856                | 763,856                |
| Agricultural                             |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Biological                               |     |                  |                  | 2,493            |                      |                  |                    |                   |   |                        |                        |
| Intangible                               | 8   |                  | 0                | 1                |                      |                  |                    |                   |   |                        |                        |
| Other non-current assets                 |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Total non current assets</b>          |     | <b>802,003</b>   | <b>817,594</b>   | <b>858,193</b>   | <b>929,581</b>       | <b>855,436</b>   | <b>855,436</b>     | <b>855,436</b>    | <b>855,436</b>                                      | <b>855,436</b>         | <b>855,436</b>         |
| <b>TOTAL ASSETS</b>                      |     | <b>1,065,832</b> | <b>1,148,705</b> | <b>1,260,699</b> | <b>1,173,699</b>     | <b>1,169,799</b> | <b>1,169,799</b>   | <b>1,169,799</b>  | <b>1,141,330</b>                                    | <b>1,149,530</b>       | <b>1,157,730</b>       |
| <b>LIABILITIES</b>                       |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Current liabilities</b>               |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Bank overdraft                           | 1   |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Borrowing                                | 4   | 4,794            | 4,432            | 6,836            | 4,432                | 2,404            | 2,404              | 2,404             | 1,162   | 654                    | -                      |
| Consumer deposits                        |     | 7,937            | 8,455            | 17,136           | 8,672                | 8,780            | 8,780              | 8,780             | 8,806   | 8,806                  | 8,806                  |
| Trade and other payables                 | 4   | 41,740           | 51,630           | 52,847           | 33,385               | 16,217           | 16,217             | 16,217            | (20,769)  | (20,769)               | (20,769)               |
| Provisions                               |     | 1,393            | 1,390            |                  | 4,432                | 60,597           | 60,597             | 60,597            | 60,597  | 60,597                 | 60,597                 |
| <b>Total current liabilities</b>         |     | <b>55,864</b>    | <b>65,907</b>    | <b>76,820</b>    | <b>50,922</b>        | <b>87,998</b>    | <b>87,998</b>      | <b>87,998</b>     | <b>49,796</b>                                       | <b>49,288</b>          | <b>48,634</b>          |
| <b>Non current liabilities</b>           |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Borrowing                                |     | 6,906            | 3,925            | 3,795            | 3,925                | 3,189            | 3,189              | 3,189             | 1,816   | 654                    | -                      |
| Provisions                               |     | 76,959           | 74,532           | 139,842          | 73,646               | 25,221           | 25,221             | 25,221            | 25,221  | 25,221                 | 25,221                 |
| <b>Total non current liabilities</b>     |     | <b>83,864</b>    | <b>78,457</b>    | <b>143,637</b>   | <b>77,571</b>        | <b>28,410</b>    | <b>28,410</b>      | <b>28,410</b>     | <b>27,037</b>                                       | <b>25,876</b>          | <b>25,221</b>          |
| <b>TOTAL LIABILITIES</b>                 |     | <b>139,728</b>   | <b>144,364</b>   | <b>220,457</b>   | <b>128,494</b>       | <b>116,408</b>   | <b>116,408</b>     | <b>116,408</b>    | <b>76,834</b>                                       | <b>75,164</b>          | <b>73,855</b>          |
| <b>NET ASSETS</b>                        | 5   | <b>926,104</b>   | <b>1,004,341</b> | <b>1,040,242</b> | <b>1,045,206</b>     | <b>1,053,391</b> | <b>1,053,391</b>   | <b>1,053,391</b>  | <b>1,064,496</b>                                    | <b>1,074,366</b>       | <b>1,083,874</b>       |
| <b>COMMUNITY WEALTH/EQUITY</b>           |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Accumulated Surplus/(Deficit)            | 4   | 926,104          | 1,004,341        | 1,040,242        | 1,045,206            | 1,053,391        | 1,053,391          | 1,053,391         | 1,064,496   | 1,074,366              | 1,083,874              |
| Reserves                                 | 4   | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Minorities' interests                    |     |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | 5   | <b>926,104</b>   | <b>1,004,341</b> | <b>1,040,242</b> | <b>1,045,206</b>     | <b>1,053,391</b> | <b>1,053,391</b>   | <b>1,053,391</b>  | <b>1,064,496</b>                                    | <b>1,074,366</b>       | <b>1,083,874</b>       |

EC134 Lukhanji - Table A7 Budgeted Cash Flows

| Description                                       | Ref | 2010/11         | 2011/12         | 2012/13          | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|------------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome  | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| Ratepayers and other                              |     | 162,008         | 292,663         | 229,942          | 316,262              | 340,851         | 340,851            | 340,851           | 262,331   | 287,120                | 312,801                |
| Government - operating                            | 1   | 101,664         | 133,278         | 119,868          | 123,179              | 126,105         | 126,105            | 126,105           | 128,899   | 138,693                | 137,306                |
| Government - capital                              | 1   |                 |                 | -                | 34,537               | 42,539          | 42,539             | 42,539            | 40,591  | 39,324                 | 40,979                 |
| Interest  |     | 13,651          | 7,853           | 27,763           | 5,460                | 7,970           | 7,970              | 7,970             | 8,200   | 8,200                  | 8,200                  |
| Dividends   |     |                 |                 | -                |                      | -               | -                  | -                 |   |                        |                        |
| <b>Payments</b>                                   |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                           |     | (240,129)       | (345,065)       | (346,054)        | (394,115)            | (466,762)       | (466,762)          | (466,762)         | (378,890)   | (418,708)              | (435,233)              |
| Finance charges                                   |     | (6,684)         | (6,414)         | (5,675)          | (425)                | (425)           | (425)              | (425)             | (124)   | (21)                   | -                      |
| Transfers and Grants                              | 1   |                 |                 | (2,997)          |                      | -               | -                  | -                 |   |                        |                        |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | <b>30,510</b>   | <b>82,315</b>   | <b>22,847</b>    | <b>84,898</b>        | <b>50,278</b>   | <b>50,278</b>      | <b>50,278</b>     | <b>61,007</b>                                       | <b>54,608</b>          | <b>64,053</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                       |     | 9,356           | 1,714           | 138              |                      | -               | -                  | -                 |   |                        |                        |
| Decrease (Increase) in non-current debtors        |     |                 |                 | -                |                      | -               | -                  | -                 |   |                        |                        |
| Decrease (increase) other non-current receivables |     |                 |                 | -                |                      | -               | -                  | -                 |   |                        |                        |
| Decrease (increase) in non-current investments    |     | 5,694           |                 | (113,618)        | 35,625               | 38,427          | 38,427             | 38,427            | 26,770  | 12,500                 | 12,500                 |
| <b>Payments</b>                                   |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| Capital assets                                    |     | (27,568)        | (28,957)        | (83,618)         | (69,662)             | (80,985)        | (80,985)           | (80,985)          | (67,361)  | (51,824)               | (53,479)               |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | <b>(12,518)</b> | <b>(27,243)</b> | <b>(197,098)</b> | <b>(34,037)</b>      | <b>(42,558)</b> | <b>(42,558)</b>    | <b>(42,558)</b>   | <b>(40,591)</b>                                     | <b>(39,324)</b>        | <b>(40,979)</b>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| Short term loans                                  |     |                 |                 | -                |                      |                 |                    |                   |   |                        |                        |
| Borrowing long term/refinancing                   |     |                 |                 | 35,275           |                      |                 |                    |                   |   |                        |                        |
| Increase (decrease) in consumer deposits          |     |                 |                 | 8,682            |                      |                 |                    |                   |   |                        |                        |
| <b>Payments</b>                                   |     |                 |                 |                  |                      |                 |                    |                   |   |                        |                        |
| Repayment of borrowing                            |     | (1,022)         | (3,342)         |                  | (1,715)              | (1,715)         | (1,715)            | (1,715)           | (1,162)   | (654)                  | -                      |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |     | <b>(1,022)</b>  | <b>(3,342)</b>  | <b>43,956</b>    | <b>(1,715)</b>       | <b>(1,715)</b>  | <b>(1,715)</b>     | <b>(1,715)</b>    | <b>(1,162)</b>                                      | <b>(654)</b>           | <b>-</b>               |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |     | <b>16,970</b>   | <b>51,730</b>   | <b>(130,295)</b> | <b>49,146</b>        | <b>6,005</b>    | <b>6,005</b>       | <b>6,005</b>      | <b>19,254</b>                                       | <b>14,630</b>          | <b>23,074</b>          |
| Cash/cash equivalents at the year begin:          | 2   | 108,030         | 125,000         | 176,729          | 56,406               | 124,435         | 124,435            | 124,435           | 148,352   | 167,606                | 182,236                |
| Cash/cash equivalents at the year end:            | 2   | 125,000         | 176,729         | 46,434           | 105,552              | 130,439         | 130,439            | 130,439           | 167,606   | 182,236                | 205,310                |



EC134 Lukhanji - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description                                       | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Cash and investments available</b>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end             | 1   | 125,000         | 176,729         | 46,434          | 105,552              | 130,439         | 130,439            | 130,439           | 167,606   | 182,236                | 205,310                |
| Other current investments > 90 days               |     | (0)             | (0)             | 210,495         | 57,096               | 51,626          | 51,626             | 51,626            | (11,054)  | (17,484)               | (32,358)               |
| Non current assets - Investments                  | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash and investments available:</b>            |     | <b>125,000</b>  | <b>176,729</b>  | <b>256,929</b>  | <b>162,648</b>       | <b>182,066</b>  | <b>182,066</b>     | <b>182,066</b>    | <b>156,552</b>                                      | <b>164,752</b>         | <b>172,952</b>         |
| <b>Application of cash and investments</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers                     |     | 15,471          | 16,281          | -               | 16,337               | 8,635           | 8,635              | 8,635             | 21,361  | 21,361                 | 21,361                 |
| Unspent borrowing                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Statutory requirements                            | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other working capital requirements                | 3   | (54,203)        | (107,359)       | (36,676)        | (59,695)             | (107,845)       | (107,845)          | (107,845)         | (105,536)   | (105,615)              | (105,439)              |
| Other provisions                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Long term investments committed                   | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Reserves to be backed by cash/investments         | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Application of cash and investments:</b> |     | <b>(38,732)</b> | <b>(91,077)</b> | <b>(36,676)</b> | <b>(43,358)</b>      | <b>(99,210)</b> | <b>(99,210)</b>    | <b>(99,210)</b>   | <b>(84,175)</b>                                     | <b>(84,254)</b>        | <b>(84,078)</b>        |
| <b>Surplus(shortfall)</b>                         |     | <b>163,732</b>  | <b>267,806</b>  | <b>293,605</b>  | <b>206,006</b>       | <b>281,276</b>  | <b>281,276</b>     | <b>281,276</b>    | <b>240,727</b>                                      | <b>249,006</b>         | <b>257,030</b>         |

EC134 Lukhanji - Table A9 Asset Management

| Description   | Ref  | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| R thousand  |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>CAPITAL EXPENDITURE</b>                            |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total New Assets</b>                               | 1    | 801,983         | 23,647          | 77,295          | 47,682               | 56,846          | 56,846             | 52,610  | 35,512                 | 35,479                 |
| Infrastructure - Road transport                       |      | 119,096         | 18,717          | 77,295          | 5,858                | 8,078           | 8,078              | -   | -                      | -                      |
| Infrastructure - Electricity                          |      | 84,212          | 4,929           | -               | 3,882                | 3,882           | 3,882              | 19,000  | 3,000                  | 6,000                  |
| Infrastructure - Water                                |      | -               | -               | -               | 562                  | 562             | 562                | -   | -                      | -                      |
| Infrastructure - Sanitation                           |      | -               | -               | -               | 1,866                | 1,051           | 1,051              | -   | -                      | -                      |
| Infrastructure - Other                                |      | 8,203           | -               | -               | 6,500                | 6,289           | 6,289              | 8,300   | 6,000                  | 11,000                 |
| Infrastructure  |      | 211,511         | 23,647          | 77,295          | 18,668               | 19,861          | 19,861             | 27,300  | 9,000                  | 17,000                 |
| Community   |      | 590,471         | -               | -               | 20,133               | 27,300          | 27,300             | 20,660  | 22,046                 | 13,930                 |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  | 6    | -               | -               | -               | 8,881                | 9,685           | 9,685              | 4,650   | 4,466                  | 4,549                  |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Renewal of Existing Assets</b>               | 2    | -               | -               | 27,856          | 21,980               | 24,139          | 24,139             | 14,751  | 16,312                 | 18,000                 |
| Infrastructure - Road transport                       |      | -               | -               | 27,856          | 21,980               | 24,139          | 24,139             | 14,751  | 16,312                 | 18,000                 |
| Infrastructure - Electricity                          |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Water                                |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Sanitation                           |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Other                                |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure  |      | -               | -               | 27,856          | 21,980               | 24,139          | 24,139             | 14,751  | 16,312                 | 18,000                 |
| Community   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  | 6    | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Capital Expenditure</b>                      | 4    | 119,096         | 18,717          | 105,151         | 27,838               | 32,217          | 32,217             | 14,751  | 16,312                 | 18,000                 |
| Infrastructure - Road transport                       |      | 84,212          | 4,929           | -               | 3,882                | 3,882           | 3,882              | 19,000  | 3,000                  | 6,000                  |
| Infrastructure - Electricity                          |      | -               | -               | -               | 562                  | 562             | 562                | -   | -                      | -                      |
| Infrastructure - Water                                |      | -               | -               | -               | 1,866                | 1,051           | 1,051              | -   | -                      | -                      |
| Infrastructure - Sanitation                           |      | 8,203           | -               | -               | 6,500                | 6,289           | 6,289              | 8,300   | 6,000                  | 11,000                 |
| Infrastructure - Other                                |      | 211,511         | 23,647          | 105,151         | 40,648               | 44,000          | 44,000             | 42,051  | 25,312                 | 35,000                 |
| Infrastructure  |      | 590,471         | -               | -               | 20,133               | 27,300          | 27,300             | 20,660  | 22,046                 | 13,930                 |
| Community   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  | 6    | -               | -               | -               | 8,881                | 9,685           | 9,685              | 4,650   | 4,466                  | 4,549                  |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>        | 2    | 801,983         | 23,647          | 105,151         | 69,662               | 80,985          | 80,985             | 67,361  | 51,824                 | 53,479                 |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>             |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Road transport                       | 5    | 119,096         | 119,096         | 1,564,415       | 138,656              | 138,656         | 138,656            | 165,206   | 137,519                | 164,770                |
| Infrastructure - Electricity                          |      | 84,212          | 84,212          | 107,430         | 107,430              | 107,430         | 112,430            | 115,430   | 121,430                | 121,430                |
| Infrastructure - Water                                |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Sanitation                           |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Other                                |      | 8,203           | 8,203           | 8,423           | 8,423                | 8,423           | 12,182             | 16,114  | 20,213                 | 20,213                 |
| Infrastructure  |      | 211,511         | 211,511         | 1,564,415       | 254,508              | 254,508         | 254,508            | 289,818   | 269,064                | 306,412                |
| Community   |      | -               | -               | -               | 1,645                | 1,645           | 1,645              | -   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | 91,284          | 91,284          | 91,284          | 105,015              | 91,581          | 91,581             | 91,581  | 91,581                 | 91,581                 |
| Other assets  |      | 499,200         | 514,799         | 568,413         | 507,702              | 507,702         | 474,038            | 494,792   | 457,443                | 457,443                |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | 2,493           | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | 8               | 0               | 1               | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>       | 5    | 802,003         | 817,594         | 1,658,193       | 929,581              | 855,436         | 855,436            | 855,436   | 855,436                | 855,436                |
| <b>EXPENDITURE OTHER ITEMS</b>                        |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Depreciation &amp; asset impairment</b>            |      | 15,309          | 15,763          | 24,272          | 18,263               | 24,272          | 24,272             | 29,117  | 29,117                 | 29,117                 |
| <b>Repairs and Maintenance by Asset Class</b>         | 3    | 6,652           | 6,288           | 14,172          | 22,925               | 16,679          | 16,679             | 11,569  | 13,444                 | 14,067                 |
| Infrastructure - Road transport                       |      | 953             | 2,289           | 2,493           | 4,843                | 4,667           | 4,667              | 4,667   | 4,759                  | 4,856                  |
| Infrastructure - Electricity                          |      | 1,722           | 1,233           | 1,728           | 2,989                | 2,939           | 2,939              | 2,939   | 2,961                  | 3,309                  |
| Infrastructure - Water                                |      | 490             | 547             | 926             | 5,171                | 1,962           | 1,962              | -   | -                      | -                      |
| Infrastructure - Sanitation                           |      | 940             | 174             | 3,151           | 6,254                | 3,467           | 3,467              | -   | -                      | -                      |
| Infrastructure - Other                                |      | -               | -               | -               | 1,936                | 1,686           | 1,686              | 1,686   | 3,272                  | 3,360                  |
| Infrastructure  |      | 4,106           | 4,243           | 8,298           | 21,193               | 14,721          | 14,721             | 9,292   | 10,993                 | 11,525                 |
| Community   |      | 165             | 351             | -               | 413                  | 478             | 478                | 730   | 748                    | 766                    |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  | 6, 7 | 2,381           | 1,694           | 5,875           | 1,319                | 1,481           | 1,481              | 1,547   | 1,703                  | 1,775                  |
| <b>TOTAL EXPENDITURE OTHER ITEMS</b>                  |      | 21,961          | 22,051          | 38,444          | 41,188               | 40,952          | 40,952             | 40,686  | 42,560                 | 43,183                 |
| <b>Renewal of Existing Assets as % of total capex</b> |      | 0.0%            | 0.0%            | 26.5%           | 31.6%                | 29.8%           | 29.8%              | 21.9%   | 31.5%                  | 33.7%                  |
| <b>Renewal of Existing Assets as % of deprecn"</b>    |      | 0.0%            | 0.0%            | 114.8%          | 120.4%               | 99.5%           | 99.5%              | 50.7%   | 56.0%                  | 61.8%                  |
| <b>R&amp;M as a % of PPE</b>                          |      | 0.9%            | 0.9%            | 1.9%            | 2.8%                 | 2.2%            | 2.2%               | 1.5%  | 1.8%                   | 1.8%                   |
| <b>Renewal and R&amp;M as a % of PPE</b>              |      | 1.0%            | 1.0%            | 3.0%            | 5.0%                 | 5.0%            | 5.0%               | 3.0%  | 3.0%                   | 4.0%                   |



## **6 Budget Related Charts and Explanatory Notes**

These charts tie with the budget schedules presented above and are presented to illustrate the related numerical schedule.

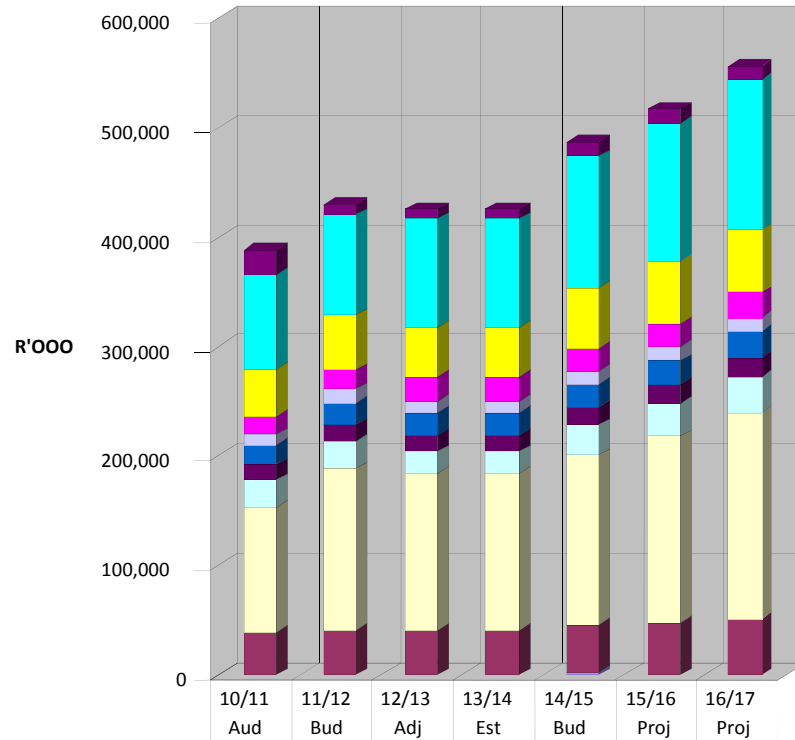
**6.1 - Chart 1 - Operating Revenue by Source**

**6.2 - Chart 2 - Operating Expenditures by GFS Function (Vote)**

**6.3 - Chart 3 - Capital Expenditure by Vote**

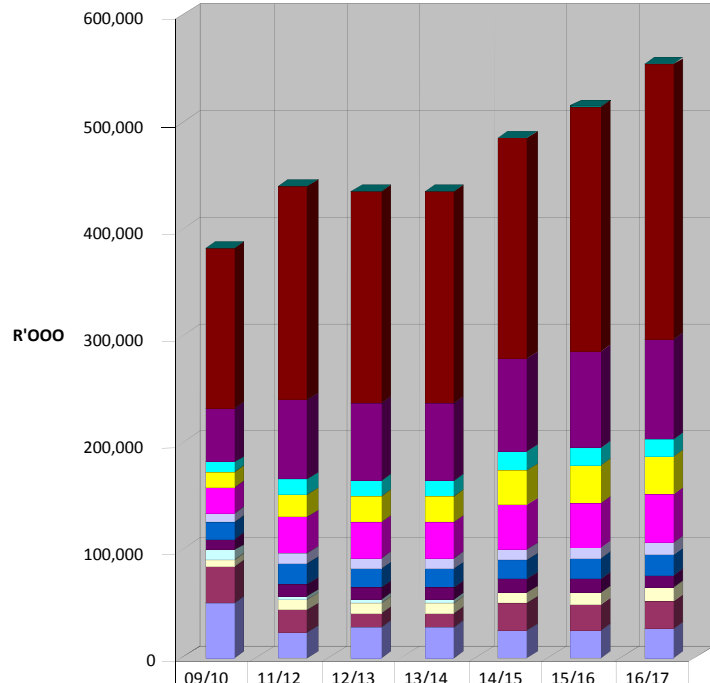
**6.6 - Chart 4 - Capital Budget by funding source**

**CHART 1 - OPERATING REVENUE BY SOURCE**



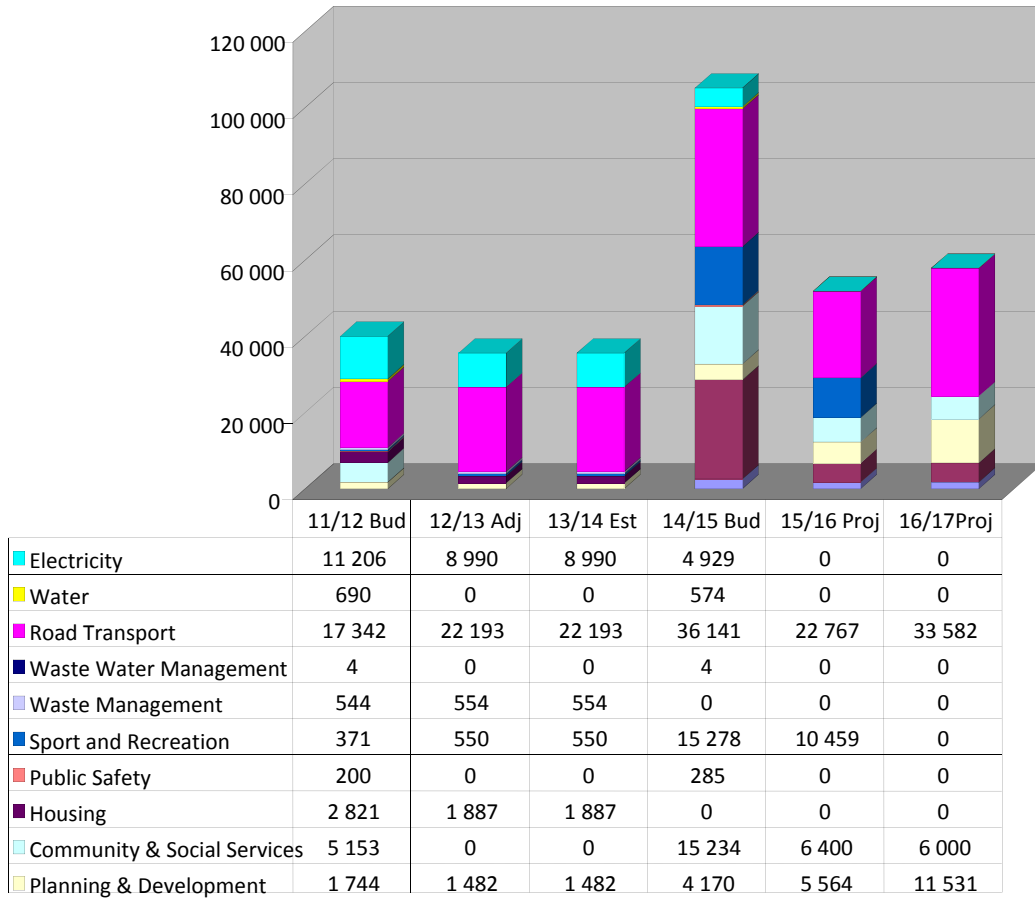
|                    | 10/11<br>Aud | 11/12<br>Bud | 12/13<br>Adj | 13/14<br>Est | 14/15<br>Bud | 15/16<br>Proj | 16/17<br>Proj |
|--------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Other              | 21,766       | 9,047        | 8,991        | 8,991        | 12,728       | 12,728        | 12,728        |
| Government grants  | 87,080       | 92,177       | 98,721       | 98,721       | 120,50       | 126,83        | 137,34        |
| Agency income      | 42,549       | 49,693       | 45,301       | 45,301       | 55,437       | 56,199        | 56,961        |
| Interest - debtors | 16,883       | 17,586       | 22,718       | 22,718       | 20,112       | 21,601        | 23,202        |
| Other services     | 9,226        | 12,822       | 10,918       | 10,918       | 12,839       | 12,338        | 12,498        |
| Refuse tariff      | 18,195       | 19,820       | 19,824       | 19,824       | 20,833       | 22,291        | 23,852        |
| Sanitation tariff  | 14,124       | 15,001       | 14,882       | 14,882       | 15,812       | 16,902        | 18,069        |
| Water tariff       | 25,157       | 25,168       | 19,862       | 19,862       | 28,000       | 29,938        | 32,011        |
| Electricity tariff | 113,42       | 147,81       | 143,89       | 143,89       | 154,29       | 171,20        | 189,14        |
| Property rates     | 39,334       | 40,444       | 40,444       | 40,444       | 43,406       | 46,879        | 50,629        |
| Cash Carry forward | 0            | 0            | 0            | 0            |              | 0             | 0             |

**CHART 2 - OPERATING EXPENDITURE BY GFS FUNCTION**

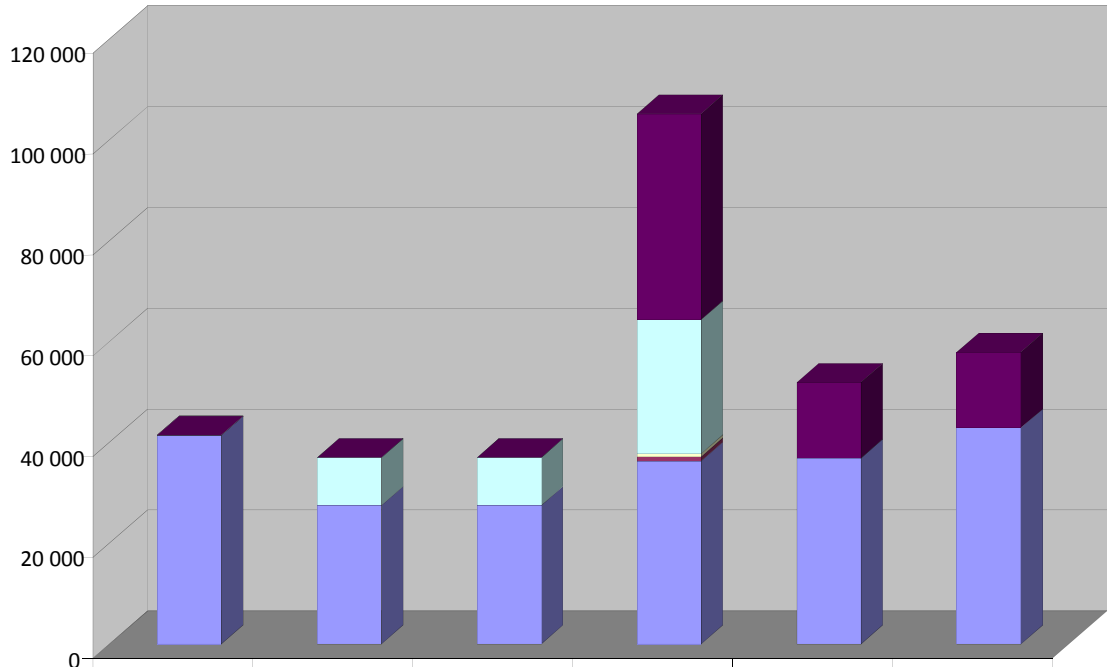


|                             | 09/10<br>Aud | 11/12<br>Bud | 12/13<br>Adj | 13/14<br>Est | 14/15<br>Bud | 15/16<br>Proj | 16/17<br>Proj |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Other                       | 99           | 120          | 117          | 117          | 116          | 121           | 125           |
| Electricity                 | 149,60       | 199,57       | 197,30       | 197,30       | 206,14       | 229,42        | 255,86        |
| Water                       | 49,920       | 73,238       | 72,728       | 72,728       | 86,803       | 89,888        | 93,355        |
| Road Transport              | 9,608        | 13,990       | 14,537       | 14,537       | 16,796       | 16,569        | 17,157        |
| Waste Water Management      | 14,144       | 20,932       | 24,101       | 24,101       | 33,336       | 34,403        | 35,614        |
| Waste Management            | 23,725       | 34,534       | 34,606       | 34,606       | 41,082       | 42,001        | 44,051        |
| Sport and Recreation        | 7,312        | 10,207       | 9,408        | 9,408        | 10,069       | 10,426        | 10,928        |
| Public Safety               | 17,245       | 18,251       | 17,150       | 17,150       | 18,039       | 18,758        | 19,558        |
| Community & Social Services | 9,993        | 11,679       | 11,229       | 11,229       | 11,517       | 11,959        | 12,280        |
| Health                      | 8,927        | 3,970        | 3,970        | 3,970        | 0            | 0             | 0             |
| Planning & Development      | 7,083        | 8,900        | 9,420        | 9,420        | 10,930       | 11,685        | 12,281        |
| Finance & Admin             | 33,481       | 20,765       | 12,357       | 12,357       | 24,464       | 23,976        | 25,496        |
| Executive & Council         | 50,281       | 23,535       | 28,302       | 28,302       | 25,629       | 25,480        | 26,725        |

**CHART 3 - CAPITAL EXPENDITURE BY VOTE**



**CHART 4 - CAPITAL FUNDING BY SOURCE**



|                                 | 11/12 Bud | 12/13 Adj | 13/14 Est | 14/15 Bud | 15/16 Proj | 16/17 Proj |
|---------------------------------|-----------|-----------|-----------|-----------|------------|------------|
| Accumulated Surplus (Own Funds) | 0         | 0         | 0         | 12500     | 10 000     | 10 000     |
| External Loans                  | 0         | 9 500     | 9 500     |           | 0          | 0          |
| District Municipality           | 0         | 0         | 0         |           | 0          | 0          |
| Provincial Government           | 0         | 0         | 0         |           | 0          | 0          |
| National Government             | 41 452    | 27 480    | 27 480    | 37565     | 36 885     | 42 906     |



## Supporting Documentation

Section 17(3) of the MFMA requires certain documents must accompany the budget.

### 7. Budget Process Overview

The following schedule was adopted by the Council in August 2013 and was followed in the preparation of the 2014/15 medium term budget document. This process plan was followed in conjunction with the IPED directorate who are responsible for the review of the Integrated Development Plan. The intention is to ensure that the budget is aligned to the IDP.

#### Lukhanji Municipality

1) Approved schedule for the IDP / PMS and Budget REVIEW PROCESS PLAN – 2013 / 2014

The below schedule was approved by Council on the 30<sup>th</sup> August 2013, for purposes of ensuring compliance with the municipal legislation and alignment between integrated development planning activities and those of budget review process

| Activity   | Date              | Custodian   |
|--|-------------------|---|
| <b>July 2013</b>   |                   |   |
| Review of the IDP for 2013/14 and compilation of the IDP/PMS and Budget Process Plans                                | 1-31 July 2013    | Chief Financial Officer; and Integrated Planning and Economic Development |
| <b>August 2013</b>   |                   |   |
| Preparation of the draft annual performance report 2012 / 2013   | 20-21 August 2013 | Integrated Planning and Economic Development                              |
| Establishment of IDP/PMS AND Budget Committees.  | 26 August 2013    | Executive Mayor   |
| IDP/PMS and Budget Technical Steering committee to discuss draft IDP/PMS and Budget Review Process Plan 2014 / 2015. | 27 August 2013    | Executive Mayor   |
| IDP Representative Forum-Consultation on the draft IDP/PMS AND Budget Review Process Plan 2014/2015.                 | 28 August 2013    | Executive Mayor   |
| Special Council Meeting – Presentation of the IDP/PMS and Budget Review Process Plan 2013/2014 for adoption          | 30 August 2013    | Executive Mayor   |
| 2012/2013 Financial Statements and Draft Annual Performance Report submitted to                                      | 30 August 2013    | Municipal Manager; Chief Financial Officer                                |

| Activity  | Date                 | Custodian  |
|---|----------------------|--|
| Auditor-General.  |                      |  |
| <b>September 2013</b>   |                      |  |
| Advertisement and/or publication of the IDP/PMS and Budget Review Process Plan 2014 / 2015  | 06 September 2013    | Integrated Planning & Economic Development                         |
| Submission of IDP/ PMS and Budget Review Process Plan to the district municipality and other spheres of government  | 06 September 2013    | Integrated Planning & Economic Development                         |
| IDP/PMS and Budget Framework Workshop for all Councillors; Traditional Leaders and Officials  | 17 September 2013    | Integrated Planning & Economic Development                         |
| <b>October 2013</b>   |                      |  |
| Preparations for the sittings of cluster meetings; circulation of information on the situational analysis review processes  | 01 – 04 October 2013 | Integrated Planning & Economic Development<br>Cluster Chairpersons |
| Submission of Performance reports and performance information of the first quarter  | 04 October 2013      | All Directors  |
| IDP/PMS and Budget Technical Steering Committee: presentation of the situational analysis under review, performance report (1 <sup>st</sup> quarter).   | 09 October 2013      | Municipal Manager  |
| IDP/PMS and Budget steering committee: presentation of the situational analysis under review performance report ( 1 <sup>st</sup> quarter)  | 16 October 2013      | Executive Mayor  |
| Cluster meetings to review performance of the first quarter and presentation of the draft review situational analysis.  | 21-25 October 2013   | Cluster Chairperson  |
| Submission of the Performance Report of the institution to the Office of the Executive Mayor  | 30 October 2013      | Integrated Planning & Economic Development                         |
| Public Meetings / Mayoral Imbizo's – Presentation on the 1 <sup>st</sup> quarter performance report to local community  | 31 October 2013      | Executive Mayor  |
| <b>November 2013</b>  |                      |  |
| Review of the Situational analysis continue, review of objectives and strategies.   | 01-29 November 2013  | All Directors  |
| IDP/PMS and Budget Technical Steering Committee – presentation and discussion of the situational analysis. Launch of the second phase of the IDP (Development of the objectives and strategies commences) | 20 November 2013     | Integrated Planning & Economic Development<br>Municipal Manager    |

| Activity   | Date                               | Custodian   |
|--|------------------------------------|---|
| <b>December 2013</b>   |                                    |   |
| Logistical arrangements on the review of the mid-year performance reports, assessment and performance and review of the service delivery and budget implementation plans   | 02 – 06 December 2013              | Integrated Planning & Economic Development                          |
| IDP/PMS and Budget Technical Steering Committee to discuss draft objectives and strategies.  | 11 December 2013                   | Municipal Manager; Integrated Planning and Economic Development     |
| <b>January 2014</b>  |                                    |   |
| Submission of Performance reports and performance information – mid-year performance   | 03 January 2014                    | All Directors   |
| Cluster meetings to discuss mid-year performance reports and draft objectives and strategies   | 07-11 January 2014                 | Cluster Chairperson   |
| IDP/PMS and Budget Technical Steering committee to present and discuss draft objectives and strategies. Launch of the third phase of the IDP (Discussions on the projects commences, preparation of the IDP Core components for submission no later than the end of February 2013) | 15 January 2014<br>15 January 2014 | All Directorates<br>Integrated Planning and Economic Development    |
| Strategic planning session to present updated situation analysis, refined objectives and strategies and draft projects. Review Strategic Scorecard and prepare draft SDBIP 2013 / 2014   | 20 – 22 January 2014               | Municipal Manager; Integrated Planning and Economic Development     |
| Presentation of reviewed SDBIP to the Executive Mayor for approval.  | 23 January 2014                    | Municipal Manager; Integrated Development and Economic Development. |
| Table in Council the draft annual report 2012 / 2012, Mid-year Performance Report 2012 / 2013, annual report, mid-year assessment report, financial statements and audit report  | 24 January 2014                    | Executive Mayor   |
| Publication of the draft annual report, mid-year performance report and the reviewed SDBIP 2012 / 2013   | 31 January 2014                    | Integrated Development and Economic Development                     |

| Activity  | Date               | Custodian   |
|---|--------------------|---|
| <b>February 2014</b>  |                    |   |
| Submission of mid-term performance reports to the Sector Departments (National / Provincial Treasury and the department of Local Government and Traditional Affairs)                | 07 February 2014   | Integrated Planning and Economic Development                          |
| IDP/PMS and Budget Technical Steering Committee to discuss and finalise draft projects and submission of reviewed sector plans.   | 19 February 2014   | Municipal Manager   |
| Public Meetings / Mayoral Imbizo's – Presentation of the mid-year performance report, draft annual report 2012 /2013  | 28 February 2014   | Executive Mayor   |
| <b>March 2014</b>   |                    |   |
| Presentation of draft Reviewed IDP 2014 / 2015 to IDP/PMS and Budget Technical committee and alignment of budget  | 12 March 2014      | Integrated Planning and Economic Development                          |
| IDP/PMS and Budget Steering Meeting: Final draft operating and capital budget presented to Mayoral Committee review   | 19 March 2014      | Executive Mayor   |
| Special Council Meeting – Presentation of the 1 <sup>st</sup> draft IDP 2014/2015 ( 2 <sup>nd</sup> Review)   | 31 March 2014      | Executive Mayor   |
| <b>April 2014</b>   |                    |   |
| Submission of Draft IDP document to the Office of the Premiers, Provincial and National Treasury and the MEC for Local Government ad Traditional Affairs                            | 04 April 2014      | Municipal Manager   |
| Submission of Performance reports and performance information of the third quarter  | 04 April 2014      | All Directors   |
| IDP advertised for public comments, public meetings and consultation  | 04 – 06 April 2014 | Executive Mayor   |
| IDP, Budget and PMS Road shows  | 07 – 25 April 2014 | Executive Mayor   |
| IDP/PMS and Budget Technical Steering Committee to consider public comments and those from sector departments; presentation of performance reports for the 3 <sup>rd</sup> quarter. | 30 April 2014      | Municipal Manager   |
| <b>May 2014</b>   |                    |   |
| IDP/PMS and Budget Steering Committee – Consider final IDP 2014/2015 (2 <sup>nd</sup> Review)   | 14 May 2014        | Integrated Development and Economic Development.<br>Municipal Manager |

|   |                 |  |
|---|-----------------|--|
| IDP/PMS and Budget Technical Steering Committee: Presentation of Final Draft IDP and Budget (Operating and Capital Budget) for presentation to the full Council                     | 21 May 2014     | Executive Mayor  |
| State of the Municipal Address: Council to consider final adoption of the IDP & Budget  | 30 May 2014     | Executive Mayor  |
| <b>June 2014</b>  |                 |  |
| IDP/ PMS and Budget Technical Steering Committee to finalize the service delivery and budget implementation plans for 2014 / 2015   | 11 June 2014    | Integrated Planning and Economic Development                       |
| Submission of the approved Reviewed IDP 2014 / 2015 to the National, Provincial Treasury department, MEC for Local Government and Traditional Affairs and the district municipality | 13 June 2014    | Municipal Manager  |
| Presentation of the final draft service delivery and budget implementation plan to the Executive Mayor for approval.  | 18 June 2014    | Municipal Manager  |
| Assessment of annual performance of the institution.  | 24-27 June 2014 | Integrated Planning and Economic Development.<br>Municipal Manager |
| Ordinary Council Meeting  | 30 June 2014    | Executive Mayor  |

### ***Political Oversight***

Every Municipal Budget is a political document. Although most of the technical preparation of the document is performed by staff, the budget is, in accordance with the MFMA, the Mayor's document. The Mayor and the Mayoral committee were involved with the budget at every step. Their guidance and direction shape the outlook of the budget and what should be contained in it.

In July 2013 the mayor appointed a 'Budget' Steering committee to assist in the political oversight of the budget process. This committee met regularly to review each step of the budget's development. It was this committee that made the major political decisions regarding policies, tariffs and funding issues.

### ***Budget Development Overview***

The 2014/15 budget process began in July 2013 with the development of a Budget Schedule. This schedule outlined the key steps, milestones and timetables for the budget process. The Mayoral Committee also reviewed and approved the 'Budget Preparation and Financial Guidelines' that list the assumptions, goals and roles and responsibilities used in preparing the new budget.

In August 2013 the Mayoral committee approved the budget preparation schedule and tabled that schedule to council.

During the months of September thru January 2013/14 the baseline budget was prepared using the approved guidelines and assumptions. Each directorate was given the opportunity to make changes within their operating budgets. Directorates were also requested to submit capital requests and supplemental operating requests on items such as personnel and new programs.

Concurrent with this process various committees were appointed to review and make recommendations on the municipality's various budget related policies.

At the end of January a first draft budget was prepared using all available data and in March this report was presented to the Mayoral Committee.

On the 26<sup>th</sup> of March 2013 a draft budget was presented to the Mayoral along with a list of recommendations for items such as tariff increases and miscellaneous items.

The draft budget was tabled in council on the 31<sup>st</sup> of March together with the revised IDP for the 2014/15 budget year.

The draft budget was taken to budget road show in April and May to allow for public participation. That exercise afforded the community an opportunity to interact with the municipal officials and the political leadership of the municipality. Inputs from these engagements with the community were then incorporated into the final budget to be presented to Council on the 30<sup>th</sup> of May.

## 8. Alignment of Budget with Integrated Development Plan

*Each year the IDP must be reviewed as required by the Municipal Systems Act and MFMA. It should be reviewed in terms of performance in achieving outcomes and outputs, since the current financial position and the future fiscal outlook for the municipality will have a direct bearing on delivery. The review should ensure that the plans are still within the financial capacity of Lukhanji. This section should give readers a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The intention is not to attach the IDP as an annexure or to repeat everything in the IDP. However, it is critical that the user of the budget documentation obtains a good high-level overview of the IDP and be referred to the detailed IDP documentation.*

### Vision

Lukhanji Municipality to be a municipality of choice that seeks to work closely with its people, and to promote governance, economic growth and sustainable delivery of services.

### Mission

To strive for financial and administrative stability while providing effective, affordable, sustainable integrated development in order to achieve socio economic upliftment, stability and growth.

### Value

In addition to the Batho Pele principles, our municipality commits itself to upholding the following set of values:

- Good Governance
- Accountability
- Public Participation
- People Development
- Teamwork
- Integrity
- Tolerance
- Honesty
- Responsibility
- Trust

### *LUKHANJI KEY PRIORITIES (KPAs) FOR 2014/2019*

Priorities as determined by the communities through the ward councilors and endorsed by the IDP Representative Forum

#### 1. Infrastructure and Basic Services

- Roads
- Storm Water Drainage
- Street lighting

- Sanitation
- 2. Housing
  - Rectification of the RDP houses
- 3. Local Economic Development and job creation
  - Fencing of agricultural and grazing land
  - Tourism
  - SMME development
  - Irrigation schemes
- 4. Social and Recreational Facilities
  - Sports Facilities
  - Fencing facilities
- 5. Health

## *LUKHANJI DEVELOPMENT TARGETS FOR 2014/2019*

### **GOOD GOVERNANCE + FINANCIAL VIABILITY**

- To achieve a clean audit by June 2017
- To improve turnaround time for completion of budget: adjustment , DRAFT 14/15 budget
- To improve turn around for dealing with disciplinary cases brought before the DC to less than 60 days from date of initial charges by end 2015.
- To have all our employees signing a pledge to anti-corruption program by end of 2015.
- To develop clear policy for restorative justice processes and renaming

### **INSTITUTIONAL DEVELOPMENT & TRANSFORMATION**

- To revise and automate and cascade performance management
- To adopt a HR retention strategy
- To adopt revised EEP with specific targets for women, youth and disabled in our top three levels of management
- To fill all critical budgeted vacancies in the organogram by June 2015
- To facilitate accredited training of officials and councilors
- To facilitate training and capacity building of all ward committees

### **LOCAL ECONOMIC DEVELOPMENT**

- To improve Agric contribution to economy by between 1% and 2.5%
- To support Local Tourism Agency
- To adopt an Agriculture and Rural development plan
- To pilot Liberation Heritage Route at Sada and Ntabelanga/Bulhoek
- To develop an investment package by the end of 2015



## **SERVICE DELIVERY**

- To ensure that 90% of our households have safe places to dispose of their refuse and waste by end 2015
- To facilitate construction of community Halls
- To facilitate supply of electricity to 2%of households by June 2015
- To construct 50km of new gravel road network in our rural areas by December 2015
- To maintain and or upgrade at least 25km of road surface (Tarr + Gravel)
- To facilitate increase household access to water and sanitation services

*The tables contained in the following pages attempt to align the draft budget with the IDP.*

**8.2 – Table SA4 – Reconciliation of IDP strategic objectives and Budget – Revenue**

**8.3 – Table SA5 – Reconciliation of IDP strategic objectives and Budget Operating Expenditure**

**8.4 – Table SA6 – Reconciliation of IDP strategic objectives and Budget – Capital Expenditure**

EC134 Lukhanji - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

| Strategic Objective   | Goal   | Goal Code | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |         |
|---|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|---------|
|   |  |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |         |
| R thousand  |  |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |         |
| Good Governance & Financial Viability                         | To achieve clean audit by 30 June 2014   |           |     | 193,542         | 215,532         | 178,138         | 178,762              | 187,516         | 187,516            | 199,041   | 213,561                | 226,228                |         |
| Institutional Development & Transformation                    | Revise and automate and cascade performance management                           |           |     | 973             | 1,084           | 2,456           | 2,464                | 2,585           | 2,585              | 2,744   | 2,944                  | 3,119                  |         |
| Local Economic Development                                    | Improve agricultural contribution to economy                                     |           |     | 1,303           | 1,451           | 6,387           | 6,409                | 6,723           | 6,723              | 7,136   | 7,657                  | 8,111                  |         |
| Service Delivery  | Ensure that 90% of households have safe places to dispose their refuse and waste |           |     | 223,604         | 249,009         | 314,935         | 407,744              | 427,711         | 427,711            | 74,713  | 78,552                 | 72,753                 |         |
| Service Delivery  | To facilitate construction of Community Halls                                    |           |     |                 |                 |                 |                      |                 |                    | 9,256   | 6,197                  | 397                    |         |
| Service Delivery  | To facilitate supply of electricity to 90% of households by June 2015            |           |     |                 |                 |                 |                      |                 |                    | 192,585   | 209,884                | 233,462                |         |
| Service Delivery  | To maintain and upgrade at least 25km of roads each year until 2017              |           |     |                 |                 |                 |                      |                 |                    | 38,099  | 28,929                 | 35,770                 |         |
| Allocations to other priorities                               |  |           | 2   |                 |                 |                 |                      |                 |                    |   |                        |                        |         |
| Total Revenue (excluding capital transfers and contributions) |  |           |     | 1               | 419,422         | 467,076         | 501,916              | 595,379         | 624,535            | 624,535   | 523,574                | 547,723                | 579,839 |

EC134 Lukhanji - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

| Strategic Objective                        | Goal   | Goal Code | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |         |
|--|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|---------|
|  |  |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |         |
| R thousand                                 |  |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |         |
| Good Governance & Financial Viability      | To achieve clean audit by 30 June 2014                                     |           |     | 78,245          | 397,305         | 59,001          | 49,718               | 49,718          | 49,718             | 57,673  | 62,531                 | 65,405                 |         |
| Institutional Development & Transformation | Revise and automate and cascade performance management                     |           |     | 5,517           | 5,948           | 4,502           | 4,588                | 4,588           | 4,588              | 5,322   | 5,770                  | 6,036                  |         |
| Local Economic Development                 | Improve agricultural contribution to economy                               |           |     | 7,083           | 7,636           | 21,440          | 11,849               | 11,849          | 11,849             | 13,745  | 14,903                 | 15,588                 |         |
| Service Delivery                           | Ensure that 90% of households have safe places to dispose their refuse and |           |     | 290,579         | 313             | 371,381         | 459,561              | 477,394         | 477,394            | 164,031   | 170,694                | 187,202                |         |
| Service Delivery                           | To facilitate construction of Community Halls                              |           |     |                 |                 |                 |                      |                 |                    | 3,825   | 3,980                  | 4,188                  |         |
| Service Delivery                           | To facilitate supply of electricity to 90% of households by June 2015      |           |     |                 |                 |                 |                      |                 |                    | 207,576   | 233,399                | 243,011                |         |
| Service Delivery                           | To maintain and upgrade at least 25km of roads each year until 2017        |           |     |                 |                 |                 |                      |                 |                    | 4,041   | 4,620                  | 4,930                  |         |
| Allocations to other priorities            |  |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |         |
| Total Expenditure                          |  |           |     | 1               | 381,423         | 411,202         | 456,324              | 525,717         | 543,550            | 543,550   | 456,213                | 495,897                | 526,360 |

EC134 Lukhanji - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

| Strategic Objective                        | Goal   | Goal Code | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |        |
|--|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|--------|
|  |  |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |        |
| R thousand                                 |  |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |        |
| Good Governance & Financial Viability      | To achieve clean audit by 30 June 2014                                     | A         |     | 17,777          | 524             | -               |                      |                 |                    |   |                        |                        |        |
| Institutional Development & Transformation | Revise and automate and cascade performance management                     | B         |     | -               | -               | -               |                      |                 | -                  | 2,500   | 2,500                  | 2,500                  |        |
| Local Economic Development                 | Improve agricultural contribution to economy                               | C         |     | 571,874         | 16,861          | 2,535           | 2,235                | 2,235           | 2,235              | 1,703   | 1,582                  | 1,636                  |        |
| Service Delivery                           | Ensure that 90% of households have safe places to dispose their refuse and | D         |     | 212,352         | 6,261           | 102,617         | 27,291               | 27,291          | 27,291             | 5,056   | 7,750                  | 5,214                  |        |
| Service Delivery                           | To have good access road in the communities                                | E         |     |                 |                 |                 | 40,136               | 51,459          | 51,459             | 26,551  | 22,312                 | 29,000                 |        |
| Service Delivery                           | To facilitate construction of Community Halls                              | F         |     |                 |                 |                 |                      |                 |                    | 8,860   | 5,800                  | -                      |        |
| Service Delivery                           | To facilitate supply of electricity to 90% of households by June 2015      | G         |     |                 |                 |                 |                      |                 |                    | 15,770  | 3,000                  | 6,000                  |        |
| Service Delivery                           | To construct and upgrade sport facilities in the community                 | H         |     |                 |                 |                 |                      |                 |                    | 6,920   | 8,880                  | 9,131                  |        |
| Allocations to other priorities            |  |           | 3   |                 |                 |                 |                      |                 |                    |   |                        |                        |        |
| Total Capital Expenditure                  |  |           |     | 1               | 802,003         | 23,647          | 105,151              | 69,662          | 80,985             | 80,985  | 67,361                 | 51,824                 | 53,480 |

## 9 Budget Related Policies Overview and Amendments

The draft budget contains detailed policies which have direct bearing on the budget. Some of these policies are existing policies which have been **reviewed** whilst some are new policies to be considered by council for approval alongside with the final budget.

This section attempts to give a **broad overview** of some of the budget policy framework and highlight the amended policies to be approved by council resolution.

Budget related policies include, but are not limited to:

- Revenue related policies (tariffs, credit control, revenue collection, indigents, etc)
- Free basic services including levels, households benefiting and cost
- Investment of funds, reserves, borrowing and cash management
- Supply chain management policy
- Adjustment budgets, and unforeseen and unavoidable expenditure

### ***Revenue Related Policies***

In 2007/08 the municipality approved several revised revenue related policies. These included a revised credit control and debt collection policy.

Policies submitted for revision in line with the 2014/15 tabled budget include:

Lukhanji Municipality Free Basic Services Policy  
Lukhanji Municipality Arrangement Policy  
Lukhanji Municipality Credit Control and Debt Collection policy

### ***Credit Control and Debt Collection Policy***

This policy lays out the framework and the principles by which the municipality deals with those citizens that either want to connect to the municipal services or fall into arrears on the municipal services for which they are provided service.

This policy sets out the application process, the billing process and the mechanism to be used when performing the debt collection function.

### ***Free Basic Services***

The free basic services policy is written in line with national directives and recommendations and states that those households registered as indigent within the municipality will receive 50kw of electricity and 10kl of water each month free of charge for the provision of basic service.

### ***Investment of Funds, borrowing and cash management***

In accordance with the MFMA, this past financial year the council adopted a 'cash and investment policy' setting out various principles and reporting requirements for the municipality's investments.

During 2013/14 a debt management policy that sets out the debt policy of the municipality was also amended. This policy sets a framework for the municipality to use when considering the use of debt for a project. This policy also sets self-imposed limits on both the total amount of debt that can be issued by the municipality and the amount required each year for annual debt servicing.

### ***Supply Chain Management Policy***

The MFMA required the municipality to adopt and implement a new supply chain policy by January 1<sup>st</sup> of 2006. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA. This policy has been reviewed in this financial year and has been presented to council for approval.

### ***Unforeseen and Unavoidable Expenditure Policy***

In accordance with the MFMA the council passed a policy to be used in the municipality when unforeseen and unavoidable expenditures become needed. This policy delegates certain powers and responsibilities onto the Mayor and Municipal Manager and requires all such expenditures to be tabled before council in an adjustment budget as soon as possible.

### ***Adjustment budget Policy***

A policy relating to adjustment budgets was adopted by council during the 2006/07 financial year and was revised this year through the budget process. This policy sets out the method and authority for proposing adjustments budgets to council during the financial year.

### ***Debt Management Policy***

A Debt Management Policy was adopted by council in 2007/08. This policy is meant to establish guidelines for the issuance, use of or budgeting of debt instruments within the municipality.

### ***Write Off Policy***

The municipality has many old and uncollectible accounts still within its active billing system.

This write off policy (adopted in 2007/08) establishes guidelines and authorization levels and criteria to be used when writing off those debtor accounts that are deemed uncollectible.

### ***Arrangements Policy***

This policy (adopted in 2007/08) creates the framework to guide staff in entering into arrangements for payment with municipal customers that have problems paying their accounts.

The policy differentiates between indigent, domestic and business type customers. The policy also basis repayment schedules based upon the income levels of households and sets guidelines to use when dealing with indigents.

### ***New Policies to be considered by Council***

1. ICT Policies
2. Virement Policy
3. Gift Policy

These policies are attached to this budget document for easy referencing. The policies give guidance on how the budget will be implemented.

## 10 Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. The section provides a comprehensive summary of all the assumptions used in preparing the budget.

| <b>Budget Assumptions Table 2014/15</b>  |                              |                              |                              |
|--|------------------------------|------------------------------|------------------------------|
|  | <b>Estimated<br/>2014/15</b> | <b>Estimated<br/>2015/16</b> | <b>Estimated<br/>2016/17</b> |
| <b>1) General Inflation Factor</b>       | <b>6.3%</b>                  | <b>5.8%</b>                  | <b>5.6%</b>                  |
| <b>2) Interest Rates:</b>                |                              |                              |                              |
| <b>Borrowing</b>                         | <b>10.0%</b>                 | <b>10.0%</b>                 | <b>10.0%</b>                 |
| <b>Investing</b>                         | <b>6.0%</b>                  | <b>6.0%</b>                  | <b>6.0%</b>                  |
| <b>3) Increases - Rates and Tariffs:</b> |                              |                              |                              |
| <b>Growth Factor</b>                     | <b>1.0%</b>                  | <b>1.0%</b>                  | <b>1.0%</b>                  |
| <b>Rates</b>                             | <b>10.0%</b>                 | <b>8.0%</b>                  | <b>8.0%</b>                  |
| <b>Electricity</b>                       | <b>7.0%</b>                  | <b>8.0%</b>                  | <b>8.0%</b>                  |
| <b>Refuse</b>                            | <b>8.0%</b>                  | <b>10.0%</b>                 | <b>10.0%</b>                 |
| <b>Water</b>                             | <b>6.0%</b>                  | <b>6.0%</b>                  | <b>6.0%</b>                  |
| <b>Sanitation</b>                        | <b>6.0%</b>                  | <b>6.0%</b>                  | <b>6.0%</b>                  |
| <b>4) Tax Base Growth</b>                | <b>0.0%</b>                  | <b>0.0%</b>                  | <b>0.0%</b>                  |
| <b>5) Billing Collection Rates:</b>      |                              |                              |                              |
| <b>Rates</b>                             | <b>81.0%</b>                 | <b>81.0%</b>                 | <b>81.0%</b>                 |
| <b>Electricity</b>                       | <b>87.0%</b>                 | <b>87.0%</b>                 | <b>87.0%</b>                 |
| <b>Refuse</b>                            | <b>54.0%</b>                 | <b>54.0%</b>                 | <b>54.0%</b>                 |
| <b>Water</b>                             | <b>61.0%</b>                 | <b>61.0%</b>                 | <b>61.0%</b>                 |
| <b>Sanitation</b>                        | <b>71.0%</b>                 | <b>71.0%</b>                 | <b>71.0%</b>                 |
| <b>Debtor Interest</b>                   | <b>14.6%</b>                 | <b>14.6%</b>                 | <b>14.6%</b>                 |
| <b>6) Bulk Electricity Purchases</b>     |                              |                              |                              |
| <b>Growth Factor</b>                     | <b>0.0%</b>                  | <b>0.0%</b>                  | <b>0.0%</b>                  |
| <b>Bulk Cost Increases</b>               | <b>25.9%</b>                 | <b>15.0%</b>                 | <b>5.0%</b>                  |
| <b>7) Salary Increases</b>               |                              |                              |                              |
| <b>Salaries</b>                          | <b>7.0%</b>                  | <b>6.0%</b>                  | <b>6.0%</b>                  |
| <b>Overtime</b>                          | <b>6.5%</b>                  | <b>6.0%</b>                  | <b>6.0%</b>                  |
| <b>Contract Workers</b>                  | <b>4.0%</b>                  | <b>4.0%</b>                  | <b>4.0%</b>                  |



|     |   |             |             |             |
|-----|---|-------------|-------------|-------------|
| 8)  | WSSA contract increase                      | 5.0%        | 5.0%        | 5.0%        |
| 9)  | Equitable Share Allocation                  | 118 301 000 | 127 277 000 | 125 368 000 |
| 10) | Water/Sanitation Subsidy<br>(from District) | 46 935 370  | 49 282 138  | 51 746 245  |
| 12) | Primary Health Clinics<br>Allow.            | -           | -           | -           |
| 13) | Primary Health Clinics<br>Deficit           | -           | -           | -           |
| 14) | ATIC Clinics Allow.                         |             |             |             |
| 15) | ATIC Clinic Deficit                         | -           | -           | -           |
| 16) | Property Sales                              | -           | -           | -           |
| 17) | Small Equipment Purchases                   | -           | -           | -           |
| 18) | Change in # of Staff                        | -           | -           | -           |
| 19) | New Capital Purchases<br>(Fleet)            | 1 979 250   | 1 958 000   | 2 346 000   |
| 20) | New Debt Payments<br>(Fleet)                | 378 479     | 374 415     | 448 610     |
| 21) | Library Allocation                          | 4 150 000   | 4 150 000   | 4 150 000   |

The above assumptions were anticipated when the planning stage of the 2014/15 budget was conceived. It must be noted however that as the year progresses some of these guidelines had to change due to the dynamic nature of the economy.

Salaries were anticipated to increase by 7.0% but the new guideline in secular 72 stipulates that municipalities use the average CPI plus 1.0 percent which is the 6.79 %. Electricity tariff was expected to increase by 7.0% but by NERSA guidelines the rate will be hiked by 7.39%. Water and sanitation function has since been taken over by the District Municipality. As a result of this development these two functions have been taken out of the final budget to be presented to council on the 30<sup>th</sup> of May 2014.

Nevertheless these guidelines enable the municipality to work within set parameters.

## **General inflation outlook and its impact on the municipal activities**

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 67, 70 and 72 from National Treasury for the next three years when preparing this medium term budget. The budget is also based on some of the earlier circulars which are still relevant such as circular 58.

## **Interest rates for borrowing and investment of funds**

Based on historical trends and current market analysis we have used 10% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 6% rate for cash invested.

## **Rates, tariffs, charges and timing of revenue collection**

The Municipality has completed property valuations over the past two years with supplementary valuations being done. The new valuations on property within the municipality have made it possible to be able to determine the correct property values under the Lukhanji municipal area. As a result of this, infrastructure improvement rate which used to be levied on properties which were not valued has been discontinued. Rates are set to increase by 10% representing the CPIX.

The billed revenue from property tariff was R74.4 million in the 2013/14 adjustment budget from R68.6 million in the 2013/14 original budget. This was largely due to some revenue being collected in respect of infrastructure improvement rate. It is not likely for this rate to be collected in the 2014/15 financial year. It is therefore not prudent on the part of the municipality to base the 2014/15 revenue from the 2013/14 adjusted estimate. The estimated revenue to be collected in 2014/15 has been determined to be R75.2 million reflecting the 10.0% increase.

When the budget was approved last year, revenue to be collected in respect of billed electricity revenue was R165.9 million. The revenue enhancement team meant to curb the high electricity losses and to increase revenue to be collected from did improve billed revenue. In addition, there were new connections to new properties. The 2014/15 adjusted billed revenue was R182.7. After the mid – year budget, revenue was not up to what it was in the first half of the year. It was therefore important not to base the 2014/15 electricity tariff revenue on the adjusted figure but to use the 2013/14 approved figure. Billed revenue for the 2014/15 budget will therefore be R178.9 million.

## **Cost Reflective tariffs**

A costing study was conducted in 2005/06 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. As a result of this study a new costing model was developed to distribute the indirect or 'administrative' costs incurred by the municipality. This new costing model is

reflected in the proposed tariffs for the municipality this year. Circular 70 from the National Treasury, urges municipalities to adopt cost reflective tariffs.

Refuse charges are set to remain at 8% this year. This is as a result of the service not breaking even or running at a loss. This will have to be increased over a number of years to ensure that the service is fully funded. It is anticipated that once consumers start to pay for these service and a full break-even is achieved, the municipality will start lowering this rate.

Electricity tariff is determined and controlled by the energy regulator NERSA. Electrical service is dependent on bulk electric purchases from ESKOM. As a result of the 8.06% increase in the cost of bulk electricity purchases, the tariffs charged to customers will increase this year by 7.39 margin. Indigent customers will be subsidized as follows:

|              |                |
|--------------|----------------|
| 0 – 50kw     | free           |
| 51kw onwards | 7.39% Increase |

Provision of water is a district municipal function. As a result the municipality performs the water and sanitation services under an agency agreement with the Chris Hani District Municipality. That contract to provide the water and sanitation function expires in June 2014 and the District decided not to renew the contract with the local municipality but rather provide the water and sanitation service itself to the public. The municipality was about to implement a steep increase in water tariff for the 2014/15 financial year

The take – over of the water and sanitation function by the District municipality has left the municipality with only the following major tariffs: Refuse, Electricity and Property Rates. This has affected the final budget to be approved by council on the 30<sup>th</sup> of April. From an initial operational budget of R609 in the draft budget , the final budget to be tabled to council will be reduced by R153.4 million due to the two services being taken over by the District municipality.

### **Collection rates for each revenue source and customer type**

(for more detail see section 15 – revenue by source and vote)

Collection of billed services continues to be problematic in many areas of the municipality. As a result of this the allowance for bad debts has been increased substantially over the past years to more closely reflect the actual collection rate of municipal services. These lower collection rates continue to put upward pressure on service tariffs and will require a conscience effort to address in the future. There are however glimpses of improve collection rate of billed services in the first half of the 2013/14. It is hoped that this trend will continue into 2014/15 financial year.

Collection rates for services that are billed to the community are usually very different than the amount actually billed for a particular service. This is the result of many different factors including consumer attitude, ability to pay and other issues. The municipality began a project plan last year to improve the collection of the various billed services thru a project management plan that addresses many different areas of the billing and collection cycle.

In addition, the credit control and debt collection policy was revised this year and a debtor's write off and arrangements policies were also added to the mix. The adoption of these policies is only one part of a multi prong approach to address this issue.

### **Average salary increases**

When we include councillor allowances; salaries and related expenses make up almost 33% of the operating budget. This has taken the municipality close to the National Treasury threshold of the salary budget not exceeding 33.0% of its operating budget. This will affect further employment of staff as the municipality will not like to exceed the 33.0% threshold. This salary related expenses are increased each year by bargaining agreements controlled by SALGA.

Salaries for municipal workers are projected to increase steadily over the medium term budget forecast. For 2014/15 salaries are projected to increase 6.8%, for 14/15 to 15/16 a projected 6.4% increase is also used.

## **11 Funding the Budget**

### **Fiscal Overview**

Over the past few years the Lukhanji Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA.

Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

The MFMA requires many things from the municipality in this respect. Some of these items include: 1) Payment of all creditors within 30 days; 2) using only realistically expected actual revenues and non-committed cash surpluses to fund the budget; 3) discontinue the use of short term borrowing (bank overdraft) to fund operating expenses; and 4) ensuring that all required reserve funds are 'cash backed'.

Primarily from a cash point of view, Lukhanji has faced serious financial difficulties over the past few years. Lukhanji is not alone. Many local municipalities in South Africa are facing the same difficulties. The reasons for this situation are not simple and neither are the solutions. Over the past years the municipality has been required to take on large numbers of employees, a large borrowing debt and a large population that simply do not have the income to pay the rates and tariffs required. In recent years though, the municipality has not taken any new debt as a result, the municipality will pay off its debt in the medium term budget.

It is to this end the municipality has continued to focus its attention toward the past few years. Prudent budgeting and some hard decision making has allowed this goal to become a reality. The municipality will end 2013/14 with enough cash at the end of the financial year to pay all of its creditors. This, however, must not be the end.

The municipality must strengthen its credit control and debt collection efforts. We must evaluate every area of operations and ask ourselves if we are doing things in the most efficient and effective way. We must make sure that those organs of state for which we supply agency functions pay for those functions in their entirety so that local Rand can be used to pay for the local services that we are required to perform.

Probably most important, we must be willing to change. We cannot continue to do things the way that we always have done them in the past.

New challenges always bring with them new opportunities. We must find those opportunities that present themselves and use them to better our municipality.

### **Funded verses a Balanced budget: Table SA 10**

The implementation of the MFMA changes the perspective of the budget from a 'funds' perspective where the emphasis is on balancing funds going out to funds coming in to a more dynamic accounting prospective.

This new prospective requires us to analyse the budget from several viewpoints to ensure that the budget is indeed balanced in accordance with the MFMA. The MFMA requires in section 18 that the budget be funded using only 'realistically' anticipated revenues to be collected and cash backed accumulated funds that are not committed to other purposes. Borrowed funds can only be used to fund capital budget items in accordance with MFMA requirements. These were part of the strategies presented to the Budget Steering committee in September 2013.

Although we show revenues on an accrual basis we must ensure that revenues used to fund the budget are realistically anticipated to be collected.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The municipality has followed these principles and the directions put forth in NT circulars 41 and 42 concerning both the budget process and funding of a municipal budget.

We have made full disclosure on all revenues using accrual methods and all cash that is available has been shown where it is legally committed to be spent.

Cash flow for the 2014/15 budget year reflects that cash receipts for the year will be sufficient to place a small surplus into working operating capital. It is anticipated that a cash surplus of R19.3 million will be realised by the end of the 2014/15 financial year. This is shown in the supporting table SA30 attached to this report.

EC134 Lukhanji Supporting Table SA10 Funding measurement

| Description   | MFMA section | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|--------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |              |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Funding measures</b>                                       |              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end - R'000                 | 18(1)b       | 1   | 125,000         | 176,729         | 46,434          | 105,552              | 130,439         | 130,439            | 130,439           | 167,606   | 182,236                | 205,310                |
| Cash + investments at the yr end less applications - R'000    | 18(1)b       | 2   | 163,732         | 267,806         | 293,605         | 206,006              | 281,276         | 281,276            | 281,276           | 240,727   | 249,006                | 257,030                |
| Cash year end/monthly employee/supplier payments              | 18(1)b       | 3   | 4.4             | 5.7             | 1.5             | 2.8                  | 3.3             | 3.3                | 3.3               | 5.1   | 5.1                    | 5.4                    |
| Surplus/(Deficit) excluding depreciation offsets: R'000       | 18(1)        | 4   | 37,999          | 55,874          | 45,592          | 69,662               | 80,985          | 80,985             | 80,985            | 67,361  | 51,826                 | 53,480                 |
| Service charge rev % change - macro CPIX target exclusive     | 18(1)a,(2)   | 5   | N.A.            | 11.8%           | 11.2%           | 2.5%                 | 0.6%            | (6.0%)             | (6.0%)            | (21.2%)   | 4.0%                   | 3.7%                   |
| Cash receipts % of Ratepayer & Other revenue                  | 18(1)a,(2)   | 6   | 58.0%           | 90.9%           | 61.5%           | 80.2%                | 83.2%           | 83.2%              | 83.2%             | 82.2%   | 82.3%                  | 82.1%                  |
| Debt impairment expense as a % of total billable revenue      | 18(1)a,(2)   | 7   | 35.9%           | 31.6%           | 25.3%           | 25.3%                | 19.7%           | 19.7%              | 19.7%             | 19.0%   | 18.7%                  | 18.5%                  |
| Capital payments % of capital expenditure                     | 18(1)c;19    | 8   | 3.4%            | 122.5%          | 79.5%           | 100.0%               | 100.0%          | 100.0%             | 100.0%            | 90.7%   | 100.0%                 | 100.0%                 |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c       | 9   | 0.0%            | 0.0%            | 45.1%           | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| Grants % of Govt. legislated/gazetted allocations             | 18(1)a       | 10  |                 |                 |                 |                      |                 |                    |                   | 0.0%  | 0.0%                   | 0.0%                   |
| Current consumer debtors % change - incr(decr)                | 18(1)a       | 11  | N.A.            | 11.2%           | (5.8%)          | (44.0%)              | 62.3%           | 0.0%               | 0.0%              | (2.2%)  | 0.0%                   | 0.0%                   |
| Long term receivables % change - incr(decr)                   | 18(1)a       | 12  | N.A.            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| R&M % of Property Plant & Equipment                           | 20(1)(v)i    | 13  | 0.9%            | 0.9%            | 1.9%            | 2.8%                 | 2.2%            | 2.2%               | 1.5%              | 1.5%  | 1.8%                   | 1.8%                   |
| Asset renewal % of capital budget                             | 20(1)(v)i    | 14  | 0.0%            | 0.0%            | 26.5%           | 31.6%                | 29.8%           | 29.8%              | 0.0%              | 21.9%   | 31.5%                  | 33.7%                  |

References

## 11.2 Financial Indicators – Table SA 8

The municipality is in the process of developing useful performance indicators that will be both meaningful and useful for detecting financial problems and trends that need to be investigated. These indicators are not available at this time but will be made public once finalized.

EC134 Lukhanji - Supporting Table SA8 Performance indicators and benchmarks

| Description of financial indicator   | Basis of calculation   | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Borrowing Management</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Credit Rating  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital Charges to Operating Expenditure                                       | Interest & Principal Paid /Operating Expenditure   | 0.5%            | 1.8%            | 1.2%            | 0.7%                 | 0.7%            | 0.7%               | 0.7%              | 0.5%  | 0.3%                   | 0.0%                   |
| Capital Charges to Own Revenue   | Finance charges & Repayment of borrowing /Own Revenue  | 0.6%            | 2.3%            | 1.5%            | 1.0%                 | 0.9%            | 0.9%               | 0.9%              | 0.7%  | 0.4%                   | 0.0%                   |
| Borrowed funding of 'own' capital expenditure                                  | Borrowing/Capital expenditure ex cl. transfers and grants and contributions                  | 0.0%            | 0.0%            | 45.1%           | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b>Safety of Capital</b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Gearing  | Long Term Borrowing/ Funds & Reserves  | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b>Liquidity</b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current Ratio  | Current assets/current liabilities   | 4.7             | 5.0             | 5.2             | 4.8                  | 3.6             | 3.6                | 3.6               | 5.7   | 6.0                    | 6.2                    |
| Current Ratio adjusted for aged debtors  | Current assets less debtors > 90 days/current liabilities                                    | 4.7             | 5.0             | 5.2             | 4.8                  | 3.6             | 3.6                | 3.6               | 5.7   | 6.0                    | 6.2                    |
| Liquidity Ratio  | Monetary Assets/Current Liabilities  | 2.2             | 2.7             | 3.3             | 3.2                  | 2.1             | 2.1                | 2.1               | 3.1   | 3.3                    | 3.6                    |
| <b>Revenue Management</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Annual Debtors Collection Rate (Payment Level %)                               | Last 12 Mths Receipts/Last 12 Mths Billing   |                 | 58.0%           | 90.9%           | 61.5%                | 80.2%           | 83.2%              | 83.2%             | 83.2%   | 82.2%                  | 82.3%                  |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) |  | 58.0%           | 90.9%           | 61.5%           | 80.2%                | 83.2%           | 83.2%              | 83.2%             | 82.2%   | 82.3%                  | 82.1%                  |
| Outstanding Debtors to Revenue   | Total Outstanding Debtors to Annual Revenue  | 33.1%           | 34.3%           | 29.0%           | 15.5%                | 24.3%           | 24.3%              | 24.3%             | 28.3%   | 26.1%                  | 24.6%                  |
| Longstanding Debtors Recovered   | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old                                    |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Creditors Management</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Creditors System Efficiency  | % of Creditors Paid Within Terms (within MFMA' s 65(e))                                      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Creditors to Cash and Investments  |  | 21.0%           | 18.6%           | 113.8%          | 5.4%                 | 1.7%            | 1.7%               | 1.7%              | 0.4%  | 0.4%                   | 0.4%                   |
| <b>Other Indicators</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Electricity Distribution Losses (2)  | Total Volume Losses (kW)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  | Total Cost of Losses (Rand '000)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Water Distribution Losses (2)  | % Volume (units purchased and generated less units sold)/units purchased and generated       |                 |                 | 0               |                      |                 |                    |                   |   |                        |                        |
|  | Total Volume Losses (kℓ)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee costs   | Total Cost of Losses (Rand '000)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  | % Volume (units purchased and generated less units sold)/units purchased and generated       |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee costs   | Employee costs/(Total Revenue - capital revenue)   | 23.4%           | 22.4%           | 20.8%           | 27.3%                | 26.5%           | 26.5%              | 26.5%             | 29.2%   | 28.6%                  | 28.7%                  |
| Remuneration   | Total remuneration/(Total Revenue - capital revenue)   | 27.1%           | 0.0%            | 28.5%           | 30.9%                | 29.2%           | 29.2%              |                   | 33.6%   | 32.9%                  | 32.9%                  |
| Repairs & Maintenance  | R&M/(Total Revenue excluding capital revenue)  | 1.6%            | 1.4%            | 2.8%            | 4.4%                 | 3.1%            | 3.1%               |                   | 2.5%  | 2.7%                   | 2.7%                   |
| Finance charges & Depreciation   | FC&D/(Total Revenue - capital revenue)   | 3.9%            | 4.4%            | 6.0%            | 3.9%                 | 4.9%            | 4.9%               | 4.9%              | 6.7%  | 6.0%                   | 5.5%                   |
| <b>IDP regulation financial viability indicators</b>                           |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| i. Debt coverage   | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year | 26.3            | 11.9            | 53.2            | 41.3                 | 41.3            | 41.3               | 44.6              | 37.0  | 43.6                   | 47.4                   |
| ii. O/S Service Debtors to Revenue   | Total outstanding service debtors/annual revenue received for services                       | 65.6%           | 61.7%           | 49.7%           | 25.7%                | 39.1%           | 39.1%              | 39.1%             | 45.0%   | 41.0%                  | 37.4%                  |
| iii. Cost coverage   | (Available cash + Investments)/monthly fixed operational expenditure                         | 4.4             | 5.7             | 1.5             | 2.8                  | 3.3             | 3.3                | 3.3               | 5.1   | 5.1                    | 5.4                    |

## Sources of Funding

### 11.3 Rates, tariffs and other charges

The detailed listings of all of the proposed tariffs and rates for the 2014/15 financial year are contained in **appendix A**. In this section we will highlight only the major changes proposed. We will concentrate on the two major tariffs of the municipality along with the property rates.

These three revenue sources will account for an almost R262.3 million in billed revenue for the municipality in 2014/15 and will account for an estimated R201.4 million in actual cash collection. The breakdown is as follows:

| <u>Item</u>         | <u>Billed (000's)</u> | <u>Cash (000's)</u>   |
|---------------------|-----------------------|-----------------------|
| • Property Rates    | 75,162                | 73,789                |
| • Electricity       | 178,929               | 148,762               |
| • Refuse Collection | 30,507                | 16,749                |
| • <b>Total</b>      | <b><u>284,598</u></b> | <b><u>239,300</u></b> |

### Property Rates

The municipality still faces the challenges regarding valuations done by the service provider. Currently the municipality is trying to obtain solutions from the service provider regarding incorrect valuations as well as properties not correctly identified in the valuation roll. This will hopefully be resolved and will enable the municipality to raise its rates correctly on 1 July 2015.

As shown in appendix A levied rates are proposed to be increased by **10%** this budget year.

### Electricity Tariffs

The single largest revenue source for the municipality is the electricity tariff (R178.9 million next year). It is also the source of the single largest expenditure – bulk electricity purchases (budgeted at R150.4 million next year).

The vast majority of domestic users of the municipal electrical distribution system are using a 'pre-paid' meter system. Using this system the municipality is able to collect the tariff charge 'up front' and eliminate all bad debts associated with these customers. This is the reason that the collection rate from the electricity tariff is so high compared to other tariffs that are billed in the conventional way.

Some 3199 customers (including domestic, commercial and industrial) are billed via a conventional meter. As can be seen in the rates listed in appendix A the charge to these customers is broken down into several components including fixed component and several usage based components.



The tariff increase put forth in the budget for electricity is **7.39%**.

### **Water and Wastewater Management Tariffs**

As indicated earlier the District municipality who are the water authority have taken over the water and sanitation function from the local municipality. As from the 1<sup>st</sup> of July 2014 the municipality will not be performing the water and sanitation function on behalf of the district municipality.

### **Refuse Collection**

Refuse collection tariffs are 'use based' fees that are based on factors such as the category of the customer and the number of removals required.

For 2014/15 financial year we are proposing an **8.0%** increase in refuse tariffs across the board. The tariff could have been reduced next year as a result of the service breaking even after the previous increases, but the 52.0% collection rate made it impossible to hike rates.

The listing of proposed refuse tariffs is included in appendix A.

### **11.5 - Investments – cash backed accumulated surplus**

*This section documents particulars of existing investments and predicted levels of investments based on future strategies. The portfolio of investments should also be compliant with the MFMA, regulations and investment framework.*

The following tables are included to show details concerning the municipality's investments.

### **11.6 - Table SA15 – Investments Particulars by Type**

### **11.7 - Table SA16 – Investments Particulars by Maturity**

EC134 Lukhanji - Supporting Table SA15 Investment particulars by type

| Investment type                            | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| R thousand                                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Parent municipality</b>                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Securities - National Government           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Listed Corporate Bonds                     |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Bank                            |     | 97 722          | 103 035         | 120 841         | 106 242              | 111 069         | 111 069            | 119 734   | 127 934                | 136 134                |
| Deposits - Public Investment Commissioners |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Corporation for Public Deposits |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Bankers Acceptance Certificates            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Negotiable Certificates of Deposit - Banks |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Guaranteed Endowment Policies (sinking)    |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Repurchase Agreements - Banks              |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Municipal Bonds                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Municipality sub-total</b>              | 1   | 97 722          | 103 035         | 120 841         | 106 242              | 111 069         | 111 069            | 119 734   | 127 934                | 136 134                |
| <b>Entities</b>                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Securities - National Government           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Listed Corporate Bonds                     |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Bank                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Public Investment Commissioners |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Deposits - Corporation for Public Deposits |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Bankers Acceptance Certificates            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Negotiable Certificates of Deposit - Banks |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Guaranteed Endowment Policies (sinking)    |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Repurchase Agreements - Banks              |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Entities sub-total</b>                  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Consolidated total:</b>                 |     | 97 722          | 103 035         | 120 841         | 106 242              | 111 069         | 111 069            | 119 734   | 127 934                | 136 134                |

EC134 Lukhanji - Supporting Table SA16 Investment particulars by maturity

| Investments by Maturity               | Ref      | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate 3. | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Opening balance | Interest to be realised | Partial / Premature Withdrawal (4) | Investment Top Up | Closing Balance |
|---------------------------------------|----------|----------------------|--------------------|-----------------------------|---------------------------------|------------------|-------------------------|----------------------|---------------------------|-----------------|-------------------------|------------------------------------|-------------------|-----------------|
| Name of institution & investment ID   | 1        | Yrs/Months           |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   |                 |
| <b>Parent municipality</b>            |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   |                 |
| ABSA BANK                             |          | Call                 | CALL ACCOUNTS      | Yes                         | Variable                        | 0                | 0                       | 0                    | N/A                       | 111 534         | 8 200                   | -                                  | -                 | 119 734         |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
| Municipality sub-total                |          |                      |                    |                             |                                 |                  |                         |                      |                           | 111 534         |                         | -                                  | -                 | 119 734         |
| <b>Entities</b>                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   |                 |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
|                                       |          |                      |                    |                             |                                 |                  |                         |                      |                           |                 |                         |                                    |                   | -               |
| Entities sub-total                    |          |                      |                    |                             |                                 |                  |                         |                      |                           | -               |                         | -                                  | -                 | -               |
| <b>TOTAL INVESTMENTS AND INTEREST</b> | <b>1</b> |                      |                    |                             |                                 |                  |                         |                      |                           | <b>111 534</b>  |                         | <b>-</b>                           | <b>-</b>          | <b>119 734</b>  |

## **11.8 - Grant allocations**

*The following is a listing of grants included within the budget and a brief description of each.*

### **MUNICIPAL INFRASTRUCTURE GRANT**

This fund is allocated to municipalities to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure, as well as the rehabilitation and renewal of municipal infrastructure. Conditions to the grant is to prioritise residential infrastructure for water, sanitation, refuse removal, street lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads in line with the MIG policy framework. Municipalities must adhere to the labour intensive construction method and must report to DPLG in terms of the Division of Revenue Act on progress.

### **MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME**

This grant is allocated to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance system as required in the Local Government Municipal Systems Act of 2000.

Conditions include that a activity plan must be submitted in the prescribed format with detail budgets and timeframes. Submission of monthly expenditure reports in accordance of the Division of the Revenue Act.

### **LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT**

This grant is allocated to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act.

Conditions include submission of council resolution striving to achieve multi-year budgets, accounting and reporting reforms. The employment of a skilled chief financial officer and promotion of internship programme in financial management and ongoing review, revision and submission of implementation plans to address weaknesses in financial management.

## **INFRASTRUCTURE SKILLS DEVELOPMENT GRANT**

This grant is allocated to strengthen Technical capacity of the municipality. It aims addressing the skills shortage particularly in the technical departments. Skills such as artisans, millwrights, electricians and plumbers are trained with this grant. It was introduced in 2012/13 Financial year.

Conditions include proper utilization of the funds for which it is allocated and regular reporting in terms of the Division of Revenue Act.

## **EXPANDED PUBLIC WORKS PROGRAMME**

Initially this was an incentive grant. It has since been converted to a conditional Grant since there are conditions attached to the use of this fund to the extent that it has to be used for employing the community for public works. Conditions attached include regular reporting to the transferring authority every month.

### **11.9 -Table SA 18 - Transfers and grant receipts**

**Table SA 19 - Expenditure on transfers and grant programme**

**Table SA 20 - Reconciliation of transfers, grant receipts and unspent Funds**

The tables on the following pages give a detail listing of the allocations that the municipality anticipates receiving.

EC134 Lukhanji - Supporting Table SA19 Expenditure on transfers and grant programme

| Description  | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>EXPENDITURE:</b>  | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating expenditure of Transfers and Grants</b>       |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                                       |     | 87,550          | 98,352          | -               | 118,911              | 120,323         | 120,323            | 124,749   | 132,394                | 130,586                |
| Local Government Equitable Share                           |     | 86,908          | 96,062          |                 | 112,656              | 112,656         | 112,656            | 118,301   | 127,277                | 125,368                |
| Finance Management   |     |                 | 1,500           |                 | 1,550                | 1,550           | 1,550              | 1,600   | 1,650                  | 1,700                  |
| Municipal Systems Improvement                              |     |                 | 790             |                 | 890                  | 1,064           | 1,064              | 934   | 967                    | 1,018                  |
| EPWP Incentive   |     | 642             | -               |                 | 1,515                | 1,602           | 1,602              | 1,714   | -                      | -                      |
| Integrated National Electrification Programme              |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure Skills Development Grant                    |     |                 |                 |                 | 2,300                | 3,451           | 3,451              | 2,200   | 2,500                  | 2,500                  |
| Provincial Government:                                     |     | 6,581           | -               | -               | 4,267                | 4,267           | 4,267              | 4,262   | 4,260                  | 4,150                  |
| Sport and Recreation                                       |     | 6,776           | -               |                 |                      |                 |                    |   |                        |                        |
| Library Subsidy  |     | (195)           |                 |                 | 4,150                | 4,150           | 4,150              | 4,150   | 4,150                  | 4,150                  |
| LED Assistance Grant                                       |     |                 |                 |                 | 117                  | 117             | 117                | 112   | 110                    | -                      |
| District Municipality:                                     |     | 32,505          | 36,500          | -               | 42,574               | 35,242          | 35,242             | -   | -                      | -                      |
| Water and Sanitation Provider                              |     | 32,505          | 36,500          |                 | 42,574               | 35,242          | 35,242             |   |                        |                        |
| Other grant providers:                                     |     | -               | -               | -               | -                    | -               | -                  | 1,880   | -                      | -                      |
| MIG PMU Fees   |     |                 |                 |                 |                      |                 |                    | 1,880   | -                      | -                      |
| <b>Total operating expenditure of Transfers and Grants</b> |     | <b>126,636</b>  | <b>134,852</b>  | <b>-</b>        | <b>165,752</b>       | <b>159,833</b>  | <b>159,833</b>     | <b>130,891</b>                                      | <b>136,654</b>         | <b>134,736</b>         |
| <b>Capital expenditure of Transfers and Grants</b>         |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                                       |     | -               | 27,480          | -               | 34,537               | 42,559          | 42,559             | 38,711  | 39,324                 | 40,979                 |
| Municipal Infrastructure Grant (MIG)                       |     |                 | 26,480          |                 | 34,537               | 42,559          | 42,559             | 35,711  | 39,324                 | 40,979                 |
| Neighbourhood Development Partnership                      |     |                 | 1,000           |                 |                      |                 |                    |   |                        |                        |
| INEP   |     |                 |                 |                 |                      |                 |                    | 3,000   | -                      | -                      |
| Provincial Government:                                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other capital transfers/grants [insert description]        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:                                     |     | -               | -               | -               | -                    | -               | -                  | 1,000   | -                      | -                      |
| Fencing of cemetery  |     |                 |                 |                 |                      |                 |                    | 1,000   | -                      | -                      |
| Other grant providers:                                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MIG PMU Fees   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total capital expenditure of Transfers and Grants</b>   |     | <b>-</b>        | <b>27,480</b>   | <b>-</b>        | <b>34,537</b>        | <b>42,559</b>   | <b>42,559</b>      | <b>39,711</b>                                       | <b>39,324</b>          | <b>40,979</b>          |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>           |     | <b>126,636</b>  | <b>162,332</b>  | <b>-</b>        | <b>200,289</b>       | <b>202,392</b>  | <b>202,392</b>     | <b>170,602</b>                                      | <b>175,978</b>         | <b>175,715</b>         |

EC134 Lukhanji - Supporting Table SA18 Transfers and grant receipts

| Description   | Ref  | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>RECEIPTS:</b>                                    | 1, 2 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating Transfers and Grants</b>               |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                                |      | 89,550          | 98,352          | 116,354         | 118,911              | 120,323         | 120,323            | 124,749   | 132,394                | 130,586                |
| Local Government Equitable Share                    |      | 86,908          | 96,062          | 109,210         | 112,656              | 112,656         | 112,656            | 118,301   | 127,277                | 125,368                |
| Finance Management                                  |      | 1,250           | 1,500           | 1,500           | 1,550                | 1,550           | 1,550              | 1,600   | 1,650                  | 1,700                  |
| Municipal Systems Improvement                       |      | 750             | 790             | 800             | 890                  | 1,064           | 1,064              | 934   | 967                    | 1,018                  |
| EPWP Incentive                                      |      | 642             | -               | 2,844           | 1,515                | 1,602           | 1,602              | 1,714   | -                      | -                      |
| Integrated National Electrification Programme       |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure Skills Development Grant             |      |                 | -               | 2,000           | 2,300                | 3,451           | 3,451              | 2,200   | 2,500                  | 2,500                  |
| Provincial Government:                              |      | -               | -               | -               | 4,267                | 4,267           | 4,267              | 4,262   | 4,260                  | 4,150                  |
| Sport and Recreation                                |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Library Subsidy                                     |      |                 |                 |                 | 4,150                | 4,150           | 4,150              | 4,150   | 4,150                  | 4,150                  |
| LED Assistance Grant                                |      |                 |                 |                 | 117                  | 117             | 117                | 112   | 110                    |                        |
| District Municipality:                              |      | -               | 36,500          | 42,574          | 42,574               | 35,242          | 35,242             | -   | -                      | -                      |
| Water and Sanitation Provider                       |      |                 | 36,500          | 42,574          | 42,574               | 35,242          | 35,242             |   |                        |                        |
| Other grant providers:                              |      | -               | -               | -               | -                    | -               | -                  | 1,880   | -                      | -                      |
| MIG PMU Fees  |      |                 |                 |                 |                      |                 |                    | 1,880   | -                      | -                      |
| <b>Total Operating Transfers and Grants</b>         | 5    | 89,550          | 134,852         | 158,928         | 165,752              | 159,833         | 159,833            | 130,891   | 136,654                | 134,736                |
| <b>Capital Transfers and Grants</b>                 |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                                |      | 6,980           | 27,480          | 32,122          | 34,537               | 42,559          | 42,559             | 38,711  | 39,324                 | 40,979                 |
| Municipal Infrastructure Grant (MIG)                |      | 5,980           | 26,480          | 32,122          | 34,537               | 42,559          | 42,559             | 35,711  | 39,324                 | 40,979                 |
| Neighbourhood Development Partnership               |      | 1,000           | 1,000           |                 |                      |                 |                    |   |                        |                        |
| INEP  |      |                 |                 |                 |                      |                 |                    | 3,000   | -                      | -                      |
| Provincial Government:                              |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other capital transfers/grants [insert description] |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:                              |      | -               | -               | -               | -                    | -               | -                  | 1,000   | -                      | -                      |
| Fencing of Cemetery                                 |      |                 |                 |                 |                      |                 |                    | 1,000   |                        |                        |
| Other grant providers:                              |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MIG PMU Fees  |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Capital Transfers and Grants</b>           | 5    | 6,980           | 27,480          | 32,122          | 34,537               | 42,559          | 42,559             | 39,711  | 39,324                 | 40,979                 |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>     |      | 96,530          | 162,332         | 191,050         | 200,289              | 202,392         | 202,392            | 170,602   | 175,978                | 175,715                |

EC134 Lukhanji - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

| Description   | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Operating transfers and grants:</b>                  | 1,3 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                             |     |                 |                 |                 |                      | 1,412           | 1,412              |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     | 125,368         | 119,086         | 119,868         | 118,911              | 118,911         | 118,911            | 124,749   | 134,433                | 133,156                |
| Conditions met - transferred to revenue                 |     | 125,368         | 119,086         | 119,868         | 118,911              | 120,323         | 120,323            | 124,749   | 134,433                | 133,156                |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Provincial Government:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 | 4,327                | 4,327           | 4,327              | 4,150   | 4,260                  | 4,150                  |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | 4,327                | 4,327           | 4,327              | 4,150   | 4,260                  | 4,150                  |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>District Municipality:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 | 2,709                | 1,454           | 1,454              | -   | -                      | -                      |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | 2,709                | 1,454           | 1,454              | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other grant providers:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    | -   | -                      | -                      |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total operating transfers and grants revenue</b>     |     | 125,368         | 119,086         | 119,868         | 125,947              | 126,105         | 126,105            | 128,899   | 138,693                | 137,306                |
| <b>Total operating transfers and grants - CTBM</b>      | 2   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Capital transfers and grants:</b>                    | 1,3 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                             |     |                 |                 |                 |                      | 8,022           | 8,022              |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     | 801,983         | 23,647          | 26,996          | 34,037               | 34,537          | 34,537             | 40,591  | 39,324                 | 40,979                 |
| Conditions met - transferred to revenue                 |     | 801,983         | 23,647          | 26,996          | 34,037               | 42,559          | 42,559             | 40,591  | 39,324                 | 40,979                 |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Provincial Government:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>District Municipality:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    | 1,000   | -                      | -                      |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | 1,000   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other grant providers:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total capital transfers and grants revenue</b>       |     | 801,983         | 23,647          | 26,996          | 34,037               | 42,559          | 42,559             | 41,591  | 39,324                 | 40,979                 |
| <b>Total capital transfers and grants - CTBM</b>        | 2   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL TRANSFERS AND GRANTS REVENUE</b>               |     | 927,351         | 142,733         | 146,864         | 159,984              | 168,664         | 168,664            | 170,490   | 178,017                | 178,285                |
| <b>TOTAL TRANSFERS AND GRANTS - CTBM</b>                |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |



### **11.10 - Contributions and donations**

Municipalities must budget for anticipated contributions and or donations. These could be in the form of cash or in kind. An example of an in kind contribution is infrastructure assets donated to the municipality free of charge by a developer as part of a residential development scheme. Municipalities must consider the financial and service delivery consequences of receiving contributions and donations. For example, the receipt of an infrastructure asset will require ongoing repairs and maintenance of the asset to maintain agreed service levels and standards. The revenue implications should also be considered. In the above example of a new residential development there should also be new rates and taxes on the new residential properties. Whether the new rates and taxes are set at levels sufficient to cover the ongoing costs of the new infrastructure is a policy decision for the council.

The municipality anticipates **no contributions and or donations** for the coming budget years.

### **11.11 - Sale of assets**

All disposals of municipal assets is controlled by requirements put forth in the MFMA. The municipality does not anticipate selling portions of surplus vacant land in the 2014/15 financial year. The revenue from this sale if it does take place will be utilized for once off maintenance to properties.

### **11.12 - Carry over**

Provision for the carryover of cash from unfinished programs and projects from the 2013/14 financial year to the 2014/15 financial year will not be included in the budget that will be presented to council. Such unspent funds will have to be applied for by August 2014. As per circular 67 by National Treasury, such unspent funds will only be included in the budget through an adjustment budget after National Treasury has approved the use of the unspent funds. These funds were allocated to a specific purpose in previous financial years but for a variety of reasons the project will not be completed by the end of the financial year.

A full listing of all cash roll overs will be provided with an adjustment budget to be tabled in December 2014.

### **11.13 - Proposed Future Revenue Sources**

Each year when preparing the budget, thought should be given to proposed future revenue sources that could be introduced. This section will highlight these, their potential impact on future budgets and any potential issues.

The largest single potential revenue source for the municipality is the collection of billed tariffs and rates. In addition, the completion of the valuation of property within the municipality is critical to the financial future.

Both of these items will be given top priority in the coming financial year in hopes of development strategies and plans to implement improvements in the future.

#### **11.14 - Borrowing**

Lukhanji Municipality does not at this stage anticipate taking up new loans for the 2014/2015 financial year.

#### **11.15 - TABLE SA17 - New Borrowing**

The table on the following page outlines anticipated payments to borrowings for the year. The amounts shown are the repayments of previously contracted long term loans which will be paid up fully by 2015/16. This consists of one term loan, a drawn down akin to an overdraft and three finance leases all contracted in 2010/2011 financial year.



EC134 Lukhanji - Supporting Table SA17 Borrowing

| Borrowing - Categorised by type            | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Parent municipality</b>                 |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Long-Term Loans (annuity/reducing balance) |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Long-Term Loans (non-annuity)              |     |                 |                 |                 |                      |                 |                    | 388   | 129                    | -                      |
| Local registered stock                     |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Instalment Credit                          |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Financial Leases                           |     | 6 906           | 3 925           | 3 795           | 3 925                | 3 189           | 3 189              | 1 428   | 525                    | -                      |
| PPP liabilities                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Finance Granted By Cap Equipment Supplier  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Marketable Bonds                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Non-Marketable Bonds                       |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Bankers Acceptances                        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Financial derivatives                      |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other Securities                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Municipality sub-total</b>              | 1   | 6 906           | 3 925           | 3 795           | 3 925                | 3 189           | 3 189              | 1 816   | 654                    | -                      |
| <b>Entities</b>                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Long-Term Loans (annuity/reducing balance) |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Long-Term Loans (non-annuity)              |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Local registered stock                     |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Instalment Credit                          |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Financial Leases                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| PPP liabilities                            |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Finance Granted By Cap Equipment Supplier  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Marketable Bonds                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Non-Marketable Bonds                       |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Bankers Acceptances                        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Financial derivatives                      |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other Securities                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Entities sub-total</b>                  | 1   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Borrowing</b>                     | 1   | 6 906           | 3 925           | 3 795           | 3 925                | 3 189           | 3 189              | 1 816   | 654                    | -                      |



## 12. - Table SA 21 - Disclosure on Allocations Made by the Municipality

The municipality currently makes allocations to individuals in respect of services or goods delivered. This are paid out from grants paid vote. The municipality does not allocations to other municipalities.

EC134 Lukhanji - Supporting Table SA21 Transfers and grants made by the municipality

| Description   | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    |                   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Cash Transfers to other municipalities</b>                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Cash Transfers To Municipalities:</b>                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash Transfers to Entities/Other External Mechanisms</b>     |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Cash Transfers To Entities/Ems'</b>                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash Transfers to other Organs of State</b>                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 3   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Cash Transfers To Other Organs Of State:</b>           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash Transfers to Organisations</b>                          |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 4   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Cash Transfers To Organisations</b>                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash Transfers to Groups of Individuals</b>                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Transfers of Grants Other</i>                                | 5   |                 |                 |                 |                      |                 |                    |                   | 4,734   | 4,383                  | 5,150                  |
| <b>Total Cash Transfers To Groups Of Individuals:</b>           |     | -               | -               | -               | -                    | -               | -                  | -                 | 4,734   | 4,383                  | 5,150                  |
| <b>TOTAL CASH TRANSFERS AND GRANTS</b>                          | 6   | -               | -               | -               | -                    | -               | -                  | -                 | 4,734   | 4,383                  | 5,150                  |
| <b>Non-Cash Transfers to other municipalities</b>               |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Non-Cash Transfers To Municipalities:</b>              |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Non-Cash Transfers to Entities/Other External Mechanisms</b> |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Non-Cash Transfers To Entities/Ems'</b>                |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Non-Cash Transfers to other Organs of State</b>              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 3   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Non-Cash Transfers To Other Organs Of State:</b>       |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Non-Cash Grants to Organisations</b>                         |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 4   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Non-Cash Grants To Organisations</b>                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Groups of Individuals</b>                                    |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Insert description</i>                                       | 5   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Non-Cash Grants To Groups Of Individuals:</b>          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>TOTAL TRANSFERS AND GRANTS</b>                               | 6   | -               | -               | -               | -                    | -               | -                  | -                 | 4,734   | 4,383                  | 5,150                  |

## **13 Disclosure on Salaries, Allowances and Benefits**

The tables on the following pages give the required listings of salaries, Allowances, and personnel as required by the MFMA.

**13.1 - TABLE SA23 - Salaries, Allowances and Benefits (Political Office bearers/councillors/senior managers)**

**13.2 - TABLE SA22 - Summary of councillor and staff benefits**

**13.3 - TABLE SA24 - Summary of Personnel Numbers**

EC134 Lukhanji - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

| Disclosure of Salaries, Allowances & Benefits 1.                | Ref  | No. | Salary     | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|---|------|-----|------------|---------------|------------|---------------------|------------------|---------------|
| Rand per annum  |      |     |            | 1.            |            |                     |                  | 2.            |
| <b>Councillors</b>  | 3    |     |            |               |            |                     |                  |               |
| Speaker   | 4    |     | 422 280    |               | 184 188    |                     |                  | 606 468       |
| Chief Whip  |      |     | 395 888    |               | 175 391    |                     |                  | 571 279       |
| Executive Mayor   |      |     | 527 851    |               | 219 378    |                     |                  | 747 229       |
| Deputy Executive Mayor  |      |     |            |               |            |                     |                  | -             |
| Executive Committee   |      |     | 3 543 640  |               | 1 572 061  |                     |                  | 5 115 701     |
| Total for all other councillors                                 |      |     | 6 777 603  |               | 3 245 025  |                     |                  | 10 022 628    |
| <b>Total Councillors</b>  | 8    | -   | 11 667 262 | -             | 5 396 043  |                     |                  | 17 063 305    |
| <b>Senior Managers of the Municipality</b>                      | 5    |     |            |               |            |                     |                  |               |
| Municipal Manager (MM)  |      |     | 1 280 384  |               | 98 683     | 106 699             |                  | 1 485 766     |
| Chief Finance Officer   |      |     | 862 332    | 8 623         |            | 71 861              |                  | 942 816       |
| Director - Human Settlements                                    |      |     | 589 429    | 191 219       | 97 154     | 72 346              |                  | 950 148       |
| Director - Technical Services                                   |      |     | 797 794    | 7 978         | 70 488     | 72 346              |                  | 948 606       |
| Director - Community Services                                   |      |     | 694 180    | 184 393       |            | 47 398              |                  | 925 971       |
| Director - Corporate & Human Resources                          |      |     | 568 772    | 49 342        | 49 342     | 72 346              |                  | 739 802       |
| <i>List of each official with packages &gt;= senior manager</i> |      |     |            |               |            |                     |                  |               |
| Strategic Manager   |      |     | 601 614    | 178 881       | 97 154     | 72 346              |                  | 949 995       |
| Director - IPED   |      |     | 568 772    | 108 067       |            | 47 398              |                  | 724 237       |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
|   |      |     |            |               |            |                     |                  | -             |
| <b>Total Senior Managers of the Municipality</b>                | 8,10 | -   | 5 963 277  | 728 503       | 412 821    | 562 740             |                  | 7 667 340     |



EC134 Lukhanji - Supporting Table SA24 Summary of personnel numbers

| Summary of Personnel Numbers                                  | Ref | 2012/13   |                     |                    | Current Year 2013/14 |                     |                    | Budget Year 2014/15 |                     |                    |
|---|-----|-----------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
|   | 1,2 | Positions | Permanent employees | Contract employees | Positions            | Permanent employees | Contract employees | Positions           | Permanent employees | Contract employees |
| <b>Municipal Council and Boards of Municipal Entities</b>     |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Councillors (Political Office Bearers plus Other Councillors) | 4   | 54        | 54                  |                    | 54                   | 54                  |                    | 54                  | 54                  |                    |
| Board Members of municipal entities                           | 5   |           |                     |                    |                      |                     |                    |                     |                     |                    |
| <b>Municipal employees</b>                                    |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Municipal Manager and Senior Managers                         | 3   | 9         |                     | 7                  | 9                    |                     | 8                  | 9                   | -                   | 9                  |
| Other Managers  | 7   | 2         |                     | 2                  |                      |                     |                    |                     |                     |                    |
| Professionals   |     | 588       | 574                 | 14                 | 612                  | 598                 | 12                 | 452                 | 417                 | 35                 |
| Finance   |     | 60        | 58                  | 2                  | 65                   | 63                  | 2                  | 50                  | 48                  | 2                  |
| Spatial/town planning   |     | 43        | 42                  | 1                  | 46                   | 42                  | 2                  | 34                  | 34                  | -                  |
| Information Technology  |     | 4         | 4                   |                    | 4                    | 4                   |                    | 4                   | 4                   |                    |
| Roads   |     | 40        | 40                  |                    | 55                   | 55                  |                    | 9                   | 9                   |                    |
| Electricity   |     | 43        | 43                  |                    | 50                   | 50                  |                    | 59                  | 50                  | 9                  |
| Water   |     | 20        | 10                  | 10                 | 25                   | 25                  |                    |                     |                     |                    |
| Sanitation  |     | 25        | 24                  | 1                  | 26                   | 26                  |                    |                     |                     |                    |
| Refuse  |     | 121       | 121                 |                    | 117                  | 117                 |                    | 47                  | 47                  |                    |
| Other   |     | 232       | 232                 |                    | 224                  | 216                 | 8                  | 249                 | 225                 | 24                 |
| Technicians   |     | -         | -                   | -                  | -                    | -                   | -                  | -                   | -                   | -                  |
| Finance   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Spatial/town planning   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Information Technology  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Roads   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Electricity   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Water   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Sanitation  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Refuse  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Other   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Clerks (Clerical and administrative)                          |     | 55        | 47                  | 8                  | 53                   | 48                  | 8                  | 183                 | 183                 | -                  |
| Service and sales workers                                     |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Skilled agricultural and fishery workers                      |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Craft and related trades                                      |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Plant and Machine Operators                                   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Elementary Occupations  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| <b>TOTAL PERSONNEL NUMBERS</b>                                | 9   | 708       | 675                 | 31                 | 728                  | 700                 | 28                 | 698                 | 654                 | 44                 |



EC134 Lukhanji - Supporting Table SA22 Summary councillor and staff benefits

| Summary of Employee and Councillor remuneration<br>R thousand | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
|   |     | A               | B               | C               | D                    | E               | F                  | G   | H                      | I                      |
| <b>Councillors (Political Office Bearers plus Other)</b>      | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                      |     | 12,255          |                 | 10,389          | 13,276               | 14,076          | 14,076             | 14,177  | 15,177                 | 15,678                 |
| Pension and UIF Contributions                                 |     |                 |                 | -               |                      | -               | -                  | -   | -                      | -                      |
| Medical Aid Contributions                                     |     |                 |                 | -               |                      | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                       |     |                 |                 | 3,463           | 4,705                | 4,885           | 4,885              | 4,980   | 5,099                  | 5,480                  |
| Cellphone Allowance   |     |                 |                 | 760             | 814                  | 931             | 931                | 1,010   | 1,021                  | 1,310                  |
| Housing Allowances  |     |                 |                 | -               |                      | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                                 |     |                 |                 | -               |                      | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Councillors</b>                                |     | 12,255          | -               | 14,612          | 18,795               | 19,892          | 19,892             | 20,167  | 21,297                 | 22,468                 |
| % increase  | 4   |                 | (100.0%)        | -               | 28.6%                | 5.8%            | -                  | 1.4%  | 5.6%                   | 5.5%                   |
| <b>Senior Managers of the Municipality</b>                    | 2   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                      |     | 2,730           |                 | 4,325           | 6,116                | 6,116           | 6,116              | 5,766   | 5,941                  | 6,055                  |
| Pension and UIF Contributions                                 |     | 422             |                 | 502             | 603                  | 433             | 433                | 463   | 540                    | 633                    |
| Medical Aid Contributions                                     |     | 137             |                 | 228             | 580                  | 472             | 472                | 504   | 551                    | 672                    |
| Overtime  |     |                 |                 | -               | -                    | -               | -                  | -   | -                      | -                      |
| Performance Bonus   |     | 326             |                 | 443             | 534                  | 534             | 534                | 571   | 624                    | 664                    |
| Motor Vehicle Allowance                                       | 3   | 379             |                 | 332             | 373                  | 373             | 373                | 398   | 436                    | 573                    |
| Cellphone Allowance   | 3   |                 |                 | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing Allowances  | 3   | 23              |                 | 22              | 14                   | 14              | 14                 | 15  | 16                     | 17                     |
| Other benefits and allowances                                 | 3   | 12              |                 |                 | 11                   | 11              | 11                 | 11  | 13                     | 13                     |
| Payments in lieu of leave                                     |     |                 |                 |                 |                      | -               | -                  | -   | -                      | -                      |
| Long service awards   |     |                 |                 |                 |                      | -               | -                  | -   | -                      | -                      |
| Post-retirement benefit obligations                           | 6   |                 |                 |                 |                      | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Senior Managers of Municipality</b>            |     | 4,029           | -               | 5,852           | 8,231                | 7,953           | 7,953              | 7,727   | 8,121                  | 8,627                  |
| % increase  | 4   |                 | (100.0%)        | -               | 40.7%                | (3.4%)          | -                  | (2.8%)  | 5.1%                   | 6.2%                   |
| <b>Other Municipal Staff</b>                                  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                      |     | 63,642          |                 | 84,166          | 89,898               | 88,772          | 88,772             | 87,393  | 91,256                 | 94,549                 |
| Pension and UIF Contributions                                 |     | 10,714          |                 | 12,985          | 15,894               | 13,227          | 13,227             | 10,977  | 11,227                 | 12,194                 |
| Medical Aid Contributions                                     |     | 7,695           |                 | 9,442           | 11,603               | 10,823          | 10,823             | 9,531   | 10,617                 | 11,823                 |
| Overtime  |     | 4,981           |                 | 5,823           | 7,231                | 7,231           | 7,231              | 7,531   | 8,231                  | 9,931                  |
| Performance Bonus   |     | 4,062           |                 | 3,626           | 3,880                | 3,880           | 3,880              | 3,151   | 3,880                  | 4,875                  |
| Motor Vehicle Allowance                                       | 3   | 2,527           |                 | 2,999           | 3,209                | 3,209           | 3,209              | 3,310   | 3,909                  | 4,209                  |
| Cellphone Allowance   | 3   | 17              |                 | 1               | 1                    | 1               | 1                  | 1   | 1                      | 1                      |
| Housing Allowances  | 3   | 213             |                 | 245             | 262                  | 262             | 262                | 262   | 262                    | 262                    |
| Other benefits and allowances                                 | 3   | 2,957           |                 | 2,628           | 2,781                | 2,781           | 2,781              | 2,881   | 3,781                  | 3,846                  |
| Payments in lieu of leave                                     |     |                 |                 |                 |                      | -               | -                  | -   | -                      | -                      |
| Long service awards   |     | 486             |                 | 489             | 523                  | 523             | 523                | 524   | 523                    | 563                    |
| Post-retirement benefit obligations                           | 6   |                 |                 |                 |                      | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Other Municipal Staff</b>                      |     | 97,294          | -               | 122,404         | 135,281              | 130,709         | 130,709            | 125,560   | 133,687                | 142,253                |
| % increase  | 4   |                 | (100.0%)        | -               | 10.5%                | (3.4%)          | -                  | (3.9%)  | 6.5%                   | 6.4%                   |
| <b>Total Parent Municipality</b>                              |     | 113,578         | -               | 147,868         | 162,307              | 158,554         | 158,554            | 153,454   | 163,105                | 173,349                |

**14 Table SA 25 - Budgeted monthly revenue and expenditure**

**Table SA 26 - Budgeted monthly revenue and expenditure**

**(Municipal Vote)**

**Table SA 27 - Budgeted monthly revenue and expenditure**

**(Standard Classification)**

**Table SA 28 - Budgeted monthly capital expenditure**

**(Municipal Vote)**

**Table SA 29 - Budgeted monthly capital expenditure**

**(Standard Classification)**

**Table SA 30 - Budgeted Monthly cash flow**

The table on the following pages presents a monthly cash flow for the municipality over the next financial year.

EC134 Lukhanji - Supporting Table SA25 Budgeted monthly revenue and expenditure

| Description  | Ref | Budget Year 2014/15 |               |               |               |                |                |                |               |               |               |                |               | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|-----|---------------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|---------------|----------------|---------------|---|------------------------|------------------------|
|  |     | July                | August        | Sept.         | October       | November       | December       | January        | February      | March         | April         | May            | June          | Budget Year 2014/15                           | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Revenue By Source</b>   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Property rates   |     | 4,417               | 3,518         | 10,734        | 14,506        | 5,612          | 4,980          | 5,539          | 4,920         | 4,471         | 3,699         | 4,867          | 7,898         | 75,162  | 81,174                 | 87,668                 |
| Property rates - penalties & collection charges                      |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Service charges - electricity revenue                                |     | 10,175              | 19,218        | 13,199        | 16,090        | 13,400         | 10,284         | 12,370         | 20,860        | 18,075        | 19,306        | 12,507         | 13,444        | 178,929                                       | 198,265                | 218,884                |
| Service charges - water revenue                                      |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Service charges - sanitation revenue                                 |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Service charges - refuse revenue                                     |     | 1,442               | 1,164         | 2,599         | 1,973         | 1,869          | 1,336          | 1,833          | 1,714         | 1,667         | 1,403         | 1,791          | 11,716        | 30,507  | 33,558                 | 36,914                 |
| Service charges - other  |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Rental of facilities and equipment                                   |     | 206                 | 206           | 206           | 206           | 206            | 206            | 206            | 206           | 206           | 206           | 206            | 206           | 2,476   | 2,476                  | 2,476                  |
| Interest earned - external investments                               |     | 683                 | 683           | 683           | 683           | 683            | 683            | 683            | 683           | 683           | 683           | 683            | 683           | 8,200   | 8,200                  | 8,200                  |
| Interest earned - outstanding debtors                                |     | 1,014               | 1,014         | 1,014         | 1,014         | 1,014          | 1,014          | 1,014          | 1,014         | 1,014         | 1,014         | 1,014          | 1,014         | 12,163  | 13,229                 | 14,389                 |
| Dividends received   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Fines  |     | 29                  | 29            | 29            | 29            | 29             | 29             | 29             | 29            | 29            | 29            | 29             | 29            | 348   | 348                    | 348                    |
| Licences and permits   |     | 324                 | 324           | 324           | 324           | 324            | 324            | 324            | 324           | 324           | 324           | 324            | 324           | 406   | 3,971                  | 3,971                  |
| Agency services  |     | 315                 | 315           | 315           | 315           | 315            | 315            | 315            | 315           | 315           | 315           | 315            | 315           | 3,774   | 3,774                  | 3,774                  |
| Transfers recognised - operational                                   |     | 10,742              | 10,742        | 10,742        | 10,742        | 10,742         | 10,742         | 10,742         | 10,742        | 10,742        | 10,742        | 10,742         | 10,742        | 128,899                                       | 138,693                | 137,306                |
| Other revenue  |     | 977                 | 977           | 977           | 977           | 977            | 977            | 977            | 977           | 977           | 977           | 977            | 1,032         | 11,784  | 12,211                 | 12,430                 |
| Gains on disposal of PPE   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |     | <b>30,324</b>       | <b>38,191</b> | <b>40,822</b> | <b>46,858</b> | <b>35,171</b>  | <b>30,890</b>  | <b>34,031</b>  | <b>41,784</b> | <b>38,503</b> | <b>38,698</b> | <b>33,455</b>  | <b>47,484</b> | <b>456,213</b>                                | <b>495,899</b>         | <b>526,361</b>         |
| <b>Expenditure By Type</b>   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Employee related costs   |     | 11,107              | 11,107        | 11,107        | 11,107        | 11,107         | 11,107         | 11,107         | 11,107        | 11,107        | 11,107        | 11,107         | 11,107        | 133,286                                       | 141,808                | 150,879                |
| Remuneration of councillors  |     | 1,681               | 1,681         | 1,681         | 1,681         | 1,681          | 1,681          | 1,681          | 1,681         | 1,681         | 1,681         | 1,681          | 1,680         | 20,167  | 21,297                 | 22,468                 |
| Debt impairment  |     | 4,547               | 4,547         | 4,547         | 4,547         | 4,547          | 4,547          | 4,547          | 4,547         | 4,547         | 4,547         | 4,547          | 4,547         | 54,564  | 58,992                 | 63,862                 |
| Depreciation & asset impairment                                      |     | 2,426               | 2,426         | 2,426         | 2,426         | 2,426          | 2,426          | 2,426          | 2,426         | 2,426         | 2,426         | 2,426          | 2,426         | 29,117  | 29,117                 | 29,117                 |
| Finance charges  |     | 107                 | 107           | 107           | 107           | 107            | 107            | 107            | 107           | 107           | 107           | 107            | 107           | 1,286   | 675                    |                        |
| Bulk purchases   |     | 12,520              | 12,520        | 12,520        | 12,520        | 12,520         | 12,520         | 12,520         | 12,520        | 12,520        | 12,520        | 12,520         | 12,520        | 150,240                                       | 172,254                | 177,422                |
| Other materials  |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Contracted services  |     | 363                 | 363           | 363           | 363           | 363            | 363            | 363            | 363           | 363           | 363           | 363            | 363           | 4,359   | 4,383                  | 4,408                  |
| Transfers and grants   |     |                     |               |               |               |                |                |                |               |               |               |                | 4,734         | 4,734   | 4,383                  | 5,150                  |
| Other expenditure  |     | 5,266               | 5,266         | 5,266         | 5,266         | 5,266          | 5,266          | 5,266          | 5,266         | 5,266         | 5,266         | 5,266          | 532           | 58,460  | 62,989                 | 73,054                 |
| Loss on disposal of PPE  |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| <b>Total Expenditure</b>   |     | <b>38,018</b>       | <b>38,018</b> | <b>38,018</b> | <b>38,018</b> | <b>38,018</b>  | <b>38,018</b>  | <b>38,018</b>  | <b>38,018</b> | <b>38,018</b> | <b>38,018</b> | <b>38,018</b>  | <b>38,017</b> | <b>456,212</b>                                | <b>495,897</b>         | <b>526,360</b>         |
| <b>Surplus/(Deficit)</b>   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Transfers recognised - capital                                       |     | 3,383               | 3,383         | 3,383         | 3,383         | 3,383          | 3,383          | 3,383          | 3,383         | 3,383         | 3,383         | 3,383          | 3,383         | 40,591  | 39,324                 | 40,979                 |
| Contributions recognised - capital                                   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Contributed assets   |     | 1,042               | 1,042         | 1,042         | 1,042         | 1,042          | 1,042          | 1,042          | 1,042         | 1,042         | 1,042         | 1,042          | 15,311        | 26,769  | 12,500                 | 12,500                 |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> |     | <b>(7,693)</b>      | <b>173</b>    | <b>2,804</b>  | <b>8,840</b>  | <b>(2,847)</b> | <b>(7,127)</b> | <b>(3,986)</b> | <b>3,767</b>  | <b>485</b>    | <b>681</b>    | <b>(4,563)</b> | <b>9,467</b>  | <b>0</b>                                      | <b>1</b>               | <b>1</b>               |
| Taxation   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Attributable to minorities   |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| Share of surplus/ (deficit) of associate                             |     |                     |               |               |               |                |                |                |               |               |               |                |               |   |                        |                        |
| <b>Surplus/(Deficit)</b>   | 1   | <b>(3,269)</b>      | <b>4,597</b>  | <b>7,228</b>  | <b>13,265</b> | <b>1,577</b>   | <b>(2,703)</b> | <b>438</b>     | <b>8,191</b>  | <b>4,909</b>  | <b>5,105</b>  | <b>(139)</b>   | <b>28,161</b> | <b>67,361</b>                                 | <b>51,826</b>          | <b>53,480</b>          |

EC134 Lukhanji - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

| Description                                   | Ref      | Budget Year 2014/15 |               |               |               |               |               |               |               |               |               |               | Medium Term Revenue and Expenditure Framework |                     |                        |                        |
|---|----------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|---------------------|------------------------|------------------------|
|   |          | July                | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June  | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Revenue by Vote</b>                        |          |                     |               |               |               |               |               |               |               |               |               |               |   |                     |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                |          | 8,693               | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 6,813   | 102,432             | 111,462                | 110,024                |
| Vote 2 - FINANCE AND ADMINISTRATION           |          | 8,237               | 8,237         | 8,237         | 8,237         | 8,237         | 8,237         | 8,237         | 8,237         | 8,237         | 8,237         | 8,237         | 10,764  | 101,365             | 107,761                | 114,956                |
| Vote 3 - PLANNING AND DEVELOPMENT             |          | 475                 | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475   | 5,700               | 6,087                  | 6,170                  |
| Vote 4 - HEALTH                               |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES        |          | 1,380               | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 2,379   | 17,554              | 17,315                 | 8,870                  |
| Vote 6 - COMMUNITY SAFETY                     |          | 820                 | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 901   | 9,916               | 9,915                  | 9,978                  |
| Vote 7 - SPORT AND RECREATION                 |          | 595                 | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 594   | 7,135               | 9,093                  | 9,344                  |
| Vote 8 - WASTE WATER MANAGEMENT               |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                     |          | 3,467               | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,423   | 41,558              | 45,079                 | 48,904                 |
| Vote 10 - ROADS TRANSPORT                     |          | 2,736               | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | (764)   | 29,329              | 28,929                 | 35,770                 |
| Vote 11 - WATER                               |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 12 - ELECTRICITY                         |          | 16,049              | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 30,166  | 206,703             | 210,113                | 233,772                |
| Vote 13 - OTHER                               |          | 0                   | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0   | 3                   | 3                      | 3                      |
| Vote 14 - HOUSING                             |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 15 - IPED                                |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | 1,880   | 1,880               | 1,988                  | 2,049                  |
| <b>Total Revenue by Vote</b>                  |          | <b>42,449</b>       | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>56,630</b>                                 | <b>523,574</b>      | <b>547,723</b>         | <b>579,840</b>         |
| <b>Expenditure by Vote to be appropriated</b> |          |                     |               |               |               |               |               |               |               |               |               |               |   |                     |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                |          | 4,059               | 4,059         | 4,059         | 4,059         | 4,059         | 4,059         | 4,059         | 4,059         | 4,059         | 4,059         | 4,059         | 4,060   | 48,713              | 50,606                 | 52,546                 |
| Vote 2 - FINANCE AND ADMINISTRATION           |          | 5,089               | 5,089         | 5,089         | 5,089         | 5,089         | 5,089         | 5,089         | 5,089         | 5,089         | 5,089         | 5,089         | 5,089   | 61,068              | 63,085                 | 65,293                 |
| Vote 3 - PLANNING AND DEVELOPMENT             |          | 1,367               | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367   | 16,409              | 17,364                 | 18,043                 |
| Vote 4 - HEALTH                               |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES        |          | 1,136               | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,135   | 13,629              | 15,246                 | 22,129                 |
| Vote 6 - COMMUNITY SAFETY                     |          | 2,335               | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335   | 28,023              | 30,671                 | 32,585                 |
| Vote 7 - SPORT AND RECREATION                 |          | 960                 | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 960   | 11,523              | 12,260                 | 13,027                 |
| Vote 8 - WASTE WATER MANAGEMENT               |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                     |          | 3,124               | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124   | 37,486              | 41,980                 | 44,782                 |
| Vote 10 - ROADS TRANSPORT                     |          | 2,386               | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,385   | 28,628              | 29,838                 | 31,110                 |
| Vote 11 - WATER                               |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 12 - ELECTRICITY                         |          | 17,298              | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 16,978  | 207,256             | 231,202                | 243,011                |
| Vote 13 - OTHER                               |          | 12                  | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12  | 145                 | 138                    | 146                    |
| Vote 14 - HOUSING                             |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Vote 15 - IPED                                |          | 278                 | 278           | 278           | 278           | 278           | 278           | 278           | 278           | 278           | 278           | 278           | 278   | 3,335               | 3,507                  | 3,688                  |
| <b>Total Expenditure by Vote</b>              |          | <b>38,045</b>       | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>37,722</b>                                 | <b>456,213</b>      | <b>495,897</b>         | <b>526,359</b>         |
| <b>Surplus/(Deficit) before assoc.</b>        |          | <b>4,405</b>        | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>18,908</b>                                 | <b>67,361</b>       | <b>51,826</b>          | <b>53,480</b>          |
| Taxation                                      |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Attributable to minorities                    |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| Share of surplus/ (deficit) of associate      |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      | -                      |
| <b>Surplus/(Deficit)</b>                      | <b>1</b> | <b>4,405</b>        | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>18,908</b>                                 | <b>67,361</b>       | <b>51,826</b>          | <b>53,480</b>          |

EC134 Lukhanji - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

| Description                                | Ref      | Budget Year 2014/15 |               |               |               |               |               |               |               |               |               |               |               | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|----------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
|  |          | July                | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June          | Budget Year 2014/15                           | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Revenue - Standard</b>                  |          |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| <i>Governance and administration</i>       |          | 16,929              | 16,929        | 16,929        | 16,929        | 16,929        | 16,929        | 16,929        | 16,929        | 16,929        | 16,929        | 16,929        | 19,457        | 205,677                                       | 221,189                | 227,030                |
| Executive and council                      |          | 8,693               | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 8,693         | 104,312                                       | 113,428                | 112,073                |
| Budget and treasury office                 |          | 8,074               | 8,074         | 8,074         | 8,074         | 8,074         | 8,074         | 8,074         | 8,074         | 8,074         | 8,074         | 8,074         | 8,074         | 10,602  | 99,418                 | 113,009                |
| Corporate services                         |          | 162                 | 162           | 162           | 162           | 162           | 162           | 162           | 162           | 162           | 162           | 162           | 163           | 1,947   | 1,947                  | 1,947                  |
| <i>Community and public safety</i>         |          | 2,794               | 2,794         | 2,794         | 2,794         | 2,794         | 2,794         | 2,794         | 2,794         | 2,794         | 2,794         | 2,794         | 3,874         | 34,604  | 36,325                 | 28,194                 |
| Community and social services              |          | 1,380               | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 1,380         | 2,379         | 17,554  | 17,315                 | 8,870                  |
| Sport and recreation                       |          | 595                 | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 595           | 594           | 7,135   | 9,094                  | 9,345                  |
| Public safety                              |          | 820                 | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 820           | 901           | 9,916   | 9,916                  | 9,978                  |
| Housing                                    |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Health                                     |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| <i>Economic and environmental services</i> |          | 3,211               | 3,211         | 3,211         | 3,211         | 3,211         | 3,211         | 3,211         | 3,211         | 3,211         | 3,211         | 3,211         | (289)         | 35,029  | 35,016                 | 41,939                 |
| Planning and development                   |          | 475                 | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 475           | 5,700   | 6,087                  | 6,170                  |
| Road transport                             |          | 2,736               | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | 2,736         | (764)         | 29,329  | 28,929                 | 35,770                 |
| Environmental protection                   |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| <i>Trading services</i>                    |          | 19,516              | 19,516        | 19,516        | 19,516        | 19,516        | 19,516        | 19,516        | 19,516        | 19,516        | 19,516        | 19,516        | 33,589        | 248,260                                       | 255,191                | 282,674                |
| Electricity                                |          | 16,049              | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 16,049        | 30,166        | 206,703                                       | 210,112                | 232,885                |
| Water                                      |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Waste water management                     |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Waste management                           |          | 3,467               | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,467         | 3,423         | 41,558  | 45,079                 | 49,790                 |
| <i>Other</i>                               |          | 0                   | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 3   | 3                      | 3                      |
| <b>Total Revenue - Standard</b>            |          | <b>42,449</b>       | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>42,449</b> | <b>56,631</b> | <b>523,574</b>                                | <b>547,723</b>         | <b>579,840</b>         |
| <b>Expenditure - Standard</b>              |          |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |
| <i>Governance and administration</i>       |          | 9,426               | 9,426         | 9,426         | 9,426         | 9,426         | 9,426         | 9,426         | 9,426         | 9,426         | 9,426         | 9,426         | 4,700         | 108,389                                       | 117,200                | 121,529                |
| Executive and council                      |          | 4,337               | 4,337         | 4,337         | 4,337         | 4,337         | 4,337         | 4,337         | 4,337         | 4,337         | 4,337         | 4,337         | 5,306         | 53,017  | 54,116                 | 56,235                 |
| Budget and treasury office                 |          | 3,495               | 3,495         | 3,495         | 3,495         | 3,495         | 3,495         | 3,495         | 3,495         | 3,495         | 3,495         | 3,495         | (2,525)       | 35,924  | 43,326                 | 44,873                 |
| Corporate services                         |          | 1,594               | 1,594         | 1,594         | 1,594         | 1,594         | 1,594         | 1,594         | 1,594         | 1,594         | 1,594         | 1,594         | 1,920         | 19,448  | 19,759                 | 20,420                 |
| <i>Community and public safety</i>         |          | 4,431               | 4,431         | 4,431         | 4,431         | 4,431         | 4,431         | 4,431         | 4,431         | 4,431         | 4,431         | 4,431         | 4,127         | 52,871  | 58,177                 | 67,740                 |
| Community and social services              |          | 1,136               | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,136         | 1,010         | 13,504  | 15,246                 | 22,129                 |
| Sport and recreation                       |          | 960                 | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 960           | 876           | 11,438  | 12,260                 | 13,027                 |
| Public safety                              |          | 2,335               | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,335         | 2,241         | 27,929  | 30,671                 | 32,585                 |
| Housing                                    |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Health                                     |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| <i>Economic and environmental services</i> |          | 3,753               | 3,753         | 3,753         | 3,753         | 3,753         | 3,753         | 3,753         | 3,753         | 3,753         | 3,753         | 3,753         | 5,750         | 47,034  | 47,202                 | 49,154                 |
| Planning and development                   |          | 1,367               | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,367         | 1,666         | 16,708  | 17,364                 | 18,043                 |
| Road transport                             |          | 2,386               | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 2,386         | 4,084         | 30,326  | 29,838                 | 31,110                 |
| Environmental protection                   |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| <i>Trading services</i>                    |          | 20,422              | 20,422        | 20,422        | 20,422        | 20,422        | 20,422        | 20,422        | 20,422        | 20,422        | 20,422        | 20,422        | 23,134        | 247,774                                       | 273,180                | 287,791                |
| Electricity                                |          | 17,298              | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 17,298        | 19,908        | 210,186                                       | 231,202                | 243,011                |
| Water                                      |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Waste water management                     |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| Waste management                           |          | 3,124               | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,124         | 3,226         | 37,588  | 41,978                 | 44,780                 |
| <i>Other</i>                               |          | 12                  | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 12            | 145   | 138                    | 146                    |
| <b>Total Expenditure - Standard</b>        |          | <b>38,045</b>       | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>38,045</b> | <b>37,723</b> | <b>456,213</b>                                | <b>495,897</b>         | <b>526,359</b>         |
| <b>Surplus/(Deficit) before assoc.</b>     |          | <b>4,405</b>        | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>18,908</b> | <b>67,361</b>                                 | <b>51,826</b>          | <b>53,480</b>          |
| Share of surplus/ (deficit) of associate   |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |
| <b>Surplus/(Deficit)</b>                   | <b>1</b> | <b>4,405</b>        | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>4,405</b>  | <b>18,908</b> | <b>67,361</b>                                 | <b>51,826</b>          | <b>53,480</b>          |

EC134 Lukhanji - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

| Description                                       | Ref | Budget Year 2014/15 |        |       |         |       |       |         |       |       |       |       |        | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|-----|---------------------|--------|-------|---------|-------|-------|---------|-------|-------|-------|-------|--------|---|------------------------|------------------------|
|   |     | July                | August | Sept. | October | Nov.  | Dec.  | January | Feb.  | March | April | May   | June   | Budget Year 2014/15                           | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Multi-year expenditure to be appropriated</b>  | 1   |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                    |     | -                   | 171    | 171   | 171     | 171   | 171   | 171     | 171   | 171   | 171   | 171   | 171    | 1,880   | 1,966                  | 2,049                  |
| Vote 2 - FINANCE AND ADMINISTRATION               |     | 200                 | 200    | 200   | 200     | 200   | 200   | 200     | 200   | 200   | 200   | 200   | 570    | 2,770   | 2,500                  | 2,500                  |
| Vote 3 - PLANNING AND DEVELOPMENT                 |     | 157                 | 157    | 157   | 157     | 157   | 157   | 157     | 157   | 157   | 157   | 157   | 157    | 1,880   | 1,966                  | 2,049                  |
| Vote 4 - HEALTH                                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES            |     |                     | 1,750  | 1,086 | 950     | 1,085 | 750   | 2,101   | 940   | 650   | 748   |       | 800    | 10,860  | 11,200                 | 2,750                  |
| Vote 6 - COMMUNITY SAFETY                         |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 7 - SPORT AND RECREATION                     |     | 250                 | 692    | 451   | 1,250   | 691   | 920   | 235     | 850   | 675   | 128   | 212   | 567    | 6,920   | 8,880                  | 9,131                  |
| Vote 8 - WASTE WATER MANAGEMENT                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                         |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 10 - ROADS TRANSPORT                         |     | 1,650               | 1,856  | 1,113 | 1,757   | 2,750 | 996   | 1,253   | 3,583 | 2,540 | 1,891 | 2,564 | 1,100  | 23,051  | 22,312                 | 29,000                 |
| Vote 11 - WATER                                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 12 - ELECTRICITY                             |     |                     |        | 872   | 1,642   | 775   |       | 295     |       | 654   |       |       | 11,763 | 16,000  | 3,000                  | 6,000                  |
| Vote 13 - OTHER                                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 14 - HOUSING                                 |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 15 - IPED                                    |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| <b>Capital multi-year expenditure sub-total</b>   | 2   | 2,257               | 4,825  | 4,049 | 6,126   | 5,828 | 3,193 | 4,411   | 5,900 | 5,047 | 3,294 | 3,303 | 15,127 | 63,361  | 51,824                 | 53,479                 |
| <b>Single-year expenditure to be appropriated</b> |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Vote 1 - EXECUTIVE AND COUNCIL                    |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 2 - FINANCE AND ADMINISTRATION               |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 3 - PLANNING AND DEVELOPMENT                 |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 4 - HEALTH                                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES            |     |                     |        |       | 500     |       |       |         | 500   |       |       |       | -      | 1,000   | -                      | -                      |
| Vote 6 - COMMUNITY SAFETY                         |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 7 - SPORT AND RECREATION                     |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 8 - WASTE WATER MANAGEMENT                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 9 - WASTE MANAGEMENT                         |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 10 - ROADS TRANSPORT                         |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 11 - WATER                                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 12 - ELECTRICITY                             |     |                     |        | 1,500 |         |       |       | 1,500   |       |       |       |       | -      | 3,000   | -                      | -                      |
| Vote 13 - OTHER                                   |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 14 - HOUSING                                 |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| Vote 15 - IPED                                    |     |                     |        |       |         |       |       |         |       |       |       |       | -      | -   | -                      | -                      |
| <b>Capital single-year expenditure sub-total</b>  | 2   | -                   | -      | 1,500 | 500     | -     | -     | -       | 1,500 | 500   | -     | -     | -      | 4,000   | -                      | -                      |
| <b>Total Capital Expenditure</b>                  | 2   | 2,257               | 4,825  | 5,549 | 6,626   | 5,828 | 3,193 | 4,411   | 7,400 | 5,547 | 3,294 | 3,303 | 15,127 | 67,361  | 51,824                 | 53,479                 |



EC134 Lukhanji - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

| Description                                 | Ref | Budget Year 2014/15 |        |       |         |       |       |         |       |       |       |       |       | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|-----|---------------------|--------|-------|---------|-------|-------|---------|-------|-------|-------|-------|-------|---|------------------------|------------------------|
|   |     | July                | August | Sept. | October | Nov.  | Dec.  | January | Feb.  | March | April | May   | June  | Budget Year 2014/15                           | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Capital Expenditure - Standard</b>       | 1   |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| <i>Governance and administration</i>        |     | 200                 | 371    | 371   | 371     | 371   | 371   | 371     | 371   | 371   | 371   | 371   | 741   | 4,650   | 4,466                  | 4,549                  |
| Executive and council                       |     | -                   | 171    | 171   | 171     | 171   | 171   | 171     | 171   | 171   | 171   | 171   | 171   | 1,880   | 1,966                  | 2,049                  |
| Budget and treasury office                  |     | 200                 | 200    | 200   | 200     | 200   | 200   | 200     | 200   | 200   | 200   | 200   | 570   | 2,770   | 2,500                  | 2,500                  |
| Corporate services                          |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| <i>Community and public safety</i>          |     | 250                 | 2,442  | 1,537 | 2,200   | 1,776 | 1,670 | 2,336   | 1,790 | 1,325 | 876   | 212   | 2,367 | 18,780  | 20,080                 | 11,881                 |
| Community and social services               |     |                     | 1,750  | 1,086 | 950     | 1,085 | 750   | 2,101   | 940   | 650   | 748   |       | 1,800 | 11,860  | 11,200                 | 2,750                  |
| Sport and recreation                        |     | 250                 | 692    | 451   | 1,250   | 691   | 920   | 235     | 850   | 675   |       | 212   | 567   | 6,920   | 8,880                  | 9,131                  |
| Public safety                               |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| Housing                                     |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| Health                                      |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| <i>Economic and environmental services</i>  |     | 1,807               | 2,012  | 1,270 | 1,913   | 2,907 | 1,153 | 1,410   | 3,739 | 2,697 | 2,047 | 2,721 | 1,256 | 24,931  | 24,278                 | 31,049                 |
| Planning and development                    |     | 157                 | 157    | 157   | 157     | 157   | 157   | 157     | 157   | 157   | 157   | 157   | 157   | 1,880   | 1,966                  | 2,049                  |
| Road transport                              |     | 1,650               | 1,856  | 1,113 | 1,757   | 2,750 | 996   | 1,253   | 3,583 | 2,540 | 1,891 | 2,564 | 1,100 | 23,051  | 22,312                 | 29,000                 |
| Environmental protection                    |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| <i>Trading services</i>                     |     | 5,000               | -      | 872   | 1,642   | 775   | 1,750 | 295     | -     | 654   | 2,400 | 1,300 | 4,313 | 19,000  | 3,000                  | 6,000                  |
| Electricity                                 |     | 5,000               |        | 872   | 1,642   | 775   | 1,750 | 295     |       | 654   | 2,400 | 1,300 | 4,313 | 19,000  | 3,000                  | 6,000                  |
| Water                                       |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| Waste water management                      |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| Waste management                            |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| <i>Other</i>                                |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| <b>Total Capital Expenditure - Standard</b> | 2   | 7,257               | 4,825  | 4,049 | 6,126   | 5,828 | 4,943 | 4,411   | 5,900 | 5,047 | 5,694 | 4,603 | 8,677 | 67,361  | 51,824                 | 53,479                 |
| <b>Funded by:</b>                           |     |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| National Government                         |     | 23,500              | 3,000  |       |         | 7,200 |       |         |       | 6,891 |       |       | -     | 40,591  | 39,324                 | 40,979                 |
| Provincial Government                       |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| District Municipality                       |     |                     |        |       |         |       |       |         |       |       |       |       | 1,000 | 1,000   | -                      | -                      |
| Other transfers and grants                  |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| Transfers recognised - capital              |     | 23,500              | 3,000  | -     | -       | 7,200 | -     | -       | -     | 6,891 | -     | -     | 1,000 | 41,591  | 39,324                 | 40,979                 |
| Public contributions & donations            |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| Borrowing                                   |     |                     |        |       |         |       |       |         |       |       |       |       | -     | -   | -                      | -                      |
| Internally generated funds                  |     | 12,500              |        |       |         |       |       | 8,000   |       |       |       |       | 5,270 | 25,770  | 12,500                 | 12,500                 |
| <b>Total Capital Funding</b>                |     | 36,000              | 3,000  | -     | -       | 7,200 | -     | 8,000   | -     | 6,891 | -     | -     | 6,270 | 67,361  | 51,824                 | 53,479                 |

EC134 Lukhanji - Supporting Table SA30 Budgeted monthly cash flow

| MONTHLY CASH FLOWS                              | Budget Year 2014/15 |               |               |               |               |               |               |               |               |               |               |               | Medium Term Revenue and Expenditure Framework |                     |                        |                        |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|---------------------|------------------------|------------------------|
|   | R thousand          | July          | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June  | Budget Year 2014/15 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Cash Receipts By Source</b>                  |                     |               |               |               |               |               |               |               |               |               |               |               | 1   |                     |                        |                        |
| Property rates                                  | 4,417               | 6,518         | 7,734         | 14,506        | 5,612         | 4,980         | 5,539         | 4,920         | 4,471         | 3,699         | 4,867         | 6,526         | 73,789  | 79,551              | 85,915                 |                        |
| Property rates - penalties & collection charges | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      |                        |
| Service charges - electricity revenue           | 10,175              | 9,218         | 13,199        | 16,090        | 13,400        | 10,284        | 12,370        | 10,860        | 11,075        | 9,306         | 13,720        | 17,491        | 147,189                                       | 163,892             | 180,939                |                        |
| Service charges - water revenue                 | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      |                        |
| Service charges - sanitation revenue            | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      |                        |
| Service charges - refuse revenue                | 1,442               | 1,164         | 1,599         | 1,173         | 1,269         | 736           | 1,833         | 1,714         | 1,667         | 1,403         | 1,791         | 957           | 16,749  | 18,457              | 20,303                 |                        |
| Service charges - other                         | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      |                        |
| Rental of facilities and equipment              | 206                 | 206           | 206           | 206           | 206           | 206           | 206           | 206           | 206           | 206           | 206           | 206           | 2,476   | 2,476               | 2,476                  |                        |
| Interest earned - external investments          | 683                 | 683           | 683           | 683           | 683           | 683           | 683           | 683           | 683           | 683           | 683           | 683           | 8,200   | 8,200               | 8,200                  |                        |
| Interest earned - outstanding debtors           | 194                 | 194           | 194           | 194           | 194           | 194           | 194           | 194           | 194           | 194           | 194           | 194           | 2,333   | 2,522               | 2,726                  |                        |
| Dividends received                              | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                   | -                      |                        |
| Fines   | 29                  | 29            | 29            | 29            | 29            | 29            | 29            | 29            | 29            | 29            | 29            | 29            | 348   | 348                 | 348                    |                        |
| Licences and permits                            | 324                 | 324           | 324           | 324           | 324           | 324           | 324           | 324           | 324           | 324           | 324           | 324           | 3,889   | 3,889               | 3,889                  |                        |
| Agency services                                 | 315                 | 315           | 315           | 315           | 315           | 315           | 315           | 315           | 315           | 315           | 315           | 315           | 3,774   | 3,774               | 3,774                  |                        |
| Transfer receipts - operational                 | 10,742              | 10,742        | 10,742        | 10,742        | 10,742        | 10,742        | 10,742        | 10,742        | 10,742        | 10,742        | 10,742        | 10,742        | 128,899                                       | 138,693             | 137,306                |                        |
| Other revenue                                   | 982                 | 982           | 982           | 982           | 982           | 982           | 982           | 982           | 982           | 982           | 982           | 982           | 11,784  | 12,211              | 12,430                 |                        |
| <b>Cash Receipts by Source</b>                  | <b>29,510</b>       | <b>30,376</b> | <b>36,007</b> | <b>45,244</b> | <b>33,756</b> | <b>29,476</b> | <b>33,217</b> | <b>30,970</b> | <b>30,688</b> | <b>27,884</b> | <b>33,853</b> | <b>38,450</b> | <b>399,430</b>                                | <b>434,013</b>      | <b>458,307</b>         |                        |

|   |                |                 |               |               |               |               |               |               |               |               |               |               |                |                |                |
|---|----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| <b>Other Cash Flows by Source</b>                 |                |                 |               |               |               |               |               |               |               |               |               |               |                |                |                |
| Transfer receipts - capital                       | 3,383          | 3,383           | 3,383         | 3,383         | 3,383         | 3,383         | 3,383         | 3,383         | 3,383         | 3,383         | 3,383         | 3,383         | 40,591         | 39,324         | 40,979         |
| Contributions recognised - capital & Contributed  | 1,708          | 1,708           | 1,708         | 1,708         | 1,708         | 1,708         | 1,708         | 1,708         | 1,708         | 1,708         | 1,708         | 7,978         | 26,770         | 12,500         | 12,500         |
| Proceeds on disposal of PPE                       |                |                 |               |               |               |               |               |               |               |               |               | -             |                |                |                |
| Short term loans                                  |                |                 |               |               |               |               |               |               |               |               |               | -             |                |                |                |
| Borrowing long term/refinancing                   |                |                 |               |               |               |               |               |               |               |               |               | -             |                |                |                |
| Increase (decrease) in consumer deposits          |                |                 |               |               |               |               |               |               |               |               |               | -             |                |                |                |
| Decrease (Increase) in non-current debtors        |                |                 |               |               |               |               |               |               |               |               |               | -             |                |                |                |
| Decrease (increase) other non-current receivables |                |                 |               |               |               |               |               |               |               |               |               | -             |                |                |                |
| Decrease (increase) in non-current investments    |                |                 |               |               |               |               |               |               |               |               |               | -             |                |                |                |
| <b>Total Cash Receipts by Source</b>              | <b>34,601</b>  | <b>35,467</b>   | <b>41,098</b> | <b>50,334</b> | <b>38,847</b> | <b>34,567</b> | <b>38,308</b> | <b>36,060</b> | <b>35,779</b> | <b>32,975</b> | <b>38,944</b> | <b>49,811</b> | <b>466,791</b> | <b>485,837</b> | <b>511,786</b> |
| <b>Cash Payments by Type</b>                      |                |                 |               |               |               |               |               |               |               |               |               |               |                |                |                |
| Employee related costs                            | 11,107         | 11,107          | 11,107        | 11,107        | 11,107        | 11,107        | 11,107        | 11,107        | 11,107        | 11,107        | 11,107        | 11,107        | 133,286        | 141,808        | 150,879        |
| Remuneration of councillors                       | 1,681          | 1,681           | 1,681         | 1,681         | 1,681         | 1,681         | 1,681         | 1,681         | 1,681         | 1,681         | 1,681         | 1,681         | 20,167         | 21,297         | 22,468         |
| Finance charges                                   | 10             | 10              | 10            | 10            | 10            | 10            | 10            | 10            | 10            | 10            | 10            | 10            | 124            | 21             | -              |
| Bulk purchases - Electricity                      | 19,309         | 21,418          | 15,150        | 9,776         | 9,837         | 9,612         | 9,081         | 9,948         | 9,245         | 9,672         | 10,295        | 16,898        | 150,240        | 172,254        | 177,422        |
| Bulk purchases - Water & Sewer                    | -              | -               | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -              | -              | -              |
| Other materials                                   | -              | -               | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -              | -              | -              |
| Contracted services                               | 363            | 363             | 363           | 363           | 363           | 363           | 363           | 363           | 363           | 363           | 363           | 363           | 4,359          | 4,383          | 4,408          |
| Transfers and grants - other municipalities       | -              | -               | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -              | -              | -              |
| Transfers and grants - other                      | 395            | 395             | 395           | 395           | 395           | 395           | 395           | 395           | 395           | 395           | 395           | 395           | 4,734          | 5,100          | 5,150          |
| Other expenditure                                 | 4,545          | 4,545           | 4,545         | 4,545         | 4,545         | 4,545         | 4,545         | 4,545         | 4,545         | 4,545         | 4,545         | 4,545         | 54,534         | 60,422         | 60,839         |
| <b>Cash Payments by Type</b>                      | <b>37,409</b>  | <b>39,518</b>   | <b>33,250</b> | <b>27,876</b> | <b>27,938</b> | <b>27,712</b> | <b>27,182</b> | <b>28,048</b> | <b>27,346</b> | <b>27,772</b> | <b>28,396</b> | <b>34,998</b> | <b>367,445</b> | <b>405,285</b> | <b>421,166</b> |
| <b>Other Cash Flows/Payments by Type</b>          |                |                 |               |               |               |               |               |               |               |               |               |               |                |                |                |
| Capital assets                                    | 5,091          | 5,091           | 5,091         | 5,091         | 5,091         | 5,091         | 5,091         | 5,091         | 5,091         | 5,091         | 5,091         | 11,361        | 67,361         | 51,824         | 53,479         |
| Repayment of borrowing                            | 97             | 97              | 97            | 97            | 97            | 97            | 97            | 97            | 97            | 97            | 97            | 97            | 1,162          | 654            | -              |
| Other Cash Flows/Payments                         | 964            | 964             | 964           | 964           | 964           | 964           | 964           | 964           | 964           | 964           | 964           | 964           | 11,569         | 13,444         | 14,067         |
| <b>Total Cash Payments by Type</b>                | <b>43,561</b>  | <b>45,670</b>   | <b>39,402</b> | <b>34,028</b> | <b>34,090</b> | <b>33,864</b> | <b>33,334</b> | <b>34,200</b> | <b>33,498</b> | <b>33,924</b> | <b>34,547</b> | <b>47,420</b> | <b>447,537</b> | <b>471,207</b> | <b>488,712</b> |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>       | <b>(8,960)</b> | <b>(10,203)</b> | <b>1,696</b>  | <b>16,307</b> | <b>4,758</b>  | <b>703</b>    | <b>4,974</b>  | <b>1,861</b>  | <b>2,282</b>  | <b>(949)</b>  | <b>4,397</b>  | <b>2,391</b>  | <b>19,254</b>  | <b>14,630</b>  | <b>23,074</b>  |
| Cash/cash equivalents at the month/year begin:    | 148,352        | 139,392         | 129,189       | 130,885       | 147,191       | 151,949       | 152,652       | 157,626       | 159,486       | 161,768       | 160,819       | 165,215       | 148,352        | 167,606        | 182,237        |
| Cash/cash equivalents at the month/year end:      | 139,392        | 129,189         | 130,885       | 147,191       | 151,949       | 152,652       | 157,626       | 159,486       | 161,768       | 160,819       | 165,215       | 167,606       | 167,606        | 182,237        | 205,310        |

## **15 Measurable Performance Objectives (Revenue Source and Vote)**

Provided in the following pages are summaries of annual measurable performance objectives for each vote. Also included is revenue by source and vote in Table 10. Annual performance objectives must be converted into quarterly targets for the Service Delivery and Budget Implementation Plan (SDBIP) and will be audited in terms of the annual performance report required by the Systems Act (refer also to chapters 2 and 5 of the annual report as per MFMA circular 11).

EC134 Lukhanji - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

| Description  | Ref | Vote 1 - EXECUTIVE AND COUNCIL | Vote 2 - FINANCE AND ADMINISTRATION | Vote 3 - PLANNING AND DEVELOPMENT | Vote 4 - HEALTH | Vote 5 - COMMUNITY AND SOCIAL SERVICES | Vote 6 - COMMUNITY SAFETY | Vote 7 - SPORT AND RECREATION | Vote 8 - WASTE WATER MANAGEMENT | Vote 9 - WASTE MANAGEMENT | Vote 10 - ROADS TRANSPORT | Vote 11 - WATER | Vote 12 - ELECTRICITY | Vote 13 - OTHER | Vote 14 - HOUSING | Vote 15 - IPED | Total          |
|--|-----|--------------------------------|-------------------------------------|-----------------------------------|-----------------|--|---------------------------|-------------------------------|---------------------------------|---------------------------|---------------------------|-----------------|-----------------------|-----------------|-------------------|----------------|----------------|
| R thousand   |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                |                |
| <b>Revenue By Source</b>   |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                |                |
| Property rates   |     |                                | 75,162                              |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | 75,162         |
| Property rates - penalties & collection charges                      |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | -              |
| Service charges - electricity revenue                                |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 | 178,197               |                 |                   |                | 178,197        |
| Service charges - water revenue                                      |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | -              |
| Service charges - sanitation revenue                                 |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           | 38                        |                 |                       |                 |                   |                | 38             |
| Service charges - refuse revenue                                     |     |                                |                                     |                                   |                 |  |                           | 55                            |                                 | 30,507                    |                           |                 |                       |                 |                   |                | 30,562         |
| Service charges - other  |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | -              |
| Rental of facilities and equipment                                   |     |                                | 1,946                               |                                   |                 | 395                                    | 0                         | 132                           |                                 |                           |                           |                 |                       |                 | 3                 |                | 2,476          |
| Interest earned - external investments                               |     |                                | 8,200                               |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | 8,200          |
| Interest earned - outstanding debtors                                |     |                                | 7,537                               |                                   |                 |  |                           |                               |                                 | 4,266                     |                           |                 | 360                   |                 |                   |                | 12,163         |
| Dividends received   |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | -              |
| Fines  |     |                                | 0                                   |                                   |                 | 2                                      | 346                       |                               |                                 |                           |                           |                 |                       |                 |                   |                | 348            |
| Licences and permits   |     |                                |                                     |                                   |                 | 6                                      | 3,883                     |                               |                                 |                           |                           |                 |                       |                 |                   |                | 3,889          |
| Agency services  |     |                                |                                     |                                   |                 |  | 3,774                     |                               |                                 |                           |                           |                 |                       |                 |                   |                | 3,774          |
| Other revenue  |     | 190                            | 370                                 | 1,621                             |                 | 1,140                                  | 1,661                     | 28                            |                                 | 155                       | 6,152                     |                 | 1,017                 |                 |                   |                | 12,334         |
| Transfers recognised - operational                                   |     | 102,243                        | 5,623                               | 2,200                             |                 | 4,150                                  | 171                       |                               |                                 | 6,673                     |                           |                 | 8,010                 |                 |                   |                | 129,070        |
| Gains on disposal of PPE   |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | -              |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |     | <b>102,432</b>                 | <b>98,838</b>                       | <b>3,821</b>                      | <b>-</b>        | <b>5,694</b>                           | <b>9,835</b>              | <b>214</b>                    | <b>-</b>                        | <b>41,602</b>             | <b>6,190</b>              | <b>-</b>        | <b>187,585</b>        | <b>3</b>        | <b>-</b>          | <b>-</b>       | <b>456,213</b> |
| <b>Expenditure By Type</b>   |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                |                |
| Employee related costs   |     | 14,217                         | 24,152                              | 10,096                            |                 | 11,298                                 | 20,694                    | 10,350                        |                                 | 17,520                    | 11,105                    |                 | 13,512                | 117             |                   |                | 133,063        |
| Remuneration of councillors  |     | 20,167                         |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | 20,167         |
| Debt impairment  |     |                                | 11,371                              |                                   |                 |  |                           |                               |                                 | 13,758                    |                           |                 | 29,435                |                 |                   |                | 54,564         |
| Depreciation & asset impairment                                      |     | 7,168                          | 7,229                               |                                   |                 |  |                           |                               |                                 |                           | 9,046                     |                 | 5,673                 |                 |                   |                | 29,117         |
| Finance charges  |     | 117                            | 284                                 |                                   |                 |  |                           |                               |                                 | 550                       |                           |                 | 335                   |                 |                   |                | 1,286          |
| Bulk purchases   |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 | 150,081               |                 |                   |                | 150,081        |
| Other materials  |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | -              |
| Contracted services  |     |                                | 667                                 |                                   |                 |  | 3,686                     |                               |                                 |                           |                           |                 | 6                     |                 |                   |                | 4,359          |
| Transfers and grants   |     | 934                            | 1,600                               | 2,200                             |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | 4,734          |
| Other expenditure  |     | 11,725                         | 10,164                              | 4,113                             |                 | 2,330                                  | 3,642                     | 1,172                         |                                 | 5,658                     | 10,176                    |                 | 9,835                 | 28              |                   |                | 58,844         |
| Loss on disposal of PPE  |     |                                |                                     |                                   |                 |  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | -              |
| <b>Total Expenditure</b>   |     | <b>54,328</b>                  | <b>55,468</b>                       | <b>16,409</b>                     | <b>-</b>        | <b>13,629</b>                          | <b>28,023</b>             | <b>11,523</b>                 | <b>-</b>                        | <b>37,486</b>             | <b>30,328</b>             | <b>-</b>        | <b>208,877</b>        | <b>145</b>      | <b>-</b>          | <b>-</b>       | <b>456,214</b> |
| <b>Surplus/(Deficit)</b>   |     | <b>48,104</b>                  | <b>43,370</b>                       | <b>(12,588)</b>                   | <b>-</b>        | <b>(7,935)</b>                         | <b>(18,188)</b>           | <b>(11,309)</b>               | <b>-</b>                        | <b>4,115</b>              | <b>(24,137)</b>           | <b>-</b>        | <b>(21,292)</b>       | <b>(142)</b>    | <b>-</b>          | <b>-</b>       | <b>(0)</b>     |
| Transfers recognised - capital                                       |     | 1,880                          |                                     | 1,880                             |                 | 10,860                                 |                           | 6,920                         |                                 |                           | 14,052                    |                 | 5,000                 |                 |                   |                | 40,591         |
| Contributions recognised - capital                                   |     |                                |                                     |                                   |                 | 1,000                                  |                           |                               |                                 |                           |                           |                 |                       |                 |                   |                | 1,000          |
| Contributed assets   |     |                                | 2,770                               |                                   |                 |  |                           |                               |                                 |                           | 9,000                     |                 | 14,000                |                 |                   |                | 25,770         |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> |     | <b>49,984</b>                  | <b>46,140</b>                       | <b>(10,709)</b>                   | <b>-</b>        | <b>3,925</b>                           | <b>(18,188)</b>           | <b>(4,388)</b>                | <b>-</b>                        | <b>4,115</b>              | <b>(1,086)</b>            | <b>-</b>        | <b>(2,292)</b>        | <b>(142)</b>    | <b>-</b>          | <b>-</b>       | <b>67,361</b>  |

References



## **16 Disclosure on Implementation of MFMA & Other Legislation**

The MFMA (Municipal Finance Management Act) became effective July 1<sup>st</sup> of 2004. Most of the requirements of the act took effect immediately; however, various delays were given to certain sections of the act based on the 'capacity' of the municipality as was determined by National Treasury. All local municipalities were classified as either a high, medium or low capacity municipality with each level given different implementation dates for the various delayed sections.

Lukhanji is classified as a medium capacity municipality and was required to meet the implementation dates put forth for medium capacity municipalities.

A MFMA implementation plan was developed to assist the municipality in implementing the required changes by the deadlines given. With only a few exceptions all sections of the MFMA were required to be implemented by Lukhanji by July 1<sup>st</sup> of 2006.

Many of the major changes required by the act have already been implemented by the municipality. Some of these include adoption and implementation of a new supply chain policy and establishment of a supply chain unit, the establishment of a budget and treasury office within the finance directorate, the adoption of various policies and procedures including policies for cash and investments, delegations within the organization, establishment of a new audit committee, policy on unforeseen and unexpected expenditures and other administrative requirements.

The budget and how it must be designed, funded and reported on is a very big part of MFMA implementation. Requirements include funding the budget only from realistic revenue, surplus cash or borrowing (but only for capital projects).

Much of the implementation of the MFMA involves new and sometimes complex budgetary and financial reporting requirements. Detailed monthly budgetary reports must be delivered to the Mayor along with quarterly performance indicators. The Mayor is required to make quarterly reports to the council on all aspects of the budgets implementation and any problems that need to be addressed. A mid - year performance report is to be delivered to council along with recommendations on needed mid - year adjustments that need to be made. Annual, quarterly and monthly reports are required to be delivered to National Treasury in very specific formats. All of these reporting requirements are already being met.

## **17 Budgets and SDBIPs – Departmental / Functional (internal)**

A summary of each functional SDBIP within each directorate is provided in the following pages showing the information set out in MFMA Circular 13 under the section “Format of Departmental SDBIPs”:

- Purpose (outcomes);
- Service delivery description (outputs);
- Resources utilised (inputs);
- Inputs to detailed sector capital plans; and
- The link between performance measures in the SDBIP and performance contracts.

The summary of the Directorate SDBIP contain in the following pages gives performance targets and indicators for the 2014/15 year.



|                                    |   |                          |  |  |  |  |  |  |  |  |  |  |  |  |  |
|------------------------------------|---|--------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|
| <b>Service Delivery Unit</b>       | <b>Government Financial Statistic (Vote) Classification</b> |                          |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Administration and Human Resources | 1110-00   | Finance & Administration |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Summary of 2014/15**

| <b>Finance &amp; Administration</b>        | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b> | <b>Aug - 12</b> | <b>Sep - 12</b> | <b>Oct - 12</b> | <b>Nov - 12</b> | <b>Dec - 12</b> | <b>Jan - 13</b> | <b>Feb - 13</b> | <b>Mar - 13</b> | <b>Apr - 13</b> | <b>May - 13</b> | <b>Jun - 13</b> |
|--|------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Direct Operating Expenses                  | 6,462,597              | 6,637,035          | 538,496         | 554,413         | 554,413         | 554,413         | 554,413         | 554,413         | 554,413         | 554,413         | 554,413         | 554,413         | 554,413         | 554,413         |
| Operating Grant Expenses                   | 0                      | 0                  | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| <b>Total Direct Operating Expenditures</b> | <b>6,462,597</b>       | <b>6,637,035</b>   | <b>538,496</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  | <b>554,413</b>  |
| Direct Operating Income                    | 0                      |                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Operating Grant Income                     | 0                      | 0                  | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Capital Income                             |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Total Direct Operating Income</b>       | <b>0</b>               | <b>0</b>           | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Total Capital Expenditure</b>           | <b>0</b>               | <b>0</b>           | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |

|                              |   |                       |  |  |  |  |  |  |  |  |  |  |  |  |
|------------------------------|---|-----------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| <b>Service Delivery Unit</b> | <b>Government Financial Statistic (Vote) Classification</b> |                       |  |  |  |  |  |  |  |  |  |  |  |  |
| LED/SPU Unit                 | 1150-00   | Executive and Council |  |  |  |  |  |  |  |  |  |  |  |  |

**Summary of 201 2014/15 Budget**

| <b>Municipal Manager</b>                   | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b> | <b>Aug - 12</b> | <b>Sep - 12</b> | <b>Oct - 12</b> | <b>Nov - 12</b> | <b>Dec - 12</b> | <b>Jan - 13</b> | <b>Feb - 13</b> | <b>Mar - 13</b> | <b>Apr - 13</b> | <b>May - 13</b> | <b>Jun - 13</b> |
|--|------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Direct Operating Expenses                  | 3,289,956              | 3,289,956          | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         | 274,163         |
| Operating Grant Expenses                   | 0                      | 0                  | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| <b>Total Direct Operating Expenditures</b> | <b>3,289,956</b>       | <b>3,289,956</b>   | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  | <b>274,163</b>  |
| Direct Operating Income                    |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Operating Grant Income                     | 0                      | 0                  | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Capital Grant Income                       | 1,879,550              | 1,879,550          | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         | 156,629         |
| <b>Total Direct Operating Income</b>       | <b>1,879,550</b>       | <b>1,879,550</b>   | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  |
| <b>Total Capital Expenditure</b>           | <b>1,879,550</b>       | <b>1,879,550</b>   | <b>156,631</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  | <b>156,629</b>  |

|                              |         |  |   |  |  |  |  |  |  |  |  |  |  |
|------------------------------|---------|--|---|--|--|--|--|--|--|--|--|--|--|
| <b>Service Delivery Unit</b> |         |  | <b>Government Financial Statistic (Vote) Classification</b> |  |  |  |  |  |  |  |  |  |  |
| Council General              | 1120-00 |  | Executive and Council                                       |  |  |  |  |  |  |  |  |  |  |

**Summary of : 2014/15 Budget**

| <b>Council General</b>                    | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b>   | <b>Aug - 12</b>  | <b>Sep - 12</b>  | <b>Oct - 12</b>  | <b>Nov - 12</b>   | <b>Dec - 12</b>  | <b>Jan - 13</b>  | <b>Feb - 13</b>  | <b>Mar - 13</b>   | <b>Apr - 13</b>  | <b>May - 13</b>  | <b>Jun - 13</b>  |
|---|------------------------|--------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| Direct Operating Expenses                 | 31,193,780             | 31,193,780         | 2,490,722         | 2,470,722        | 2,561,177        | 2,561,177        | 3,181,743         | 2,561,177        | 2,561,177        | 2,561,177        | 2,561,177         | 2,561,177        | 2,561,177        | 2,561,177        |
| Operating Grant Expenses                  |                        |                    |                   |                  |                  |                  |                   |                  |                  |                  |                   |                  |                  |                  |
| <b>Total Direct Operating Expenditure</b> | <b>31,193,780</b>      | <b>31,193,780</b>  | <b>2,490,722</b>  | <b>2,470,722</b> | <b>2,561,177</b> | <b>2,561,177</b> | <b>3,181,743</b>  | <b>2,561,177</b> | <b>2,561,177</b> | <b>2,561,177</b> | <b>2,561,177</b>  | <b>2,561,177</b> | <b>2,561,177</b> | <b>2,561,177</b> |
| Direct Operating Income                   | 99,784,454             | 95,031,681         | 36,926,551        | 764              | 764              | 764              | 33,199,339        | 764              | 764              | 764              | 24,898,918        | 764              | 764              | 764              |
| Operating Grant Income                    |                        |                    |                   |                  |                  |                  |                   |                  |                  |                  |                   |                  |                  |                  |
| Capital Grant Income                      |                        |                    |                   |                  |                  |                  |                   |                  |                  |                  |                   |                  |                  |                  |
| <b>Total Direct Operating Income</b>      | <b>99,784,454</b>      | <b>95,031,681</b>  | <b>36,926,551</b> | <b>764</b>       | <b>764</b>       | <b>764</b>       | <b>33,199,339</b> | <b>764</b>       | <b>764</b>       | <b>764</b>       | <b>24,898,918</b> | <b>764</b>       | <b>764</b>       | <b>764</b>       |
| <b>Total Capital Expenditure</b>          |                        |                    |                   |                  |                  |                  |                   |                  |                  |                  |                   |                  |                  |                  |

| Service Delivery Unit             |         | Government Financial Statistic (Vote) Classification |  |
|-----------------------------------|---------|--|--|
| Assessment rates                  | 1105-02 | Finance & Administrative                             |  |
| Financial Services Administration | 1115-00 | Finance & Administrative                             |  |
| Computers: Information Technology | 1115-04 | Finance & Administrative                             |  |

**Summary of 2014/15 Budget**

| Finance & Administration                  | Original Budget   | Cash Budget       | Jul - 12         | Aug - 12         | Sep - 12         | Oct - 12         | Nov - 12         | Dec - 12         | Jan - 13         | Feb - 13         | Mar - 13         | Apr - 13         | May - 13         | Jun - 13         |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Direct Operating Expenses                 | 34,324,151        | 24,434,101        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        | 2,036,175        |
| Operating Grant Expenses                  | 1,600,000         | 1,600,000         | 133,337          | 133,333          | 133,333          | 133,333          | 133,333          | 133,333          | 133,333          | 133,333          | 133,333          | 133,333          | 133,333          | 133,333          |
| <b>Total Direct Operating Expenditure</b> | <b>35,924,151</b> | <b>26,034,101</b> | <b>2,169,512</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> | <b>2,169,508</b> |
| Direct Operating Income                   | 95,047,728        | 84,985,601        | 7,082,138        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        | 7,082,133        |
| Operating Grant Income                    | 1,600,000         | 1,600,000         | 1,600,000        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Capital Grant Income                      |                   |                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total Direct Operating Income</b>      | <b>96,647,728</b> | <b>86,585,601</b> | <b>8,682,138</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> | <b>7,082,133</b> |
| <b>Total Capital Expenditure</b>          | <b>2,770,000</b>  | <b>2,770,000</b>  | <b>230,837</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   | <b>230,833</b>   |

|                                 |   |                       |  |  |  |  |  |  |  |  |  |  |  |
|---------------------------------|---|-----------------------|--|--|--|--|--|--|--|--|--|--|--|
| <b>Service Delivery Unit</b>    | <b>Government Financial Statistic (Vote) Classification</b> |                       |  |  |  |  |  |  |  |  |  |  |  |
| Office of the Municipal Manager | 1105-00   | Executive and Council |  |  |  |  |  |  |  |  |  |  |  |

**Summary of 201 2014/15 Budget**

| <b>Municipal Manager</b>                   | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b>  | <b>Aug - 12</b>  | <b>Sep - 12</b>  | <b>Oct - 12</b>  | <b>Nov - 12</b>  | <b>Dec - 12</b>  | <b>Jan - 13</b>  | <b>Feb - 13</b>  | <b>Mar - 13</b>  | <b>Apr - 13</b>  | <b>May - 13</b>  | <b>Jun - 13</b>  |
|--|------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Direct Operating Expenses                  | 19,175,261             | 12,167,561         | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        | 1,013,963        |
| Operating Grant Expenses                   | 2,648,000              | 2,648,000          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          | 220,667          |
| <b>Total Direct Operating Expenditures</b> | <b>21,823,261</b>      | <b>14,815,561</b>  | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> | <b>1,234,630</b> |
| Direct Operating Income                    |                        |                    |                  |                  |                  |                  |                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Operating Grant Income                     | 2,648,000              | 2,648,000          | 1,714,000        | 0                | 0                | 0                | 934,000          | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total Direct Operating Income</b>       | <b>2,648,000</b>       | <b>2,648,000</b>   | <b>1,714,000</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>934,000</b>   | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Total Capital Expenditure</b>           | <b>0</b>               | <b>0</b>           | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

| Service Delivery Unit             |          | Government Financial Statistic (Vote) Classification |                          |
|-----------------------------------|----------|--|--------------------------|
| Technical Services Administration |          | 1130-00  | Electricity              |
| Electricity Distribution          |          | 1130-06  | Electricity              |
| Vehicle Fleet                     |          | 1130-22  | Finance & Administrative |
| Mechanics Workshop                |          | 1130-12  | Finance & Administrative |
| Areodrome                         |          | 1130-02  | Other                    |
| Infrastructure Development Unit   |          | 1130-10  | Planning & Development   |
| Streets                           |          | 1130-20  | Road Transport           |
| Sewerage Disposal Works           | (agency) | 1130-16  | Wastewater Management    |
| Water Distribution                | (agency) | 1130-26  | Water                    |

**Summa 2014/15 Budget**

| Electricity                                | Original Budget    | Cash Budget        | Jul - 12          | Aug - 12          | Sep - 12          | Oct - 12          | Nov - 12          | Dec - 12          | Jan - 13          | Feb - 13          | Mar - 13          | Apr - 13          | May - 13          | Jun - 13          |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Direct Operating Expenses                  | 210,185,599        | 173,737,928        | 21,097,784        | 23,206,661        | 17,141,899        | 11,767,515        | 11,829,417        | 11,603,547        | 11,073,327        | 11,939,756        | 11,237,429        | 11,663,852        | 12,287,147        | 18,889,594        |
| Operating Grant Expenses                   |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Total Direct Operating Expenditures</b> | <b>210,185,599</b> | <b>173,737,928</b> | <b>21,097,784</b> | <b>23,206,661</b> | <b>17,141,899</b> | <b>11,767,515</b> | <b>11,829,417</b> | <b>11,603,547</b> | <b>11,073,327</b> | <b>11,939,756</b> | <b>11,237,429</b> | <b>11,663,852</b> | <b>12,287,147</b> | <b>18,889,594</b> |
| Direct Operating Income                    | 187,702,694        | 147,424,849        | 10,248,698        | 9,274,552         | 13,286,056        | 16,163,868        | 13,472,339        | 10,351,362        | 12,443,387        | 10,914,571        | 11,145,338        | 9,372,222         | 12,591,026        | 18,161,432        |
| Operating Grant Income                     |                    |                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Capital Grant Income                       | 5,000,000          | 5,000,000          | 2,000,000         | 0                 | 0                 | 0                 | 3,000,000         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total Direct Operating Income</b>       | <b>192,702,694</b> | <b>152,424,849</b> | <b>12,248,698</b> | <b>9,274,552</b>  | <b>13,286,056</b> | <b>16,163,868</b> | <b>16,472,339</b> | <b>10,351,362</b> | <b>12,443,387</b> | <b>10,914,571</b> | <b>11,145,338</b> | <b>9,372,222</b>  | <b>12,591,026</b> | <b>18,161,432</b> |
| <b>Total Capital Expenditure</b>           | <b>19,000,000</b>  | <b>19,000,000</b>  | <b>1,583,337</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  | <b>1,583,333</b>  |

| <b>Finance &amp; Administration</b>        |                           | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b> | <b>Aug - 12</b> | <b>Sep - 12</b> | <b>Oct - 12</b> | <b>Nov - 12</b> | <b>Dec - 12</b> | <b>Jan - 13</b> | <b>Feb - 13</b> | <b>Mar - 13</b> | <b>Apr - 13</b> | <b>May - 13</b> | <b>Jun - 13</b> |
|--|---------------------------|------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | Direct Operating Expenses | 5,064,014              | 5,042,005          | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         | 420,167         |
|  | Operating Grant Expenses  |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Total Direct Operating Expenditures</b> |                           | <b>5,064,014</b>       | <b>5,042,005</b>   | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  | <b>420,167</b>  |
|  | Direct Operating Income   |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|  | Operating Grant Income    |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|  | Capital Grant Income      |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Total Direct Operating Income</b>       |                           | <b>0</b>               | <b>0</b>           | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Total Capital Expenditure</b>           |                           | <b>0</b>               | <b>0</b>           | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Other</b>                               |                           | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b> | <b>Aug - 12</b> | <b>Sep - 12</b> | <b>Oct - 12</b> | <b>Nov - 12</b> | <b>Dec - 12</b> | <b>Jan - 13</b> | <b>Feb - 13</b> | <b>Mar - 13</b> | <b>Apr - 13</b> | <b>May - 13</b> | <b>Jun - 13</b> |
|  | Direct Operating Expenses | 145,041                | 135,441            | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          | 11,287          |
|  | Operating Grant Expenses  |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Total Direct Operating Expenditures</b> |                           | <b>145,041</b>         | <b>135,441</b>     | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   | <b>11,287</b>   |
|  | Direct Operating Income   | 2,840                  | 2,840              | 237             | 237             | 237             | 237             | 237             | 237             | 237             | 237             | 237             | 237             | 237             | 237             |
|  | Operating Grant Income    |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|  | Capital Grant Income      |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Total Direct Operating Income</b>       |                           | <b>2,840</b>           | <b>2,840</b>       | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      | <b>237</b>      |
| <b>Total Capital Expenditure</b>           |                           |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |

| <b>Planning &amp; Development</b> |  | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b>  | <b>Aug - 12</b>  | <b>Sep - 12</b>  | <b>Oct - 12</b>  | <b>Nov - 12</b>  | <b>Dec - 12</b>  | <b>Jan - 13</b>  | <b>Feb - 13</b>  | <b>Mar - 13</b>  | <b>Apr - 13</b>  | <b>May - 13</b>  | <b>Jun - 13</b>  |
|-----------------------------------|--|------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                   | Direct Operating Expenses                  | 3,749,857              | 3,537,257          | 294,776          | 294,771          | 294,771          | 294,771          | 294,771          | 294,771          | 294,771          | 294,771          | 294,771          | 294,771          | 294,771          | 294,771          |
|                                   | Operating Grant Expenses                   | 2,200,000              | 2,200,000          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          | 183,333          |
|                                   | <b>Total Direct Operating Expenditures</b> | <b>5,949,857</b>       | <b>5,737,257</b>   | <b>478,109</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   | <b>478,104</b>   |
|                                   | Direct Operating Income                    | 1,609,850              | 1,409,850          | 409,850          | 0                | 0                | 0                | 1,000,000        | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
|                                   | Operating Grant Income                     | 2,200,000              | 2,200,000          | 1,000,000        | 0                | 0                | 0                | 600,000          | 0                | 0                | 0                | 600,000          | 0                | 0                | 0                |
|                                   | Capital Grant Income                       | 1,879,550              | 1,879,550          | 1,879,550        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
|                                   | <b>Total Direct Operating Income</b>       | <b>5,689,400</b>       | <b>5,489,400</b>   | <b>3,289,400</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>1,600,000</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>600,000</b>   | <b>0</b>         | <b>0</b>         | <b>0</b>         |
|                                   | <b>Total Capital Expenditure</b>           | <b>1,879,550</b>       | <b>1,879,550</b>   | <b>156,629</b>   | <b>156,633</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   | <b>156,629</b>   |
| <b>Road Transport</b>             |  | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b>  | <b>Aug - 12</b>  | <b>Sep - 12</b>  | <b>Oct - 12</b>  | <b>Nov - 12</b>  | <b>Dec - 12</b>  | <b>Jan - 13</b>  | <b>Feb - 13</b>  | <b>Mar - 13</b>  | <b>Apr - 13</b>  | <b>May - 13</b>  | <b>Jun - 13</b>  |
|                                   | Direct Operating Expenses                  | 30,326,496             | 21,190,237         | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        | 1,765,853        |
|                                   | Operating Grant Expenses                   |                        |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|                                   | <b>Total Direct Operating Expenditures</b> | <b>30,326,496</b>      | <b>21,190,237</b>  | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> | <b>1,765,853</b> |
|                                   | Direct Operating Income                    | 6,277,456              | 6,238,186          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          | 519,849          |
|                                   | Operating Grant Income                     |                        |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|                                   | Capital Grant Income                       | 14,051,450             | 14,051,450         | 4,683,817        | 0                | 0                | 0                | 4,683,817        | 0                | 0                | 0                | 4,683,816        | 0                | 0                | 0                |
|                                   | <b>Total Direct Operating Income</b>       | <b>20,328,906</b>      | <b>20,289,636</b>  | <b>5,203,666</b> | <b>519,849</b>   | <b>519,849</b>   | <b>519,849</b>   | <b>5,203,666</b> | <b>519,849</b>   | <b>519,849</b>   | <b>519,849</b>   | <b>5,203,665</b> | <b>519,849</b>   | <b>519,849</b>   | <b>519,849</b>   |
|                                   | <b>Total Capital Expenditure</b>           | <b>23,051,450</b>      | <b>23,051,450</b>  | <b>1,920,956</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> | <b>1,920,954</b> |





| <b>Finance &amp; Administration</b> |  | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b> | <b>Aug - 12</b> | <b>Sep - 12</b> | <b>Oct - 12</b> | <b>Nov - 12</b> | <b>Dec - 12</b> | <b>Jan - 13</b> | <b>Feb - 13</b> | <b>Mar - 13</b> | <b>Apr - 13</b> | <b>May - 13</b> | <b>Jun - 13</b> |
|-------------------------------------|--|------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                     | Direct Operating Expenses                  | 7,921,408              | 615,233            | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          | 51,269          |
|                                     | Operating Grant Expenses                   |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                                     | <b>Total Direct Operating Expenditures</b> | <b>7,921,408</b>       | <b>615,233</b>     | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   | <b>51,269</b>   |
|                                     | Direct Operating Income                    | 1,947,420              | 1,000              | 83              | 83              | 83              | 83              | 83              | 83              | 83              | 83              | 83              | 83              | 83              | 83              |
|                                     | Operating Grant Income                     |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                                     | Capital Grant Income                       | 860,421                | 860,421            | 97,600          | 97,600          | 146,600         | 302,236         | 204,635         | 0               | 0               | 0               | 0               | 11,750          | 0               | 0               |
|                                     | <b>Total Direct Operating Income</b>       | <b>2,807,841</b>       | <b>861,421</b>     | <b>97,683</b>   | <b>97,683</b>   | <b>146,683</b>  | <b>302,319</b>  | <b>204,718</b>  | <b>83</b>       | <b>83</b>       | <b>83</b>       | <b>83</b>       | <b>11,833</b>   | <b>83</b>       | <b>83</b>       |
|                                     | <b>Total Capital Expenditure</b>           |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                                     |  |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Planning &amp; Development</b>   |  | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b> | <b>Aug - 12</b> | <b>Sep - 12</b> | <b>Oct - 12</b> | <b>Nov - 12</b> | <b>Dec - 12</b> | <b>Jan - 13</b> | <b>Feb - 13</b> | <b>Mar - 13</b> | <b>Apr - 13</b> | <b>May - 13</b> | <b>Jun - 13</b> |
|                                     | Direct Operating Expenses                  | 10,757,841             | 11,152,743         | 894,233         | 932,592         | 932,592         | 932,592         | 932,592         | 932,592         | 932,592         | 932,592         | 932,592         | 932,592         | 932,592         | 932,592         |
|                                     | Operating Grant Expenses                   |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                                     | <b>Total Direct Operating Expenditures</b> | <b>10,757,841</b>      | <b>11,152,743</b>  | <b>894,233</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  | <b>932,592</b>  |
|                                     | Direct Operating Income                    | 10,750                 | 6,750              | 563             | 563             | 563             | 563             | 563             | 563             | 563             | 563             | 563             | 563             | 563             | 563             |
|                                     | Operating Grant Income                     |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                                     | Capital Grant Income                       |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                                     | <b>Total Direct Operating Income</b>       | <b>10,750</b>          | <b>6,750</b>       | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      | <b>563</b>      |
|                                     | <b>Total Capital Expenditure</b>           |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                                     |  |                        |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |

| Service Delivery Unit            |         | Government Financial Statistic (Vote) Classification |  |
|----------------------------------|---------|--|--|
| Fire Brigade                     | 1140-18 | Public Safety  |  |
| Municipal Security               | 1140-50 | Public Safety  |  |
| Pound and Commonage              | 1140-62 | Public Safety  |  |
| Control Room                     | 1140-04 | Public Safety  |  |
| Emergency & Disaster Planning    | 1140-16 | Public Safety  |  |
| Traffic Administration & Control | 1140-64 | Public Safety  |  |

**Summary of 2014/15 Budget**

| Public Safety                              | Original Budget   | Cash Budget       | Jul - 12         | Aug - 12         | Sep - 12         | Oct - 12         | Nov - 12         | Dec - 12         | Jan - 13         | Feb - 13         | Mar - 13         | Apr - 13         | May - 13         | Jun - 13         |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Direct Operating Expenses                  | 27,928,856        | 27,513,776        | 2,282,724        | 2,282,724        | 2,294,833        | 2,294,833        | 2,294,833        | 2,294,833        | 2,294,833        | 2,294,833        | 2,294,833        | 2,294,833        | 2,294,833        | 2,294,833        |
| Operating Grant Expenses                   |                   |                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total Direct Operating Expenditures</b> | <b>27,928,856</b> | <b>27,513,776</b> | <b>2,282,724</b> | <b>2,282,724</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> | <b>2,294,833</b> |
| Direct Operating Income                    | 9,916,102         | 9,739,512         | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          | 811,626          |
| Operating Grant Income                     |                   |                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital Grant Income                       | 0                 | 0                 | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total Direct Operating Income</b>       | <b>9,916,102</b>  | <b>9,739,512</b>  | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   | <b>811,626</b>   |
| <b>Total Capital Expenditure</b>           | <b>0</b>          | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

**Community Services Director:** G. Judeel

| Service Delivery Unit         | Government Financial Statistic (Vote) Classification |                             |
|-------------------------------|--|-----------------------------|
| Cemeteries                    | 1125-02  | Community & Social Services |
| Comm Services Administration  | 1125-00  | Community & Social Services |
| Ezibeleni Library             | 1125-40  | Community & Social Services |
| Queenstown Library            | 1125-46  | Community & Social Services |
| Mlungisi Library              | 1125-42  | Community & Social Services |
| Parkvale Library              | 1125-44  | Community & Social Services |
| Whittlesea Library            | 1125-48  | Community & Social Services |
| Nature Reserve                | 1125-52  | Community & Social Services |
| Berry Dam Recreation Ground   | 1125-16  | Sport & Recreation          |
| Parks                         | 1125-58  | Sport & Recreation          |
| Sportsfields                  | 1125-60  | Sport & Recreation          |
| Bonkolo Dam Recreation Ground | 1125-66  | Sport & Recreation          |
| Refuse Disposal (Landfill)    | 1125-10  | Waste Management            |
| Refuse Removal                | 1125-12  | Waste Management            |
| Cleaning Services             | 1125-08  | Waste Management            |
| Street Cleaning               | 1125-14  | Waste Management            |

**Summary of 2014/15**

| Community & Social Services                | Original Budget  | Cash Budget      | Jul - 12         | Aug - 12       | Sep - 12       | Oct - 12       | Nov - 12       | Dec - 12       | Jan - 13       | Feb - 13       | Mar - 13       | Apr - 13       | May - 13       | Jun - 13       |
|--|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Direct Operating Expenses                  | 9,685,544        | 9,579,584        | 798,299          | 798,299        | 798,299        | 798,299        | 798,299        | 798,299        | 798,299        | 798,299        | 798,299        | 798,299        | 798,299        | 798,299        |
| Operating Grant Expenses                   |                  |                  |                  |                |                |                |                |                |                |                |                |                |                |                |
| <b>Total Direct Operating Expenditures</b> | <b>9,685,544</b> | <b>9,579,584</b> | <b>798,299</b>   | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> | <b>798,299</b> |
| Direct Operating Income                    | 1,146,652        | 1,146,652        | 95,554           | 95,554         | 95,554         | 95,554         | 95,554         | 95,554         | 95,554         | 95,554         | 95,554         | 95,554         | 95,554         | 95,554         |
| Operating Grant Income                     | 4,150,000        | 4,150,000        | 4,150,000        |                |                |                |                |                |                |                |                |                |                |                |
| Capital Grant Income                       | 2,000,000        | 2,000,000        | 1,000,000        | 0              | 0              | 0              | 500,000        | 0              | 0              | 0              | 500,000        | 0              | 0              | 0              |
| <b>Total Direct Operating Income</b>       | <b>7,296,652</b> | <b>7,296,652</b> | <b>5,245,554</b> | <b>95,554</b>  | <b>95,554</b>  | <b>95,554</b>  | <b>595,554</b> | <b>95,554</b>  | <b>95,554</b>  | <b>95,554</b>  | <b>595,554</b> | <b>95,554</b>  | <b>95,554</b>  | <b>95,554</b>  |
| <b>Total Capital Expenditure</b>           | <b>3,000,000</b> | <b>3,000,000</b> | <b>250,000</b>   | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> | <b>250,000</b> |

| <b>Sport &amp; Recreation</b>              | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b>  | <b>Aug - 12</b> | <b>Sep - 12</b> | <b>Oct - 12</b> | <b>Nov - 12</b> | <b>Dec - 12</b> | <b>Jan - 13</b> | <b>Feb - 13</b> | <b>Mar - 13</b> | <b>Apr - 13</b> | <b>May - 13</b> | <b>Jun - 13</b> |
|--|------------------------|--------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Direct Operating Expenses                  | 11,438,267             | 11,270,907         | 939,242          | 939,242         | 939,242         | 939,242         | 939,242         | 939,242         | 939,242         | 939,242         | 939,242         | 939,242         | 939,242         | 939,242         |
| Operating Grant Expenses                   |                        | 0                  |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Total Direct Operating Expenditures</b> | <b>11,438,267</b>      | <b>11,270,907</b>  | <b>939,242</b>   | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  | <b>939,242</b>  |
| Direct Operating Income                    | 214,150                | 214,150            | 17,846           | 17,846          | 17,846          | 17,846          | 17,846          | 17,846          | 17,846          | 17,846          | 17,846          | 17,846          | 17,846          | 17,846          |
| Operating Grant Income                     |                        |                    |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Capital Grant Income                       | 6,920,450              | 6,920,450          | 6,920,450        | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| <b>Total Direct Operating Income</b>       | <b>7,134,600</b>       | <b>7,134,600</b>   | <b>6,938,296</b> | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   | <b>17,846</b>   |
| <b>Total Capital Expenditure</b>           | <b>6,920,450</b>       | <b>6,920,450</b>   | <b>576,704</b>   | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  | <b>576,704</b>  |

| <b>Waste Management</b>                    | <b>Original Budget</b> | <b>Cash Budget</b> | <b>Jul - 12</b>  | <b>Aug - 12</b>  | <b>Sep - 12</b>  | <b>Oct - 12</b>  | <b>Nov - 12</b>  | <b>Dec - 12</b>  | <b>Jan - 13</b>  | <b>Feb - 13</b>  | <b>Mar - 13</b>  | <b>Apr - 13</b>  | <b>May - 13</b>  | <b>Jun - 13</b>  |
|--|------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Direct Operating Expenses                  | 37,588,052             | 23,826,225         | 1,956,113        | 1,956,113        | 1,991,400        | 1,991,400        | 1,991,400        | 1,991,400        | 1,991,400        | 1,991,400        | 1,991,400        | 1,991,400        | 1,991,400        | 1,991,400        |
| Operating Grant Expenses                   |                        |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total Direct Operating Expenditures</b> | <b>37,588,052</b>      | <b>23,826,225</b>  | <b>1,956,113</b> | <b>1,956,113</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> | <b>1,991,400</b> |
| Direct Operating Income                    | 41,557,769             | 24,811,048         | 1,449,738        | 1,171,457        | 2,606,685        | 1,978,979        | 4,099,645        | 1,343,172        | 1,839,492        | 1,721,289        | 3,341,386        | 1,409,784        | 1,797,105        | 2,052,317        |
| Operating Grant Income                     |                        |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital Grant Income                       |                        |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total Direct Operating Income</b>       | <b>41,557,769</b>      | <b>24,811,048</b>  | <b>1,449,738</b> | <b>1,171,457</b> | <b>2,606,685</b> | <b>1,978,979</b> | <b>4,099,645</b> | <b>1,343,172</b> | <b>1,839,492</b> | <b>1,721,289</b> | <b>3,341,386</b> | <b>1,409,784</b> | <b>1,797,105</b> | <b>2,052,317</b> |
| <b>Total Capital Expenditure</b>           |                        | <b>0</b>           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |

**18 Budgets and SDBIPs - Entities & Other External Mechanisms**

The municipality has no entities.

## 19 Summary of Detailed Capital Plans

*Detailed capital plans, aligned to national and provincial sector plans, will be contained in the SDBIP as per MFMA Circular No 13. These should be summarised and referenced here. The detailed plans must be submitted to National Treasury with the budget documentation. Capital programmes should be approved as an overall comprehensive capital budget to ensure that projects can be executed in terms of the implementation plans. The summary of the detailed capital plan should reflect:*

- *Information by programme and municipal ward*
- *The source of the funding for the capital programme*

### 19.2 Table SA 34a - Capital expenditure by asset category

**Table SA34b – Capital expenditure on renewal of existing assets**

**Table SA 36 - Future financial implications of capital budget**

The following pages contain the listing of capital by category.





EC134 Lukhanji - Supporting Table SA34a Capital expenditure on new assets by asset class

| Description   | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Capital expenditure on new assets by Asset Class/Sub-class</b> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |     | 211,511         | 23,647          | 77,295          | 18,668               | 19,861          | 19,861             | 27,300  | 9,000                  | 17,000                 |
| Infrastructure - Road transport                                   |     | 119,096         | 18,717          | 77,295          | 5,858                | 8,078           | 8,078              | -   | -                      | -                      |
| Roads, Pavements & Bridges  |     | 119,096         | 18,717          | 77,295          | 5,858                | 8,078           | 8,078              |   |                        |                        |
| Storm water   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Electricity                                      |     | 84,212          | 4,929           | -               | 3,882                | 3,882           | 3,882              | 19,000  | 3,000                  | 6,000                  |
| Generation  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Transmission & Reticulation                                       |     | 84,212          | 2,189           |                 | 3,882                | 3,882           | 3,882              | 19,000  | 3,000                  | 6,000                  |
| Street Lighting   |     |                 | 2,741           |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Water  |     | -               | -               | -               | 562                  | 562             | 562                | -   | -                      | -                      |
| Dams & Reservoirs   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Water purification  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Reticulation  |     |                 |                 |                 | 562                  | 562             | 562                |   |                        |                        |
| Infrastructure - Sanitation                                       |     | -               | -               | -               | 1,866                | 1,051           | 1,051              | -   | -                      | -                      |
| Reticulation  |     |                 |                 |                 | 1,866                | 1,051           | 1,051              |   |                        |                        |
| Sewerage purification   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Other  |     | 8,203           | -               | -               | 6,500                | 6,289           | 6,289              | 8,300   | 6,000                  | 11,000                 |
| Waste Management  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Transportation  |     |                 |                 |                 | 6,500                | 6,289           | 6,289              | 8,300   | 6,000                  | 11,000                 |
| Gas   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   |     | 8,203           |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Community</b>  |     | 590,471         | -               | -               | 20,133               | 27,300          | 27,300             | 20,660  | 22,046                 | 13,930                 |
| Parks & gardens   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sportsfields & stadia   |     | 590,471         |                 |                 | 5,000                | 9,419           | 9,419              | 6,920   | 8,880                  | 9,131                  |
| Swimming pools  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Community halls   |     |                 |                 |                 | 9,600                | 13,433          | 13,433             | 8,860   | 5,800                  | -                      |
| Cemeteries  |     |                 |                 |                 | 3,600                | 2,515           | 2,515              | 3,000   | 5,400                  | 2,750                  |
| Social rental housing   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   |     |                 |                 |                 | 1,933                | 1,933           | 1,933              | 1,880   | 1,966                  | 2,049                  |
| <b>Heritage assets</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Buildings   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Investment properties</b>                                      |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing development   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other assets</b>   |     | -               | -               | -               | 8,881                | 9,685           | 9,685              | 4,650   | 4,466                  | 4,549                  |
| General vehicles  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Specialised vehicles  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Plant & equipment   |     |                 |                 |                 | 7,500                | 7,500           | 7,500              |   |                        |                        |
| Computers - hardware/equipment                                    |     |                 |                 |                 |                      |                 |                    | 2,770   | 2,500                  | 2,500                  |
| Furniture and other office equipment                              |     |                 |                 |                 |                      |                 |                    | 1,880   | 1,966                  | 2,049                  |
| Other   |     |                 |                 |                 | 1,381                | 2,185           | 2,185              |   |                        |                        |
| <b>Agricultural assets</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| List sub-class  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Biological assets</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| List sub-class  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Intangibles</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Computers - software & programming                                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other (list sub-class)  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Capital Expenditure on new assets</b>                    | 1   | 801,983         | 23,647          | 77,295          | 47,682               | 56,846          | 56,846             | 52,610  | 35,512                 | 35,479                 |

EC134 Lukhanji - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

| Description   | Ref | 2010/11         | 2011/12         | 2012/13         | Current Year 2013/14 |                 |                    | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 |
| <b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |     | -               | -               | 27,856          | 21,980               | 24,139          | 24,139             | 14,751  | 16,312                 | 18,000                 |
| Infrastructure - Road transport   |     | -               | -               | 27,856          | 21,980               | 24,139          | 24,139             | 14,751  | 16,312                 | 18,000                 |
| <i>Roads, Pavements &amp; Bridges</i>   |     |                 |                 | 25,186          | 17,925               | 19,642          | 19,642             | 9,000   | 10,000                 | 10,000                 |
| <i>Storm water</i>  |     |                 |                 | 2,670           | 4,056                | 4,497           | 4,497              | 5,751   | 6,312                  | 8,000                  |
| Infrastructure - Electricity  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Generation</i>   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Transmission &amp; Reticulation</i>  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Street Lighting</i>  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Water  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Dams &amp; Reservoirs</i>  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Water purification</i>   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Reticulation</i>   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Sanitation   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Reticulation</i>   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Sewerage purification</i>  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Other  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Waste Management</i>   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Transportation</i>   | 2   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Gas</i>  | 3   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Other</i>  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Community</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Parks & gardens   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sportsfields & stadia   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Heritage assets</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Buildings   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   | 9   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Investment properties</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing development   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other assets</b>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| General vehicles  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Specialised vehicles  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Plant & equipment   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Computers - hardware/equipment  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Furniture and other office equipment  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Abattoirs   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Markets   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Civic Land and Buildings  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other Buildings   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other Land  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Surplus Assets - (Investment or Inventory)  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Agricultural assets</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>List sub-class</i>   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Biological assets</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>List sub-class</i>   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Intangibles</b>  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Computers - software & programming  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other ( <i>list sub-class</i> )   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Capital Expenditure on renewal of existing</b>                           | 1   | -               | -               | 27,856          | 21,980               | 24,139          | 24,139             | 14,751  | 16,312                 | 18,000                 |



EC134 Lukhanji - Supporting Table SA36 Detailed capital budget

| Municipal Vote/Capital project                             | Ref | Program/Project description         | Project number | IDP Goal code | Individually Approved (Yes/No) | Asset Class                     | Asset Sub-Class                      | Prior year outcomes     |   | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        | Project information |                |
|--|-----|-------------------------------------|----------------|---------------|--------------------------------|---------------------------------|--------------------------------------|-------------------------|---|---|------------------------|------------------------|---------------------|----------------|
|  |     |                                     |                |               |                                |                                 |                                      | Audited Outcome 2012/13 | Current Year 2013/14 Full Year Forecast | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 | Ward location       | New or renewal |
| Parent municipality:                                       |     |                                     |                |               |                                |                                 |                                      |                         |   |   |                        |                        |                     |                |
| <i>List all capital projects grouped by Municipal Vote</i> |     |                                     |                |               |                                |                                 |                                      |                         |   |   |                        |                        |                     |                |
| Vote 12 - Electricity Distribution                         |     | Lukhanji Community Lighting         | 165,121        |               | Yes                            | Infrastructure - Electricity    | Transmission & Reticulation          | 2,900                   |   | 2,000   | 4,000                  | 4,000                  | various wards       | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Fencing of Grazing Camps            | 208,595        |               | Yes                            | Community                       | Other                                | -                       |   | -   | 1,000                  | 1,630                  | various wards       | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | linge Sport - field                 | 208,664        |               | Yes                            | Community                       | Sportsfields & stadia                |                         |   | 8,800   | 2,258                  | -                      | 1, 2                | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Whitlsea Cemetery                   | 176,677        |               | Yes                            | Community                       | Cemeteries                           |                         |   | -   | 1,800                  | 1,500                  | 17                  | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Lesseyton Cemetery                  | 216,879        |               | Yes                            | Community                       | Cemeteries                           |                         |   | 1,000   | 1,800                  | 500                    | 27                  | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | linge Cemetery                      | 216,880        |               | Yes                            | Community                       | Cemeteries                           |                         |   | 1,000   | 1,800                  | 500                    | 1, 2                | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Community Hall in Ward 1            | 207,264        |               | Yes                            | Community                       | Community halls                      |                         |   | 4,100   | -                      | -                      | 1                   | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Community Hall in Ward 7            | 203,247        |               | Yes                            | Community                       | Community halls                      |                         |   | 4,760   | -                      | -                      | 7                   | New            |
| Vote 10 - ROADS TRANSPORT                                  |     | Completion of Intermodal Tax rank   | 210,157        |               | Yes                            | Community                       | Transportation                       |                         |   | 8,300   | 11,000                 | 14,000                 | All wards           | New            |
| Vote 10 - ROADS TRANSPORT                                  |     | Upgrade of Rural Gravel Roads       | 167,601        |               | Yes                            | Infrastructure - Road transport | Roads, Pavements & Bridges           |                         |   | 5,751   | 8,000                  | 11,000                 | All wards           | renewal        |
| Vote 3 - PLANNING AND DEVELOPMENT                          |     | PMU Admin Fees - Lukhanji 2014/15   | N/A            |               | Yes                            | Other                           | Other                                |                         |   | 1,880   | 1,966                  | 2,049                  | All wards           | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Community Hall                      | N/A            |               | Yes                            | Community                       | Community halls                      |                         |   | -   | -                      | 5,800                  | 3                   | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Shearing Shed                       | N/A            |               | Yes                            | Community                       | Other                                |                         |   |   | 800                    |                        |                     | New            |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Community Hall                      | 215,412        |               | Yes                            | Community                       | Community halls                      |                         |   |   | 4,900                  | -                      | 17                  | New            |
| Vote 10 - ROADS TRANSPORT                                  |     | Surfacing of Lukhanji Roads         |                |               | No                             | Infrastructure - Road transport | Roads, Pavements & Bridges           |                         |   | 9,000   | 10,000                 | 10,000                 |                     | Renewal        |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES                     |     | Fencing of Mlungisi Cemetery        |                |               | Yes                            | Community                       | Cemeteries                           |                         |   | 1,000   |                        |                        |                     | New            |
| Vote 12 - Electricity Distribution                         |     | Five year - Electricity Master Plan |                |               | Yes                            | Infrastructure - Electricity    | Transmission & Reticulation          |                         |   | 14,000  |                        |                        |                     | New            |
| Vote 2 - Finance   |     | Small capital and Equipment         |                |               | No                             | Other                           | Furniture and other office equipment |                         |   | 2,770   | 2,500                  | 2,500                  |                     | New            |
| INEP   |     | INEP                                |                |               | Yes                            | Infrastructure - Electricity    | Transmission & Reticulation          |                         |   | 3,000   |                        |                        |                     | New            |
| Parent Capital expenditure                                 | 1   |                                     |                |               |                                |                                 |                                      |                         |   | 67,361  | 51,824                 | 53,479                 |                     |                |



EC134 Lukhanji - Supporting Table SA35 Future financial implications of the capital budget

| Vote Description                                 | Ref | 2014/15 Medium Term Revenue & Expenditure Framework |                        |                        | Forecasts        |                  |                  |               |
|--|-----|---|------------------------|------------------------|------------------|------------------|------------------|---------------|
|  |     | Budget Year 2014/15                                 | Budget Year +1 2015/16 | Budget Year +2 2016/17 | Forecast 2017/18 | Forecast 2018/19 | Forecast 2019/20 | Present value |
| <b>Capital expenditure</b>                       | 1   |   |                        |                        |                  |                  |                  |               |
| Vote 1 - EXECUTIVE AND COUNCIL                   |     | 1,880   | 1,966                  | 2,049                  |                  |                  |                  |               |
| Vote 2 - FINANCE AND ADMINISTRATION              |     | 2,770   | 2,500                  | 2,500                  |                  |                  |                  |               |
| Vote 3 - PLANNING AND DEVELOPMENT                |     | 1,880   | 1,966                  | 2,049                  |                  |                  |                  |               |
| Vote 4 - HEALTH                                  |     | -   | -                      | -                      |                  |                  |                  |               |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES           |     | 11,860  | 11,200                 | 2,750                  |                  |                  |                  |               |
| Vote 6 - COMMUNITY SAFETY                        |     | -   | -                      | -                      |                  |                  |                  |               |
| Vote 7 - SPORT AND RECREATION                    |     | 6,920   | 8,880                  | 9,131                  |                  |                  |                  |               |
| Vote 8 - WASTE WATER MANAGEMENT                  |     | -   | -                      | -                      |                  |                  |                  |               |
| Vote 9 - WASTE MANAGEMENT                        |     | -   | -                      | -                      |                  |                  |                  |               |
| Vote 10 - ROADS TRANSPORT                        |     | 23,051  | 22,312                 | 29,000                 |                  |                  |                  |               |
| Vote 11 - WATER                                  |     | -   | -                      | -                      |                  |                  |                  |               |
| Vote 12 - ELECTRICITY                            |     | 19,000  | 3,000                  | 6,000                  |                  |                  |                  |               |
| Vote 13 - OTHER                                  |     | -   | -                      | -                      |                  |                  |                  |               |
| Vote 14 - HOUSING                                |     | -   | -                      | -                      |                  |                  |                  |               |
| Vote 15 - IPED                                   |     | -   | -                      | -                      |                  |                  |                  |               |
| <i>List entity summary if applicable</i>         |     |   |                        |                        |                  |                  |                  |               |
| <b>Total Capital Expenditure</b>                 |     | 67,361  | 51,824                 | 53,479                 | -                | -                | -                | -             |
| <b>Future operational costs by vote</b>          | 2   |   |                        |                        |                  |                  |                  |               |
| Vote 1 - EXECUTIVE AND COUNCIL                   |     |   |                        |                        |                  |                  |                  |               |
| Vote 2 - FINANCE AND ADMINISTRATION              |     |   |                        |                        |                  |                  |                  |               |
| Vote 3 - PLANNING AND DEVELOPMENT                |     |   |                        |                        |                  |                  |                  |               |
| Vote 4 - HEALTH                                  |     |   |                        |                        |                  |                  |                  |               |
| Vote 5 - COMMUNITY AND SOCIAL SERVICES           |     |   |                        |                        |                  |                  |                  |               |
| Vote 6 - COMMUNITY SAFETY                        |     |   |                        |                        |                  |                  |                  |               |
| Vote 7 - SPORT AND RECREATION                    |     |   |                        |                        |                  |                  |                  |               |
| Vote 8 - WASTE WATER MANAGEMENT                  |     |   |                        |                        |                  |                  |                  |               |
| Vote 9 - WASTE MANAGEMENT                        |     |   |                        |                        |                  |                  |                  |               |
| Vote 10 - ROADS TRANSPORT                        |     |   |                        |                        |                  |                  |                  |               |
| Vote 11 - WATER                                  |     |   |                        |                        |                  |                  |                  |               |
| Vote 12 - ELECTRICITY                            |     |   |                        |                        |                  |                  |                  |               |
| Vote 13 - OTHER                                  |     |   |                        |                        |                  |                  |                  |               |
| Vote 14 - HOUSING                                |     |   |                        |                        |                  |                  |                  |               |
| Vote 15 - IPED                                   |     |   |                        |                        |                  |                  |                  |               |
| <i>List entity summary if applicable</i>         |     |   |                        |                        |                  |                  |                  |               |
| <b>Total future operational costs</b>            |     | -   | -                      | -                      | -                | -                | -                | -             |
| <b>Future revenue by source</b>                  | 3   |   |                        |                        |                  |                  |                  |               |
| Property rates                                   |     |   |                        |                        |                  |                  |                  |               |
| Property rates - penalties & collection charges  |     |   |                        |                        |                  |                  |                  |               |
| Service charges - electricity revenue            |     |   |                        |                        |                  |                  |                  |               |
| Service charges - water revenue                  |     |   |                        |                        |                  |                  |                  |               |
| Service charges - sanitation revenue             |     |   |                        |                        |                  |                  |                  |               |
| Service charges - refuse revenue                 |     |   |                        |                        |                  |                  |                  |               |
| Service charges - other                          |     |   |                        |                        |                  |                  |                  |               |
| Rental of facilities and equipment               |     |   |                        |                        |                  |                  |                  |               |
| <i>List other revenues sources if applicable</i> |     |   |                        |                        |                  |                  |                  |               |
| <i>List entity summary if applicable</i>         |     |   |                        |                        |                  |                  |                  |               |
| <b>Total future revenue</b>                      |     | -   | -                      | -                      | -                | -                | -                | -             |
| <b>Net Financial Implications</b>                |     | 67,361  | 51,824                 | 53,479                 | -                | -                | -                | -             |





Lukhanji Municipality  
BUDGET  
**APPENDIX A**  
**RATES AND TARIFFS**  
**2013/14 – 2015/16**





**BUILDING PLAN AND PLAN PRINTING FEES**

Building fees to be determined on the minimum value of alterations on existing buildings or the construction of new buildings be increased, as set out hereunder :

|   |  |         |
|---|--|---------|
| 8 | Building under tile                                  | 2477.54 |
|   | Building under iron                                  | 2477.54 |
|   | Outbuildings   | 2477.54 |
|   | Open buildings (verandahs etc.)                      | 1333.15 |
|   | Shell buildings                                      | 1946.63 |
|   | Internal alterations                                 | 849.44  |
|   | Underground tanks                                    | 6606.77 |
|   | Porta pools  | 6606.77 |
|   | Swimming pools                                       | 6606.77 |
|   | Carpports  | 9839.37 |
|   | Scrutiny fee (Excluding Government Housing Projects) | 412.92  |
|   | Basic Charge   | 48.37   |
|   | Fee - m2 x rate x 0.00275 + basic charge             |         |

**Plan printing fees :**

|   |          |        |
|---|----------|--------|
| 9 | Paper A2 | R17.52 |
|   | Paper A1 | R20.65 |
|   | Paper A0 | R33.75 |
|   | Paper A3 | R3.41  |
|   | Paper A4 | R1.00  |

**ROAD PATCHING**

|    |  |        |     |
|----|--|--------|-----|
| 10 | To replace Kerbing - Zone 1                              | 254.39 | /m2 |
|    | To replace Kerbing - Zone 2                              | 329.39 | /m2 |
|    | Road patching on work done by WSSA and the Post Office b | 434.65 | /m2 |
|    | Road patching on work done by WSSA and the Post Office b | 500.44 | /m2 |



**PLANT AND VEHICLES**

| CAT | DESCRIPTION                 | 2014/15               | PRIVATE USE (VAT EXCL)  |
|-----|-----------------------------|-----------------------|-------------------------|
| a   | MOTOR CARS                  | R2.33/KM              | R4.66/KM                |
| b   | 1/2 TON LDVS                | R2.33/KM              | R4.66/KM                |
| c   | 1 TON LDVS                  | R3.14/KM              | R6.25/KM                |
| d   | 2 - 3 TON TRUCKS            | R6.25/KM              | R12.50/KM               |
| e   | 4 - 7 TON TRUCKS            | R10.38/KM + R107.00/H | R20.76<br>R214.00/H     |
| f   | REFUSE TRUCKS               | R11.70/KM             |                         |
| g   | TRAILERS                    | R17.96/H              | R35.62/H                |
| h   | TRACTORS                    | R132.60/H             | R265.20/H               |
| i   | FIRE BRIGADE VEHICLES F1    | R6.28/KM              | R12.83/KM<br>+R288.00/H |
|     | F2                          |                       |                         |
|     | F3                          |                       |                         |
|     | F4                          |                       |                         |
| j   | MOTOR CYCLES                | R1.35/KM              | R2.70/H                 |
| k   | TRACTOR DRAWN MOTORS        | R23.96/H              | R47.92/H                |
| l   | WATER TRAILERS (TANKERS)    | R18.35/H              | R36.70/H                |
| m   | DUMPERS                     | R65.80/H              | R131.60/H               |
| n   | TLB                         | R188.97/H             | R377.96/H               |
| o   | COMPRESSORS                 | R215.50/H             | R431.00/H               |
| p   | CONCRETE MIXERS             | R80.63/H              | R161.26/H               |
| q   | FRONT END LOADERS           | R228.94/H             | R457.88/H               |
| r   | WATER PUMPS AND GEN SETS    | R25.70/H              | R51.40/H                |
| s   | CHAIN SAWS                  | R40.37/H              | R80.74/H                |
| t   | GRADERS                     | R367.44/H             | R734.88/H               |
| u   | ROLLERS                     | R104.18/H             | R208.36/H               |
| v   | SEWER JET CLEANING MACHINES | R169.03/H             | R338.06/H               |
| w   | VIBRATORS AND COMPACTORS    | R27.35/H              | R54.70/H                |
| x   | LAWN MOWERS                 | R19.27/H              | R38.54/H                |
| y   | TANAKA BRUSH CUTTERS        | R19.27/H              | R38.54/H                |
| z   | TAR CUTTER                  | R38.51/H              | R77.02/H                |

11

**ELECTRICITY CONNECTION FEES**



|          |                    |                    |             |  |     |
|----------|--------------------|--------------------|-------------|--|-----|
| 12       | <b>a</b>           | TYPE               |             | R327.51  |     |
|          |                    | KVA Range          |             | 0 - 5  |     |
|          |                    | Type of Consumer   |             | Sate Assisted  |     |
|          |                    | Type of Connection |             | From existing low voltage (lv) reticulation<br>consumers distribution board mounted i<br>of dwelling |     |
|          | <b>b</b>           | TYPE               |             | R4406.37   |     |
|          |                    | KVA Range          |             |  |     |
|          |                    | Type of Consumer   |             |  |     |
|          |                    | Type of Connection |             |  |     |
|          | <b>c</b>           | TYPE               |             | Actual Cost  | (i) |
|          |                    | KVA Range          |             |  |     |
|          |                    | Type of Consumer   |             |  |     |
|          |                    | Type of Connection |             |  |     |
| <b>d</b> | TYPE               |                    | Actual Cost | (i)  |     |
|          | KVA Range          |                    |             |  |     |
|          | Type of Consumer   |                    |             |  |     |
|          | Type of Connection |                    |             |  |     |
| 12       | <b>e</b>           | TYPE               |             | Actual Cost  |     |
|          |                    | KVA Range          |             |  |     |
|          |                    | Type of Consumer   |             |  |     |
|          |                    | Type of Connection |             |  |     |
|          | <b>f</b>           | TYPE               |             | Actual Cost  |     |
|          |                    | KVA Range          |             |  |     |
|          |                    | Type of Consumer   |             |  |     |
|          |                    | Type of Connection |             |  |     |
|          | <b>g</b>           | TYPE               |             | Actual Cost  |     |
|          |                    | KVA Range          |             |  |     |
|          |                    | Type of Consumer   |             |  |     |
|          |                    | Type of Connection |             |  |     |
| <b>h</b> | TYPE               |                    | Actual Cost | (i)  |     |
|          | KVA Range          |                    |             |  |     |
|          | Type of Consumer   |                    |             |  |     |
|          | Type of Connection |                    |             |  |     |



|          |                      |                    |             |             |     |
|----------|----------------------|--------------------|-------------|-------------|-----|
| 12       | <b>i</b>             | TYPE               |             | Actual Cost | (i) |
|          |                      | KVA Range          |             |             |     |
|          |                      | Type of Consumer   |             |             |     |
|          |                      | Type of Connection |             |             |     |
|          | <b>j</b>             | TYPE               |             | Actual Cost | (i) |
|          |                      | KVA Range          |             |             |     |
|          |                      | Type of Consumer   |             |             |     |
|          |                      | Type of Connection |             |             |     |
|          | <b>k</b>             | TYPE               |             | Actual Cost |     |
|          |                      | KVA Range          |             |             |     |
|          |                      | Type of Consumer   |             |             |     |
|          |                      | Type of Connection |             |             |     |
| <b>l</b> | TYPE                 |                    | Actual Cost |             |     |
|          | KVA Range            |                    |             |             |     |
|          | Type of Consumer     |                    |             |             |     |
|          | Type of Connection   |                    |             |             |     |
| <b>m</b> | TYPE                 |                    | Actual Cost |             |     |
|          | KVA Range            |                    |             |             |     |
|          | Type of Consumer     |                    |             |             |     |
|          | Type of Connection   |                    |             |             |     |
| <b>n</b> | TYPE                 |                    | Actual Cost |             |     |
|          | KVA Range            |                    |             |             |     |
|          | Type of Consumer     |                    |             |             |     |
|          | Type of Connection   |                    |             |             |     |
| <b>o</b> | Enermet Ripple Relay |                    | Free (ii)   |             |     |

#### NOTES

- (i) All material required to make the supply available is normally supplied by the Municipality. A customer could however supply all material and carry out the entire work, but on the day of commissioning of the supply point, the entire installation gets handed over to the Municipality. The assets now belong to the Municipality who will be responsible for all maintenance and repairs in future. The customer only needs to pay the normal deposit fee.
- (ii) A ripple relay is fitted in an electrical geyser in order for the Municipality to restrict its maximum demand drawn from the geyser by switching the geyser on or off. Hence there is no benefit to the customer, therefore the Municipality is responsible for supplying the relay free of charge.
- (iii) No conventional metering will be allowed for any single phase domestic and or commercial supplies, except for industrial installations.
- (iv) Indigents will qualify in accordance with the Indigent Policy.



(v) A 60/40 percent ratio for the collection of arrears on the purchase of pre-paid electricity by customers.

### ATTENDANCE TO FAILURE OF SUPPLY COMPLAINTS

|                                      |         |
|--------------------------------------|---------|
| Call-out during office hours : Rural |         |
| Call-out during office hours : Town  | R131.00 |
| Call-out after office hours : Rural  |         |
| Call-out after office hours : Town   | R154.82 |

### FEE FOR DISCONNECTION FOR NON-PAYMENT

|                                |         |
|--------------------------------|---------|
| Additional deposit             | R178.64 |
| Administration fee             | R59.55  |
| Paper Cut - Administration fee | R59.55  |

### TESTING OF ELECTRICITY METERS

|                                      |         |
|--------------------------------------|---------|
| Single Phase                         | R196.57 |
| Three Phase                          | R315.60 |
| MD meter (KVA/KWH combination meter) | R535.91 |

### SPECIAL METER READINGS

|       |         |
|-------|---------|
| Town  | R101.33 |
| Rural |         |

### ALTERATIONS AND ADDITIONS TO EXISTING SERVICES

### FAILURE TO KEEP APPOINTMENTS FOR INSPECTION AND FAILURE TO SUBMITT COMMENCEMENT FORMS

|        |
|--------|
| R59.33 |
| R59.33 |

### EQUIPMENT USAGE FEES

|    |   |     |
|----|---|-----|
| 19 | Pipe Bender   | N/A |
|    | Bending Brake (Folding Machine)                               | N/A |
|    | Engraving of Labels   | N/A |
|    | Testing of Transformer oil                                    | N/A |
|    | Testing of pressure vessels, air compressor - general inspect | N/A |
|    | Any other inspections   | N/A |
|    | Hydraulic Pumps   | N/A |
|    | Block and Tackle  | N/A |
|    | Labour (Minimun of 1 hour)                                    | N/A |



**ELECTRICITY TARIFFS**

**a DOMESTIC QUEENSTOWN**

|                      |         |
|----------------------|---------|
| SERVICE CHARGE       | R127.14 |
| Block 1 (0-50KWh)    | R1.39   |
| Block 2 (51-350KWh)  |         |
| Block 3 (351-600KWh) |         |
| Block 4 (>600KWh)    |         |

**b PREPAYMENT**

|                      |       |
|----------------------|-------|
| Block 1 (0-50KWh)    | R1.55 |
| Block 2 (51-350KWh)  |       |
| Block 3 (351-600KWh) |       |
| Block 4 (>600KWh)    |       |

**c SMALL USERS**

|  |         |
|--|---------|
| (CONSUMPTION NOT EXCEEDING 80 KVA OR 20 000 KWH PER MONTH) |         |
| SERVICE CHARGE   | R539.45 |
| KWH<=500   | R1.63   |
| KWH>=500   | R0.13   |

**d PREPAYMENT - BUSINESS**

|                        |       |
|------------------------|-------|
| KWH (Inclusive of Vat) | R1.64 |
|------------------------|-------|

**NON DOMESTIC LARGE POWER USERS**

**e CONSUMPTION NOT EXCEEDING 40 (KVA)**

|                |          |
|----------------|----------|
| SERVICE CHARGE | R1017.68 |
| KWH            | R0.70    |
| KVA            | R205.40  |
| MINIMUM KVA    | R8136.00 |

**f TIME OF USE**

(MINIMUM CONSUMPTION OF 100 000 KWH PER MONTH/ABOVE 80 KW-MAX)

**LOW DEMAND**

|   |         |
|---|---------|
| BASIC   | R488.04 |
| PEAK 07:00 - 10:00; 18:00 - 20:00   | R2.47   |
| STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00 SAT 07:00 - 12:00; 18:00 - 20:00 | R1.08   |
| OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK   | R0.56   |
| kvaRH (only applicable for KvaRh exceeding 30% of TOTAL k)                            | R0.95   |

**HIGH DEMAND**

|  |         |
|--|---------|
| BASIC  | R488.04 |
| PEAK 07:00 - 10:00; 18:00 - 20:00                          | R2.51   |
| STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00       | R1.11   |
| OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK                  | R0.57   |
| kvaRH (only applicable for KvaRh exceeding 30% of TOTAL k) | R0.18   |

**g TIME OF USE**

(MINIMUM CONSUMPTION OF 200 000 KWH PER MONTH/ABOVE 150 KVA)

**LOW DEMAND**

|   |         |
|---|---------|
| BASIC   | R935.84 |
| DEMAND KW   | R75.69  |
| PEAK 07:00 - 10:00; 18:00 - 20:00   | R1.58   |
| STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00 SAT 07:00 - 12:00; 18:00 - 20:00 | R0.92   |
| OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK   | R0.51   |
| kvaRH (only applicable for KvaRh exceeding 30% of TOTAL k)                            | R0.12   |

**HIGH DEMAND**

|  |         |
|--|---------|
| BASIC  | R935.84 |
| DEMAND KW  | R80.91  |
| PEAK 07:00 - 10:00; 18:00 - 20:00                          | R1.64   |
| STANDARD 06:00 - 07:00; 10:00 - 18:00; 20:00 - 22:00       | R0.92   |
| OFF PEAK 22:00 - 06:00; SUNDAY = OFF PEAK                  | R0.57   |
| kvaRH (only applicable for KvaRh exceeding 30% of TOTAL k) | R0.12   |

All units include an additional 1.5 cent charge approved by the NER for upgrading  
This tariff is not applicable to consumers receiving 50kw free electricity.

**Note :**



The municipality increased its tariff only by 7.0% from 1 July 2013 to 30 June 2014 with no increase for indigents using 50 KW. The proposed tariff increase from 1 July 2014 to 30 June 2015 amounts to 7.0% and the following increases will be applicable to indigent consumers.

|                                 |             |
|---------------------------------|-------------|
| Registered indigents first 50KW | Free        |
| 51-100KW                        | 7% Increase |
| Inexcess of 100 KW              | 7% Increase |

|              |
|--------------|
| Free         |
| As per Nersa |
| As per Nersa |
|              |

## INFRASTRUCTURE DEVELOPMENT UNIT

|  |  |                   |               |
|--|--|-------------------|---------------|
| 21   | <b>PERSONNEL CHARGES</b>   |                   |               |
|  | Senior Professional/Technical/Management staff                                   | R638.09           |               |
|  | Professional/Technical/Management staff  | R371.63           |               |
|  | Supervisory staff  | R285.15           |               |
|  | Clerical and administrative staff  | R216.20           |               |
| 22   | <b>DISBURSEMENTS CHARGES</b>   |                   |               |
|  | Typing   | R21.62            |               |
|  | Duplication  | R0.88             |               |
|  | Duplication  | R2.15             |               |
|  | Binding and Documents  | R8.72             |               |
|  | Plan Plotting (Mono)   | R3.51             |               |
|  | Plan Plotting (Colour)   | R6.20             |               |
|  | Telephone Calls  | R4.33             |               |
|  | Faxes (Outgoing)   | R0.46             |               |
|  | Faxes (Incoming)   | R0.59             |               |
| 23   | <b>TRANSPORT</b>   |                   |               |
| 24   | <b>LABOUR (Skilled/Semi Silled)</b>  |                   |               |
| 25   | <b>OUTSIDE DISBURSEMENTS</b>   |                   |               |
| 26   | <b>BULK SERVICES CONTRIBUTION LEVY</b>   |                   |               |
|  | For any rezoning, subdivision and departure application approvals, as calculated |                   |               |
|  | Additional Vehicle Trips /day @  | R1173.03          | Rand/trip/day |
|  | Additional Stormwater /HA*Runoff Factor @  | R71125.12         | Rand/HA*C     |
|  | Additional kl Sewerage /day @  | R3161.65          | Rand/kl/day   |
|  | Additional kl Water /day @   | R4605.59          | Rand/kl/day   |
| Additional Waste collection services /week @ | R844.72  | Rand/service/week |               |



| <b>COMMUNITY SERVICES</b> |                             |                          |         |                                 |                                  |
|---------------------------|-----------------------------|--------------------------|---------|---------------------------------|----------------------------------|
|                           | <b>REFUSE TARIFFS</b>       |                          |         | <b>2014/2015 CHARGE PER BIN</b> | <b>2014/2015 ADDITIONAL BINS</b> |
|                           | <b>DESCRIPTION</b>          | <b>REMOVALS PER WEEK</b> |         |                                 |                                  |
| 27                        | DOMESTIC                    | 1                        |         | R 87.66                         | R 87.66                          |
|                           | BUSINESS/OTHER              | 2                        |         | R 136.60                        | R 102.50                         |
|                           | BUSINESS/OTHER              | 3                        |         | R 204.95                        | R 153.75                         |
|                           | BUSINESS/OTHER              | 4                        |         | R 273.28                        | R 197.77                         |
|                           | BUSINESS/OTHER              | 5                        |         | R 341.60                        | R 256.06                         |
|                           | BUSINESS/OTHER              | 6                        |         | R 409.86                        | R 268.49                         |
|                           | INDIGENTS                   | 1                        |         | R 0.00                          | R 0.00                           |
|                           | OLD AGE HOMES               | 1                        |         | R 87.66                         | R 87.66                          |
|                           | BULK CONTAINER - SMALL      |                          |         | R 241.10                        | 162.22                           |
|                           | BULK CONTAINER - LARGE      |                          |         | R 344.74                        | R 162.22                         |
|                           | 4.5M CONTAINERS             |                          |         | R 423.87                        | R 240.00                         |
|                           | 18M CONTAINERS              |                          |         | R 653.46                        | R 350.34                         |
|                           | 770 LITRE CONTAINER         |                          |         | R 264.92                        | R 132.48                         |
| 28                        | <b>REFUSE DISPOSAL SITE</b> |                          |         |                                 |                                  |
|                           | Tip Site Ticket (Per Load)  |                          |         | R 81.00                         |                                  |
| 29                        | <b>SALE OF PLANTS</b>       |                          |         |                                 |                                  |
|                           | Seedlings                   |                          |         | R 0.45                          |                                  |
|                           | Shrubs                      |                          |         | R 27.00                         |                                  |
|                           | Trees (In containers)       |                          |         | R 45.00                         |                                  |
|                           | Trees (ex open grounds)     |                          |         | R 40.00                         |                                  |
|                           | Hire of Large plants        |                          |         | R 25.00                         |                                  |
|                           | Hire of Small plants        |                          |         | R 15.00                         |                                  |
|                           | Potting soil bag (small)    |                          |         | R 10.00                         |                                  |
|                           | Potting soil bag (large)    |                          |         | R 60.00                         |                                  |
|                           | Potplants 7.5cm             |                          |         | R 20.00                         |                                  |
|                           | Potplants 10cm              |                          |         | R 25.00                         |                                  |
|                           | Potplants 12.5cm            |                          |         | R 25.00                         |                                  |
|                           | Potplants 15cm              |                          |         | R 35.00                         |                                  |
| Potplants 20cm            |                             |                          | R 50.00 |                                 |                                  |
| 30                        | <b>SEWAGE REMOVAL FEES</b>  |                          |         |                                 |                                  |
|                           | Sewage Pump                 |                          |         | R 44.94                         | p/h                              |
|                           | Tractor                     |                          |         | R 280.90                        | p/h                              |
|                           | Sewer Tractor               |                          |         | R 33.71                         |                                  |
|                           | Driver                      |                          |         | R 56.18                         | p/h                              |
|                           | Staff (1)                   |                          |         | R 44.94                         | p/h                              |

|    |   |  |          |
|----|---|--|----------|
| 31 | <b>SWIMMING POOL FEES : VAT Inclusive</b>                 |  |          |
|    | Entrance fee (Adults)                                     |  | R 8.00   |
|    | Entrance fee (Children)                                   |  | R 4.00   |
|    | Season Tickets  |  | R 120.00 |
| 32 | <b>BERRY &amp; BONKOLO DAM USAGE FEES : VAT Inclusive</b> |  |          |





|   |   |                 |
|---|---|-----------------|
|   | Entrance fees : per vehicle with 5 people     | R 30.00         |
|   | Entrance fees : additional per person         | R 6.00          |
|   | Season Tickets                                | R 120.00        |
| <b>GAME RESERVE ENTRANCE FEES : VAT Inclusive</b>               |   |                 |
| 33  | Entrance fees : per vehicle with 5 people     | R 35.00         |
|   | Entrance fees : additional per person         | R 6.00          |
|   | Season Tickets                                | R 120.00        |
| <b>GAME RESERVE LAPA HIRE FEES</b>                              |   |                 |
| 34  | Hire of Lapa                                  | R 380.00        |
|   | Deposit of Lapa (refundable under conditions) | R 300.00        |
|   | Overtime                                      | Actual Cost p/h |
|   | Hire of Sunnyside during office hours         | R 400.00        |
|   | Guided Vehicle Tour                           | R 120.00        |
|   | Caravan or Tent                               | R 120.00        |
|   | Electricity                                   | R 60.00         |
|   | Only educational tours are free of charge.    |                 |
| <b>CEMETERY CHARGES EXCLUDING VAT</b>                           |   |                 |
| <b>CEMETRIES ; MLUNGISI, EZIBELANI, WHITTLESEA &amp; Ilinge</b> |   |                 |
| 35  | Adult Plot                                    | R 175.00        |
|   | Casket Plot                                   | R 210.00        |
|   | Baby Plot                                     | R 120.00        |
|   | Digging of Baby Plot                          | R 160.00        |
|   | Digging of Adult Grave                        | R 260.00        |
|   | Digging of Casket Grave                       | R 310.00        |
|   | Closing of Grave                              | R 160.00        |
|   | Closing of Baby Grave                         | R 125.00        |
| <b>CEMETRIES - NEW</b>  |   |                 |
| 36  | BERM SECTION                                  |                 |
|   | Adult Plot                                    | R 240.00        |
|   | Digging of Adult Grave                        | R 270.00        |
|   | Digging of Casket Grave                       | R 320.00        |
|   | Closing of Grave                              | R 220.00        |
|   | Exhumation of Body                            | R 1 200.00      |
|   | Funerals on Saturday additional               |                 |
|   | Funerals on Sunday and Public Holidays        |                 |
| <b>CEMETERY - MONUMENTAL SECTION</b>                            |   |                 |
| 37  | Digging of Adult Grave                        | R 480.00        |
|   | Single Plot                                   | R 420.00        |
|   | Double Plot                                   | R 840.00        |
|   | Casket Grave                                  | R 520.00        |



|           |  |            |       |
|-----------|--|------------|-------|
|           | Extra Deep Grave                       | R 220.00   | extra |
|           | Outsize Casket Grave                   | R 280.00   | extra |
|           | Funerals on Saturday additional        |            |       |
|           | Funerals on Sunday and Public Holidays |            |       |
|           | Closing of Grave                       | R 240.00   |       |
|           | Wall of Remembrance                    | R 300.00   |       |
|           | Ash Grave                              | R 140.00   |       |
|           | Burial of Ashes in existing grave      | R 140.00   |       |
|           | Erection of monuments : Single Grave   | R 180.00   |       |
|           | Erection of monuments : Double Grave   | R 360.00   |       |
|           | Outsize Baby Grave                     |            |       |
|           | Closing of Baby Grave                  |            |       |
|           |  |            |       |
|           | <b>CEMETERY - BABY SECTION</b>         |            |       |
| <b>38</b> | Digging of Baby Grave                  | R 220.00   |       |
|           | Outsize Baby Grave                     | R 40.00    | extra |
|           | Closing of Baby Grave                  | R 125.00   |       |
|           | Baby Plot                              | R 180.00   |       |
|           |  |            |       |
| <b>39</b> | <b>EXHUMATION OF BODY</b>              |            |       |
|           | Exhumation                             | R 1 200.00 |       |



**LIBRARY FEES**

**LIBRARIES FINES : VAT Inclusive**

|    |                            |         |        |
|----|----------------------------|---------|--------|
| 40 | 1. Books, CD's, Art prints | R'1.50  |        |
|    | 2. Video's                 | R5.00   |        |
|    | 3. Lost member pocket      | R2.5.00 |        |
|    | 3 Lost member card (PALS)  | R10.00  |        |
|    | 4. Visitors                | R25.00  |        |
|    | 5. Internet                |         |        |
|    | 6. Printing from Internet  |         |        |
|    | 7. Photocopies & Printing  | R0.80   | Black  |
|    |                            | R2.00   | Black  |
|    |                            | R5.80   | Colour |
|    | R12.00                     | Colour  |        |
|    | 8. Membership fees         | R45.00  |        |

**LIBRARY HALL HIRE FEES**

|    |  |         |  |
|----|--|---------|--|
| 41 | Hall hire during office hours                  | R45.00  |  |
|    | After hours (plus caretakers overtime)         | R58.00  |  |
|    | Cups & Saucers per 50 persons or part thereof) | R35.00  |  |
|    | Plates   | R30.00  |  |
|    | Cleaning                                       | R125.00 |  |
|    | Admin Costs                                    | 0.10    |  |
|    | Use of Kitchen                                 | R85.00  |  |
|    | Urn  | R35.00  |  |
|    | Stove  | R55.00  |  |

**POUND FEES**

**RATE OF COMPENSATION**

For animals delivered to the pouNd, whether one or more per kilometer or portion of a kilometer

|    |   |  |          |
|----|---|--|----------|
| 42 | For animals transported by vehicle, per kilometer or portion of a kilometer |  |          |
|    | Use of commonage for initiation school                                      |  | R 300.00 |
|    | Deposit of initiation site  |  | R 50.00  |
|    | Price of Lucern   |  | Actual   |

**TRESPASSING FEE**

|    |                                   |         |
|----|-----------------------------------|---------|
| 43 | Horses, cattle, and pigs per head | R 70.00 |
|    | Goats & Sheep per head            | R 50.00 |

**POUND FEES**

|    |                                   |         |
|----|-----------------------------------|---------|
| 44 | Horses, cattle, and pigs per head | R 80.00 |
|    | Goats & Sheep per head            | R 50.00 |

**SUSTENANCE FEES**

|    |                                   |         |
|----|-----------------------------------|---------|
| 45 | Horses, cattle, and pigs per head | R 85.00 |
|----|-----------------------------------|---------|



|           |  |  |                               |
|-----------|--|--|-------------------------------|
|           | Goats & Sheep per head   |  | R 50.00                       |
|           |  |  |                               |
| <b>46</b> | <b>OTHER CHARGES</b>   |  |                               |
|           | Dipping Fees - (Cattle)  |  | R 50.00                       |
|           | Dosing Fees - (Goats, Sheep per Head)  |  | R 40.00                       |
|           |  |  |                               |
| <b>47</b> | <b>CALL OUTS</b>   |  |                               |
|           | 18H00 to 06H00 and over weekends per call out to impound<br>(To be paid by owner of animals) |  | R 385.00                      |
|           |  |  |                               |
| <b>48</b> | <b>CLINICS</b>   |  |                               |
|           | Patient Health Books - VAT Inclusive   |  | R 0.00                        |
|           |  |  |                               |
|           | <b>THOBI KULA INDOOR SPORT CENTRE FEES</b>   |  |                               |
|           | Actual Hire (per hall)   |  | R 80.00                       |
|           | Kitchen  |  | R 50.00                       |
|           | Stove  |  | R 80.00                       |
|           | Complete sound system  |  |                               |
|           | Urn  |  |                               |
|           | Administration fee   |  | R 300.00                      |
|           | Cleaning Fees (Per Day)  |  | R 70.00                       |
|           |  |  | R 85.00                       |
|           | Recognised Charitable Organisation   |  | On discretion of the Director |
|           | Educational Organisations  |  | On discretion of the Director |
|           | Cultural Organisations   |  | On discretion of the Director |
|           | Sporting Related Organisations   |  | On discretion of the Director |
|           | Government Institutions  |  | On discretion of the Director |
|           | Religious Organisations  |  | On discretion of the Director |
|           | Funerals   |  | On discretion of the Director |
|           | Congress (Non Political)   |  | On discretion of the Director |
|           | Lecturers  |  | On discretion of the Director |
|           | Workshops (Non political)  |  | On discretion of the Director |
|           | Displays   |  | On discretion of the Director |
|           | Repetitions / Rehearsels   |  | On discretion of the Director |
|           | Political Parties  |  | R 900                         |
|           | Functions where entrance fees are charged  |  | R 3 500.00                    |
|           | Dances / Discos  |  | R 3 500.00                    |
|           | Competitions / Contests of any nature  |  | R 3 500.00                    |
|           | Parties  |  | R 1 800.00                    |
|           | Graduation Ceremonies  |  | R 1 800.00                    |
|           | Weddings   |  | R 2 500.00                    |
|           | Use of Rugby Soccer Fields   |  | R 80.00                       |
|           | Other forms of entertainment   |  | R 1 700.00                    |
|           |  |  |                               |
| <b>50</b> | <b>ENVIRONMENTAL HEALTH FEES</b>   |  |                               |
|           | Business License Application fee   |  |                               |
|           | Private Kitchen Application fee  |  |                               |



|                          |   |               |
|--------------------------|---|---------------|
|                          | Keeping of animal Application fee<br>Condemnations fee                  |               |
| <b>FIRE BRIGADE FEES</b> |   |               |
| 51                       | <b>TURNOUT</b>  |               |
|                          | Machines  | R 300.00      |
|                          | Each service vehicle used   | R 300.00      |
|                          | Veld fire units   | R 150.00      |
|                          | Hazchem trailer   | R 250.00      |
| 52                       | <b>TRAVELLING : KILOMETERS</b>  |               |
|                          | Machines  | R 15.00       |
|                          | Veld fire units   | R 8.00        |
|                          | Each service vehicle  | R 8.00        |
| 53                       | <b>OPERATING</b>  |               |
|                          | Operating of pump and equipment   | R 90.00       |
|                          | F4  |               |
|                          | Veld fire units   | R 50.00       |
| 54                       | <b>STANDBY</b>  |               |
|                          | All vehicles per hour   | R 60.00       |
|                          | Service vehicles  | R 60.00       |
|                          | Fire extinguishers and foam   | Foam plus 20% |
| 55                       | <b>TESTING OF EQUIPMENT AND INSTALLATION</b>                            |               |
|                          | Sprinkler system  |               |
|                          | Up to five installations per premises per installation                  | R 100.00      |
|                          | Over five installations per premises per installation                   | R 15.00       |
| 56                       | <b>Testing and Repairs : Hose and Couplings</b>                         |               |
|                          | Hose (All diameters)  |               |
|                          | Pressure testing per length   | R 60.00       |
|                          | Vulcanising per patch   | R 80.00       |
|                          | Big Suction   | R 80.00       |
|                          | Big Suction (all diameters)   | R 80.00       |
|                          | Wire bending each type  | R 80.00       |
|                          | Big Suction   | R 70.00       |
|                          | Truing couplings (all diameters)  |               |
| Hose per pair            | R 60.00   |               |
|                          | Suction per pair  | R 70.00       |
| 57                       | <b>FIRE PERSONNEL FEES</b>  |               |
|                          | For each hour during which members of the Fire Brigade are engaged in : |               |
|                          | Chief Fire Officer  | R 95.00       |
|                          | Each Officer  | R 75.00       |
|                          | Each Fireman  | R 70.00       |
| 58                       | <b>FIRE STANDBY FEES</b>  |               |
|                          | Chief Fire Officer  | R 95.00       |



|           |  |  |   |
|-----------|--|--|---|
|           | Each Officer   |  | R 75.00   |
|           | Each Fireman   |  | R 70.00   |
| <b>59</b> | <b>FIRE CASUAL FEES</b><br>Fire Fighting                       |  | R80.00/P/H                                      |
|           | For attendance of personnel or use of equipment and material : |  |   |
| <b>60</b> | <b>BREATHING OF APPARATUS</b><br>Compressed air type           |  | R 100.00 per<br>set plus R30.00<br>per cylinder |
| <b>61</b> | <b>FIRE - OTHER CHARGES</b><br>Recharging cylinders            |  | R 100.00  |
|           | Oxygen resuscitation apparatus plus cost of recharging         |  |   |
|           | Portable lighting equipment - 5kw unit per hour                |  | R 100.00 p/h                                    |
|           | Smoke extrator - Whilst in operation                           |  | R 100.00 p/h                                    |
|           | Smoke extrator - Whilst standing per hour                      |  | R 40.00 p/h                                     |
|           | Portable foam apparatus  |  |   |
|           | Generator or branch per hour                                   |  | R 80.00 plus<br>20% Admin fee                   |
|           | Medium expansion generator                                     |  | R 80.00 plus<br>20% Admin fee                   |
|           | Portable tank  |  | R 80.00   |
|           | Chemicals  |  |   |
|           | Water  |  |   |
|           | For each hour or part thereof during which water is supplied : |  |   |
|           | Large bore hose  |  | R 80.00   |
|           | Small bore hose  |  | R 70.00   |
|           | Servicing of Fire Extinguishers                                |  |   |
|           | Servicing and refilling of Extinguishers                       |  |   |
|           | Equipment and material   |  |   |
|           | Floating pumps   |  |   |
|           | Lights   |  |   |

|           |   |  |
|-----------|---|--|
|           | <b>TRAFFIC FEES</b>   |  |
| <b>62</b> | <b>Search fees</b><br>Lost ticket<br>Licensing Section                  |  |
| <b>63</b> | <b>Serving of Summonses</b><br>Non-personal serving<br>Personal serving |  |



|                           |   |                             |
|---------------------------|---|-----------------------------|
|                           | An extra is a non-personal summons is paid  |                             |
| <b>64</b>                 | <b>Impounding of vehicles</b><br>Pound fees to:   |                             |
| <b>65</b>                 | <b>Control over functions held on a public road</b><br>Sport and Races<br>(a) Issuing of permit<br>(b) Full time traffic assistance per person per hour<br>(c) Tariff per km per vehicle<br><br>The monies in (a - c) above will not be refunded if an event is cancelled for any reason.<br>The monies in (a - c) must be paid in advance.<br>These tariffs will not be applicable to the following : Local Schools, Welfare or non-profit making.<br>Local sports clubs to pay R25.00 for a permit and actual overtime, where applicable. |                             |
| <b>66</b>                 | <b>Funerals</b><br>Per funeral (weekdays)<br>Per funeral (weekends)<br>Events (Fun Runs, Marathons)   |                             |
| <b>67</b>                 | <b>Parking meter fees</b><br>DPS<br><br>Accidental Report OAR   |                             |
| <b>FINANCIAL SERVICES</b> |   |                             |
| <b>68</b>                 | <b>VOTERS ROLL</b><br>Per copy per ward   | R 5 000.00                  |
| <b>69</b>                 | <b>INFORMATION TO THE PUBLIC</b><br>1. Computer printout of names and addresses or portion thereof<br>2. Any valuation certificate or certificate of outstanding balance against a property excluding certificates in terms of Section 96 of Ordinance 20 of 1974   |                             |
| <b>70</b>                 | <b>PHOTOCOPIES FOR PRIVATE PURPOSE</b><br>A4 Size per page (Black & White)<br>A3 Size per page (Black & White)  | R 1.50<br>R 3.00            |
| <b>71</b>                 | <b>FACSIMILE TRANSMISSION</b><br>International per A4 page<br>National per A4 page<br>Local per A4 page   | R 15.00<br>R 8.00<br>R 2.50 |
| <b>72</b>                 | <b>INTEREST ON ALL OUTSTANDING FEES</b>   |                             |



|  |   |  |   |
|--|---|--|---|
|  | Interest will be levied in terms of the standard rates.   |  |   |
| 1  | <b>ALLOCATION TO SPCA</b><br>Allocation to SPCA R48000 - R150000  |  | R12500 p/m  |
| 73   | <b>PROPERTY RATES</b><br><br>Residential<br>Businesses, Commercial, Industrial<br>Educational<br>Public Service Infrastructure<br>Vacant Land   |  | in the Rand<br>R.000831<br>R0.01038<br>R0.00831<br>R0.00209<br>R0.03649 |
|  | INFRASTRUCTURE RATE (PHASE IN ON PREVIOUS NO VALUATION)   |  |   |
| 74   | <b>CATEGORIES OF REBATES GRANTED</b><br>Telkom<br>Residential - Annual Payers<br>Residential - Monthly Payers<br>Government<br>Municipal<br>Commercial - Annual Payers<br>Commercial - Monthly Payers<br>Industrial - Annual Payers<br>Industrial - Monthly Payers<br>Businesses - Annual Payers<br>Businesses - Monthly Payers<br>Education<br>Transnet<br>Agricultural<br>Institutional |  | As per policy   |
| 75   | <b>REFUSE BAGS</b><br>Refuse Bags may be changed as per price increases to recover full costs.  |  |   |
| <b>HUMAN SETTLEMENT &amp; LAND AFFAIRS</b> |   |  |   |
|  | <b>CIVIC CENTER RENTALS</b>   |  |   |
| 76   | CIVIC CENTRE : QUEENSTOWN<br>CIVIC CENTRE : ASHLEY WYNGAARDT<br>CIVIC CENTRE : MLUNGISI<br>CIVIC CENTRE : EZIBELANI<br>CIVIC CENTRE : SKWEYIYA<br>CIVIC CENTRE : SADA & EKUPHUMLENI   | R115.29143<br>R103.15549<br>R54.61173<br>R84.95158<br>R91.01955<br>R91.01955 | p/h<br>p/h<br>p/h<br>p/h<br>p/h<br>p/h                                  |





CIVIC CENTRE : KAMASTONE,  
MCEULA, LESSYTON  
CIVIC CENTRE : ILINGE & TAMBO VILLAGE

R66.74767  
R78.88361

p/effent  
p/effent

**(NOTE; All are Excluding the Overtime Costs of the Caretaker)**

**DEPOSITS**

77

Political Parties  
Funtions where entrance fees are charged  
Dances / Discos  
Competitions / Contests of any nature  
Parties  
Graduation Ceremonies  
Weddings  
Other forms of entertainment

R2427.188  
R2427.188  
R2427.188  
R2427.188  
R2427.188  
R1213.594  
R2427.188  
R2427.188

**OTHER FACILITY RENTALS**

Hire of other facilities in the Town, VAN and Ezibeleni Halls

78

Side Hall (Queenstown, Ezibeleni, Skweyiya, Sada & Ekuphumleni)  
Kitchen - Queenstown  
Kitchen (Ezibeleni, Skweyiya, Ekuphumleni Ashley Wyngaardt)  
Administration fee  
Samro (Civic Centres of Queenstown, Ashley Wyndgaardt & Skweyiya)  
Sound system  
Urn  
Stove  
Bainmarie  
Crockery Deposit ( Additional to rental of crockery)  
Cups & Saucers  
Milk Jugs  
Sugar Bowls  
Serving Dishes  
Plates  
Side Plates  
Pudding Bowls  
Knives, Forks & Spoons  
Tea Pots  
Piano  
Grand Piano  
Table Cloth Large  
Table Cloth Medium  
Table Cloth Small

R52.58925  
R122.70825  
R64.27575  
R24.27188  
R212.37895  
R60.6797  
R145.63128  
R78.88361  
R364.0782  
R0.847226  
R0.732736  
R0.732736  
R2.06082  
R0.847226  
R0.847226  
R0.847226  
R1.213594  
R2.06082  
R60.6797  
R182.0391  
R30.33985  
R20.631098  
R12.13594



|   |   |  |   |      |
|---|---|--|---|------|
|   | Fridge Sidehall                               |  | R24.27188   |      |
|   | Warming Tray                                  |  | 0   |      |
|   | Cleaning levy per function                    |  | 0   |      |
|   | Monday to Friday 15H00                        |  | R115.29143  |      |
|   | Friday 15H01 to Sunday, incl. Public Holidays |  | R145.63128  |      |
| <b>Night work allowance per hour payable in terms of Bargaining Council resolution</b><br><b>Nominal Rate of R10-00 per hour</b><br><b>Any Shortfall or Surplus between R25-00 be waived against administration fees.</b> |   |  |   |      |
| <b>LAND USE MATTERS</b>   |   |  |   |      |
| <b>79</b>   | Administration Costs                          |  | R910.1955   |      |
|   | Rezoning fee                                  |  | R970.8752   |      |
|   | Advertisement Costs                           |  | R788.8361   |      |
|   | Bed and Breakfast Applications                |  | R970.8752   |      |
|   | House Business                                |  | R910.1955   |      |
|   | Land Use Penalty                              |  | R6674.767   |      |
|   | Subdivision                                   |  | R910.1955   |      |
|   | Lease of Containers                           |  | R242.7188   |      |
|   | Encroachment                                  |  | R606.797  |      |
|   | Infrastructure impact cost                    |  | Assess on merit<br>in line with<br>Council's policy |      |
| <b>ADMINISTRATIVE MATTERS</b>   |   |  |   |      |
| <b>80</b>   | Copy of Title Deed                            |  | R24.27188   |      |
|   | Deed searches per individual search           |  | R24.27188   |      |
|   | Photocopies A4 Size per page (Black & White)  |  | R1.21354  |      |
| <b>MUNICIPAL BUILDINGS : RENTALS</b>  |   |  |   |      |
| <b>81</b>   | Business Tariff:                              |  |   |      |
|   | Queenstown                                    |  | R72.81564   | p/m2 |
|   | Ilinge  |  | R30.33985   | p/m2 |
|   | Van   |  | R36.40782   | p/m2 |
|   | Other Villages                                |  | R24.27188   | p/m2 |
|   | Whittlesea                                    |  | R30.33985   | p/m2 |
|   | Ezibeleni & Mlungisi                          |  | R30.33985   | p/m2 |
|   | Residential Tariff :                          |  |   |      |
|   | Queenstown                                    |  | R42.47579   | p/m2 |
|   | Ilinge  |  | R21.844692  | p/m2 |
|   | Van   |  | R24.27188   | p/m2 |
|   | Other Villages                                |  | R12.13594   | p/m2 |
|   | Whittlesea                                    |  | R21.844692  | p/m2 |
|   | Ezibeleni & Mlungisi                          |  | R21.844692  | p/m2 |
| (Working on 80% of a suggested market related rental of R50-00 p/m2)  |   |  |   |      |
| Whittlesea CBD  |   |  |   |      |
| (Working on 80% of a suggested market related rental of R25-00 p/m2)  |   |  |   |      |
| Ezibeleni & Mlungisi  |   |  |   |      |



(Working on 80% of a suggested market related rental of R10-00 p/m2)

Residential Tariff :

Queenstown & VAN

(Working on 80% of a suggested market related rental of R30-00 p/m2)

Whittlesea

(Working on 80% of a suggested market related rental of R7-50 p/m2)

Ezibeleni & Mlungisi

(Working on 80% of a suggested market related rental of R7-50 p/m2)

Municipal Flats & Houses:

Uitsig Flats

2730.5885 p/m

Fairview Flats

3276.7038 p/m

Municipal Houses @ 82 PA Street

3822.8211 p/m

Municipal Houses @ 1 Horwood Square

4368.9384 p/m

Municipal Houses @ 1 New Street

3549.76245 p/m

## ADMINISTRATION AND HUMAN RESOURCES

82

### ACCESS TO INFORMATION

Request fee

R 47.50

83

### FEES FOR REPRODUCTION :

A4 Size per page (Black & White)

R 1.00

Computer readable form - Stiffy disc

Computer readable form - Compact disc

R 53.00

Transcription of visual images, A4 or part thereof

R 36.00

Copy of visual images

R 84.00

Transcription of an audio record, A4 or part thereof

R 21.00

Copy of audio record

R 53.00

Advertising

R 845.00



Lukhanji Municipality  
BUDGET  
**APPENDIX B**  
**NEW AND REVISED POLICIES**

**2014/15 – 2016/17**



# Lukhanji Municipality

## Write Off Policy





## Write off Policy

### Lukhanji Municipality

#### 1. Introduction

The Lukhanji Municipality is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to recover money owed to the Council. However, there will be situations where the debt recovery process fails to recover all or some of the debt. In such cases the debt needs to be recommended for write off. Writing off the debt allows the Council to **reclaim VAT** and ensures that the level of debtors is not overstated in the Council's financial statements.

#### 2. Authorisation Levels

The recommended delegated levels for write off are as follows:

- |  |                               |
|--|-------------------------------|
| • Revenue Manager  | Account Balance up to R30,000 |
| • Chief Financial Officer  | up to R50,000                 |
| • Chief Financial Officer in consultation with the Finance Committee | R50,001+                      |

#### 3. Detail of Debt To Be Written Off

The following information needs to be provided for each debt to the officer / member who will authorize the write offs:

- Debtor's name
- Debtor's address
- Description of debt
- Period of debt and/or date(s) of invoice
- Amount to be written off
- Reason for the write off

Supporting documentation must be retained and available that shows:

- Evidence to support the write off
- Recovery history
- Details of tracing and enquires carried out

In considering a debt for write off the following conditions will apply:

- Each case will be considered on its merits;
- Each request will be supported by relevant documentation;
- Each case will receive authorization from the appropriate authorized officer and/or member in accordance with policy;
- Appropriate records of all authorized write offs will be maintained and reviewed periodically against live caseload.



## 4. Write Off Criteria

Each case needs to be considered on its own merits, but there are a number of reasons for a debt being passed for write off (appendix 1 and summarized below):

- **Not Cost Effective To Recover** – The amount outstanding is not cost effective to pursue (de minimis). Collection costs would outweigh the amount recovered.
- **Claimant Deceased** - The customer is deceased and there are insufficient funds in the estate with which to discharge the debt.
- **Claimant Absconded** - The customer is gone away and tracing proves unsuccessful
- **Bankruptcy** – The debtor is the subject of insolvency proceedings and so recovery action is not allowed
- **Ill Health** – Severe health considerations:
- **Undue Hardship** – Where the recovery of the debt will cause undue hardship:
- **All Avenues Exhausted** – Where the recovery process has been exhausted and there are no realistic prospects for recovery.
- **Child-headed household** where household headed by a child younger than 18 years old verified and approved by Ward Councillor.
- **Registered Destitute and Indigents** accounts in arrears to be written off in full including property rates once the required documentation is completed and approved by Indigent Steering Committee. Any property sold after the write off is granted the full amount to be recovered from sale. Any default on account after the write off the credit control and debt collection processes to follow without further notice.
- **Registered Destitute and Indigents** who submitted building plans after the write off is granted the full amount will be reversed.
- **Incentive for Domestic debtors on outstanding accounts in excess of 90 days:**  
25% payment on account - 25% discount and arrangement for the balance.  
50% payment on account – 50% discount.  
This incentive is valid for a period of six months i.e. 1<sup>st</sup> July 2012– 31<sup>st</sup> December 2012.  
Any property sold after incentive is granted, 50% of the amount to be recovered from sale.

Any cases that fall outside of these criteria should be submitted to the CFO for further consideration for approval.



# Lukhanji Municipality

## Arrangements Policy







# Arrangements Policy Lukhanji Municipality

## 1. Introduction

The Lukhanji Municipality is committed to taking all reasonable steps to recover money owed to the Council. However, there are situations where the customer has legitimate problems paying accrued tariffs and fees. In such cases the customer needs to have a method by which arrangements may be made to pay off the debt.

This policy sets forth the policy framework that is to be used when entering into arrangement agreements with customers.

## 2. Principles to be applied:

- Council will only entertain up to a maximum of three arrangements per customer.
- All arrangements will be subject to a monthly review. Debtors who defaulted on three occasions in respect of arrangements made will be denied the privileged of making further arrangements and the full amount becomes payable.
- In the event of a material change to the personal circumstances of the applicant the customer may apply to the CFO for a review of the arrangement.
- Council will entertain no arrangements on accounts that have been handed over for legal action.
- Arrangements will be concluded with customers based on the classification of their account. For purposes of this policy the following classifications will apply:
  - Domestic indigent or destitute indigent customer
  - Domestic customer
  - Business customer

## 3. Arrangement Requirements for all Customers

The following requirements are relevant to all customers entering an arrangement regardless of their account classification:

- Customers with arrangements must have their credit electricity meters converted to prepayment electricity meters (exception given to large electrical users).
- **The customer must:**
  - Sign an acknowledgement of debt
  - Acknowledge that interest will be charged at the prescribed rate.



- Acknowledge that if the arrangements being negotiated later are defaulted on, restrictions of water supply and disconnection of electricity or blocked from buying electricity on the Prepayment System will follow immediately, as will proceedings.
- Acknowledge liability of all legal costs incurred.
- Where the customer who wants to enter into an arrangement agreement is not the owner of the property, written permission must be obtained from the owner before the Municipality may enter into such an agreement or sworn affidavit from the police indicating the information pertaining the period the tenant occupied the house.
- Should the tenant obtain permission from the owner but then defaults on the arrangements, the owner must be notified in writing of the default.
- Where the customer has been put under administration, written permission must be obtained from the Administrator and the owner of the property before any arrangements can be made.
- All arrangements will be made in writing according to section 57 of the Magistrates Act 1944 on the prescribed form.
- When making arrangements the following documents are required: copy of an ID and proof of income. ( No arrangements will be made without these documents )

#### **4. Domestic Indigent (or Destitute Indigent) Customers (with municipal electricity service) Arrangements**

If a customer is classified as an indigent or destitute indigent and is a customer of the municipal electricity service (indigent as used here will refer to both classifications) as per the council's Indigent Policy the following criteria will apply to arrangements made:

- The indigent customer will be required to pay their current monthly account regularly each month. (This is the amount due after the indigent subsidy has been deducted.)
- The indigent or destitute indigent's arrear debt will be placed on the electricity prepaid system and 40% of each purchase will be allocated to the payment of arrears.
- If regular payment of the current monthly account is maintained then only the 40% of payment received for electricity purchases will be allocated to arrears.
- If regular payment of the current monthly account is not maintained then the monthly account will be collected first from the first electricity purchase each month before electricity can be purchased and thereafter 40% of payment received will be allocated to arrears.

#### **5. Domestic Customer Arrangements**

If a customer is classified as a domestic (non-indigent) customer or as an indigent customer that does not receive municipal electrical service, then the following criteria will apply to arrangements made:

- The domestic customer will be required to pay 10% of debt before arrangement can be made. The customers will be required to pay their current monthly accounts regular each month. In addition to this requirement the following arrangements may be made to eliminate the arrears debt:



- If the customers are in the income group that has a total household income of **less than R5,000 per month** that customer may make arrangements to pay their arrears over a period of **36 months, interest free** provided payments are made monthly by the due date.
- If the customers are in the income group that has a household income of **more than R5,000 per month** that customer may make arrangements to pay their arrears over a period of **24 months, interest free** provided payments are made monthly by the due date.
- If the customer has annual charges the annual charges will be converted to monthly charges.

## 6. Business Customer Arrangements

If a customer is classified as a business customer then the following criteria will apply to arrangements made:

- The customer must pay full balance or 40% of the capital arrears
- The balance of the capital arrears (60%) must be paid off over no more than a 6 month period.
- Failure to maintain the arrangement will result in full debt collection processes being implemented.

## 7. Collection Processes

- Disconnection / blocking of electricity supply
- Issuing of letter of demands
- Final notices and Summons
- Handover of accounts to the attorneys

## 8. Breach of Arrangements

In the event of breach of arrangements, all arrear arrangements instalments plus the current monthly account must be paid before the arrangement can be reinstated. If the required payments are not made, debt collection action will be instituted immediately as per the Credit Control and Debt Collection Policy.



**CREDIT CONTROL**

**AND**

**DEBT COLLECTION  
POLICY**



# **INDEX**

## **PREAMBLE**

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  - 2.2 Duties and Functions of the Executive Mayor**
  - 2.3 Duties and Functions of the Municipal Manager**
  - 2.4 Duties and Functions of Communities, Ratepayers and Residents**
  - 2.5 Duties and Functions of Ward Councillors**
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- 4. Application for Services**
- 5. Customer Service Agreements**
- 6. Deposits and Guarantees**
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## PREAMBLE

WHEREAS section 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS section 4 (1) (c) of the Local Government: Municipal Systems Act 33 of 2000 (*the Systems Act*) provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority;

AND WHEREAS Chapter 8, section 64 of the Municipal Finance Management Act stipulates that an Accounting Officer of a municipality is responsible for effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy.

IT IS HEREBY ADOPTED: a credit control and debt management policy of the Lukhanji Municipality.



## **DEFINITIONS**

***For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:***

- “Act” The Local Government Acts: Systems Act, 2000 (Act No 32 of 2000), The Municipal Finance Management Act (MFMA) (Act No 56 of 2003), as amended from time to time;
- “Arrangement” A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed.
- “Arrears” Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.
- “Authorized Representative”  
Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;
- “billing” Refers to the process of charging for services provided by issuing Accounts;
- “CFO” The person appointed as the Chief Financial Officer of the Municipality in terms of the provisions contained in the MFMA, or his or her nominee.
- “Council” The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996, of the Lukhanji Municipality established by part 7 of provincial notice 80, dated 27 September 2000;
- “Credit Control” Credit control encompasses all the functions relating to the management of the contract with and collection of monies owed by customers of municipal services including but not restricted to:
- Signing of a valid service agreement, the payment of a service deposit and the verification of the customers creditworthiness.
  - Accurate meter readings at fixed intervals
  - Accurate and regular billing
  - Regular communication to customers
  - Provision of Indigent support
  - Maintain efficient and affordable service levels and standards within Councils financial constraints and capacity
  - Provide appropriate payment terms and options
  - Provide an effective and efficient enquiry system
  - Implement consistent credit control measures with the aim to enforce a culture of payment for services and a commitment to pay the current account and service any arrears monthly.



- Furnish monthly reports to Council on the performance of revenue collection.

|                                  |   |
|----------------------------------|---|
| <i>“customer”</i>                | Any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality; |
| <i>“debt collection”</i>         | Entails all actions to ensure the effective collection of all monies due to the municipality;   |
| <i>“defaulter”</i>               | Any Person who is owing the Council arrear monies in respect of rates and / or service charges;   |
| <i>“effective disconnection”</i> | Includes, inter alia, the physical removal of connections and/or equipment as a consequence of unauthorised reconnection (tampering and/or by-passing) of the disconnected service                            |
| <i>“engineer”</i>                | The Director : Technical Services and/or his delegated official of Council;   |
| <i>“equipment”</i>               | A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;   |
| <i>“financial year”</i>          | Means a year ending 30 June   |
| <i>“gender”</i>                  | Any reference to the one gender shall include reference to the other  |
| <i>“Implementing Authority”</i>  | Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.   |
| <i>“interest”</i>                | A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;   |
| <i>“municipal account”</i>       | An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;  |
| <i>“Municipality”</i>            | Means the Lukhanji Municipality.  |
| <i>“Municipal Manager”</i>       |   |





The person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

*“municipal services”*

Those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, sundries and any other services for which service charges are levied;

*“occupier”*

Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property,

*“owner” –*

- (a) The person in whom from time to time is vested the legal title to premises;
- (b) In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- (c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
- (d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- (e) In relation to-
  - i. A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
  - ii. A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
- (f) Any legal person including but not limited to-
  - i. A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;
  - ii. Any department of State;
  - iii. Any Council of Board established in terms of any legislation applicable to the Republic of South Africa;
  - iv. Any Embassy or other foreign entity;

*“premises”*

Includes any piece of land, the external surface boundaries of which  
Is delineated on-



- a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or
- b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

*“rates”* means a municipal rate on property envisaged in section 229(1)(a) of the constitution and the Property Rates Act (Act Number 6 of 2004).

*“ratable property”*

means a 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 of the Act

*“service”* means a municipal service rendered by the municipality and includes the supply of electricity, water, sanitation and refuse removal

*“Supervisory Authority”*

Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act

*“tampering”* means the unauthorised reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an unmetered service

## **1. PRINCIPLES**

- 1.1 The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- 1.2 All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 1.3 A copy of the application form including conditions of services and a copy of the Lukhanji's Council credit control and debt collection policy must be handed to every new customer on date of application for services.
- 1.4 Billing is to be accurate, timeous and understandable.
- 1.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 1.6 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 1.7 Enforcement of payment must be prompt, consistent and effective.
- 1.8 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in



connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.

- 1.9 Incentives and disincentives may be used in collection procedures.
- 1.10 Results will be regularly and efficiently reported by the Municipal Manager and the Executive Mayor.
- 1.11 Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 1.12 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

## 2. DUTIES AND FUNCTIONS

### *2.1. Duties and Functions of Council*

- 2.1.1. To approve a budget consistent with the needs of communities, ratepayers and residents in line with the financial capability of Council.
- 2.1.2. To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- 2.1.3. To facilitate sufficient funds to give access to basic services for the poor.<sup>1</sup>
- 2.1.4. To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.<sup>2</sup>
- 2.1.5. To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.<sup>3</sup> (Debt collection target to be determined by Council annually.)
- 2.1.6. To approve a reporting framework for credit control and debt collection.
- 2.1.7. To consider and approve by-laws to give effect to the Council's policy.
- 2.1.8. To monitor the performance of the Executive Mayor (Supervising Authority) regard credit control and debt collection.
- 2.1.9. To revise the budget should Council's targets for credit control and debt collection not be met;
- 2.1.10. To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.
- 2.1.11. To establish a Municipal Internal Legal Debt Collection Unit to attend to the Legal Process of Collection up to the handover of debtors for the implementation of the

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<sup>1</sup> Preferably, the equitable share should be set-aside for this purpose.

<sup>2</sup> The bad debt provision should at least reflect the increase in debtors during the previous financial year.

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



Execution process. The utilisation of external role players to achieve this goal in the interim.

- 2.1.12. To ensure that a list of attorneys is compiled in terms of Council's Procurement Policy, who will be utilised as part of the Legal process of Council in legal action instituted in terms of Council's Policy for matters relating to debt collection.
- 2.1.13. To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Executive Mayor and Municipal Manager and Service Provider respectively in compliance with the relevant Acts.
- 2.1.14. To provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection. Alternatively to appoint a Service Provider as debt collection agent (such service provider must be a registered debt collection agent in terms of legislation).
- 2.1.15. To assist the Municipal Manager in the execution of his duties, if and when required.
- 2.1.16. To provide funds for the training of staff.

## **2.2 DUTIES AND FUNCTIONS OF EXECUTIVE MAYOR**

- 2.2.1 To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws<sup>1</sup>.
- 2.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-laws<sup>2</sup>.
- 2.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes<sup>3</sup>.
- 2.2.4 To report to Council.

## **2.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER**

- 2.3.1 To implement good customer care management systems.
- 2.3.2 To implement council's credit control and debt collection policy.
- 2.3.3 To install and maintain an appropriate accounting system as required by the MFMA and appropriate regulations.

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Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the executive Mayor must –a) Oversee and monitor -

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

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

<sup>3</sup> (b) When necessary, evaluate or review the policy and any by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and



- 2.3.4 To bill customers.
- 2.3.5 To demand payment on due dates.
- 2.3.6 To raise penalties for defaults.
- 2.3.7 To appropriate payments received.
- 2.3.8 To collect outstanding debt.
- 2.3.9 To provide different payment methods.
- 2.3.10 To determine credit control and debt collection measures.
- 2.3.11 To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- 2.3.12 To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- 2.3.13 To set performance targets for staff.
- 2.3.14 To submit the appointment of staff to Council to execute council's policy and by-laws in accordance with council's staff policy.
- 2.3.15 To delegate certain functions to the Directors of departments.
- 2.3.16 To determine control procedures.
- 2.3.17 To monitor contracts with service providers in connection with credit control and debt collection
- 2.3.18 To report to the Executive Mayor.

## **2.4 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS**

- 2.4.1 to fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- 2.4.2 to pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- 2.4.3 to observe the mechanisms and processes of the municipality in exercising their rights.
- 2.4.4 To allow municipal officials access to their property to execute municipal functions
- 2.4.5 To comply with the by-laws and other legislation of the municipality.
- 2.4.6 to refrain from tampering with municipal services and property.

## **2.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS**

- 2.5.1 to hold regular ward meetings wherein the credit control and debt collection policy and procedures of Council are addressed.
- 2.5.2 to adhere to and convey council policies to residents and ratepayers and in particular the credit control and debt collection policy and procedure.



- 2.5.3 To adhere to the Code of Conduct for Councillors.
- 2.5.4 Ward Committees will act in terms of roles and functions as approved by Council and assist in the dissemination and distribution of information relating to the cc and dc proc of Council.



### **3. AREA OF APPLICATION**

This policy applies throughout the area of the Municipality of Lukhanji.

### **4. APPLICATION FOR SERVICES**

- 4.1. Customers who require a service must enter into a written service agreement with the Municipality which service agreement shall incorporate documentary annexures as determined and required by the municipality.
- 4.2. The process must occur at least five days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.
- 4.3. The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.
- 4.4. Customers who illegally consume services without this agreement will be subject to punitive action.
- 4.5. No consumer/client may be allowed to open a tenant account if the owner of the property is in arrears with services.
- 4.6. A customer/tenant must have a written letter of approval from the owner or estate agent who is acting on behalf of the owner permitting the Municipality to open a services account on the property with the relevant prescribed deposit.
- 4.7. If a tenant vacates the property where services are being provided without written notice to the Municipality then the owner of said property will be liable for any outstanding balance.

### **5. CUSTOMER SERVICE AGREEMENTS**

- 5.1. Customer service agreements are those agreements that are entered into between the client and the Municipality for the supply of municipal services and shall include the documentary annexures as required.
- 5.2. The contents of the agreement includes this policy as well as:

An undertaking by clients:

- That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs on an attorney client basis, interest, any administrative levy relating to disconnection and/or reconnection of services and personally liable as surety for legal entities;
- That any alleged non-receipt of an account does not stop the collection process;
- To agree that Council may conduct an ITC credit verification of his credit affairs.
- An additional/higher deposit may be required to be paid depending on the associated risk as determined by Council from time to time.
- That they will provide Council with all information and documentation required to assess credit worthiness of the customer.
- To furnish Council on application with all information relating to insolvency, sequestration, administration and or any other legal impediment relating to his status



## 6. DEPOSITS

- 6.1. The deposits are payable when new customers sign on and when existing customers move to a new supply address. Customers must pay a deposit equal to an amount as determined by Council annually. The municipality may increase or decrease deposits to suit the particular circumstances.
- 6.2. Before services can be provided, a service deposit is required to be paid by the customer to the Municipality.
- 6.3. Residential properties:
  - The deposit is payable in cash for all clients.
  - Only destitute indigents are exempted from paying the deposit.
  - Indigent clients: R150.00
  - Prepaid meter Domestic: R350.00
  - Conventional electricity meter: R450.00
  - Non-Profit Organisation: R500.00
  - Businesses: from R2500.00 to a maximum of R100.000
  - Deposit that are paid will only be refunded at the closure of the account after settlement of all levies, service charges, sundry charges, rates & taxes due to the Municipality.
  - Cash deposits retained on behalf of customers shall not earn interest.
  - Any deposit held by or on behalf of a customer shall, on being claimed, be refunded within 60 days after the termination of the clients agreement after deducting any amount due by the client to the Municipality.
  - Unclaimed deposits will be forfeited, after allocation to any arrears outstanding to the Municipality, 6 months after the final account has been processed.
  - The Municipality may at any time when the deposit is found to be inadequate require a customer to increase the deposit, in which event the customer shall, within 30 days after being so required, deposit with the Municipality such additional sum.
  - Deposits of new Business and Industrial clients will be determined based on the type of business being established and will be determined by the Revenue Manager or his/her delegate.
  - Consumers deposits shall be applicable only to the account for which they have been allocated initially and may not be transferred by the Municipality between customer service agreements.
  - Prior to the Municipality entering into a new agreement with a customer, the customer shall provide to the Municipality information pertaining to previous Municipal accounts to assist in assessment of his credit worthiness. The Municipality shall not enter into an agreement without compliance with this





requirement and the Municipal Official shall conduct a verification search of previous Municipal accounts held. Any outstanding accounts should be paid in full.

6.4. Customers must pay a deposit.

- Residential properties as determined by Council's Tariff Policy annually.
- Non-SA Citizens - All persons who are not SA Citizens and do not hold fixed property shall be required to pay triple the deposit as determined for residential properties.
- Non-Domestic – As determined by Council's Tariff Policy annually.

6.5. The Municipality shall increase the required deposit of defaulting \_\_\_\_\_ customers who are disconnected or should be disconnected in accordance with this policy, to a figure as determined by the Council's Tariff Policy.

6.6. The Municipality may apply the deposit towards any and all arrears arising on a service account and thereafter shall apply (6.4) hereof.

## **7. ACCOUNTS AND BILLING**

7.1. Customers will receive one consolidated bill for all Lukhanji municipal services to a property, which is situated within the boundaries of the municipality.

7.2. Accounts are produced in accordance with the meter reading cycles.

7.3. An account will be rendered each month in cycles of approximately 30 days.

7.4. The Municipality will undertake reasonable steps to have the accounts delivered to all customers. However non-receipt of an account does not prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a copy of the account, before the due date.

7.5. Accounts must be paid on the due date as indicated on the account.

- Interest on arrears will accrue after due date if the account remains unpaid as at due date, irrespective of the reason for non-payment.
- Indigents and destitute indigents are exempted from all interest charges
- A levy on late payments as determined by Council's Tariff Policy will be raised if the account remains unpaid as at due date irrespective of the reason for non-payment.

7.6. Payments for accounts must be received by

- Close of business on or before the due date at a Municipal pay-point.
- In the case of any electronic payments or payments via agents, the money must be received in the municipal bank account by close of business on or before the due date and/or Council notified accordingly.



#### 7.7. Inter-Governmental Transfers

- The Accounting Officer must immediately inform the National Treasury of payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days (Section 64.3 of the MFMA)

#### 7.8. Customers who have failed

- To pay the service charges levied by due date,
- or to comply with the conditions of supply of services
- shall receive no further notification of Councils intention to disconnect services as such notification is supplied on the services account w the debt collection process will be implemented.

## **8. METERING OF CONSUMABLE SERVICES**

8.1. The municipality may introduce various metering equipment and customers may be required to convert to a system preferred by the municipality.

8.2. Customers who default (fail to pay by a due date) will be required by the municipality to convert to a prepaid metering system.

8.3. Prepayment metering will be installed for all new domestic electrical and where applicable, non-domestic electrical accounts.

8.4. Meters (credit) will generally be read monthly. Should circumstances prevent reading, the municipality is entitled to estimate a reading that is within reason comparable.

8.5. A customer is responsible to allow municipal officials access to their property to execute municipal functions and will accept any cost to ensure access (such as relocating the meter) if satisfactory access is not possible.

8.6. Routine or special maintenance of metering equipment will be communicated to the customer. The meter replacement advice will indicate the removal reading.

## **9. VALUATION OF PROPERTIES**

9.1. All properties within the boundaries of the Lukhanji Municipality are to be evaluated in terms of the legislation, applicable to the valuation of properties for the purpose of levying property rates.



## **10. CUSTOMER ASSISTANCE PROGRAMMES**

These are programmes that the Municipality has designed to assist customers meet their obligations, such as:

- 10.1 Water leak rebates;
- 10.2 Rates rebates;
- 10.3 Arrangements for settlement;
- 10.4 Payment of rates by instalments;
- 10.5 Indigent Support Policy
- 10.6 Free basic services

### **10.1. WATER LEAK REBATE**

Excess charges due to water leaks on the account will be recalculated in terms of the “Water Leak” tariff, provided that the following conditions are applied:

- That the leak be repaired within 48 hours of detection.
- That a letter from a registered plumber or, in the event that the leak was repaired by a private person, must reach the Municipality within ten (10) days of the leak having been repaired.

### **10.2. RATES REBATE**

Council may grant rebates on rates in terms of Council’s rates policy.

### **10.3. ARRANGEMENTS FOR SETTLEMENT**

- 10.3.1. Arrangements are permissible for debtors who experience difficulties in paying their accounts in accordance with council policy.
- 10.3.2. The terms applicable for the settlement of arrear debt will be as approved by the Council from time to time.

### **10.4. PAYMENT OF RATES BY INSTALMENTS**

**10.4.1.** Owners may pay the property rates:

- Annually in advance or
- by application in writing on the prescribed form, to pay in equal monthly instalments over a period of 12 months.
- A service charge will be levied for customers who elect for monthly instalments (or discount for annual payments) to cover the administrative costs associated with this activity as laid out in the tariff policy.

**10.4.2.** Interest shall accrue on all rates accounts if they are not paid by the due date as indicated on the account (except as specifically exempted by council policy).

**10.4.3.** Regular monthly instalment payments must be maintained. Failure to maintain



monthly instalment payment for three (3) consecutive months shall result in the cancellation of the facility and all future instalments become payable.

## **11. GOVERNMENT DEPARTMENTS.**

All governments departments are required to pay their accounts balances in full. Governments departments owing municipality over 60 day in arrears, services will be disconnected without any further notice. Furthermore, in terms of Section 64(3) of the Municipal Finance Management Act (Act.no56 of 2003) the amount to which the department is in arrears will be reported to both National Treasury and Provincial Treasury.

## **12. COMMUNICATION**

- 12.1 The municipality will where reasonably possible at its own cost make the Credit Control and Debt Collection policy brochure available to the community. Any amendments may be communicated in a newsletter.
- 12.2 Councillors must on a regular basis, address ward committees and their wards on the contents of the policy and any amendments thereto.

## **13. PAYMENT FACILITIES AND METHODS**

- 13.1. Municipal payment and enquiry facilities will be maintained subject to acceptable levels of activity when compared to the operational costs. The Municipal Manager or his designate has the discretion to open and close offices as required.
- 13.2. The customer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the customer. In addition the customer must take into account the transfer time of the particular agent.
- 13.3. A range of payment methods is available and may be extended as required subject to financial implications. The Municipality shall actively monitor the effectiveness of pay facilities, methods and convenience for customers.
- 13.4. The Chief Financial Officer shall allocate payments according to pre-determined priorities.
- 13.5. The customer is not allowed to selectively nominate any monies paid by him for specific services .The allocation of payments are automatically done according to priorities as determined by the CFO in line with Councils direction.
- 13.6. No allegation for the non-receipt of an account will be exempted from the responsibility to pay on or before the due date. The principle of “ Ignoram legume non excusat” prevails.
- 13.7. Officials and Councillors service accounts are to be deducted on a monthly basis from their salary / remuneration.
- 13.8. In terms of section (9) Schedule 2 of the Municipal Systems act and Municipal resolution dated 29 August 2003,Municipal officials and Councillors are not allowed to be indebted to the Municipality on their municipal service accounts.



13.9. The Municipality may enter into agreement with businesses and their employees for the business to deduct from and pay over to the Municipality the Municipal service account due and owing by the employee.

## **14. ENQUIRIES AND APPEALS**

14.1. Any customer who has a query/dispute concerning his service account or on the application of the credit control and debt collection policy and procedure to himself must address a letter to the Chief Financial Officer or visit any Customer Care Office provided by the municipality to lodge the query/dispute.

14.2. A customer who has lodged a query/dispute is not relieved of the responsibility to maintain regular payment of the account. An interim payment similar to the average account must be paid by the due date pending finalisation of the enquiry. Failure to make a payment will result in debt collection action been instituted against the customer.

14.3. The customer will receive a written response to a submitted written query within 10 working days of the query being lodged.

14.4. If a customer is not satisfied with the response received from the Customer Care Office or the CFO he may make a written submission to the Municipal manager, setting out the reasons for his dissatisfaction. The Municipal manager shall investigate the written submission and forward his findings to the client within 21 working days of receipt thereof. The Municipal Managers decision shall be final.

14.5. The testing of a water or electricity meter may be done on request of the customer upon payment of the prescribed fee, which will be published in Council's annual tariff schedule. The fee will be refundable to the customer on the following conditions:

14.6. If it is alleged in an appeal that a measuring device is inaccurate, the device must be subjected to a standard industry test to establish its accuracy, the customer must be informed of the possible cost implications including the estimated amount of such test, as set out in this section of the policy, prior to such test being undertaken.

If the outcome of any test shows that a measuring device is

- a) Within a prescribed range of accuracy, the customer will be liable for the costs of such test and any other amounts outstanding and the paid fee will be forfeited by the customer.
- b) Outside a prescribed range of accuracy, the Council will be liable for the costs of such test and the customer must be informed of the amount of any credit to which he, or it is entitled.



## **15. DEBT COLLECTION**

The Chief Financial Officer is authorised to institute these mechanisms without exception and with the intention of proceeding until the debt is collected.

The following mechanisms are to be used to collect:

- 15.1 Disconnection / restriction of metered services for all overdue rates and service accounts.
- 15.2 Barring from buying prepayment services by debtors who are in arrears with all overdue rates and service accounts.
- 15.3 Allocating a portion of any payment for prepayment services to arrear debt.
- 15.4 Insisting that a prepayment meter be installed.
- 15.5 Withholding of rates clearance certificates under certain conditions. (Refer to section 118 of the Systems Act of 2000.)
- 15.6 Legal process, including proceeding(s/arrangements) in terms of section 57 of the Magistrates court act, an emoluments attachment order on the debtors salary, summons, the attachment and sale of moveable or immovable property, section 65 proceedings.
- 15.7 Withholding payments of grants-in-aid.
- 15.8 Any other method authorised by Council.

## **16. METER READINGS**

Meters will be read on a monthly basis, or as determined as the most efficient timetable by the Chief Financial Officer. Deviation lists are to be verified every month to ensure the correctness of the billing process. Deviations of more than 25% of the norm reported on water or electricity consumption are to be investigated by an inspector before billing is rendered on the account

## **17. THEFT AND FRAUD**

- 17.1 The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
- 17.2 The Council may approve specific penalties for cases of vandalism and theft.  
**1<sup>st</sup> offence: R1050.00 for the disconnection at the pole and removal of the meter as well an estimate lost of revenue.**  
**2<sup>nd</sup> offence: R2100.00 for the double tamper for the disconnection at the pole and removal of the meter and entire service as well as an estimate of lost of revenue.**  
**3<sup>rd</sup> offence: R5000.00 for the disconnection at the pole and removal of the meter as well as an estimate of the lost revenue and full outstanding debt should be paid.**



17.3 Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.

## **18. APPLICATION OF THE POLICY**

The Council reserves the right to differentiate between different categories of customers, debtors, services or service standards when applying the Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.



**PROVINCE OF THE EASTERN CAPE  
LUKHANJI LOCAL MUNICIPALITY  
GIFT, REWARDS AND FAVOURS POLICY**

Date of adoption:.....





# Lukhanji Local Municipality

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### 1. Definitions

In this policy and any bid documentation or directive issued in terms thereof, the singular includes the plural and vice versa, any one gender includes both genders and, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act has the same meaning as in this Act and -

**“Accounting Officer”** means the manager of the municipal administration and accounting officer of the Lukhanji Local Municipality appointed by the council in terms of section 54A of the Local Government: Municipal Systems Act No. 32 of 2000 and includes any employee of the Lukhanji Local Municipality who acts in his stead and, in the event of the Lukhanji Local Municipality being subject to an intervention in terms of section 139 of the Constitution or any other applicable law, includes the “Administrator” appointed as a consequence of such intervention or in terms of the conditions pertaining thereto;

**“Chief Financial Officer”** means the official of the Lukhanji Local Municipality designated as such in terms of section 80(2)(a) of the Municipal Finance Management Act;



**“Codes of Good Practice”** means the Codes of Good Practice on Black Economic Empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act and contained in General Notice 12 of 9 February 2007;

**“Contract”** means the agreement that results from the acceptance of a bid by the Lukhanji Local Municipality in accordance with the supply chain management policy;

**“Council”** means the council of Lukhanji Local Municipality;

**“Day”** unless expressly otherwise provided in this policy, means a calendar day, provided that when any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and exclusively also of every such Sunday or public holiday;

**“Mayor”** means the councillor elected by the council as Mayor in terms of section 48 of the Local Government: Municipal Structures Act No. 117 of 1998 read with section 58 of the Municipal Finance Management Act;

**“Lukhanji Local Municipality”** means the Lukhanji Local Municipality, a local municipality established in terms of section 12 of the Local Government: Municipal Structures Act No. 117 of 1998 and includes any employee entitled to or duly authorized to perform any function or duty in terms of this policy and/or is responsible for the implementation of this policy or any part thereof;

**“Municipal Finance Management Act”** means the Local Government: Municipal Finance Management Act No. 56 of 2003 and, unless otherwise stated in this policy, any reference to “the Act” shall mean a reference to this Act;

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act No. 32 of 2000 and includes the regulations under this Act;

**“Other applicable legislation”** means any other legislation applicable to municipal supply chain management, including but not limited to -

- (d) the Local Government: Municipal Systems Act No. 32 of 2000 (Municipal Systems Act);
- (e) the Promotion of Administrative Justice Act No. 3 of 2000;
- (f) the Promotion of Access to Information Act No. 2 of 2000;
- (g) the Protected Disclosures Act No. 26 of 2000;
- (i) the Prevention and Combating of Corrupt Activities Act No. 12 of 2004;

**“Person”** includes an enterprise, partnership, trust, association, consortium, joint venture or a juristic person;

**“Rand value”** means the total estimated value of a contract in South African currency calculated at the time of bid invitations, and includes all applicable taxes and excise duties;



“**Treasury guidelines**” means any guidelines on supply chain management issued by the Minister of Finance in terms of section 168 of the Municipal Finance Management Act;

“**The Regulations**” means the Local Government: Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

## 1. OBJECTIVE

To set out in clear terms the rules that apply to offers of a reward, gift or favours from persons having or proposing to have a contractual relationship with the municipality and the responsibilities of councillors and staff members in this regard. The Code of Conduct and Rewards, Gifts and Favours Policy is aimed at ensuring that councillors and staff members conduct themselves so that their good faith and integrity should not be questionable.

## 2. GENERAL PRINCIPLES

- (1) All employees are required to comply with the Code of Conduct for Municipal Staff Members as contained in item 8 Schedule 2 of the Systems Act, 32 of 2000 as well as the Municipal Supply Chain Management regulations.
- (2) A municipal code of the ethical standards must stipulate that an official or other role player involved in the implementation of the supply chain management policy of the municipality –
  - c) may not accept any rewards, gift, favour hospitality or other benefit directly, including to any family member, partner or associate of that person;
  - d) notwithstanding sub-regulation (2)(c), must declare to the accounting officer details of any rewards, 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;

Schedule 1 and 2 of the Municipal Systems Act No. 32 of 2000 contains the code of conduct for councillors and municipal staff members respectively.

### SCHEDULE 1 SECTION 9 STATES:

1. A councillor may not request, solicit or accept any reward, gift or favour for:
  - a) Voting or not voting in a particular manner on any matter before the municipal council or before a committee of which that councillor is a member;
  - b) Persuading the council or any committee in regard to the exercise of any power, function or duty;
  - c) Making a representation to the council or any committee of the council; or
  - [d\) Disclosing privileged or confidential information.](#)



## **SCHEDULE 2 SECTION 8 STATES:**

1. A staff member of the municipality may not request, solicit or accept any reward or gift in favour for:
  - a) Persuading the council of the municipality, or any structure or functionary of the council, with regard to the exercise of any power or the performance of any duty;
  - b) Making a representation to the council, or any structure or functionary of the council;
  - c) Disclosing any privileged or confidential information; or
  - d) Doing or not doing anything within that staff member's powers or duties.
  
2. As staff member must without delay report to superior official or to the speaker of the council any offer which, if accepted by the staff member, would constitute a breach of (1).

### **3. Value of Gifts, Rewards or Favours**

Regulation 47 of the Municipal Supply Chain Manager Regulations reads as follows:

"47 Inducements, rewards, gifts and favours to municipalities, municipal entities, officials and other role players

1) No person who is a provider or prospective provider of goods or services to a municipality or municipality entity, or a recipient of goods disposed or to be disposed of by a municipality or municipal entity, may either directly or through a representative or intermediary promise or offer or grant –

a) Any inducement or reward to the municipality or municipal entity for or in connection with the award of a contract; or

b) Any reward, gift, favour or hospitality to –

Any official of the municipality or municipal entity; or

any other role player involved in the implementation of the supply chain management policy of the Lukhanji Local Municipality.

2) The accounting officer of a municipality or municipal entity must promptly report any alleged contravention of sub-regulation (1) to National Treasury for consideration 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 person prohibited from doing business with the public sector.

3) Sub-regulation

(1) does not apply to gifts less than R350 in value."



2. Receipt of gifts in any of the following scenarios would prima facie be viewed as breach of Item 8 of Schedule 2 of the Systems Act: and item 47 of the Municipal Supply Chain Management regulations.

- Tenders
- Contracts
- Provider and prospective providers as well as receivers and prospective receivers of goods in terms of actions that are clearly enacted to avoid and prevent corrupt practices.

3. For the sake of good corporate governance and to protect employees against inadvertent transgressions of Item 8 of Schedule 2 of the Systems Act or the provision of regulation 46 & 47 of the Municipal Supply Chain Regulations, it is Council's policy that all employees are required to report any gift that they have received irrespective of the value.

4. The Municipal Manager (or his nominee) may decide whether an employee may retain a gift to the value of not more the R350 (as amended from time to time). The value of gift received from a single source in any calendar year may not exceed R350 from a service provider or prospective service provider based on the following:

4.1. Any gift as defined in terms of Item 8 of Schedule 2 of the System Act, 32 of 2000 may not be accepted by any staff member – No discretion permitted;

4.2. All staff include in terms of Section 46 of the Supply Chain Management Regulation may only receive a gift up to the limit of R 350 – No discretion permitted above R350;

#### **4. Register of Rewards, Gifts and Favours**

An electronic register will be kept and maintained in the office of the Municipal Manager and Internal Audit should review the register periodically. A gift declaration Form (ANNEXURE A) shall be completed by councillors and staff members who have received a rewards, gift or favour which exceeds the approved value. Each declaration submitted will be allocated a serial number by the municipal manager for reference purposes.

#### **5. Responsibility of Councillors and Staff Members**

It is the responsibility of councillors and staff members to declare all rewards, gifts and or favours which exceed the value determined by council.

#### **6. Authority to Accept Rewards, Gifts or Favours**

Staff Members

The responsibility of granting authority to staff members to accept rewards, gifts or favours rests with the Municipal Manager.

Councillors

The responsibility of granting authority to councillors to accept rewards, gifts or favours rests with the Executive Mayor.



## 7. **Accountability**

The Municipal Manager shall provide details of all rewards, gifts and favours received by councillors and staff members and authorized by the Executive Mayor or Municipal Manager to the Audit Committee and Mayoral Committee on a quarterly basis.

## 8. **Enforcement**

1) Sect 14 and 14A will apply to any breach of Item 8 of Schedule 2 of the Systems Act. Item 14 and 14A reads as follows:

Breach of this Code must be dealt with in terms of the disciplinary procedures of the municipality envisaged in section 67 (1) (h) of the Systems Act.”

“Item 14A. Disciplinary steps. –

- (1) A breach of this Code is a ground for dismissal
- 2) Such other disciplinary steps may include –
  - a) Suspension without pay for no longer than three months;
  - b) Demotion;
  - c) Transfer to another post;
  - d) Reduction in salary, allowance or other benefits; or
  - e) an appropriate fine.”

3). Employees must report gifts received by completing and submitting the attached form (annexure A) to his/her Section 57 Manager. The declaration of gifts received must contain a description of the gift, the value of the gift as well as the sources of the gift. Section 57 Managers must report gifts received in prescribed format (Annexure “A”) to the Municipal Manager (or his nominee.) The Municipal Manager must report gifts received to the Executive Mayor.

Each Section 57 Manager are required to keep a register of all gift received within his/her Directorate and that such be available for audit on an annual cycle.

4) The Section 57 Manager: Corporate Services is responsible to communicate this policy to employees on an annual basis.

5) The Section 57: Corporate Services is responsible to ensure that this policy is included in induction sessions for new appointees.

6) That this policy be implemented on the date of approval.



**ANNEXURE A**

**LUKHANJI LOCAL MUNICIPALITY**

**DECLARATION OF REWARD, GIFT OR FAVOUR FOR GIFT REGISTER**

|  |             |   |    |
|--|-------------|---|----|
| <b>DECLARATION OF REWARD, GIFT OR FAVOUR FOR GIFT REGISTER</b>                             |             |   |    |
| Register Number: _____   |             | Date: ____/____/____  |    |
| <b>Details of Sponsor (Contributor)</b>  |             |   |    |
| Company Name   |             |   |    |
| Name of Company  |             |   |    |
| Representative   |             |   |    |
| Service Provided   |             |   |    |
| Relationship   |             |   |    |
| Service Period   |             |   |    |
| <b>Details of Recipient</b>  |             |   |    |
| Name   |             |   |    |
| Branch / Department  |             |   |    |
| Staff Number   |             |   |    |
| <b>Details of Reward, Gift or Favour Received</b>  |             |   |    |
| No.  | Description | Approx. Monetary Value  |    |
|  |             |   |    |
|  |             |   |    |
|  |             |   |    |
| Have any rewards gifts or favours been received from this company before? ( Mark with "X") |             | Yes   | No |
| If yes, please provide a description of this gift (s):                                     |             |   |    |
| <b>Municipal Manager Approval (FOR OFFICE USE ONLY)</b>                                    |             |   |    |
| The above gift is: (Mark with "X")   |             |   |    |
|  |             | To be returned to supplier with a letter of thanks                    |    |
|  |             | To be enjoyed by the councillor or official, above                    |    |
|  |             | To be enjoyed by the branch / department under management supervision |    |
| <b>Comments</b>  |             |   |    |
|  |             |   |    |
| Municipal Manager / Executive Mayor: _____   |             |   |    |
| (Signature)  |             |   |    |
| Date: ____/____/____   |             |   |    |







# LUKHANJI LOCAL MUNICIPALITY ASSET DISPOSAL POLICY

## SUPPLY CHAIN MANAGEMENT UNIT

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## 1. INTRODUCTION

The purpose of the Asset Disposal Policy is to provide a framework for the disposal of the municipality's assets that are not needed to provide the minimum level of basic municipal services and that are surplus to the municipality's requirements.

Section 14 of the Municipal Finance Management Act (Act No. 56, 2003) states:

"A municipality may not transfer ownership as a result of a sale or other transaction, or otherwise permanently dispose of any capital asset needed to provide a minimum level of basic municipal services.

A municipality may transfer ownership or otherwise dispose of a capital asset, other than an asset mentioned above, only after the disposal committee meeting:

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

## 2. OBJECTIVE

The objectives of the Asset Disposal Policy are to:

- Ensure that only assets that do not provide the minimum level of basic municipal services are disposed of.
- Ensure that assets are not disposed when the disposal of the asset or the terms of the disposal of the asset could disadvantage the municipality or community financially or otherwise.
- Ensure that all disposals are, in terms of section 14 (5) of the Municipal Finance Management Act (Act No. 56, 2003), fair, equitable, transparent, competitive and consistent with the Supply Chain Management Policy of the municipality.
- To unlock capital or a revenue income stream from the disposal of the assets;
- To ensure adequate management and control over the disposal process.
- To ensure proper reporting on the disposal process.
- To ensure that the Asset Register is properly updated after the disposal process.
- To promote Government/Province's broader social, economic and environmental policy objectives through disposal of assets.



- To assist organisations and institutions in serving the poor and economically deprived by availing redundant assets for social upliftment.

### 3. SCOPE

This policy will be applicable to all redundant, obsolete, unserviceable assets, namely vehicle, office furniture, office equipment, computer equipment, other machinery and equipment and inventory.

### 4. DEFINITIONS

The following terms apply to this policy:

- **TREASURY REGULATION**

Regulations issued by National Treasury for the Departments, Trading Entities, Constitutional Institution and Public Entities dated March 2005.

**Treasury Regulation 16A3 stipulates the following:**

16A3.1 That the Accounting Officer or Accounting Authority of an institution to which these regulations apply must develop and implement an effective and efficient supply chain management system in his or her institution for amongst others:

- a. The acquisition of goods and services; and
- b. The disposal and letting of state assets, including the disposal of goods no longer required.

16A3.2 A Supply Chain Management System referred to in paragraph 16A3.1 must -

- (a) be fair, equitable, transparent, competitive and cost effective;

(b) Be consistent with the Preferential Procurement Policy Framework Act, 2000 (Act no. 5 of 2000 as amended by preferential procurement Regulations, 2011)

- (a) be consistent with the Broad Base Black Economic Empowerment Act, 2003 (Act no. 53 of 2003); and

- (b) provide for at least the following:-

- (i) demand management
- (ii) acquisition management
- (iii) logistic management
- (iv) disposal management
- (v) risk management
- (vi) regular assessment of supply chain performance



## 16A7 Disposal and letting of state assets

16A7.1 Disposal of movable assets must be at a market related value or by way of price quotation, competitive bids or auction, whichever is most advantageous to the state. Unless determined otherwise by relevant treasury.

16A7.2 Notwithstanding the provisions of paragraph 16A7.1, The Accounting Officers and the Accounting Authorities may transfer movable assets free of charge to other departments, constitutional institutions or public entities by means of formal vouchers.

16A7.7 The Accounting Officer or the Accounting Authority must, when disposing of computer equipment, firstly approach any state institution involved in education and / or training to determine whether such an institution requires such equipment. In the event of the computer equipment being required by such a state institution, the Accounting Officer or Accounting Authority may transfer such equipment free of charge to the identified institution.

### Treasury Regulation 10.1.1 and 10.1.2 state

10.1.1 The Accounting Officer of an Institution must take full responsibility and ensure that proper control systems exist for assets

10.1.2 The Accounting Officer must ensure that processes [whether manual or electronic] and procedures are in place for the effective, efficient, economical and transparent use of the Institution's assets.

- **DISPOSAL**

Means the elimination of a movable asset, which include obsolete, redundant and unserviceable assets, from the accounting records and Asset Register of the Municipality by means of approved and authorised procedures.

- **ASSET**

Is a resource owned and controlled by the Municipality as a result of past events and from which current or future benefits are expected to flow to the Municipality.

- **ASSET REGISTER**

A departmental database of all movable and immovable assets with values.



- **REDUNDANT ASSETS**

Items that are new, serviceable, old, out dated as a result of new development / technology or repairable but are no longer required by the user. These items can still be used or distributed to other offices within the Municipality or to other Municipalities/Entities and other Departments within the Province.

- **OBSOLETE ASSETS**

Items that are too old and are of no further use by the Municipality and/or spares are not available anymore to repair such items, or items no longer in use elsewhere or items no longer suitable for the use they were originally purchased for.

- **UNSERVICEABLE ASSETS**

Items owing to normal wear and tear have become unfit for use and are no longer suitable for the use they were originally been purchased for or not safe to use or uneconomical to repair.

- **SERVICEABLE ASSETS**

Items that are still suitable for the purpose for which they were acquired for.

- **CIRCULATION**

Method of use to allow other Components/Directorates to acquire redundant assets within the Municipality.

- **COUNCIL**

Council means the Municipal Council of the Lukhanji Local Municipality, its legal successors in title and its delegates.

The Council shall establish a Disposal Committee. The Chairman of the Disposal Committee must be a senior independent official in Supply Chain Management that is not in control of any assets.

- **CHAIRPERSON: DEPARTMENTAL DISPOSAL COMMITTEE.**

An official appointed in writing by the Accounting Officer or his/her delegate to act in the capacity as Chairperson of the Departmental Disposal Committee.

- **DEPARTMENTAL DISPOSAL COMMITTEE.**

Officials appointed in writing by the Accounting Officer or his/her delegate to act as members of the Departmental Disposal Committee.



- **CONFIRMING AUTHORITY.**

The Confirming Authority is vested with the Accounting Officer or his/her delegate to confirm the decisions taken by the Municipal Disposal Committee.

- **BUYER**

Individual who is buying during the selling processes of Government owned assets.

- **SELL BY QUOTATIONS/TENDER**

Method of selling other than an auction, whereby goods are sold on a quotation basis, adhering to SCM policy and regulations.

- **DISPOSAL CERTIFICATE (VA27)**

A certificate that has to be completed when items are disposed off. This certificate must be filled in manually and approved by the Accounting Officer.

- **ACQUISITION OF ASSETS**

It refers to the acquisition of movable assets by means of purchasing, leasing, transfers in and donations.

- **MARKET VALUE**

Market value is defined as "the estimated amount for which an asset can be exchanged on the date of valuation between a willing buyer and willing seller.

- **FAIR VALUE**

The fair value of an asset is the amount obtainable from the sale of the asset in an arm's length transaction between willing parties less the selling costs.

- **CARRING AMOUNT**

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

- **SUBSTANTIVE ASSET VALUE**

*This is the value that can be ascertained for an asset within an open market at any given time.*



- **DEPRECIATION**

A method of allocating the cost of a tangible asset over its useful life.

- **ACCUMULATED DEPRECIATION**

The cumulative depreciation of an asset up to a single point in its life. The depreciation of an asset during a single period is added to the previous period's accumulated depreciation to get the current accumulated depreciation.

- **BASIC MUNICIPAL SERVICES**

Basic municipal service means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment.

## 5. KINDS OF MOVEABLE ASSETS MANAGED BY THE MUNICIPALITY

The Lukhanji Local Municipality, manages the following kinds of assets applicable to this policy:

- Vehicles
- Furniture
- Computer Equipment
- Office Equipment
- Inventory & Consumables
- Other Machinery & Equipment

## 6. APPLICABLE LEGISLATION

### **MUNICIPAL FINANCE MANAGEMENT ACT [Act 56 of 2003]**

The act seeks to promote transparency in the management of State resources.

### **TREASURY REGULATIONS**

Requires that disposal of movable assets must be at market-related value or by tender or auction, whichever is most advantageous to the state, unless determined otherwise by the relevant treasury.



## **BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT**

The act seeks to promote meaningful participation of black people within the Economy.

### **7. SUPPLY CHAIN MANAGEMENT FRAMEWORK/ GUIDE TO ACCOUNTING OFFICERS: SUPPLY CHAIN MANAGEMENT**

The framework seeks to regulate the management of acquisition, demand and disposal of assets.

#### **ASSET MANAGEMENT GUIDELINES**

Seeks to ensure that assets are dealt with from a Life Cycle perspective.

### **8. ROLEPLAYERS & THEIR FUNCTIONS**

#### **8.1 ASSET MANAGEMENT OFFICIALS**

- Identification and forwarding of information on obsolete, redundant and unserviceable assets.
- Compiling, up keeping and updating of the database of the items to be disposed.
- Comparing the remaining useful life of an asset with the remaining current condition and assess whether the asset will remain in service until the estimated time.
- Ensuring proper management, control and safeguarding of assets.
- List the items to be disposed of, including values, current conditions and recommended disposal method.
- Compile a report on the potential impact on operations and budget for both disposing and keeping items.
- Completion of all relevant documents and condition reports before the disposal of items.
- Checking that goods to be disposed of do not contain material that is not intended for disposal.
- Ensure proper storage of all items that are to be disposed of.





- Manage collection of items to be disposed of in Components/Directorates/Offices to a central point.
- Compile a report regarding the replacement of the assets where considered necessary.
- Report on a monthly basis of any obsolete, redundant and unserviceable/ un-economical to maintain assets that need to be disposed of or have been disposed, to the Manager: Logistics Management and Disposals. Disposal report must be reconciled with the Asset Register.
- Liaise with the loss control section/Asset Management Office to have an update on assets lost which affects the disposal process.

## **8.2 MUNICIPAL DISPOSAL COMMITTEE**

### **8.2.1 APPOINTMENT & COMPOSITION OF THE DISPOSAL COMMITTEE**

- All members of the Disposal Committee inclusive of the Chairperson must be appointed in writing by the Accounting Officer or his/her delegate.
- The Municipality Disposal Committee shall consist of at least not less than 5 members and the Chairperson,
- Term of Office for the Municipal Disposal Committee will be determined the council
- Members should have knowledge regarding various aspects of asset and asset management e.g. stocktaking, disposal, movement of items, history of equipment etc.
- The code of conduct for the Municipality disposal committee members shall be in accordance with the code of conduct and regulations and policy applicable to Supply Chain Management.

### **8.2.2 FUNCTIONS OF THE MUNICIPAL DISPOSAL COMMITTEE:**

- Objectively evaluate at all times the assets submitted for disposals and weigh disposal alternatives as per disposal procedure.
- Ensure assets to be disposed of are beyond reasonable doubt obsolete, redundant, un-repairable and unserviceable. In cases of unserviceable assets



exceeding a book value of R5 000, certificate or quotation of un-serviceability/ un-economical to maintain must be attached to such assets.

- Ensure that assets which are to be disposed off and could represent a danger/threat to human beings are destroyed immediately. Recommendations with regard to the handling thereof, are to be clearly described.
- In the event of disposal of Information Technology Equipment and Furniture an approval will be sought from the Accounting Officer for redistribution of such assets.
- No individual member of the disposal committee shall decide in isolation regarding the disposal of movable assets. Each member of the Disposal Committee shall satisfy him/herself that he/she concurs with the relevant recommendation. Should members not concur with the recommendation they are not to counter sign but are to submit their objection, per memo, to the Accounting Officer or his/her delegate.
- Have knowledge of all stores and equipment.
- Be available on a regular basis to attend the Municipality Disposal Committee meetings.
- Be willing to travel and sometimes sleep out.
- Be sure of any needs that exist within the Municipality for possible transfer of assets.
- Confirm in writing their availability to the Chairperson of the Committee.

### **8.2.3 CHAIRPERSON OF THE DISPOSAL COMMITTEE & HIS FUNCTIONS BEFORE AND AFTER THE DISPOSAL PROCESS.**

- The Chairperson of the Municipal Disposal Committee shall be a middle Manager by Rank.
- The Chairperson of the Municipal Committee shall appoint his/her deputy who will act as Chairperson in his/her absence.



- The Chairperson may, at any time, as per need, co-opt an additional member who possesses specialized knowledge in the relevant field for the evaluation of specialized stores and equipment. { Ad-hoc }
- Chairperson shall ensure that all the necessary forms i.e. Store's Disposal form, Issue voucher form and Disposal Certificates of the assets to be disposed have been submitted and are in order.
- Chairperson shall evaluate and register the Disposal Certificates in the Disposal Register.
- In consultation with the relevant Office determine the date on which the disposal meeting will take place.
- Invite in writing any stakeholders i.e. Municipal Manager/ his /her delegate, Asset Managers on assets to be disposed of.
- Determine if the Municipal Disposal Committee forms a quorum.
- After the process of recommending by the Disposal Committee has been completed, the Chairperson must sign the disposal certificate.
- To ensure that the Disposal Certificates together with all relevant documentation are submitted to the Confirming Authority.
- The Chairperson on receipt of the approved/confirmed Disposal Certificate must ensure that the listed assets are dealt with as per recommended and confirmed.
- All finalized Disposal Certificates must be filed accordingly indicating "Disposal Certificates: Financial Year".
- The original confirmed certificates as recommended and approved must be forwarded to the Office who is custodians of assets disposed of.

#### **8.2.4 MUNICIPAL DISPOSAL COMMITTEE MEETINGS**

- Municipal Disposal Committee will meet quarterly to evaluate assets earmarked for disposals. Special meetings will be called as and when necessary.



- The quorum for the Municipal Disposal Committee meeting will be ordinarily four members plus the Chairperson or his/her delegate.
- Detailed records of the activities of the Disposal Committee must be kept at all times. These records should consist of at least, but not limited to:
  - Minutes
  - Attendance Records and
  - Reasons for the recommendations/no-recommendations
- Members of the Disposal Committee, co-opted officials and any other stakeholders should be informed in writing of the date and time of the disposal meeting a week before such by the Chairperson of the Departmental Disposal Committee.

### **8.3 CONFIRMING AUTHORITY**

- Is the person vested with powers to approve the disposal of assets recommended by the Disposal Committee.
- The powers are vested with the Accounting Officer or his/her delegate.

#### **8.3.1 DUTIES OF THE CONFIRMING AUTHORITY**

- The Confirming Authority is responsible for evaluating and approving the recommendations of the Disposal Committee.
  - If the confirming authority is not satisfied with the recommendation of the Disposal Committee for any other reason whatsoever, the documentation must be referred back to the Chairperson for necessary adjustments or reconsiderations.

**NB:** The Confirming Authority may not re-delegate his/her functions as delegated by the Accounting Officer.

- Confirming Authority must see to it that the chairperson of the Disposal Committee have signed the Disposal Certificates before he/she approves the certificates.

## **9. COMMON REASONS FOR DISPOSING OF ASSETS.**



- When assets are Redundant.
- When assets are Obsolete i.e. technologically or operationally inefficient
- When assets are unserviceable
- Surplus to current or foreseeable needs
- Part of an asset replacement program.
- When an asset is lost/stolen.
- When assets are transferred to another department/institution.

## 10. DEPRECIATION ON DISPOSAL

- Depreciation is not calculated for the month in which an asset is disposed.

## 11. PROCESS OF ASSET DISPOSAL

The typical disposal process comprise of the following:

|   |
|---|
| ASSESS THE CONDITION OF ASSETS  |
| DECIDE WHICH ASSETS ARE TO BE DISPOSED                                |
| ESTIMATE THE MARKET/ NET REALISABLE VALUE OF THE ASSET TO BE DISPOSED |
| FACTORS TO CONSIDER IN DISPOSAL                                       |
| SELECT THE APPROPRIATE DISPOSAL METHOD                                |
| OBTAIN APPROVAL FOR THE DISPOSAL PROCESS                              |
| PREPARE FOR DISPOSAL  |
| ESTABLISH CONDITIONS OF DISPOSAL                                      |
| EFFECT THE DISPOSAL   |
| RECORD THE DISPOSAL PROCEDINGS  |
| EVALUATE THE DISPOSAL PROCESS   |

### 11.1 Assessment of Assets



Assessment of assets must be done before any disposal process takes place.

The Disposal Section in the Supply Chain Management Unit shall be accountable for its decision to dispose of assets and shall document the decision to, and the reasons for, the disposing of movable assets.

Asset Management Officials are responsible for identifying assets to be disposed off. These assets can be identified during spot-checks, stocktaking and normal monitoring. Asset Inventory Holders can also identify assets to be disposed off. Once these assets have been identified by the Asset Inventory Holders or Asset Management Officials must be informed in writing in order to arrange for the Disposal Committee meeting to dispose of the identified assets.

A list of all assets eligible or awaiting disposal must be compiled by Asset Management Units and the prescribed form must be filled in before the Disposal meeting.

The list and the prescribed forms will be presented to the Disposal Committee for verification and validation during the disposal meeting.

## 11.2 Estimate Value of the Asset

Treasury Regulation 10.2 stipulates that the disposal of assets should be at market-related value (or auction or tender/bid in the case of movable assets) unless the relevant Treasury approves otherwise.

It is therefore necessary that a valuation be conducted on any asset prior to disposal to ensure compliance with the above Regulation, and to request Accounting Officer's approval should it not be deemed possible or advantageous to the state to dispose of the asset at market-related value.

## 11.3 Methods of disposal

Treasury Regulation Par 16A7.1 provides that the disposal of any movable assets should be at market related value or by way of price quotations, competitive bids



or auction whichever is most advantageous to the state, unless determined otherwise by the relevant treasury.

Notwithstanding the provisions of [Par 16A7.1] of Treasury Regulations, the Accounting Officers may transfer movable assets free of charge to other departments, constitutional institutions or public entities by means of formal vouchers.

**NB:** It is important that the Municipality obtains the best possible return for the goods it sells, and the disposal must achieve best value for money. The decision to dispose assets should not only be made with the principle aim of generating funds but should also be aimed at improving service delivery.

#### **11.3.1 Different methods to which assets can be disposed off:**

- Transfer to another Institution, Entity or Department free of charge.
- Selling per price quotation, competitive bid or auction.
- Transfer to another Institution free of charge [Approval of the Accounting Officer is needed.]
- Sale by Tender/Auction
- Sales of items to staff.
- Donation to charities or community, Non Profit Organizations
- Writing Off the value of goods [recycling/scraping or destruction]

**NB.** Innovative disposal methods can be considered subject to compliance with relevant legislation and general Municipal procurement policies.

#### **11.3.1.2 Disposal by means of selling per price quotation, competitive bid or auction or by means of an auction to all registered buyers.**

The public Bid/Auction process will be conducted in line with the Municipal Supply Chain Management Policy taking all the relevant applicable prescripts of SCM into account i.e. PPPFA, BBBEE etc.

For assets with a value of less than R200 000, an advertisement inviting the public shall be placed in local boards and wherever possible. No advertisement shall be placed in local newspapers as this won't be cost effective.



For assets with a value of more than R200 000, an advertisement inviting the public shall be placed in local boards, website and local newspapers which are widely read in that specific area where the auction/sell by price quotation is to be held.

The closing date and time of the auction/sell by tender as well as the evaluation criteria to be used shall be clearly indicated in the advert.

All assets irrespective of the value shall be grouped together or individually in lots consisting of similar types of items or in manageable lots in order to afford prospective buyers to purchase one or more lots as they desire.

The lot number shall be clearly marked e.g. 'Lot Number ....'

#### Selling by means of price quotations.

##### Assets with a value of less than R2 000

- May be disposed of by inviting at least one quotation but not limited to.
- Shall be sold to the highest bidder.
- Items shall be grouped together or individually as a lot.
- The lot number shall be clearly marked e.g. 'Lot Number ....'
- Shall be sold in accordance with the conditions of sale.

##### Assets with a value exceeding R2 000 but not exceeding R30 000.

- May disposed of by inviting three quotations.
- Should it not be possible to obtain three quotations, the reasons shall be recorded and the quotations received recorded.
- Shall be sold to the highest bidder
- Shall be sold in accordance with the conditions of sale

##### Assets with a value exceeding R30 000 but not exceeding R200 000.

- May be disposed of by inviting three quotations.
- Should it not be possible to obtain three quotations, the reasons shall be recorded and the quotations received recorded.





- The goods shall be sold to the bidder who possesses valid tax clearance certificate.
- PPPFA and its Regulations, and other applicable prescripts will be applied.
- Shall be sold in accordance with the conditions of sale.

### **Selling by Public Auction**

- Assets with a value lower than R200 000, the municipal officials shall conduct the auction.
- Assets with a value of more than R200 00, an auctioneer shall be appointed to conduct the auction.
- The acceptable bid will be indicated by the fall of the hammer of the person conducting the auction.
- Assets can be withdrawn during the auction if the desired prices are not achieved.
- For assets with a value of more than R30 000, PPPFA, and its Regulations and relevant applicable SCM Policy shall be applied and the goods will also be sold to the bidder who possesses valid tax clearance certificate.
- Goods shall be sold in accordance with the conditions of sale.

### **Competitive bids**

- Competitive bids shall be invited for all disposal of assets with a value exceeding R200 000.
- The Supply Chain Management processes shall be followed in this regard.
- Shall be sold in accordance with the conditions of sale.

### **Conditions of Sale**

The Municipality shall, at any time, have the right to stop the quotation process, or to withdraw a lot, or lots, or part of a lot, without providing reasons.

The highest bidder shall be the buyer and the principles of PPPFA shall be applied. Should any dispute arise between two or more bidders/offers or between the municipality and one or more buyers, the lot or lots shall be put up



again and re-quoted or the municipality may reserve the right to determine the buyer.

The officer who attends the auction or selling process on behalf of the municipality shall have the right, if necessary, to stop the process or to withdraw any lot or lots if satisfactory prices are not obtained.

Payment will be accepted by the municipal cashiers by means of cash or bank guaranteed cheques made out to the Lukhanji Local Municipality only, marked as non-transferrable within a day after the conclusion of the sale, and no exceptions will be allowed.

The municipality reserves the right to demand payment from a buyer once the offer has been accepted.

Goods are sold "VOETSTOOTS" and no claims will be considered by the municipality by virtue of incorrect description, quantity, inferior quality, condition, or any other ground whatsoever. No guarantees, warranties or any undertaking will be given by the municipality in this regard. Prospective buyers are therefore advised to inspect the lots or goods before an offer is made.

As soon as an offer has been accepted and the buyer has been informed, ownership and risk shall pass to the buyer and no complaints will be considered thereafter.

Receipts shall only be issued to buyers after all monies have been paid or cheques been cleared by the banks. Only after this procedure the goods may be removed by the buyers. If a buyer fails to pay for goods bought by him, these items remain the property of the Lukhanji Local Municipality and shall be sold at the next occasion.

The release of any goods purchased will only be given by the Municipality Representative upon submission of the Municipality's sale receipt, in duplicate. The duplicate delivery note signed by the buyer or his representative, will be retained by the Municipality as proof of delivery.

All goods must be removed by the buyer in Total before / within seven working days of the date of the sale at his/her own risk and cost. If for a reason acceptable to the municipality he/she cannot remove the goods within the



prescribed time, seven working days, extension must be sought from the Lukhanji Local Municipality.

If the buyer fails to take possession of the goods within the time specified herein, the municipality has the right to, without further communication, confiscate and dispose of the goods as it may seem fit, without any reimbursement to the buyer.

The buyers may attend either personally or be represented to supervise the loading of their lot or lots, but it must be distinctly understood that no complaints will be entertained after each lot has been knocked down.

The municipality is under no obligation to provide assistance with the loading or removal of the goods purchased.

Buyers, their representatives, workmen, vehicles and equipment, will be allowed on the municipal premises at their own risk only and the municipality assumes no responsibility for their safety or for the safety of their property.

#### **11.3.1.4 Disposal by means of donation**

The municipality may also consider donating assets to communities, charity organizations or nongovernmental organization when such organizations approach the municipality with request for redundant furniture, equipment etc

It is important to ensure that if such a method is decided upon; all organizations should be treated equitably without any form of preference.

A check shall be made to ensure that the community group/charity organisation etc is not a disguised business operation.

A check shall be made to ensure that the community group or charity organization is not a profit and that the intended use of the asset is non-commercial and non-profit.



It will be the responsibility of the charitable organization to remove assets donated from the municipality premises at no cost to the municipality.

All assets donated to the community or charitable organization must be removed in total within a week of the assets being donated. If for a reason acceptable to the municipality, the assets cannot be removed; further extension must be sought from the Lukhanji Local Municipality.

If the community or, charitable organization or NGO fails to take possession of the goods within the time specified herein, the Municipality has the right to, without further communication, confiscate and dispose of the goods as it may seem fit.

The Municipality is under no obligation to provide assistance with the loading or removal of the goods donated.

The representatives and workmen of the community, charitable organization or NGO, their vehicles and equipment, will be allowed on the Municipality premises at their own risk only and the Municipality assumes no responsibility for their safety or for the safety of their property.

Goods will be donated as "VOETSTOOTS" and no claims will be considered by the Municipality by virtue of incorrect description, quantity, inferior quality, condition, or any other ground whatsoever. No guarantees will be given in this regard.

#### **11.3.1.5 Disposal by means of Writing-Offs, Scrapping or Destruction**

The value of an asset may be written off and the asset recycled, scrapped or destructed if it is deemed:

- To have no value
  - To be unserviceable or beyond economic repair
  - That the disposal cost is higher than the likely return.
  - Assets stolen or lost.
- Where a movable asset is reflected in the asset register but the item



is physically missing due to a loss or theft, this shall be reported to the Loss Control Officer.

- The Loss Control Officer/Asset Management Office or End -User shall report all thefts to the South African Police Service in an attempt to recover such assets.
- The Loss Control Officer/Asset Management Office shall record the lost/stolen asset in the Loss Control Register together with the SAPS case number, where applicable.
- The Loss Control Officer/Asset Management Office must submit a report recommending the write off of the asset concerned to the Disposal Committee for consideration. The Disposal Committee shall recommend the write off of the asset to the Accounting Officer or his/her delegate for approval, both in the Asset Register and the accounting records.
- The details of the assets so written off shall be reported in writing to the Snr Manager: Logistic, Records and Asset Management together with the cost and net book value of those assets.
- If those assets lost or stolen were insured the insurance company shall be notified and that asset removed from the schedule of items insured.

When assets are written off, the carrying value amount or book value of the assets will be removed from the Asset Register.

## 12. PREPARING GOODS FOR DISPOSAL

- The Municipality should check that goods to be disposed off do not contain material that is not intended for disposal. Neglecting to check may result in legal Liability and embarrassment to the municipality.

Examples of materials that should be removed before disposal include;

- Confidential documents



- Stationery-particularly printed & could be misused.
- Software-unauthorized transfer could breach licence agreements.
- Classified information contained in hard or floppy disks etc
- Environmentally sensitive or hazardous store and Municipality Logos etc from clothing and equipment.
- Records, Files papers or whiteboards containing information which, if disclosed, could breach privacy, and or cause embarrassment or problems for the disposing municipality.

### 13. UPDATING THE ASSET REGISTER

- The Asset Register should be updated accordingly after every disposal process.
- All assets should be marked as recommended and confirmed/approved by the Confirming Authority in the Asset Register e.g. transfer/auctioned/scrapped/sold etc.
- Disposed Assets should be clearly identified in the Asset Register.
- In the Asset Register the cost price must be shown.
- When an asset is transferred between entities, the asset should be removed from transferring entity's asset register and recorded in the accepting entity's asset register.

### 14. THE ACCOUNTING TREATMENT AFTER DISPOSAL OF ASSETS

The following seeks to address the accounting treatment after disposal of a movable asset:

#### 14.1 Assets no longer in use

- A movable asset shall be written down to a value of one (1) rand if the asset is permanently withdrawn from use and no future economic benefits or service potential is expected from it.
- The asset shall remain at the value of one rand until the asset is disposal through one of the reasons identified.

#### 14.2 Assets beyond economical repair



- Necessary maintenance to keep the asset in good working condition, which is significant (or 'major') and which is not carried out when required, may reduce the useful life of the asset, lower its disposal value at the end of its life, and or impair its functionality and reduce its output on a long term or permanent basis.
- Under these circumstances, on review of such assets where the indication is that the carrying amount is permanently affected, an impairment loss needs to be recognised.
- An impairment loss is the amount by which the carrying amount of an asset exceeds the total economic benefits or service potential that the municipality expects to recover from the continued use and ultimate disposal of the asset.

#### **14.3 Asset Transfers between Municipality and Entities**

- If an asset is transferred to another department that asset will be removed from the records of the municipality at the carrying value.
- Both the cost and accumulated depreciation shall be reversed out of the Asset Register.
- Where the asset is transferred at 'no value' or 'donated' to the receiving municipality, this treatment does not differ.
- If an asset is transferred to a Public Entity that asset will be removed from the records at the carrying value. Both the cost and accumulated depreciation shall be reversed out of the Asset Register.

#### **14.4 Asset Disposal**

- Not all assets are retained throughout their life and when they are sold or disposed of, gains or losses are inevitable. Gains or losses arising from the retirement or disposal of an asset should be determined as the difference between the estimated net disposal proceeds and the carrying amount (net book value) of the asset given up.
- For the purposes of disclosure in the financial statements, the gain or loss



should be included in the statement of financial performance as an item of revenue or expense, as appropriate. If gains or losses on disposal of assets are significant enough, they shall be separately identified.

- The disposal of the asset will require the removal of the carrying amount or book value of the asset, which is the net result of two accounts, namely the Cost and Accumulated Depreciation accounts.
- The revenue arising from the disposal of assets must be surrendered to the relevant Revenue Fund.
- A loss on disposal of a movable asset is recorded as expenditure for the fiscal year as it represents insufficient depreciation over the useful life of the asset or an over estimation of residual value of the asset

#### 14.5 Assets Written Off

- The disposal of the asset will require the removal of the carrying amount or book value of the asset in the asset register.
- For the purposes of disclosure in the financial statements, the loss should be included in the statement of financial performance as an expense. If the losses are significant enough, they shall be separately identified.

#### 15. CONFLICT OF INTEREST

- Staff involved in disposal need to understand their responsibilities to disclose actual or perceived conflict of interest that may arise in the performance of their duties.
- In situation of conflict of such interest such an Official [s] should rescue himself/herself from the proceedings.

#### 16. POST DISPOSAL REVIEW

It is imperative to ensure that the disposal of the municipality assets is not an end in itself.

Reviewal processes should therefore be undertaken to establish or identify causes where assets are routinely not meeting the service life expectations or their





estimated proceeds on disposal and also to establish whether the disposal process has resulted in the desired effects.

This review should also establish whether disposal process did not affect service delivery.

## **17. COMPLIANCE WITH MFMA**

All transactions relating to disposal of moveable assets shall comply with MFMA.

## **18. MONITORING AND EVALUATION**

The Office of the Chief Financial Officer shall evaluate the report of the Disposal Committee, which shall be prepared after each disposal. This report's recommendations shall be assessed and implemented where deemed in the best interests of the municipality. This shall take place no later than three months from the submission of the report by the Disposal Committee.

## **19. POLICY REVIEW**

This policy shall be assessed every two (2) years from its effective date to determine its effectiveness and appropriateness. This policy may be assessed before that time as necessary to reflect substantial organisational changes required by law and regulations.

### **Appendix A**

#### **Assets applicable to this Policy**

- 1) Furniture and fittings shall include but are not limited to:
  - a) Desks
  - b) Tables
  - c) Chairs
  - d) Cupboards



e) Filing Cabinets

Where furniture forms part of a set or suite of furniture, this shall be sold as a set or suite. Should the municipality be unable to dispose of the furniture as a set or suite, it may then dispose of the items individually.

2) Information Technology (IT) equipment shall include but is not limited to:

- a) Desktop computers
- b) Notebooks
- c) Laptops
- d) Computer monitors
- e) Computer spares
- f) Hard drives
- g) Mouse
- h) Keyboards
- i) Computer speakers

3) Office equipment and kitchen appliances shall include but are not limited to:

- a) Facsimile machines
- b) Fridges
- c) Microwaves
- d) Video recorders
- e) Television sets
- f) DSTV/MNET Decoders
- g) Shredders
- h) Air Conditioners
- i) Kettles
- j) Urns
- k) Coffee Machines
- l) Toasters
- m) DVD/CD Players
- n) DVD/CD Recorders
- o) Dictaphones
- p) Pinter



Preparations, Recommendation and approval of policy

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Prepared By: Asset Management Officer

DATE:



Comments:.....  
.....  
.....

**Recommended / Not Recommended**

---

**MANAGER: SUPPLY CHAIN MANAGEMENT UNIT**

**DATE:**

Comments:.....  
.....  
.....

**Recommended / Not Recommended**

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**CHIEF FINANCIAL OFFICER**

**DATE:**

Comments:.....  
.....  
.....

**Approved / Not Approved**

---

**ACCOUNTING OFFICER**

**DATE:**

**LUKHANJI LOCAL MUNICIPALITY**



**LULHANJI LOCAL MUNICIPALITY**

**FIXED ASSET POLICY AND PROCEDURES**

**- JUNE 2012**

**SUPPLY CHAIN MANAGEMENT  
UNIT**



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## **PREAMBLE**

WHEREAS the Municipal Finance Management Act (MFMA) aims to enable managers to manage, but to make them more accountable by introducing regular and consistent reporting requirements. The challenge facing all the role-players is to improve the efficiency and effectiveness of the municipality through the best use of management information.

WHEREAS this policy assists management in complying with the MFMA and ensures that financial information is correctly recorded in the financial system.



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## 1. DEFINITIONS

### **Act**

“ - means the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003)

### **Accounting Officer (MFMA)**

“ - (a) in relation to a municipality, means the municipal official referred to in section 60; or...”

### **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;”

### **Chief Financial Officer**

“means the officer of the Lukhanji Local Municipality designated by the Municipal manager to be administratively in charge of the budgetary and treasury functions.”

### **Financial year/Budget year**

The 12 month period between 1 July and 30 June.

### **Vote (MFMA)**

(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 which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

In the case of the Lukhanji Local Municipality the definition of Vote is defined in terms of National Treasury GFS functions.

### **GFS – Government Finance Statistics.**

In order to facilitate comparisons, GFS functions provide a reasonably high level grouping of related service delivery activities for Local Government.



Refer definitions as prescribed by National Treasury in terms of MFMA Circular no. 12 – Definition of a “vote” in MFMA.

### **Operating Cost Centres**

is defined as the various expenditure departments that the Local Municipality Municipality has been distributed into and against which expenditure is allocated in the financial system.

### **Line item**

is defined as various items which reflect the budget/costs of the municipality in terms of its activities

### **Virement**

The process of transferring an approved budgetary provision from one operating cost centre 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 approved budget.

### **Overspending (MFMA)**

“(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;”

### **Unauthorised expenditure (MFMA)**

“in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA”



Any other word or expression to which a meaning has been assigned in the Municipal Finance Management Act, Act No 56 of 2003, and the Local Government Municipal Systems Act, Act No. 32 of 2000, unless inconsistent with the context shall, wherever such word or expression appears in the policy, bear the same meaning as that assigned to it in the said legislation.

## **2. LEGISLATIVE FRAMEWORK**

- 2.1 Section 81(1)(d) of the Act 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;”
- 2.2 Section 78(1)(b) of the Act 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;”
- 2.3 National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to report their annual, monthly, mid-year and adjustments Budgets.

The objectives of the budget formats reforms in terms of these regulations are:

- To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Act;
  - To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities.
  - To improve Council’s ability to deliver basic services to all by addressing issues of financial sustainability;
  - To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.
- 2.4 MFMA Circular No 51 (Dms 633560) issued on 19 February 2010 states that each municipality must put in place a Council approved Virement Policy, which should provide



clear guidance to managers of when they may shift funds between items, projects, programmes and votes.

### **3. OBJECTIVES OF THIS POLICY**

- 3.1. To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.
- 3.2 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. The Municipality's virement policy and its underlying administrative process within the system of delegations is one of these controls.
- 3.2 It is the responsibility of each Head of Department 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.
- 3.3 This policy aims to provide guidelines to management in the use of virement as a mechanism in their day-to-day management of their budgets. In addition it specifically aims to empower Head of Departments with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the Act and the municipality's system of delegations.

### **4. APPLICATION OF THE POLICY**

- 4.1 This policy applies only to transfers between line items within votes of the Municipality's budget.
- 4.2 Section 28(2) (d) read together with section 69 of the MFMA provides that "*An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote.*" Transfers between votes may therefore be authorised only by the Council of the Municipality.



4.3 For ease of reference, the definition of “vote” as contained in Section 1 of the MFMA is set out hereunder:

*“vote means –*

*(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*

*(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”*

4.4 Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

## **5. BUDGET REGULATIONS**

The Act regulates as follows regarding the incurring of expenditure against budgetary provisions.

5.1 Section 15 of the Act – 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.”

5.2 Section 28 of the Act – Municipal Adjustments Budget

“A municipality may, revise an approved annual budget through an adjustments budget.

5.3 Unauthorised Expenditure

As defined 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 a 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;"

5.4 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..."*

5.5 Section 72 (3)(a) states inter alia *"The accounting officer of a municipality must assess the performance during the first half of the financial year, taking into account:...(3)(a) make recommendations as to whether an adjustments budget is necessary and (b) recommend revised projections for revenue and expenditure ..."*

5.6 MFMA Circular No 51 guides Municipalities on what principles should be incorporated into the municipal virement policies:

- 5.6.1 Virements should not be permitted in relation to the revenue side of the budget;
- 5.6.2 Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);
- 5.6.3 Virements from the capital budget to the operating budget should not be permitted;
- 5.6.4 Virements towards personnel expenditure should not be permitted;
- 5.6.5 Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;
- 5.6.6 Virements should not result in adding 'new' projects to the Capital Budget;
- 5.6.7 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and There should be prudent limits on



the amount of funds that may be moved to and from votes and sub-votes, and in the event that this limit is exceeded Council approval be obtained prior to virement.

## **6. VIREMENT PROCESS**

- 6.1 The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a vote during a financial year.
- 6.2 In order for a “vote” to transfer funds from one cost centre to another cost centre, a saving has to be identified within the monetary limitations of the approved “giving” cost centre or capital project allocations on the respective budgets.
- 6.3 Sufficient, (non-committed) budgetary provision should be available within the “giving” vote’s cost centre concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost centre or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.
- 6.4 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 as set out in terms of Act Section 28 and the Municipal Budget and Reporting Regulations.
- 6.5 In terms of Section 17 of the Act a municipality’s budget is divided into an operating and capital budget and consequently no Virements are permitted between Operating and Capital Budgets.
- 6.6 Virements are not permissible across, or between, votes unless adopted via an Adjustment budgets as set out in terms of Act Section 28 and the Municipal Budget and Reporting Regulations.
- 6.7 Virements across votes will only be allowed at year-end at the discretion of the Chief Financial Officer in order to ensure accurate reporting in financial statements. These virements will be submitted to Council for approval.



6.8 Virements are not allowed to utilise 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.

6.9 Sound motivations should be provided for all virements.

**6.10 Specific virement limitations:**

6.10.1 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.

6.10.2 No virements are permitted to and from Grants and Subsidies Paid, except if supported by Council decision for such transfer and as per the approved Grants-in-Aid Policy.

6.10.3 Virements towards personnel expenditure including Councillors remuneration is not be permitted unless adopted via an Adjustment Budget.

6.10.4 No virements are permitted to and from the following expenditure items:

- Bulk Purchases
- Debt Impairment
- Interest Charges and Depreciation
- Employee Related costs
- Indigent Relief and Revenue Forgone
- Insurance
- Departmental Charges

6.10.5 No virements are permitted to the following expenditure item:

- Entertainment

6.11. No virements will be approved on any Revenue element. Revenue provisions' amendments are to be adopted via an adjustments budget.

6.12 As Council approves a detailed Capital Budget by individual project no virement are permitted between capital projects unless Council approval is obtained.



- 6.13 No virements of which the affect will be to add “new” projects onto the Capital Budget, will be allowed unless Council approval is obtained.
- 6.14 Virements may not cause an increase to individual projects’ total project cost unless Council approval is obtained.
- 6.15 Virements must be between projects of similar funding sources.
- 6.16 Implementation of the project from which funds are viremented may not be prejudiced (i.e. must not hinder completion of the project).
- 6.17 Motivations for virements should clearly state the reason for the saving within the “giving” project, as well as the reason for the additional amount required.
- 6.18 Any capital budget amendments as approved by Council to be incorporated adjustments budget as set out in terms of Act Section 28 and the Municipal Budget and Reporting Regulations.

## **7. ACCOUNTABILITY**

1. Approval of virement lies with the Chief Financial Officer or such other senior delegated officials in Financial Services Department.
- 7.2 Virements approved and processed will be reported for information to Council on a quarterly basis.

## **8. COMPLIANCE AND ENFORCEMENT**

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken.
- b) It will be the responsibility of the Municipal Manager to enforce compliance with this policy.

## **9. EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

## **10. POLICY ADOPTION**

This policy has been considered and approved by the COUNCIL OF LUKHANJI LOCAL MUNICIPALITY as follows:



Resolution No:.....

Approval Date:.....



## **Cash Management and Investment Policy**

### **Lukhanji Municipality**

**May 2014**



# Cash Management and Investment Policy

## Lukhanji Municipality

### 1: Purpose

The purpose of this policy is to establish investment guidelines for the Lukhanji Municipality. This policy is intended to meet the requirements of the Municipal Finance Management Act (MFMA) and to be consistent with the 'Municipal Investment Regulations' issued by National Treasury.

This policy is to be adopted by the Lukhanji Council.

### 2: Scope

This policy is applicable to all available cash for the Lukhanji Municipality.

All investments made by or for the Lukhanji Municipality must be made in conformance with this policy.

### 3: Objectives

The objectives of this policy are to provide guidance and direction for the investment of cash within the municipality. Specifically, priorities are established that will direct those concerned in making investment decisions. The priorities of this policy, in their order of importance, are preservation of the investments principle, diversification of investments, liquidity of investments, and lastly income from investments.

The first and foremost priority of any investment made in accordance with this policy is the preservation and safety of that investments principle amount. The preservation and safety of investments is this policies primary aim. The municipality will not assume unreasonable investment risk to obtain current investment income.

A secondary, but related, priority contained within this policy is the need for investment diversification. Diversity of investments across institutions, types of investments, and investment maturities is to be considered to allow the municipality to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

The liquidity needs of the municipality must be given due consideration when making investment decisions for the municipality. The municipality's investment portfolio must remain sufficiently liquid to enable the municipality to meet all operating, capital, and debt service requirements that might be reasonably anticipated. The need for liquidity will be tempered to the extent that the municipality is able to utilize short-term borrowing to meet its cash flow requirements as allowed within the MFMA.



Only after the safety, diversity, and liquidity priorities of the municipal investment have been addressed will income from the investment be a decision making factor.

#### **4: Investment Maturities**

To the extent possible, the municipality will attempt to match its investments to anticipated cash flow requirements. Unless matched to a specific cash flow, the municipality will not directly invest in securities with maturities greater than eighteen months. With approval of the Mayoral Committee, the municipality may invest in securities maturing in not more than three years if the investment is related to a specific cash flow or a particular capital project.

The municipality recognizes that unnecessary liquidity may adversely affect the return earned on its investment portfolio. At the same time, the municipality will maintain access to the short-term market as a liquidity buffer in order to meet unanticipated cash requirements. However, if the rate spread between short-term borrowing and portfolio yield is significant, sale of securities to meet liquidity needs is preferable.

#### **5: Standard of Care for Investments**

The standard of care to be exercised when making any investment in accordance with this policy shall be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs.

No investment is to be made for speculation but only for investment purposes and no funds may be borrowed at any time to be used for investment.

All investments must be made in Rand and no investment may be in a foreign currency or in anyway indexed or affected by fluctuations in the Rand.

All investments must be made in the investment types, within the limits as specified within this policy and within the minimum acceptable ratings as set forth within this policy.

Care must be taken that investments are all investments are made in credit worthy institutions, consistent with this policy and based on the priorities set out in this policy.

Any investment of the municipality must be liquidated if it no longer has the minimum acceptable rating as specified in this policy.

#### **6: Investment Limitations**

Specific investment types shall not exceed the percentages of the total investment portfolio indicated below. These specific types shall be the only allowable investments for the municipality (*see section 6 of the regulations*).

**Investment Type**

**Maximum % of Total Portfolio**



|  |      |
|--|------|
| a) Securities Issued by the National Government  | 100% |
| b) Listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency | 10%  |
| c) deposits with banks registered in terms of the Banks Act, 1990  | 100% |
| d) deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984          | 10%  |
| e) deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984          | 10%  |
| f) banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990  | 100% |
| g) guaranteed endowment policies with the intention of establishing a sinking fund   | 10%  |
| h) repurchase agreements with banks registered in terms of the Banks Act, 1990   | 10%  |
| i) municipal bonds issued by a municipality  | 10%  |

### **Portfolio Balance**

|                                   |   |
|-----------------------------------|---|
| Maturing in under 90 days         | 25% minimum                             |
| Maturing in 91 – 180 days         | 50% minimum                             |
| Maturing in 181 days to 18 months | 75% minimum                             |
| Maturing in under three years     | 100% minimum (except for defeased debt) |

### **7: Competitive Selection**

The Accounting Officer shall obtain quotes before purchasing an investment. The Accounting Officer shall select the quote which provides the highest rate of return within the maturity required and within the perimeters of this policy.

### **8: Cash Management**





The Accounting Officer will maximize the municipality's investment income by monitoring cash balances. Excess cash balances will be invested.

### **9: Reporting Requirements**

The Accounting Officer must within 10 working days of the end of each month submit to the mayor a report describing in accordance with generally recognized accounting practice the investment portfolio at the end of that month just ended.

The report on the portfolio will set out the beginning market value of each investment, all portfolio changes for the month being reported, the ending market value of each investment for the period, and the fully accrued interest or yield for the reporting period.

In addition the report will outline the percentage of total municipal cash that was invested and the total investment and income by maturity group (as listed in section 6).

### **10: Miscellaneous**

No commission or other reward may be paid to an official or councilor of a municipality or to a spouse or close family member in respect of any investment made or referred by a municipality.

If the municipality pays any commission or other reward to an investment manager in respect to any investment it makes, both the municipality and the investment manager must declare such payment to the council of the municipality by way of a certificate disclosing full details of the payment.

This policy is to be reviewed annually by the Accounting Officer and any recommended changes to this policy are to be submitted to the council for consideration.

### **11: Authority and Control**

The Accounting Officer is responsible for ensuring that this policy is implemented and enforced. The Accounting Officer may delegate any authority and duty assigned to him within this policy by delegating it in writing and in conformance with requirements of the MFMA.

The Accounting Officer will develop and implement procedures for the benchmarking and evaluation of the performance of this policy to meet the objectives as stated within this policy.



# **Unforeseen and Unavoidable Expenditure Policy**

**Lukhanji Municipality**



May 2014

## **Unforeseen and Unavoidable Expenditure Policy**

### **Lukhanji Municipality**

#### **1: Purpose**

The purpose of this policy is to establish guidelines for the use within Lukhanji Municipality to allow for authorizing expenditures that are not currently appropriated within the municipality's operating or capital budget. This includes the establishing of a framework to allow the Executive Mayor of the municipality to authorize such expenditures in line with the authority granted him by section 29 (*Unforeseen and unavoidable expenditure*) of the Municipal Finance Management Act (the MFMA) prior to an adjustments budget being tabled and approved by the entire council. This policy is intended to meet the requirements of section 29 of the MFMA that reads as follows:

*“The Mayor of a municipality may in emergency or other exceptional circumstances authorize unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.”*

This policy is to be adopted by the Lukhanji Council.

#### **2: Scope**

This policy is applicable to all expenditures made on behalf of the municipality by all officials, political office-bearers and councilors. It applies to all expenditures made on behalf of the municipality for which provision was not made in the approved budget and includes all grants, operating and capital expenditures.

Expenditures that are made outside of the approved budget that are not in conformance with this policy are considered unauthorized.

#### **3: Objectives**

It is the general policy of the Lukhanji council that expenditures will only be made in conformance with appropriations made in the approved annual operating and capital budgets. It is recognized, however, that unforeseen and emergency circumstances may require expenditure that falls outside of the budget as approved. The objectives of this policy are to provide guidance and direction for any such expenditure. Specifically, this policy attempts to give the Executive Mayor and Municipal Manager direction and procedures to follow in making decisions on any such expenditure.

#### **4: Authorization of Unforeseen and Unavoidable Expenditure**



Section 29 of the MFMA gives the Mayor the authority to authorize expenditures outside the approved budget of the municipality if and when he deems the expenditure necessary to meet an emergency or other exceptional circumstance. Section 29 of the MFMA goes on to stipulate that any such expenditure:

- a) “must be in accordance with any framework that may be prescribe;
- b) may not exceed a prescribed percentage of the approved annual budget;
- c) must be reported by the mayor to the municipal council at its next meeting;
- d) and, must be appropriated in an adjustments budget.”

In response to these stipulations, this policy sets out the following requirements.

- 1) The Municipal Manager must make all requests for municipal expenditures that are for items outside the approved budget to the Mayor in writing. Each such request must include detail motivation for the expenditure and also include a recommendation on how the requested expenditure will be funded as part of a subsequent adjustments budget submitted to council for approval. As per the MFMA, the Mayor must approve of the appropriation in writing before any expenditure may be made.
- 2) The Mayor may approve requests for unforeseen or emergency expenditures not to exceed 1% of the total approved annual budget. This limit is cumulative; until council in an adjustments budget approves such unforeseen or emergency expenditures the mayor may not exceed this 1% threshold. Once approved thru an adjustments budget the 1% threshold is reset. Any expenditure over this 1% threshold requires an adjustments budget approval before any funds can be expended.
- 3) The Mayor must report his approval of all unforeseen or emergency expenditures in writing to the Mayoral committee as soon as possible and to the entire municipal council at its next regular meeting.
- 4) An adjustments budget must be tabled to the municipal council within 60 days of the actual expenditure of the approved unforeseen or emergency expenditure. A written report giving the motivation for the approval must be included to council and must include specifics of the expenditure and the recommended source for funding the expenditure. If no regular council meeting is scheduled within this required 60-day period a special council meeting must be held to consider the adjustments budget within the 60 days as required.

## **5: Failure to obtain Mayoral approval or failure to pass an adjustments budget**

Any expenditure that is not contained within an approved budget must receive approval prior to expenditure in conformance with this policy.

Any expenditure made without the approval of the Mayor as outlined within this policy is deemed unauthorized. Any such expenditure must be dealt with in accordance with section 32 (*Unauthorized, irregular or fruitless and wasteful expenditures*) of the MFMA.



If an expenditure that has been authorized by the Mayor as put forth within this policy does not obtain approval as part of an adjustments budget passed by the municipal council within 60 days of its expenditure, such expenditure shall be deemed unauthorized and section 32 of the MFMA shall apply (Section 29(3)).

## **6: Authority and Control**

The Accounting Officer is responsible for ensuring that this policy is implemented and enforced.



# **LUKHANJI MUNICIPALITY**

## **BUDGET ADJUSTMENT POLICY**

This policy was adopted by the Lukhanji Municipality on 30 MAY 2014, in compliance with the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

**Effective Date: 1 JULY 2014**



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## **APPENDIX**

**Municipal Finance Management Act, 2003 (Act No.56 of 2003) -  
key sections applicable to Budget Adjustment policy**



## 1. DEFINITIONS

1.1. In this policy, unless the context indicates otherwise, the following definitions are applied –

- a) 'Accounting Officer' means the Municipal Manager for the Municipality within the meaning of Section 82 of the Municipal Structures Act, 1998 (Act No.117 of 1998);
- b) 'CFO' means Chief Financial Officer;
- c) 'MFMA' means the Municipal Finance Management Act (Act No. 56 of 2003);
- d) 'Senior manager' is an official reporting directly to the accounting officer and administratively in charge of a municipal Directorate (commonly known as Director's);
- e) 'Sub-vote' means a budget for a specific section or area of responsibility as set out within the detailed budget of the municipality;
- f) 'Budget Adjustment' means the transfer of budgetary provision from one budget head or vote to another budget head or vote;
- g) 'Vote' means –
  - i. 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
  - ii. that specifies the total amount that is appropriated for the purposes of the department or functional area concerned. The municipality's votes are the separate functions below within each directorate –
    - **Community & Social Services;**
    - **Health;**
    - **Housing;**
    - **Sports & Recreation;**
    - **Road Transport;**
    - **Electricity;**
    - **Environmental Protection;**
    - **Executive & Council;**
    - **Finance & Administration;**
    - **Planning & Development;**
    - **Public Safety;**
    - **Waste Management;**
    - **Waste Water Management;**





- **Water; and**
- **Other**

## **2. OBJECTIVE**

**2.1.** The Lukhanji Municipality resolves in terms of the MFMA to implement a *Budget Adjustment* policy that -

- a) enables the council, Executive Committee, Portfolio Committees, *accounting officer*, *senior managers* and their staff, to manage budgets with a degree of flexibility within the overall policy framework determined by the council; and
- b) optimises the use of resources by ensuring adequate funding is available to defray expenditure that is incurred in a particular *vote* or *sub-vote*, by offsetting savings in another *vote* or *sub-vote* or additional revenue.

## **3. DELEGATION OF BUDGET ADJUSTMENT POWERS AND DUTIES**

**3.1.** The council hereby delegates such additional powers and duties to the *accounting officer* so as to enable the *accounting officer* –

- a) to discharge the financial management responsibilities conferred on him in terms of –
  - i. chapter 8 of the *MFMA*; and
  - ii. ensuring an effective control system for this Budget Adjustment policy;
- b) to maximise administrative and operational efficiency in the implementation of the Budget Adjustment policy;

**3.2.** Sections 79 and 106 of the *MFMA* apply to the sub-delegation of powers and duties delegated to an *accounting officer* in terms of paragraph 3.1 of this policy.

**3.3.** There can be no budget adjustment between capital and operating budgets, at any level, unless approved in advance by the council.

**3.4.** *Budget adjustments* from an employee budget (salary or benefit related) to a non-employee budget, and vice versa, is not permitted without the specific prior approval of the Accounting Officer.

**3.5.** The council or *accounting officer* may not delegate or sub-delegate any virement powers or duties to a person who is not an official of the municipality.

## **4. SUB-DELEGATIONS**

**4.1.** The council hereby delegates authority to the *accounting officer* to approve budget adjustments within and between *sub-votes* up to a cumulative value for the financial year of R1 million or 25% of the total *sub-vote* (whichever is the lesser amount). Above this level



requires council approval.

**4.2.** The *accounting officer* may in terms of section 79 or 106 of the MFMA sub-delegate any budget adjustment responsibilities, including those delegated to the *accounting officer* in terms of this policy, but any such sub-delegation must be consistent with other provisions within this policy.

**4.3.** The power to approve a budget adjustment –

- a) between *votes* may not be sub-delegated except as outlined in paragraph 5.1;
- b) between different departments or within the same department, and within the same vote, may be sub-delegated by the *accounting officer*, but only to the *CFO* and only in line with this policy.;

## **5. BUDGET ADJUSTMENT PROCESS**

**5.1.** Budget adjustments between *votes* must be approved by the council in advance of their implementation, except in the case of an emergency as determined by the *accounting officer* including, but not limited to, –

- a) unforeseen and unavoidable expenditure for which no provision was made in the budget and in line with the adopted policy; and
- b) expenditure in relation to cases of emergency as described in the municipality's supply chain management policy;

in which case the *accounting officer* must agree the budget adjustment with the mayor and report it to the next council meeting as per policy.

**5.2.** All budget adjustments must be reported to council as required in terms of sections 71 and 72 of the *MFMA* and, if required, as part of the adjustments budget in accordance with section 28 of the *MFMA*.

**5.3.** All budget adjustments must be reported to, and recorded by, the *CFO*. *Senior managers* must provide the *CFO* with relevant and timely information in accordance with the prescribed format as determined by the *CFO*.

## **6. COMMENCEMENT**

**6.1.** This policy takes effect on 1 July 2006.



## **APPENDIX TO BUDGET ADJUSTMENTS POLICY**

### **Municipal Finance Management Act, 2003 (Act No.56 of 2003)**

#### **Key sections applicable to budget adjustment policy**

#### **Section**

##### **15 Appropriation of funds for expenditure**

A municipality may, except where otherwise provided in this Act, incur expenditure only –

- a. In terms of the approved budget; and
- b. Within the limits of the amounts appropriated for the different votes in the approved budget.

##### **28 Municipal adjustments budget**

(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget -

- c. must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- d. may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- e. may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- f. may authorise the utilisation of projected savings in one vote towards spending under another vote;
- g. may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
- h. may correct any errors in the annual budget; and



- i. may provide for any other expenditure within a prescribed framework.
- (3) An adjustments budget must be in a prescribed form.
- (4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency. adjustments budget must be in a prescribed form.
- (5) When an adjustments budget is tabled, it must be accompanied by-
  - a. an explanation how the adjustments budget affects the annual budget;
  - b. a motivation of any material changes to the annual budget;
  - c. an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
  - d. any other supporting documentation that may be prescribed.
- (6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.
- (7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

## **69 Budget implementation**

- (1) The accounting officer of a municipality is responsible for implementing the municipality's approved budget, including taking all reasonable steps to ensure –
  - a. that the spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget or in the service delivery and budget implementation plan; and
  - b. that revenue and expenditure are properly monitored.
- (2) When necessary, the accounting officer must prepare an adjustments budget and submit it to the mayor for consideration and tabling in the municipal council.
- (3) The accounting officer must no later than 14 days after the approval of an annual budget submit to the mayor-
  - a. a draft service delivery and budget implementation plan for the budget year; and
  - b. drafts of the annual performance agreements as required in terms of section 57(1) (b) of the Municipal Systems Act for the municipal manager and all senior managers



## 71 Monthly budget statements

(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 –

- a. actual revenue, per revenue source;
- b. actual borrowings;
- c. actual expenditure, per vote;
- d. actual capital expenditure, per vote;
- e. the amount of any allocations received;
- f. actual expenditure on those allocations, excluding expenditure on –
  - i. any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
  - ii. any material variances from the service delivery and budget implementation plan; and
  - 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.

(2) The statement must include-

- a. a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
- b. the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

(3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.

(4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.

(5) The accounting officer of a municipality which has received an allocation referred to in subsection (1) (e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1) (e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.



(6) The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.

(7) The provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

## **72 Mid-year budget and performance assessment**

(1) The accounting officer of a municipality must by 25 January of each year–

a. assess the performance of the municipality during the first half of the financial year, taking into account–

i. the monthly statements referred to in section 71 for the first half of the financial year;

ii. the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

iii. the past year's annual report, and progress on resolving problems identified in the annual report; and

iv. the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

b. submit a report on such assessment to–

i. the mayor of the municipality;

ii. the National Treasury; and

iii. the relevant provincial treasury.

(3) The accounting officer must, as part of the review–

a. make recommendations as to whether an adjustments budget is necessary; and

b. recommend revised projections for revenue and expenditure to the extent that this may be necessary.



# **Lukhanji Local Municipality**

## **Information and Communication Technology Policy**



Date: March 2014  
V 0.1

**Prepared by:** Lukhanji Local Municipality  
**Title:** Draft Information and Communication Technology Policy  
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### Version history

| Version | Date          | Changed by | Nature of amendment |
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## Document Acceptance

The following officer has **accepted** this document

*Name:*

*Position:*

*Signature*

:

\_\_\_\_\_ *Date:* \_\_\_\_\_



## INTRODUCTION

Computer information systems, networks and communication systems are an integral part of business at the Lukhanji Municipality. The municipality has and shall make substantial investment(s) in human and financial resources to create these systems.

## VISION

To ensure that the investment, above, is expanded, protected and maintained so that an efficient and reliable service is provided to the users on the network and, in so doing, provide the best possible service to the public of Lukhanji Municipality.

## STATEMENT

***The Lukhanji Municipal Council understands the importance of this document and fully supports the implementation thereof. The Council supports and will abide by the requirements of this policy and require the management and staff of Lukhanji Municipality to do the same.***

***The Council further requires the management of Lukhanji Municipality to ensure that staff abides by the dictates of this policy.***

## OBJECTIVES

The enclosed policies and standards have been established in order to:

1. Protect the investment made, and to be made.
2. Safeguard the information contained within these systems.
3. Ensure the highest possible efficiency, accuracy and integrity in communication and data storage.
4. Reduce business and legal risk.
5. Protect the good name of the Lukhanji Municipality.
6. Give effect to at least part of:-
  - a. LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003
  - b. LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT NO. 32 OF 2000
  - c. NATIONAL ARCHIVES AND RECORD SERVICE OF SOUTH AFRICA ACT NO. 43 OF 1996
  - d. NATIONAL ARCHIVES AND RECORD SERVICE OF SOUTH AFRICA ACT 43 OF 1996 REGULATIONS
  - e. BASIC CONDITIONS OF EMPLOYMENT ACT No 75 OF 1997

And is subject to compliance with:-

- a) ELECTRONIC COMMUNICATIONS ACT NO. 36 OF 2005
- b) ELECTRONIC COMMUNICATIONS AND TRANSACTIONS ACT NO. 25 OF 2002
- c) ELECTRONIC COMMUNICATIONS SECURITY (PTY) LTD ACT NO. 68 OF 2002
- d) CobIT 4.1
- e) ITIL (IT Service Management)
- f) King Report
- g) ISO/IEC 27002 (Previously ISO/IEC 17799)



## **PROCEDURES**

Procedures which give effect to this policy are contained in the ICT Procedures Manual which will be updated regularly.

## **THE POLICY**

It is the policy of Lukhanji Municipality that:

### **1. Risk**

A complete ICT risk assessment must be done, at least once per annum. A partial risk assessment must be done every time before ICT systems of any kind are to be changed.

### **2. Master System Plan**

A Master Systems Plan must be drawn up. The plan must be reviewed annually and revised, where necessary after which it must be approved by the Executive Management and ICT Steering Committee prior to submission to and approval by the Lukhanji Municipality Council.

### **3. Steering Committee**

The ICT Steering Committee must meet regularly, must actively be supported and attended by management, to ensure that this policy is adhered to and is applied consistently. ICT matters in general must be discussed to determine the best solutions / practices for the said matters. The committee must consider and approve significant changes to, or new, hardware and software systems.

### **4. Users**

Only approved users may use the hardware and software and access the network, subject to approval of the owners of the data.

### **5. Security**

Industry Best Practice Security Standards and Procedures are to be applied to all facets of the network.

### **6. Network Services**

Internet, email, dial-up and other network services shall be provided to users subject to rules and procedures laid down for the said services from time to time.

### **7. Information Assets**

All information assets should be accounted for and have a nominated owner.

### **8. Disaster**

Industry Best Practice Disaster Management Standards and Procedures shall be implemented.



#### 9. Maintenance

All hardware and software, which is not under maintenance contract, is maintained / upgraded / updated by, or, under supervision of the ICT department.

#### 10. SLA and OLA

A Service Level Agreement shall be entered into, and adhered to, by the ICT Unit and external service provider(s). An Operational Level Agreement shall be entered into, and adhered to, by the ICT Unit and all directorate(s) to whom the services are rendered.

#### 11. Third Parties

Special attention must be given to third parties with regard to security, service delivery and related agreements.

#### 12. Software

Only approved licensed software may be used on the network.

#### 13. Hardware

The ICT department, Corporate Services Directorate is the owner of all, purchased or hired hardware, operating systems, software drivers and utility programs on the network.

#### 14. Communication Systems

Communication systems, data and voice; may as far as possible, utilize the same transmission media provided there is no risk of down time as a result of said usage. Appropriate power backup systems must be provided to ensure continuity of service.



## **RISK**

### **INTRODUCTION**

An annual risk assessment (risk register) is necessary in order to verify the integrity and suitability of the ICT systems. This assessment must be completed in time so that the Master Systems Plan may be adjusted where necessary in time for the budget process of the next financial year.

### **POLICY**

1. This Policy and the Procedures manual must be amended where necessary after every risk assessment.
2. Any sensitive systems identified by the risk assessment must be clearly documented and receive appropriate attention from a security and disaster management perspective.
3. Information about technical vulnerabilities of information systems must be obtained, Lukhanji Municipality's exposure to mentioned vulnerabilities determined and measures put in place to deal with the associated risk.
4. Information of events that may cause interruptions to business processes must be identified, the probability and impact of said events and their consequences on information security.
5. Confidentiality or non-disclosure agreements must be revisited and revised where necessary.
6. An independent review of this document must be done at least once per annum, or every time significant changes to systems are made.
7. Audit requirements and activities involving check on operational system should be carefully planned and agreed to minimize the risk of disruptions to business processes.



## **MASTER SYSTEM PLAN**

### **INTRODUCTION**

To enable Lukhanji Municipality to render an effective service to its clients it requires a variety of tools of which ICT is one.

A plan should be devised to guide Lukhanji Municipality ICT staff as they plan their work from year to year. The fact that the ICT industry has so many facets and is constantly changing it is virtually impossible to plan ahead accurately. The plan should therefore rather consist of principles that may be applied from year to year.

The plan should also take risks and contingency plans into account so as to provide as realistic a picture of the present and future as possible. The plan should, as clearly as possible, show how business continuation can be achieved in spite of disasters, of whatever magnitude.

This plan may also be called an ICT Strategic Plan.

### **POLICY**

1. The current and future business processes of Lukhanji Municipality that require or may require ICT services, must be identified. Every directorate and section is required to annually review their requirements, revise and adjust projections for future requirements and submit these to the Manager ICT before an agreed period of time.
2. The ICT resources currently available and what may be required in future must be identified from assessments of the various directorates and their sections.
3. The ICT software, hardware and human resource processes currently used and what may be required in future must be identified.
4. Criteria, for new information systems envisaged, upgrades to existing systems, with tests to evaluate envisaged new or upgrades to systems, must be drawn up keeping the business processes in paragraph 1 in mind. These criteria must be reviewed annually and revised where necessary. The said criteria must be drawn up by the Manager ICT and by the directorates / departments that use, or plan to use information systems.
5. A process must be developed, and maintained, that addresses the information security requirements for business continuity. It must identify priorities for testing and maintenance.



## USERS

### INTRODUCTION

Your first thought when you see the word “user” is that it is a person, but, it may in fact be a program that gathers information or processes information that may be accessed later on by a person (user). Because we have to do with people we have to deal with a wide variety of personalities and their interaction with one another and the systems on the network.

| <b>Users may be:</b>   | <b>Procedure Manual:</b>  |
|--|---|
| <ul style="list-style-type: none"> <li>• Permanent</li> <li>• Temporary</li> <li>• Casual</li> </ul>   | Registration and setup.   |
| <ul style="list-style-type: none"> <li>• Located in one place (the majority of our staff)</li> <li>• Move around (maintenance staff, staff attending conferences or meetings)</li> </ul> | Connectivity methodologies  |
| <ul style="list-style-type: none"> <li>• Trustworthy / disciplined / careful</li> <li>• Untrustworthy / undisciplined / careless</li> </ul>  | Security<br>Disaster backup and recovery<br>Maintenance and support |
| <ul style="list-style-type: none"> <li>• Accurate / well organized</li> <li>• Inaccurate / disorganized</li> </ul>   | Security<br>Disaster backup and recovery<br>Maintenance and support |
| <ul style="list-style-type: none"> <li>• Fully computer literate</li> <li>• Partially computer literate</li> <li>• Novices</li> </ul>  | Security<br>Disaster backup and recovery<br>Maintenance and support |

### Legislation:

#### **LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT NO. 32 OF 2000**

##### **Schedule 2**

##### **CODE OF CONDUCT FOR MUNICIPAL STAFF MEMBERS**

**9. Council Property** – A staff member of a municipality may not use, take, acquire, or benefit from any property or asset owned, controlled or managed by the municipality to which that staff member has no right.

### **POLICY**

1. New users must complete and sign an APPLICATION / AGREEMENT with Lukhanji Municipality before registration will take place. The said APPLICATION / AGREEMENT must be **APPROVED AND SIGNED** by at least the Manager or Director under whose authority the new user will be working. In the case of a new director the Municipal Manger must **APPROVE AND SIGN** the APPLICATION/ AGREEMENT. Fore mentioned APPLICATION / AGREEMENT must state both parties’ responsibilities regarding all aspects of security affecting the user.
2. Users must be informed of their duties and areas of responsibility. The said duties and areas of responsibility must be clearly defined to avoid accidental or deliberate misuse of systems.
3. Users must be trained to respect intellectual property rights where contractual constraints exist. They must have a complete list of the said rights.
4. Special attention must be given to agreements with third party users to ensure that they comply with all the relevant aspects of this policy.
5. Formal legal disciplinary procedures should be followed when users are in breach of this policy.
6. Notification of the Immediate or forthcoming termination of service of users must be conveyed by the respective managers to the Manager ICT immediately after the termination date is known.



7. The ICT Policy document must be given to every user who must sign for receipt thereof.
8. Users must be trained to follow and adhere to all Information Security Practices.
9. Management must ensure that Information Security Practices are adhered to.
10. Users are held responsible for hardware assigned to them and are required to immediately report damage to, loss of, and unauthorized changes to said hardware.
11. Users are held responsible to return all municipal assets assigned to them upon termination of duties.
12. Users are held responsible to report unauthorized software installed or changed on, or removed from hardware assigned to them and will be required to give a written account of such installation, change or removal of software.
13. Users may create files and delete files they themselves created in keeping with the tasks assigned to them. No user may delete or change files created by another user without the express consent of the creator of the file or files.
14. Users must be trained from time to time to keep abreast with changes in technology.
15. Users may not use any IT hardware or software for private use.

**Note:** By “Users are held responsible” it is meant that, should a user become aware of any circumstance, or change of circumstance, with IT hardware or software the user must immediately inform the Manager ICT AND the user’s supervisor.





## **ICT SECURITY**

### **INTRODUCTION**

Simply said, ICT security is about protecting the Data / Information (hereafter referred to as data), Hardware and Software utilized by the municipality for the day to day operations. Threats to afore are many and varied and, because of the nature of our societies today, range from simple to extremely complex. The motivation for breaching security also has many faces.

### **SCOPE**

This security policy seeks to put parameters in place according to which users may use the systems at their disposal so that Data is protected and so that no loss or corruption of data can take place and prevent unauthorized access to data.

| <b><i>ICT security encompasses</i></b> | <b><i>Procedure Manual</i></b>   |
|--|--|
| Site                                   | Registration and setup.  |
| Staff                                  | Connectivity methodologies   |
| Data                                   | Data Security<br>Disaster backup and recovery<br>Maintenance and support     |
| Software                               | Software Security<br>Disaster backup and recovery<br>Maintenance and support |
| Hardware                               | Hardware Security<br>Disaster backup and recovery<br>Maintenance and support |
| Network                                | Hardware Security Maintenance and support                                    |

#### Legislation:

#### **NATIONAL ARCHIVES AND RECORD SERVICE OF SOUTH AFRICA ACT NO. 43 OF 1996 REGULATIONS 10**

- (1) The head of a governmental body shall be responsible for ensuring that all records of such body—
- (a) receive appropriate physical care;
  - (b) are protected by appropriate security measures; and
  - (c) are managed in terms of standing orders of that body and other relevant legislation.



## **POLICY**

### Site Security

1. Users of computer equipment, owned / hired by Lukhanji Municipality, are personally responsible for the equipment they use and must take reasonable precautions to ensure the safety of the equipment and that no unauthorized access to the equipment is allowed.
2. The ICT Unit shall take reasonable precautions that all equipment, not used directly by any users, is only accessible to designated authorized parties.
3. Computer centers must be designed taking into account health and safety standards, inaccessibility to public, usage must not be obvious and no written information of any kind must be available to the public.
4. Guidelines for work in secure areas must be designed and applied. Personnel must have information on a need to know basis and unsupervised work in such areas must be supervised. Access to delivery and loading areas and other points where unauthorized access may be possible should be controlled and isolated.

### Staff and other user Security

1. Only approved users may use the ICT network.
2. Interactive systems must ensure quality passwords and be able to manage such passwords.
3. Background verification check must be done on all prospective users within the parameters of legislation.
4. The allocation and use of access privileges should be restricted and controlled as per policy.
5. Security roles and responsibilities of all users must be clearly defined and documented in keeping with this policy.
6. User access privileges must be reviewed at least once a year and when any change of staff takes place (like promotions, resignation and appointments, changes in segregation of duties). The review must be done by line managers who must keep record of the said review.
7. User passwords must automatically lapse regularly after a period set by or when required by the Manager ICT
8. Passwords must be "strong" as may be deemed necessary by the Manager ICT in line with industry best practice.
9. Passwords may not be re-used as determined by International best practice (ISO standards).
10. Procedures must be put in place to verify the identity of the user for whom a new password is to be supplied.
11. Record must be kept of new passwords supplied on user request.
12. Password may not be supplied to a user in a way that can be intercepted.
13. Generic or easily guessable or "vendor" passwords may not be used.



14. Where passwords are stored electronically it must be done in such a way that it is only accessible to the owner of the password.
15. User names and passwords may not be shared with other parties irrespective of whether the other parties are registered users on the system or not.
16. Passwords may not be displayed or kept anywhere where it can be found and used by an unauthorized person.
17. Where it is possible systems like biometrics, eye-recognition etc. should be used in place of passwords.
18. User accounts must be locked immediately once it has become known, by whatever means, that a user's service to Lukhanji Municipality has come to an end.
19. User accounts must be removed from the system in the shortest possible time after accounts in paragraph 18 have been locked.
20. Management must ensure that the Manager ICT is informed of the termination of a user's service at Lukhanji Municipality immediately when it becomes known.

#### Data / Information Security

1. **ALL DATA** on any municipal equipment, owned or hired, belongs to Lukhanji Municipality.
2. A user's access level and access to data / information must be approved by a supervisor and the supervisor's superior.
3. Industry best practice standards must be applied by means of access levels and procedures to limit access according to authorization granted to users of data on the systems on the network.
4. Data / information security responsibilities must be clearly defined.
5. Sensitive systems should have a dedicated computing environment.
6. The best possible site security must be put in place to make direct, physical, access to servers by unauthorized persons impossible.
7. Backup data must not be accessible to unauthorized persons.
8. Industry best practices must be applied to protect equipment on which data or backup data is stored.
9. Industry best practices must be applied to prevent any unauthorized access to the network from outside the network.
10. Prevent opportunities for information leakage by:
  - a. Outbound data does not contain hidden information.
  - b. Interception / interrogation of outbound data of any kind.
11. Cryptographic controls must be used for the protection of information assets and be used in compliance with relevant legislation and regulations.
12. The cryptographic techniques of Lukhanji Municipality must be managed and protected against modification, loss or destruction.



13. Cryptographic controls must comply with legislation and regulations.
14. Storage media on redundant equipment and re-useable media must be checked and all data, as far as possible, be removed.
15. System documentation must be protected against unauthorized access.
16. Industry best practices must be applied to protect the exchange of information through all means of communication.
17. Measures must be put in place to prevent access to or tampering with media in transit from one location to another.
18. Measures must be put in place to prevent unauthorized access to, modification or denial of electronic messaging services and all information relating to the said services.
19. Measures must be put in place to protect the communication involved in the interconnection of systems. For example main site connecting to remote DR site.
20. E-commerce data going over public networks must be protected from fraudulent activity, contract dispute and unauthorized disclosure and or modification.
21. Information involved in online transactions must be protected to prevent incomplete transmission, miss-routing, unauthorized alteration, unauthorized disclosure, unauthorized duplication or replay.
22. Information made available for the public to access must be protected from unauthorized modification.
23. User activities, exceptions and information security events must be logged and kept for a period determined by the ICT Steering Committee for future investigation and access control monitoring.
24. Usage of the information processing systems must be monitored and the results of the monitoring be reviewed regularly.
25. All logs must be protected against unauthorized access and tampering.
26. System operators and system administrator activities must be logged and reviewed on a regular basis.
27. Faults must be logged, analyzed and appropriate action to ensure the systems and controls are not compromised.
28. All system clocks must be synchronized with an accurate time source.
29. Information systems must regularly, at least once a year, be checked for compliance with security implementation standards.

### Software Security

1. Only programs authorized by the Manager ICT may be installed and used on the network.
2. The use of programs (software) must be restricted to users with appropriate authorization.
3. Every means available to the Manager ICT must be employed to ensure that software is restricted to the use for which it was authorized.



4. Measures must be set in place to detect malicious code, prevent it from running on any systems in the network and remove it when it is found and, where possible, to recover any data damaged or lost as a result of the said code.
5. Where programs are developed and maintained by Lukhanji Municipality staff program source code must be accessible only to authorized staff.
6. Where programs are developed and maintained by Lukhanji Municipality staff change control procedures must be put in place.
7. When OS changes take place business critical applications must be reviewed and tested to ensure that there is no adverse impact on organizational operations or security.
8. Where possible modifications to software packages should be discouraged, limited to necessary changes and all changes must be strictly controlled.
9. Should any software development be outsourced by Lukhanji Municipality such development must be supervised and monitored by Lukhanji Municipality.

#### Hardware Security

1. Any equipment, by means of which users are able to access data and / or other equipment, may not be left unattended without making it inaccessible for any other purpose than that for which the said user has been authorized to use it.
2. All inactive sessions on workstations in the network must shut down after a period of time set by the Manager ICT.
3. Automatic equipment identification must be used where possible to authenticate connections from specific locations and equipment.
4. Where equipment, such as servers, have remote diagnostic and configuration ports measures must be put in place to ensure that the said ports are only used with the express knowledge of the Manager ICT. Log must be kept of every use of such ports.

#### Network

1. Where it is practical, groups of information services, users and information systems should be segregated on the network.
2. Where users from other networks must connect to the Lukhanji Municipality network such access must be restricted in line with "Staff and other user Security" above.
3. Network routing controls must be implemented to ensure the computer connections and information flow does not breach access control "Data / Information Security" above.
4. Where high risk applications are involved restriction on connection time must be implemented where it is viable and practical.
5. Appropriate security measures must be put in place to protect against risks of using mobile communication facilities, e.g. cell phones.
6. Operational plans and procedures must be put in place where connections are established via telephone services of any kind.



### Reporting

1. Any security (events / incidents) must be reported to the Manager ICT who must, after any consultation with management, if required, initiate any appropriate steps where possible, to prevent a repeat of the such events / incidents.
2. All users of the systems must be required to report any observed or suspected weaknesses in systems or devices.

### Management of incidents and improvement

1. Management responsibilities and procedures should be established by the ICT Steering Committee to ensure quick, orderly, effective response to incidents.
2. The types, volumes and costs of incidents must be quantified and monitored and appropriate action taken where necessary.
3. All information and evidence, in whatever form available must be collected so that it can be used if any legal action, relating to incidents, is taken.



## **NETWORK SERVICES**

### **INTRODUCTION**

Communication between people and people, people and machines, and machines and machines has for decades been growing to the extent that a complete breakdown in communications will result in a disaster of a magnitude that cannot be imagined.

Currently communication takes place via various mediums such as, optic fiber, copper cables and radio waves.

All the existing modes of communication are used for a variety of purposes, some of which are voice communication, data communication and a combination of voice and data.

Examples of voice communication are telephone conversation; of voice and data is video conferencing; of data communication is email and Internet browsing.

The need of employees to be able to interact with people outside the domain of the municipality is acknowledged and a solution is sought to ensure productivity and also accommodate their needs.

Services provided by Lukhanji Municipality to enable communication are: Data Network, Internet, email and VPN.

### **POLICY**

#### **Internet**

1. Users must apply for Internet access, sign the prescribed agreement, and approval must be given by the Head of Department, under whose authority the applicant works; the Municipal Manager in the case where the user is a director.
2. Unlimited and limited access may only be used for the official business of the Municipality.
3. Log must be kept of all Internet usage.
4. Reports of Internet usage may be supplied to the respective Manager.
5. Where users of the Internet service contravene this policy disciplinary action must be taken by the relevant director and / or manager. Should disciplinary action fail or not be taken by the relevant director and / or manager, access to the service must be discontinued by the Manager ICT.

#### **Email**

1. A user must apply for email services, sign the prescribed agreement and approval must be given by the Head of Department under whose authority the user resides, the Municipal Manager in the case where the user is a Director.
2. Provision must be made for private and official email usage.
3. All email will be archived automatically and kept for a maximum of five (5) years period.
4. All email is considered the property of Lukhanji Municipality and may be scrutinized for control, audit and other purposes as determined by management from time to time.



5. Email users must adhere to any requirements/restrictions deemed necessary, and determined from time to time by the ICT Steering committee.
6. A log will be kept by ICT Unit of all email usage for management purposes.
7. Reports of email usage must regularly be supplied to management.

#### VPN / External connections

1. Users must apply for VPN access, sign the prescribed agreement, and approval must be given by the director, under whose authority the applicant works, the Municipal Manager in the case where the user is a director.

*Where companies need access to specific systems for maintenance etc. the Manager ICT shall give approval.*

2. On the application form the user is required to state what data/services need to be accessed.
3. Appropriate security measures in line with international best practice must be put in place to prevent unauthorized access to the network.

#### Data Network

When users apply to be registered as users on the network they are required to sign an agreement regarding the usage of the data network





## **DATA OWNERSHIP**

### **INTRODUCTION**

Your first thought when you see the word “data” is that it is information, which it is. Data is stored in many different formats and is used to represent many different things.

Because it has become so simple to create and store data it has become a constant challenge to provide enough storage space and provide backups of all the data.

The owner of the data therefore has an enormous responsibility to store only what must be stored and to delete redundant data.

Data

|   |   |
|---|---|
| <p>MAY BE:</p> <ul style="list-style-type: none"> <li>• Permanent</li> <li>• Short Term</li> <li>• Temporary</li> </ul>   | <p>Often regulated by law.<br/>May be destroyed after a year or two. May be destroyed immediately after use</p>   |
| <p>MAY CONSIST OF A DIGITAL FORM OF:</p> <ul style="list-style-type: none"> <li>• Images</li> <li>• Documents</li> <li>• Sound</li> <li>• Video</li> <li>• Electronic measuring date</li> </ul> | <p>Maps, photos, logos, etc.<br/>Memos, Letters, Spreadsheets, emails, etc. Recordings of telephone conversations, meetings, etc.<br/><br/>Telemetric information</p> |

### **POLICY**

1. Data stored or processed on any systems on the network belongs to the Lukhanji Municipality.
2. Data stored on the systems must relate to Local, Provincial or National Government matters and must be of official nature.
3. Under the ownership of the municipality all data must be accounted for and have a designated owner.
4. All data created by a user belongs to the Department in which it was created and resides under the ownership of that specific Head of Department.
5. The Head of Department must determine the duration of time that data should be kept in terms of laws governing the use and storage of the data and advise the Manager ICT accordingly.
6. All data assets must be clearly identified.
7. All data assets must be classified in terms of value, legal requirements, sensitivity and risk.
8. Procedures for labeling and handling of data must be done in terms of Lukhanji Municipality's classification scheme approved by the national archives.
9. When test data is required a written request by the owner of the data must be made to the Manager ICT stating what data is required, when it is required and when it may be removed from the system.



10. A log must be kept of who requested test data, when it was requested, why it was requested and when it should be deleted.
11. This policy applies to test data as it does to any other operational data.
12. Daily backups must be made of all data.
13. Backups must be kept as long as determined by law, where applicable, or determined by the ICT Steering committee.
14. Backups must be kept at an off-site, secure location.



## **DISASTER PREVENTION & MANAGEMENT**

### **INTRODUCTION**

Disasters have many different “faces” and are very often unexpected “surprises”. Many events that seem insignificant are actually forms of disasters that have the potential to become big disasters.

A simple example of an insignificant disaster that may become a big one is the failure of a hard disk. If the disk can be replaced immediately and the data restored to the disk then the only “loss” may be an hour or two lost.

Should the disk fail in the middle of a day the data captured on it during the morning may be lost unless the disk can be repaired. Here we not only lose time but data as well and that often means money. Preventing and preparing for disasters is therefore extremely important to prevent loss of data.

#### Legislation:

#### **NATIONAL ARCHIVES AND RECORD SERVICE OF SOUTH AFRICA ACT NO. 43 OF 1996 REGULATIONS 10.**

1. The head of a governmental body shall be responsible for ensuring that all records of such body—
  - a) receive appropriate physical care;
  - b) are protected by appropriate security measures; and
  - c) are managed in terms of standing orders of that body and other relevant legislation.

#### **LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003 Section 62 (1)**

- a) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

### **POLICY**

#### Data

1. Backup copies of all systems, including data, must be made at least daily for disaster recovery purposes.
2. The correctness of backups must be verified on a daily basis.
3. Backup copies must be stored at a safe and secure off-site place.
4. Data must be protected from unauthorised access.



5. Proper plans must be drawn up and implemented to enable recovery from disaster in the shortest possible time. The plans must include hardware, software and data recovery.
6. All active data storage systems, for example hard disks, must be implemented in such a way that when a unit fails the current data that was on it can be recovered from another system/unit in the shortest possible time.
7. A rollback strategy must be in place and proper planning done and documented before system /application changes are implemented.
8. All hardware and software must be implemented in a way that strives to have zero down-time in spite of disasters.

#### Site

1. Every possible precaution, against disasters caused by human or natural activity, should be taken to prevent or minimize the effect of such disasters. Events such as fire, flooding, power failure, sabotage and earthquakes, for example, must be taken into consideration.
2. Every precaution possible must be made to protect power and communication cables against interception or damage.
3. All equipment that can be maintained must be maintained at regular intervals depending on the type of equipment and the environmental conditions where the equipment is used.

## **SYSTEMS MAINTENANCE**

### **INTRODUC TION**

Computer equipment, generally referred to as hardware, comprises a wide variety of technologies and equipment. It is constantly changing and, more often than not, getting smaller and faster. International standards, to prevent interference from other equipment and types of equipment, are applied very well, provided good quality equipment is used.

Keeping abreast of the constant change in technology can be a very costly exercise. Failing to keep up with the change in technology means that more and more time has to be spent repairing old equipment.

Old equipment often becomes slower as more and more complex programs, demanding more system resources, are taken into use.

Carrying spares for old equipment also poses a problem because of the constant change in technology. There are however, certain types of spares, such as hard disks and power supplies that are worth carrying.

Identifying the problems may take a lot of trouble-shooting. To ensure the least down-time special hardware and software tools may be acquired to aid in the trouble-shooting process.



## **POLICY**

1. All ICT equipment, owned by Lukhanji Municipality and can be maintained, must be maintained as determined by the manufacturer's specifications or determined by the environment in which the equipment is used.
2. Technical staff responsible for maintenance / repair tasks must have the best possible training required for the maintenance of the equipment in paragraph 1.
3. As technology changes staff must be kept abreast of new technology by training or any other means that may be available.
4. Software and hardware tools must be provided to technical staff to perform their tasks efficiently.
5. Where possible, spares must be carried to ensure the least possible down-time for users.
6. All hired equipment must be covered by service level agreement for support and maintenance that ensures the shortest possible response time. The response time required must be determined by the critical level of the said hired equipment.
7. Where the installation and configuration / setup of packages are done by Lukhanji Municipality, ICT staff must be fully trained to execute tasks correctly. The training must keep abreast of changes to packages.

## **SERVICE LEVEL AGREEMENT**

### **INTRODUCTION**

As a means of ensuring the efficiency and integrity of Systems and the effectiveness of the ICT Department in responding to requests, queries and other systems needs of users; Service Level Agreements (SLA) will be entered into between each User Department, the Office of the Municipal Manager (representing all Directors); the Office of the Executive Mayor (representing the Members of the Mayoral Committee).

### **POLICY**

1. A separate SLA between the ICT department (Service Provider) and each department (client) must be drawn up and signed by the Manager ICT, the manager of each department.
2. The SLA must:
  - a. Clearly indicate the services provided by the Service Provider.
  - b. Provide for different service levels.
  - c. Clearly indicate the services provided by the service levels.
  - d. Clearly indicate the priorities attached to the service level.
  - e. Clearly indicate the type of circumstances where the service levels and priorities in the SLA may be overridden



3. The SLA must be revised annually to ensure that environmental and / or systems changes are taken into account and adjusted accordingly.
4. Should an SLA be changed, the new SLA must be signed as in par 1, above, and replace the existing one.
5. The Lukhanji Municipal Council shall ensure that sufficient competent staff is appointed to make the SLA viable.

## **THIRD PARTIES**

### **INTRODUCTION**

Third parties are often used to provided services / products that are not part of the services / products used by the municipality. Lukhanji Municipality already has agreements in place for the systems being utilized.

An agreement with a third party for the use of their services / products must not interfere with existing agreements but rather enhance said agreements and their related services.

### **POLICY**

1. Agreements must be established for the exchange of information, and software, between Lukhanji Municipality and any third party.
2. Proposed agreements with third parties must be drawn up in consultation with Manager ICT to ensure there is not conflict with existing agreements relating to security and service delivery of software and hardware product used by Lukhanji Municipality.
3. Security controls, service definitions and delivery levels contained in agreements with third parties must monitored by the Manager ICT to ensure they are maintained as specified in the agreements.
4. Services, reports and records provided by third parties must be reviewed and revised, if necessary, at least annually by the Lukhanji Municipality owner of the related systems and the Manager ICT. Where data is created, changed or possibly deleted on the host systems audits should be carried out as frequently as determined by the Internal Auditor and the Manager ICT.
5. Changes to Services, reports and records provided by third parties must be managed. Proposed changes must be presented to the ICT Steering Committee to determine the impact on all the users at Lukhanji Municipality. Agreements must be amended before any work is commenced with.



## **ACQUISITION, USAGE, MAINTENANCE AND DISPOSAL OF SOFTWARE**

### **INTRODUCTION**

There are different “types” / “classes” / “categories” of software and each category differs from the next in various ways:

- a) OS makes a computer usable as a stand-alone unit or connected to a network. Examples are Windows 8, Linux and others.
- b) Application software like Venus systems, spreadsheet and word processor programmes and others.

Some software systems are well documented and others poorly. Some systems are more reliable than others. The functionality of two similar application systems may differ considerably.

Because of above factors care must be taken to ensure that, as far as possible, safe and reliable software is taken into use. To accomplish this, a variety of resources are available. The essence is taken time to make sure that software meets set requirements.

### **POLICY**

#### Acquisition

1. All non-off-the-shelf software requirements to be budgeted for, must be discussed and approved by the Manager ICT after thorough evaluation and all long and short term pros and cons have been considered.
2. Official requests must be delivered to ICT for off-the-shelf software requirements.
3. Funds must be made available for required software.
4. Unless not provided by the User Department, the ICT Unit will provide the specifications for the requested off-the-shelf software.
5. The ICT Unit must ensure that the REQUEST and SPECIFICATIONS, where applicable, are delivered to the SCM department for further processing.
6. All acquired software and/or licenses must be delivered to the ICT Unit.
7. The ICT Unit must check that software delivered is according to specification.
8. The ICT Unit will ensure that the said software is delivered to and set up for designated users. The ICT Unit must act as a supervisor where a third party's non off-the-shelf software is installed and set up.



#### Usage

1. Software may only be used for official municipal purposes.
2. Software is to be used within parameters (approved by the ICT Steering Committee) set for respective software packages.
3. Users are held responsible for damage to or loss of software unless reported to designate parties immediately when damage or loss is observed.

#### Maintenance

1. ICT or designated parties must have access to software at all times.
2. ICT is responsible for providing support in accordance with the Operations Level Agreement.
3. No new software may be taken into use, or changed, without appropriate backup and restore processes put in place prior to new usage or changes are put into effect.
4. Full logs, giving date, time, who and reason, should be kept.
5. When data is archived because it is no longer used, the software used to access the data, together with all relevant installation parameters, procedures and configuration details must be archived and kept as long as the data is kept.

#### Inventory

1. All software assets must be clearly identified.
2. All software assets must be classified in terms of value, legal requirements, sensitivity and risk.
3. Assets purchased/owned by Lukhanji Municipality must be taken up in the Inventory register and dealt with in accordance with the Asset Management Policy.
4. The inventory registers must be maintained.
5. The directorate using ICT software is the owner of the said inventory items and is responsible for the security, regarding access to the items, care and usage thereof.

#### Disposal

1. Disposal of software must be dealt with according to Lukhanji Municipality Asset Management Policy requirements.

### **ACQUISITION, USAGE, MAINTENANCE AND DISPOSAL OF HARDWARE**

#### **INTRODUCTION**

Acquisition may imply purchasing or rental of equipment. Purchased equipment may have extended warranties that provide for maintenance to be done on site by the companies the equipment was purchased from. Equipment that does not have an extended warranty normally has a year, and





possibly, a two year carry-in warranty. In such cases Lukhanji Municipality has to take the items to the supplier for repairs or replacement.

Hired equipment is normally maintained / repaired by the company supplying the equipment for the duration of the rental contract.

#### Acquisition

1. All hardware requirements to be budgeted for must be discussed and approved by the ICT Steering Committee.
2. Official requests must be delivered to ICT for hardware acquisition requirements.
3. Funds, capital or rental, must be available for required equipment.
4. Unless not provided by the User Department; the ICT Unit will provide the specifications for the requested equipment
5. The ICT department must ensure that the request & specifications, for equipment to be purchased, are delivered to the SCU department for further processing.
6. All acquired equipment must be delivered to the ICT department.
7. The ICT department must check that equipment delivered is according to specification and in good working order.
8. The ICT department shall ensure that the said equipment is prepared and delivered to designated end users.

#### Usage

1. Equipment may only be used for official municipal purposes.
2. Users are required to take good care of equipment and keep equipment clean.
3. Users are responsible for reporting damage to or loss of equipment. Such damage / loss must be reported to immediate superior and the manager ICT immediately after such damage / loss is observed.
4. Users are required to report malfunctioning equipment to the ICT department.



#### Maintenance

1. ICT or designated parties must have access to equipment at all times.
2. ICT is responsible for maintenance, upgrade and replacement of equipment.

#### Inventory

1. All hardware assets must be clearly identified.
2. Assets purchased/owned by Lukhanji Municipality must be taken up in the Inventory register and dealt with in accordance with the Asset Management Policy.
3. The said registers must be maintained.

#### Disposal

1. ICT is responsible for the disposal of hardware equipment in co-operation with the Finance directorate. The said equipment shall be dealt in accordance with Lukhanji Municipality Asset Management Policy requirements.
2. Care must be taken that no media, to be disposed of, has any useable data on it.

#### Legislation

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003 CHAPTER 3 MUNICIPAL REVENUE 14. Disposal of capital assets.**



## **DEFINITIONS**

### Access to data

This consists of one or all of electronic read of data from, writing of data to and deleting of data from an electronic medium.

### Authorized Person

An authorized person is someone who is not necessarily an ICT staff member, who has received written authorization from the Manager ICT.

### CobiT

Control Objectives for Information and related Technology is a document produced by an international body called ISACA whose members are all IT professionals and together make contributions toward the international standards in the document. CobiT is about IT Governance and Control.

### Data

Information which may be numeric and alpha numeric information i.e. letters and reports, maps and drawings, pictures or sound recordings of some kind.

### Designated Owner

Is the person occupying the position to whom responsibility for a set of data or equipment has been assigned.

### Disaster

Any event that causes a loss of people, equipment, data or all of these. This includes, amongst others, hardware failure (i.e. disk crash, processor, memory, motherboard or power supply), power surges, explosions, floods, earthquakes, sabotage, virus attacks.

### ICT

Information and Communication Technology Unit

### Internet

The term is used to refer to access of websites and services such as search engines (Google, Yahoo) outside the Lukhanji Municipal network.

### Owner of data

The owner of data in this policy's context is the department or directorate who has the authority over the creation, changing or deletion of a set of data.

### OS

Operating System – This is software without which desktop computers and servers cannot function. This software is used to start up a computer and then run programs and perform other functions on the computer.

### PC

Personal Computer, also known as a desktop computer and is not normally use as a portable computer.



### SCM

Supply Chain Management Unit

### SLA

Service Level Agreement – An agreement, entered into by two parties, in which the service provider stipulates services to be provided, service levels and priorities to be applicable to the said services. The agreement also indicates the client's obligations toward the service provider.

### Software

Includes operating systems, utility programs i.e. spreadsheet, word processor, presentation, CAD, billing, credit control and planned maintenance programs. Various specialized program applications are included here.

### S P

Service Provider

### Strong Passwords

Strong passwords are passwords that consist of more than at least 8 characters AND must be a mix of uppercase and lower case characters and numeric digits. Special characters on standard keyboards such as those above the numeric digits and all punctuation characters may form part of the passwords.

### Unauthorized Person

Someone who does not have written authorization from the Manager ICT.

### VPN

Connectivity provided to a user, between the user and systems on the network, in such a way that no interference or interception can take place by a third party.



# INDIGENT POLICY



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## DEFINITIONS

**“child headed household”** means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

**“household”** means as a registered owner or tenant with or without children who reside on the same premises;

**“indigent”** means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area for example two state pensioners, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

**“Indigent Management System”** an electronic management system applied by Lukhanji Municipality for the management of the register for indigent households;

**"municipality"** means the Lukhanji Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councilor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councilor, agent or employee;

**“FBS Co-ordinator”** an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:

- (a) to ensure that applications for indigent support are received and assessed;
- (b) to ensure that applications are captured on the Indigent Management System;
- (c) to ensure that information on applications are verified, screened and that regular audits/ site visits are executed; and





(d) to authorise expenditure with regard to indigent support.

**'occupier'** means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

- (a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- (b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

**'indigent debtor'** means the head of an indigent household, inclusive of destitute indigent, being old age pensioner, the unemployed and households with a total monthly income as determined in this policy:

- (a) who applies for the provision of service from the municipality, and
- (b) who makes application for indigent support in terms of this Policy,
- (c) who shall be regarded as the representative of all members of his/her household.
- (d) Which indigent household members shall not own any other fixed property other than the property for which application is made, which premises has access to municipal services.

**'indigent register'** means the Microsoft Access database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms which contains the following key information:

- Indigent customer details
- Socio-economic details
- Skills details

In addition the indigent register is able to provide reports relating to, but not limited to the following:

- Indigent application exceptions
- Skills reporting required for LED/exit strategy
- Socio economic reporting



**'owner'**, in relation to immovable property, means -

- (a) the person in whom is vested the legal title thereto provided that -
  - (i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
  - (ii) the occupier of immovable property occupied in terms of servitude or right analogous thereto shall be deemed the owner thereof;
- (b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- (c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- (d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

**'premises'** includes any piece of land, the external surface boundaries of which are delineated on -

- (a) a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);
- (b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;

**'rates'** means any tax, duty or levy imposed on property by the Council;

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



“**Municipal Manager**” means the municipal manager of Lukhanji municipality or his/her nominee acting in terms of power delegated to him/her by the said municipal manager with the concurrence of the council.

## **INTRODUCTION**

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality must therefore at all times strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality’s IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic services through tariffs that cover only the operating and maintenance costs.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.



## **1. POLICY PRINCIPLES**

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

- 1.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidize rates and services charges of those who can afford to pay;
- 1.2 To link this policy with the municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;
- 1.3 To promote an integrated approach to free basic service delivery; and
- 1.4 To engage the community in the development and implementation of this policy;

## **2. POLICY OBJECTIVES**

In support of the above principles the objective of this policy will be to ensure the following:

- 2.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- 2.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- 2.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
- 2.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;
- 2.5 To ensure co-operative governance with other spheres of government; and
- 2.6 To enhance the institutional and financial capacity of the municipality to implement the policy.



### **3. THE LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation:

- The Constitution of the RSA, 1996;
- The Municipal Systems Act, 2000 (Act 32 of 2000);
- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- The Property Rates Act, 2004 (Act 6 of 2004).

### **4. QUALIFICATION CRITERIA**

Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:

- 4.1 The applicant must be a resident of the municipality.
- 4.2 The applicant must be in possession of a valid South African identity document.
- 4.3 The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold is an income of not less than two state pensions per month.
- 4.4 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- 4.5 Any occupant or resident of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- 4.6 A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.



- 4.7 The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.

## 5. TARGETING OF INDIGENT HOUSEHOLDS

The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.

Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.

Depending on capacity the municipality may apply any or a combination of the following targeting methods:

| Targeting approach     | Application   |
|------------------------|---|
| 1. Service levels      | Lowest service levels normally in informal settlements and rural areas.   |
| 2. Service consumption | Metered services in urban and rural areas.  |
| 3. Property value      | Applicable only to registered indigents in respect of subsidised or RDP housing to a value determined in addition to the R15000 in terms of the Property Rates Act, 2004. |
| 4. Household income    | Threshold determined in terms of socio-economic analysis.   |



|                                   |  |
|-----------------------------------|--|
| 5. Geographical (Zonal) targeting | Specific areas (rural or urban) where households are regarded as poor irrespective of service level. |
|-----------------------------------|--|

## 6. EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

### 6.1 Water

Each registered indigent household shall receive water fully subsidised to a maximum of 10kl per month, including the basic charges for such supply; provided that –

- 6.1.1. Where the consumption exceeds 10 kl per month the municipality shall be entitled to restrict water supply to the property or billed the excess amount.
- 6.1.2. Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption.

### 6.2 Electricity

Each registered indigent household shall receive electricity fully subsidised to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

### 6.3 Refuse removal

Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget.



#### **6.4 Sanitation**

Each registered indigent household shall be fully subsidised for sanitation as provided for in the annual budget.

#### **6.5 Property Rates**

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget and subject to the provisions of the Municipal Property Rates Act, 2006.

#### **6.6 Rental (Dwellings and Sites)**

Subsidy will be granted to indigent households in respect of all dwellings or sites belonging to the municipality;

#### **6.7 Burials**

In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.

#### **6.8 Transfer of properties**

In the event of the death of the title holder of a property in an indigent household, the municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial law society for the administration of the estate and the transfer of the property into the name of the successor at the lowest possible cost.

#### **6.9 Food security**

Where the need exists, the municipality may enter into agreements with registered non-profitable organisations to establish soup kitchens or other forms of food supply.

#### **6.10 Basic Energy**

Indigent households in informal settlements where limited or no electricity is available, may be provided with alternative energy sources including, but not limited to: paraffin, fire gel, liquefied petroleum gas, etc., provided that procurement of service providers or services shall be subject to the Supply Chain Management regulations of the municipality and that the support given does not exceed the level of support given to other indigent households.





## 7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures :

- 7.1 The onus will be on the Board of Trustees/Managing Agent (hereinafter referred to as the representative) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.
- 7.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect property rates and related charges.
- 7.3 The representative will submit applications to the Chief Financial Officer.
- 7.4 The FBS Co-ordinator must verify all applications and he or she must notify:
  - 7.4.1 The representative, whether an application was successful or not, with regard to the water consumption; and
  - 7.4.2 The unit owner whether an application was successful or not, with regard to the property rates and other related charges.
  - 7.4.3 The Chief Financial Officer will credit the monthly municipal account :-
    - 7.4.3.1 Water account of the Retirement Centre or Old Age Home with water and sewerage charges, the amount of which will be calculated by dividing the total number of kilolitres of water consumed by the number of units in the complex, but up to a maximum of 200 liters of water per day for each unit that qualifies for assistance.
    - 7.4.3.2 General rates and refuse charges account of the unit owner with the full amount charged.
    - 7.4.5 The representative must, in respect of monthly water credits allowed under indigent support, ensure that such credits are off-set against the monthly levies of the relevant individual units; such representative also being required, once every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer that the monthly levies of poor households which qualify for assistance, have been adjusted by the amounts credited to the account of the Retirement Centre or Old age Home.



## **8. ASSISTANCE PROCEDURES**

### **8.1 Communication**

The municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:

- 8.1.1 Ward Committees;
- 8.1.2 Traditional Leaders, where applicable;
- 8.1.3 Community Development Workers[CDWs]
- 8.1.4 Community Based Organisations;[NGOs]
- 8.1.5 Local radio stations and news papers;
- 8.1.6 Municipal accounts;
- 8.1.7 Imbizo's and road shows; and
- 8.1.8 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

### **8.2 Institutional arrangements**

The municipality must designate existing staff or appoint officials, or engage properly Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area.

### **8.3 Application/Registration**

A person applying for indigent support must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality and shall be dealt with in terms of the Procedures Manual.



#### **8.4 Assessment & Screening of Applicants**

Upon registration of an application, all information must be verified by the FBS Co-ordinator / Indigent Steering Committee.

#### **8.5 Recommendation**

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database. Those applications that qualify for Indigent support in accordance with the system are going to be referred to the Indigent Steering Committee [ISC] for approval.

#### **8.6 Right of appeal**

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal to the Chief Financial Officer [CFO] of the municipality within 10 days from the date on which the decision was communicated to the applicant.

### **9. PROCESS MANAGEMENT**

#### **9.1 Applications**

With the exception of Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

#### **9.2 Validity period**

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the municipality from time to time.

#### **9.3 Death of Registered Applicant**

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

#### **9.4 Publication of Register of Indigent Households**

Names of indigent beneficiaries must be open for public perusal and comment.



Written objections from the public must be referred to the **FBS Co-ordinator** who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

## **9.5 Arrears and excess usage of allocations**

- 9.5.1 Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off.
- 9.5.2 No interest may be calculated on the arrears.
- 9.5.3 If the applicant exits from the indigent support programme within the six months period in arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the municipality;
- 9.5.4 Where an indigent household exceeds the water consumption level approved by the municipality, the supply may be restricted.

## **9.6 Termination of Indigent Support**

Indigent Support will be terminated under the following circumstances:

- 9.6.1 Upon death of the account-holder or the head of the household where no accounts are rendered.
- 9.6.2 At the end of the 12 months cycle.
- 9.6.3 Upon sale of the property in respect of which support is granted.
- 9.6.4 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded..
- 9.6.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
  - 9.6.5.1 All arrears will become payable immediately;
  - 9.6.5.2 Stringent credit control measures will apply; and
  - 9.6.5.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.



### **9.7 Audit and review**

The municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled annually.

### **9.8 Exit Programme**

Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the municipality in collaboration with other government departments and the private sector.

As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

The municipality must promote exit from indigence by -

- 9.8.1 identifying indigents for inclusion in public works projects;
- 9.8.2 initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;
- 9.8.3 facilitation of opportunities to enter the informal trade market;
- 9.8.4 facilitation of food security projects; and
- 9.8.5 liaison with National and Provincial departments to include indigent persons in their public works programmes.

## **10. MONITORING AND REPORTING**

10.1 The Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

- 10.1.1 Number of indigent households applications received;
- 10.1.2 Amount of subsidy allocated per benefit category;



- 10.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 10.1.4 performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:
- 10.1.4.1 Number of applications for indigent support dealt with;
- 10.1.4.2 Time taken to process and finalise applications;
- 10.1.4.3 Site visits undertaken;
- 10.1.4.4 Awareness initiatives; and
- 10.1.4.5 Exit initiatives.
- 10.1.5 Changes in the registered status of indigents.

## **11. CAPACITY BUILDING**

- 11.1 The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:
- Database management
  - Demand and revenue management
  - Policy and by-law implementation





# INDIGENT POLICY

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## DEFINITIONS

“**child headed household**” means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

“**household**” means as a registered owner or tenant with or without children who reside on the same premises;

“**indigent**” means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area for example two state pensioners, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

“**Indigent Management System**” an electronic management system applied by Lukhanji Municipality for the management of the register for indigent households;



**"municipality"** means the Lukhanji Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councilor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councilor, agent or employee;

**"FBS Co-ordinator"** an official duly authorised by the municipality, or an employee of a

service provider appointed by the municipality, who is responsible for the following:

- (e) to ensure that applications for indigent support are received and assessed;
- (f) to ensure that applications are captured on the Indigent Management System;
- (g) to ensure that information on applications are verified, screened and that regular audits/ site visits are executed; and
- (h) to authorise expenditure with regard to indigent support.

**'occupier'** means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

- (a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- (b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

**`indigent debtor`** means the head of an indigent household, inclusive of destitute indigent, being old age pensioner, the unemployed and households with a total monthly income as determined in this policy:

- (a) who applies for the provision of service from the municipality, and
- (b) who makes application for indigent support in terms of this Policy,
- (c) who shall be regarded as the representative of all members of his/her household.
- (d) Which indigent household members shall not own any other fixed property other than the

property for which application is made, which premises has access to municipal to municipal



services.

**'indigent register'** means the Microsoft Access database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms which contains the following key information:

- Indigent customer details
- Socio-economic details
- Skills details

In addition the indigent register is able to provide reports relating to, but not limited to the following:

- Indigent application exceptions
- Skills reporting required for LED/exit strategy
- Socio economic reporting

**'owner'**, in relation to immovable property, means -

- (a) the person in whom is vested the legal title thereto provided that -
  - (i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
  - (ii) the occupier of immovable property occupied in terms of servitude or right analogous thereto shall be deemed the owner thereof;
- (b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- (c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- (d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;



**'premises'** includes any piece of land, the external surface boundaries of which are delineated on -

- (a) a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);
- (b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;

**'rates'** means any tax, duty or levy imposed on property by the Council;

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

**“Municipal Manager”** means the municipal manager of Lukhanji municipality or his/her nominee acting in terms of power delegated to him/her by the said municipal manager with the concurrence of the council.

## **INTRODUCTION**

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality must therefore at all times strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality's IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic services through tariffs that cover only the operating and maintenance costs.



The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

## **1. POLICY PRINCIPLES**

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

- 1.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidize rates and services charges of those who can afford to pay;
- 1.2 To link this policy with the municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;
- 1.3 To promote an integrated approach to free basic service delivery; and
- 1.4 To engage the community in the development and implementation of this policy;

## **2. POLICY OBJECTIVES**

In support of the above principles the objective of this policy will be to ensure the following:

- 2.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- 2.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;



- 2.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
- 2.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;
- 2.5 To ensure co-operative governance with other spheres of government; and
- 2.6 To enhance the institutional and financial capacity of the municipality to implement the policy.

### **3. THE LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation:

- The Constitution of the RSA, 1996;
- The Municipal Systems Act, 2000 (Act 32 of 2000);
- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- The Property Rates Act, 2004 (Act 6 of 2004).

### **4. QUALIFICATION CRITERIA**

Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:

- 4.1 The applicant must be a resident of the municipality.
- 4.2 The applicant must be in possession of a valid South African identity document.
- 4.3 The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the



budget for the next financial year. The guideline relating to the household income threshold is an income of not less than two state pensions per month.

- 4.4 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- 4.5 Any occupant or resident of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- 4.6 A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- 4.7 The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.

## **5. TARGETING OF INDIGENT HOUSEHOLDS**

The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.

Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.



Depending on capacity the municipality may apply any or a combination of the following targeting methods:

| <b>Targeting approach</b>         | <b>Application</b>  |
|-----------------------------------|---|
| 3. Service levels                 | Lowest service levels normally in informal settlements and rural areas.   |
| 4. Service consumption            | Metered services in urban and rural areas.  |
| 3. Property value                 | Applicable only to registered indigents in respect of subsidised or RDP housing to a value determined in addition to the R15000 in terms of the Property Rates Act, 2004. |
| 4. Household income               | Threshold determined in terms of socio-economic analysis.   |
| 5. Geographical (Zonal) targeting | Specific areas (rural or urban) where households are regarded as poor irrespective of service level.  |

## **6. EXTENT OF INDIGENT SUPPORT**

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package, the following assistance and support may be granted:





## **6.1 Water**

Each registered indigent household shall receive water fully subsidised to a maximum of 10kl per month, including the basic charges for such supply; provided that –

6.1.1 Where the consumption exceeds 10 kl per month the municipality shall be entitled to restrict water supply to the property or billed the excess amount.

6.1.2 Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption.

## **6.2 Electricity**

Each registered indigent household shall receive electricity fully subsidised to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

## **6.3 Refuse removal**

Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget.

## **6.4 Sanitation**

Each registered indigent household shall be fully subsidised for sanitation as provided for in the annual budget.

## **6.5 Property Rates**

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget and subject to the provisions of the Municipal Property Rates Act, 2006.

## **6.6 Rental (Dwellings and Sites)**

Subsidy will be granted to indigent households in respect of all dwellings or sites belonging to the municipality;



#### **6.7 Burials**

In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.

#### **6.8 Transfer of properties**

In the event of the death of the title holder of a property in an indigent household, the municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial law society for the administration of the estate and the transfer of the property into the name of the successor at the lowest possible cost.

#### **6.9 Food security**

Where the need exists, the municipality may enter into agreements with registered non-profitable organisations to establish soup kitchens or other forms of food supply.

#### **6.10 Basic Energy**

Indigent households in informal settlements where limited or no electricity is available, may be provided with alternative energy sources including, but not limited to: paraffin, fire gel, liquefied petroleum gas, etc., provided that procurement of service providers or services shall be subject to the Supply Chain Management regulations of the municipality and that the support given does not exceed the level of support given to other indigent households

### **7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES**

Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures :



- 7.1 The onus will be on the Board of Trustees/Managing Agent (hereinafter referred to as the representative) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.
- 7.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect property rates and related charges.
- 7.3 The representative will submit applications to the Chief Financial Officer.
- 7.4 The FBS Co-ordinator must verify all applications and he or she must notify:
  - 7.4.1 The representative, whether an application was successful or not, with regard to the water consumption; and
  - 7.4.2 The unit owner whether an application was successful or not, with regard to the property rates and other related charges.
  - 7.4.3 The Chief Financial Officer will credit the monthly municipal account :-
    - 7.4.3.1 Water account of the Retirement Centre or Old Age Home with water and sewerage charges, the amount of which will be calculated by dividing the total number of kilolitres of water consumed by the number of units in the complex, but up to a maximum of 200 liters of water per day for each unit that qualifies for assistance.
    - 7.4.3.2 General rates and refuse charges account of the unit owner with the full amount charged.
  - 7.4.5 The representative must, in respect of monthly water credits allowed under indigent support, ensure that such credits are off-set against the monthly levies of the relevant individual units; such representative also being required, once



every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer that the monthly levies of poor households which qualify for assistance, have been adjusted by the amounts credited to the account of the Retirement Centre or Old age Home.

## **8. ASSISTANCE PROCEDURES**

### **8.1 Communication**

The municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:

- 8.1.1 Ward Committees;
- 8.1.2 Traditional Leaders, where applicable;
- 8.1.3 Community Development Workers[CDWs]
- 8.1.4 Community Based Organisations;[NGOs]
- 8.1.5 Local radio stations and news papers;
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- 8.1.7 Imbizo's and road shows; and
- 8.1.8 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

### **8.2 Institutional arrangements**

The municipality must designate existing staff or appoint officials, or engage properly Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area.



### **8.3 Application/Registration**

A person applying for indigent support must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality and shall be dealt with in terms of the Procedures Manual.

### **8.4 Assessment & Screening of Applicants**

Upon registration of an application, all information must be verified by the FBS Co-ordinator / Indigent Steering Committee.

### **8.5 Recommendation**

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database. Those applications that qualify for Indigent support in accordance with the system are going to be referred to the Indigent Steering Committee [ISC] for approval.

### **8.6 Right of appeal**

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal to the Chief Financial Officer [CFO] of the municipality within 10 days from the date on which the decision was communicated to the applicant.

## **9. PROCESS MANAGEMENT**

### **9.1 Applications**

With the exception of Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

### **9.2 Validity period**

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the municipality from time to time.



### **9.3 Death of Registered Applicant**

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

### **9.4 Publication of Register of Indigent Households**

Names of indigent beneficiaries must be open for public perusal and comment. Written objections from the public must be referred to the **FBS Co-ordinator** who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

### **9.5 Arrears and excess usage of allocations**

9.5.1 Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off.

9.5.2 No interest may be calculated on the arrears.

9.5.3 If the applicant exits from the indigent support programme within the six months period in arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the municipality;

9.5.4 Where an indigent household exceeds the water consumption level approved by the municipality, the supply may be restricted.

### **9.6 Termination of Indigent Support**

Indigent Support will be terminated under the following circumstances:

9.6.1 Upon death of the account-holder or the head of the household where no accounts are rendered.

9.6.2 At the end of the 12 months cycle.

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

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



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

9.6.5.1 All arrears will become payable immediately;

9.6.5.2 Stringent credit control measures will apply; and

9.6.5.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.

### **9.7 Audit and review**

The municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled annually.

### **9.8 Exit Programme**

Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the municipality in collaboration with other government departments and the private sector.

As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

The municipality must promote exit from indigence by -

9.8.1 identifying indigents for inclusion in public works projects;

9.8.2 initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;

9.8.3 facilitation of opportunities to enter the informal trade market;

9.8.4 facilitation of food security projects; and

9.8.5 liaison with National and Provincial departments to include indigent persons in their public works programmes.



## **10. MONITORING AND REPORTING**

10.1 The Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

- 10.1.1 Number of indigent households applications received;
- 10.1.2 Amount of subsidy allocated per benefit category;
- 10.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 10.1.4 performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:
  - 10.1.4.1 Number of applications for indigent support dealt with;
  - 10.1.4.2 Time taken to process and finalise applications;
  - 10.1.4.3 Site visits undertaken;
  - 10.1.4.4 Awareness initiatives; and
  - 10.1.4.5 Exit initiatives.
- 10.1.5 Changes in the registered status of indigents.

## **11. CAPACITY BUILDING**

- 11.1 The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:
- Database management
  - Demand and revenue management
  - Policy and by-law implementation





# **LUKHANJI LOCAL MUNICIPALITY**

**2014-2015**

## **DRAFT RATES POLICY**



**Version 6.1**

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## 1. DEFINITIONS

**'Act'** means the Local Government: Property Rates Act, No 6 of 2004 and includes the regulations made in terms of Section 83 of the Act;

**'Agent'**, in relation to the owner of a property, means a person appointed by the owner of the property-

(a) to receive rental or other payments in respect of the property on behalf of

the owner; or

(b) to make payments in respect of the property on behalf of the owner;

**'Agricultural purpose'** in relation to the use of a property, excludes the use (of a property for the purpose of eco-tourism or for the trading in or hunting of game);

### **Other definitions:**

**'Annually'** means once every financial year (1 July to the 30 June the following year);

**'Appeal board'** means a valuation appeal board established in terms of section 56;

**'Assistant municipal valuer'** means a person designated as an assistant municipal valuer in terms of section 35(1) or (2);



**'Bona fide farmers'** is a person that is fulltime farmer and if such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes;

**'Category'**

(a) in relation to property, means a category of properties determined in terms of Section 8; and

(b) in relation to owners of properties, means a category of owners determined in terms of section 15(2)

**'Chief Financial Officer'** means the Chief Financial Officer as defined in the Municipal Finance Management Act;

**'Child-headed household'** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.

**'Council'** means the Council of the Lukhanji Municipality;

**'Communal Land'** as defined in Section 1 of the Communal Land Right Act of 2004;



**'Data-Collector'** means a person designated as a data-collector in Section 36;

**'Date of valuation'** means the date determined by a municipality in terms of section 31(1);

**'District management area'** means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

**'District Municipality'** means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

**'Dominant use'** in relation to a property means where a particular use is the largest proportion as compared to other uses on that property / pro rata

**'Due date'** means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates;

**'Effective date'**-

(a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1);



(b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect;

**'Exclusion'**, in relation to a municipality's 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;

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

**'Income Tax Act'** means the Income Tax Act, 1962 (Act No. 58 of 1962);

**'Infrastructure rate'** the municipality retains the right to implement a levy as determined by council according to sec.7 and 11;

**'Land reform beneficiary'**, in relation to a property, means a person who -

(a) acquired the property through -

(i) the Provision of Land and Assistance Act No. 126 of 1993; or

(ii) the Restitution of Land Rights Act No. 22 of 1994;

(b) holds the property subject to the Communal Property Associations Act No 28 of 1996;





- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

**'Land tenure right'** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

**'Local Community'**, in relation to a municipality-

- (a) body that mean of persons comprising –
- (i) the residents of the municipality;
  - (ii) the ratepayers of the municipality;
  - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
  - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

**'Local Municipality'** means a municipality 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;



**'Market Value'**, in relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

**'MEC for Local Government'** means the member of the Executive Council of a province who is responsible for local government in that province;

**'Minister'** means the Cabinet member responsible for local government;

**'Multiple purposes'**, in relation to a property, means the use of a property for more than one purpose;

**'Municipal Council'** or **'Council'** means a municipal council referred to in section 18 of the Municipal Structures Act;

**'Municipal Finance Management Act'** means the Municipal Finance Management Act No. 56 of 2003;

**'Municipal Systems Act'** means the Local Government: Municipal Systems Act, No 32 of 2000;

**'Municipality'**-



(a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and

(b) as a geographical area, means a municipal area demarcated in terms of the Municipal Demarcation Act No. 27 1998;

**‘Municipal Manager’** means a person appointed in terms of section 54A of the Amended Municipal Systems Act 7 of 2011 of the Municipal Structures Act;

**‘Municipal-owned property’** refers to property that is registered in the name of the Municipality and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without cost or in terms of a rental agreement;

**‘Municipal Structures Act’** means the Municipal Structures Act No 117 of 1998;

**‘Municipal Systems Act’** means the Municipal System Act No. 32 2000;

**‘Municipal Valuer’** or **“Valuer of a municipality”** means a person designated as a municipal valuer in terms of section 33(1) of the MPRA;

**‘Old order right’** means a tenure or other right in or to communal land which



(Ciskei, Transkei and RSA) :-

- (a) is formal or informal;
- (b) is registered or unregistered;
- (c) derives from or is recognised by law, including customary law, practice or usage; and
- (d) exists immediately prior to a determination by the Minister in terms of section 18, but does not include –
  - (i) any right or interest of a tenant, labour tenant, sharecropper or employee if such right or interest is purely of a contractual nature; and
  - (ii) any right or interest based purely on temporary permission granted by the owner or lawful occupier of the land in question, on the basis that such permission may at any time be withdrawn by such owner or lawful occupier;

**‘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;

**‘Organ of state’** means an organ of state as defined in section 239 of the Constitution;

**‘Owner’-**



- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
  - (i) a trustee, in the case of a property in a trust excluding state trust land;
  - (ii) an executor or administrator, in the case of a property in a deceased estate;
  - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
  - (iv) a judicial manager, in the case of a property in the estate of a person under
  - (v) a curator, in the case of a property in the estate of a person under curatorship;
  - (vi) a person in whose name a usufruct or other personal servitude is



registered, in the case of a property that is subject to a usufructure  
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;

**'Penalty'** in relation to the time period of underdeveloped vacant land, excluding agricultural land, which is not utilized in the specific time period as stipulated in the policy;

**'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;
- (b) any alleviation of any such restrictions;

**'Person'** includes an organ of state;

**'Prescribe'** means prescribed by regulation in terms of section 83;



**'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;

**'Property register'** means a register of properties referred to in section 23 of the MPRA;

**'Protected area'** means an area that is or has to be listed in the register referred to in section 10 of the Protected Area Act;

**'Protected Areas Act'** means the National Environmental Management: Protected Areas Act, 2003;

**'Publicly controlled'** means owned by or otherwise under the control of an organ of state, including -

- (a) a public entity listed in the Public Finance Management Act No. 1 of 1999.



(b) a municipality; or

(c) a municipal entity as defined in the Municipal Systems Act;

**‘Public service infrastructure’** means publicly controlled infrastructure of the following kinds:

(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

(b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

(e) railway lines forming part of a national railway system (excluding the land upon which the railway line is based) ;

(f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;

(g) runways or aprons at national or provincial airports;

(h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio





navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

**'Rate'** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

**'Rateable 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;

**'Rebate'**, in relation to a rate payable on a property, means a discount granted in terms of section 15 on 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;

**'Register'**-

(a) means to record in a register in terms of-

- (i) the Deeds Registries Act 47 of 1937; or
- (ii) the Mining Titles Registration Act 16 of 1967; and



(b) includes any other formal act in terms of any other legislation to record-

(i) a right to use land for or in connection with mining purposes; or

(ii) a land tenure right;

**'Residential property'** means a property included in a valuation roll in terms of section 48 (2)(b) as residential;

**'Residential property: mixed use'** refers to property that is used predominantly for residential purposes (51 % or more) but has significant portions of the property devoted to purposes that fall within other categories of property;

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

**'Sectional Titles Act'** means the Sectional Titles Act No. 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 the Sectional Titles Act;



**'Special State Owned Properties'** properties that are owned by National and Provincial Government, used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle.

**'Specified public benefit activity'** means an activity listed in item 1 (welfare and 5 humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

**'State trust land'** means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights

**'Vacant land'** means land, excluding agricultural land, where no immovable improvements have been erected.



## 2. INTRODUCTION

The purpose of this document is to serve as the foundation for public consultations on the Rates Policy the Lukhanji Municipality wishes to adopt on 1 July 2014, in line with the market-based valuation of all properties in the Lukhanji Municipal area of jurisdiction.

This document aims to invite views on how the municipality intends to apply the rating policy mechanisms at its disposal in the 2014/15 financial year, as required by the Act (MPRA).

2.1 The Municipal Property Rates Act No. 6 of 2004 (MPRA) requires municipalities to develop and adopt rates policies consistent with the Act on the levying of rates on rateable property in the municipality.

2.2 Municipalities need a reliable source of revenue to provide basic services and perform its functions. Income derived from property rates are a most important source of revenue for the municipality.

2.3 Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include constructed and maintaining streets, roads, sidewalks, street lighting, and storm drainage facilities; and building and operating clinics,



parks, recreational facilities and cemeteries. Revenue from property rates 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 (IDPs) and municipal budgets.

2.4 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's) and budget processes, which a municipality invites communities to input prior to municipal council adoption of the budget.

2.5 The Constitution of the Republic of South Africa, sec 229 Of 1996, entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation.

2.6 The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities and in general to meet its obligations in terms of section 152 of the Constitution of the Republic of South Africa, 1996.

2.7 There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities.



2.8 Income derived from property rates is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that have been neglected in the past due to racially discriminatory, inadequate or inappropriate legislation and regulation.

2.9 It is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also takes into account historical imbalances and the rates burden on the poor.

2.10 The Constitution of the Republic of South Africa confers on Parliament the power to regulate the exercise by municipalities of their fiscal powers.

### **3. CONSULTATION PROCESS**

1. Inspection period for Members of the Public and interested parties, runs during April and May of 2015 for the financial year 2015/2016.
2. Ward General Meetings and Public Information Sessions are to be held during April and May 2015 for the financial year 2015/2016. Dates and venues that will be announced by means of notices and newspaper advertisements during April and May of 2015.



3. Organisations, Associations, Forums, Groupings and or Individual members of the public who wish to make written submissions can do so by completing the available Rates Policy Comments/Suggestion form. These forms should be addressed to The Municipal Manager, Lukhanji Municipality, Private Bag X71111, Queenstown, 5320.
4. Upon conclusion of the consultation process the Lukhanji Municipality will assess the implications of submissions and will publish a final Draft Rates Policy.
5. The Rates Policy for 2015/16 is then tabled before Council with the adoption of the budget and will be legislated as a By-Law of Council.
6. The consultation process is in accordance with section 4 of the MPRA 6 of 2004.

## 4. GUIDING PRINCIPLES

**In formulating the rates policy for Lukhanji Municipality the following guiding principles will be taken into account:**

- Equity, i.e. that all categories of property and categories of owners be treated equitably in relation to each other
- Affordability, i.e. that the rates policy should take into account issues of affordability across categories of owners



- Poverty Alleviation, i.e. that the rates policy should facilitate poverty alleviation within the context of the mechanisms at its disposal
- Social and Economic Development, i.e. that the rates policy should within the context of the mechanisms at its disposal seek to enhance social and economic development
- Financial Sustainability and Cost Efficiency, i.e. that the rates policy should be cost efficient and should enhance the financial sustainability of the municipality
- Encourage Development of Property, i.e. that the rates policy should utilize the mechanism at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality
- Community Participation, i.e. that the rates policy should be reflective of issues and options expressed during public engagements

## 5. IMPERMISSIBLE RATES

5.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

5.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis





- 5.3 All existing rated property owners will not be phased in on the new valuation roll, except as prescribed by legislation.

Section 17 of the Act outlines Impermissible Rates, these include:

- the first 30% of the market value of public service infrastructure as defined in the Act
- protected areas
- (land with) mineral rights
- (land owned by) land reform beneficiaries
- the first R15 000 of the market value of residential property and properties used for multiple purposes of which one or more component thereof are used for residential purposes
- property used primarily for religious worshipping purposes, including an official residence occupied by the officiating office bearer

## 6. PROPERTY CATEGORIES

Lukhanji Municipality has the following property categories:

- (a) Residential properties
- (b) Business
- (c) Agricultural
- (d) Public Service Infrastructure
- (e) Communal and State Trust Land



- (h) State Owned Properties
- (i) Municipal Owned Properties
- (j) Schools including Public, Private and Early Childhood Development Centres
- (k) Vacant properties, excluding agricultural
- (l) Places of Worship
- (m) Public Benefit Organisations
- (n) Clinics and Institutions

## **7. RATING OF MULTIPLE USE PROPERTY**

In determining the rating of multiple use properties Lukhanji Municipality classifies these properties in terms of Section 9(1) (b) of the Act, and will rate such properties based on their dominant use / pro rata.

## **8. DIFFERENTIAL RATING**

The following factors will be taken into consideration for the purpose of differential rating:



- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- The effects of rates on the property on the promotion of the social and economic development of a municipality.
- Differential rating among the various property categories will be done by way of setting ratios between the main categories of property and therefore different Cent amount in the Rand for different categories of property.
- In this context it is the intent to set different rates for residential properties in relation to commercial properties and different rates for different categories of vacant land as outlined in this policy.
- In addition exemptions, reductions in the value of properties and or rebates in respect of the cent in the rand payable, will be considered for various categories of owners, (such as for example owners receiving old age or disability grants), based on the outcomes of public consultations and rating policy decisions.

## **9. EXEMPTIONS, REDUCTIONS AND REBATES**

Exemptions, reductions and the level of rebate granted to specific owners within each category of property situated within the Municipality's jurisdiction will be determined annually as part of the review and determination of the Rates Policy and Budget process. Granting of rebates within a particular category of property is aimed at ensuring an equitable distribution of the property rates burden amongst the categories of property that constitute the property rates base of the Municipality.

Based on the guiding principles underpinning this policy and subject to any changes in national legislation, the following categories of property owners will be considered on annual application where applicable for exemptions, rebates and reductions:



### **Exemptions:**

- a) Child headed households (exempt if owner registered/court of law approval)
- b) Owners of property situated within an area affected by a declared disaster area within the meaning of the Disaster Management Act, No. 57 of 2002 for the time period as stipulated.
- c) The Municipality may exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property for the financial year applicable.
- d) Public Service Infrastructure
- e) Places of Worship
- f) Municipal owned properties
- g) Duly registered public benefit organisations
- h) Communal Land as defined in Section 1 of the Communal Land Right Act of 2004;
- i) Land Reform Beneficiaries Sect 17 (1)g.
- j) Properties in areas where accounts cannot reach owners by mail.

### **Rebates and Reductions:**

- k) Indigent households as defined in the municipality's indigent policy;
- l) Beneficiaries of old age grants;
- m) Beneficiaries of disability grants;
- n) Owners of properties who are not beneficiaries of old age or disability grants, but whose income is equivalent to that of such beneficiaries and who meet the criteria as defined in the municipality's indigent policy;
- o) Owners of properties who are unemployed
- p) bona fide farmers;



- q) Sporting bodies;
- r) Demolished properties
- s) Grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

**Indigent households:** The Council has adopted an “Indigent Policy” that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this Policy must make application to access the relief provided if they do not automatically receive it.

**Bona fide farmers:** In the case of properties that are used for agricultural purposes, the owner(s) may qualify for an agricultural rebate, subject to the following conditions:

- a) The property must be used for *bona fide* agricultural purposes.
- b) The usage of the property must accord with the zoning scheme for the area.
- c) The owner must be registered with the South African Revenue Service as a farmer and must submit a copy of the last IT48 (“calculation of taxable income from farming operations”) together with the application for a rebate. If no IT48 can be produced due to recent ownership change, upon application, a municipal official, authorised by the Municipal Manager shall issue an agricultural certificate to the owner of the property after an inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.
- d) If the owner is a company or a close corporation, which would preclude the South African Revenue Services from issuing an IT48 on behalf of the owner,



upon application, a municipal official, authorised by the Municipal Manager shall issue an **agricultural certificate** to the owner of the property after inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.

- e) The land owner must prove that he/she has complied (or is awaiting confirmation of application) with the National Veld and Forest Fire Act 101 of 1998 and legislation governing the control of alien invasive species.

Rebates Applicable to Bona Fide Farmers and Agricultural Properties will be 65% for Farmers not receiving the following services from the Municipality:

Water

Electricity

Sewerage

Farmers receiving the above services from the Municipality will receive a rebate according to the services which they receive.

An additional 5 % rebate could be granted to farmers that contributes to job creation provided that proof be given of:

- The number of jobs created
- That the salaries/wages given to employees meet the minimum standards set by Government.



### **Public Benefit Organisations (PBO's)**

Taking into account the effects of rates on PBO's performing a specific public benefit activity and registered in terms of the Income Tax Act for tax reduction because of those activities, it is proposed that PBOs performing the following specified public benefits activities be exempted from rating:

- Welfare and humanitarian, for example PBOs providing disaster relief.
- Health Care, for example PBO's providing counseling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- Education and development, for example a PBO's providing early childhood development services for pre-school children.

Lukhanji Municipality will consider rebates in respect of public and independent schools as well as early childhood development centres.

Lukhanji Municipality may consider rebates in respect of Special State Owned Properties used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle in the open market.

## **10. PROCEDURES FOR GRANTING EXEMPTIONS, REBATES & REDUCTIONS**



- (a) Applications for exemptions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer on an annual basis
- (b) Applications must reach the Municipality before 31 May 2014, for which relief is sought, failing which the exemption or rebate will lapse and will only be re-instated once the application has been approved
- (c) All applications must be made under oath. In addition, applications for exemptions by public benefit organisations must be accompanied by a letter from the South African Revenue Service confirming that the organisation qualifies for exemption in terms of the Income Tax Act.
- (d) All other property owners seeking an exemption must submit either a letter from their auditors, or annual financial statements confirming that the applicant qualifies for an exemption. Properties for which application for exemption from the payment of rates is made must be used exclusively for the purpose that forms the basis for the application for exemption. Where this is not the case, the property will form part of the category multiple use properties and those portions not used for the purpose for which application for exemption has been made will be re-valued and property rates levied in accordance with the category/categories of property applicable. An application for an exemption or rebate must authorise the Municipality to inspect the property at any reasonable time during the financial year to confirm compliance with the conditions of the exemption or rebate. Where access is denied, the exemption or rebate may be withheld, or withdrawn, if already effective.
- (e) Applications for a reduction in rates based on a reduction in value of a property must be made on the prescribed form within 30 days of the occurrence of the event giving rise to the reduction of the value of the property relied upon. The onus rests on the applicant to ensure that the application form and all supporting documents are lodged timeously, and that the property concerned qualifies for the exemption, rebate, or reduction.





- (f) The effective date of an exemption or rebate shall be the date when the Municipality approves the application for exemption or rebate, irrespective of whether or not the property qualified for exemption or rebate in terms of its use prior to that date.
- (g) The Municipality reserves the right to refuse an exemption or rebate if the details supplied in the application are incomplete, incorrect, or false. In accordance with Section 15(3) of the Act, the Municipal Manager of the Municipality shall annually table in the Council of the Municipality:
  - (i) list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year; and
  - (ii) statement reflecting the income of the Municipality foregone during the previous financial year by way of such exemptions, rebates and reductions and the exclusions referred to in Section 17 (1) (a), (e), (g), (h) and (i) of the Act.

The exemptions, rebates and reductions shall be clearly indicated on the property rates account submitted to each property owner.

## **11. PENALTIES**

In relation to the time period of underdeveloped vacant land which is not utilized in the specific time period as stipulated in the agreement and or title deed, a periodical escalation will be applicable

## **12. PAYMENT OF RATES**

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

- (a) on a monthly basis; or



- (b) annually, before 30 September each year.
  - (c) a once off application to pay on a monthly basis should be submitted in May of each year
- 12.2 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 12.3 Rates payable on an annual basis, excluding annual rates levied on state owned properties, will be subject to a discount determined by council if paid in full on or before 30 September of each year.
- 12.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly installments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policy of the municipality.
- 12.5 The municipality retains the right to implement a levy as determined and approved by council according to sec.7 and 11, for properties identified as suitable for a standard infrastructure rate. This is in terms of the Act and serves to simplify the billing of property rates for lower value properties.
- 12.6 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality. Should an owner default on his debt for three consecutive months the amount is payable immediately. Application is not automatically resumed but re-application has to take place for monthly payments.



- 12.7 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 12.8 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 12.9 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

### **13. ACCOUNTS TO BE FURNISHED**

- 13.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
  - (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.



13.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

13.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## **14. FREQUENCY OF VALUATION**

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

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

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

14.4 Interim valuations may be done on a continual basis to fix short term problems.



## 15. REGISTER OF PROPERTIES

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



## **16. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

The municipality must in terms of Section 6 of the MPRA N0 6 of 2004 adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

## **17. REGULAR REVIEW PROCESSES**

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

## **18. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES**

This policy has been approved by the Municipality in terms of resolution



.....dated..... and comes into effect on 1 July 2014.

## **19. ANNUAL REVIEW OF RATES POLICY**

The municipality will annually review, and if necessary amend its rates policy taking into account public comments and inputs.

## **20. LEGAL COMPLIANCE**

In terms of Section 229 of the Constitution of the Republic of South Africa Act No. 108 of 1996, a municipality may impose rates on property.

In terms of Section 4(1) (c) of the Municipal Systems Act No. 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

In terms of Section 2(1) of the Municipal Property Rates Act No. 6 of 2004, a municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the said Act.

The Council of the Municipality will impose a rate in terms of the aforementioned legislation. Consequently, this rates policy has been developed within the parameters of the applicable legislation relating to property rates.



This Property Rates Policy ('the Policy') is in terms of the Municipal Property Rates Act No 6 of 2004 and in conjunction with the Municipal Financial Management Act of 2003.

## 21. BIODIVERSITY ACT

**'Critical Biodiversity Area'** refers to areas defined as Critical Biodiversity Areas 1 and 2 (CBA1; CBA2) as defined in the Conservation Assessment and Plan that forms part of the Municipal Spatial Development Framework (SDF);

**'Long-term protected critical biodiversity area'** refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of thirty years or in perpetuity, and entered into the title deeds of the land;

**'Short-term protected critical biodiversity area'** refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of five years.