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MAKANA MUNICIPALITY

GRANTS IN AID IN LIEU OF RATES POLICY

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POLICY NUMBER:	F 6
POLICY NAME	GRANTS IN AID IN LIEU OF RATES POLICY
POLICY STATUS	ACTIVE
VERSION	ONE
DATE OF APPROVAL	26 May 2016
DATE OF FIRST IMPLEMENTATION	1 JULY 2016
DATE OF LAST AMENDMEND	12 May 2016
DATE OF NEXT REVIEW	JUNE 2017
PURPOSE	GUIDANCE IN QUALIFICATION CRITERIA
AIMS AND OBJECTIVES	TO ASSIST NON-PROFITABLE ORGANISATIONS IN MEETING THEIR RATES OBLIGATIONS
POLICY CUSTODIAN	CHIEF FINANCIAL OFFICER
RELATED POICIES AND LEGISLATION	MFMA
APPROVING AUTHORITY	COUNCIL
APPLICABILITY	
POLICY BENCHMARK AND REFERENCES	
STAKEHOLDERS CONSULTED	YES

PREAMBLE

In an attempt of assisting organizations that are experiencing financial difficulties with their general rates accounts, Makana Municipality hereby approves Grants-in-Aid in Lieu of Rates Policy. The organizations referred to in this policy include inter-alia organizations that are not for gain, and are making difference in the lives of ordinary people, and can be in the category of welfare, sporting organizations, arts and cultural organizations, local economic development, and education.

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1. INTRODUCTION

The Makana Municipality provides for supporting the development of communities and organizations through the Grants-in-Aid in lieu of rates policy. The Grants-in-Aid in lieu of rates policy of the Makana Municipality is designed to be one, integrated policy for all, which is clear and simple, easy to understand and fair. The beneficiaries of grants will typically be organizations who are providing welfare and development services, in particular, to the poor and are generally making difference in the lives of the people.

2. POLICY STATEMENT

The key purpose of the Grants-in-Aid Policy is to ensure that needy organizations, who are striving very hard to improve the lives of the people of Makana Municipality with their limited financial resources, are assisted. This Policy must be implemented in a consistent, fair, transparent and equitable manner to all the applicants in need of assistance. In order to implement such fairness and transparency it is suggested that a Committee comprising of the Chairperson of the Budget, Treasury and IDP Committee, Chief Financial Officer and Manager: Revenue be established in order to evaluate any requests for assistance, and advise the BTI Portfolio Committee accordingly.

3. CRITERIA

3.1 The following factors shall be taken into consideration:

- (a) The grant must be permissible in terms of the provisions of the Municipal Finance Management Act No. 56 of 2003 or such other legislation that may be applicable from time to time;
- (b) The applicant's function shall be one which could be regarded as the responsibility of the Council, i.e. the applicant must be a non-profit institution engaged in activities that support the Council's Strategic Plan and Priorities, functioning in fields where the Council itself is not actively or sufficiently engaged and where it is considered capable of delivering more effectively in terms of civic empowerment and value for money than the Council could. Should this not be the case the application shall be directed elsewhere, e.g. the State, Provincial Government or other body;
- (c) The contribution of the applicant to the local community;
- (d) Any future commitment that may be imposed on the Council;
- (e) The need for financial assistance; and
- (f) The financial resources of the applicant may determine its priority for assistance, provided that organizations which have built up reserves for specific projects and which are self-sufficient will not be penalized.

[It must be noted that Grants-in-Aid in lieu of rates is strictly per application, it is not automatic, and the fact that the organization was awarded the assistance through this policy in one financial year does not automatically qualifies it to receive assistance in the following financial year].

3.2 The following types of organizations shall qualify:

- (a) Registered benevolent, welfare or charitable institutions including animal welfare societies;
- (b) Schools catering for handicapped, disabled and special learners, and educational institutions initiating programmes for the benefit of the broader community of the Makana Municipality;
- (c) Libraries, museums, art galleries, agricultural societies, art and culture organizations;
- (d) Sporting bodies - to be affiliated to Provincial/National governing body;
- (e) Pre-schools, educare centres;
- (g) Local economic development organizations - only registered non-profit organizations engaged in Economic Development through job creation, SMME development, inward investment, training, empowerment, community development and tourism;
- (h) Any organisation or institution which has, either individually or by reference to the class of organisation or institution to which it belongs been classified by the Premier as an organisation or institution which serves the interests of the public or a section of the public or which serves cultural or educational purpose.

4 EXCLUDED ORGANIZATIONS

General

Legislation prevents the municipality from granting assistance to a number of types of organizations.

Profit

Organizations which are established for profit motives, which include most companies, CCs and professional practices, may not benefit from Grants-in-Aid in lieu of rates.

Political

No political organization may receive grants-in-aid in lieu of rates.

Religious

No faith based organization may receive grants-in-aid in lieu of rates. The Municipal Property Rates No. 6 of 2004 exempts religious / faith based organizations from being charged property rates.

5. PROCEDURES

The following procedure will apply when dealing with applications for grants-in-aid:

- (i) Notice shall be given in the local press during January each year inviting qualifying organizations/bodies to apply for grants-in-aid;
- (ii) Applications shall be submitted to the Chief Financial Officer on or before 31 March each year for consideration by the Grants-in-Aid Sub-Committee in July/August of that year once the new Operating Budget has been approved. Applicants submitting forms after the aforementioned cut off date shall be notified to re-apply before the cut-off date for the following financial year;
- (iii) No application shall be considered unless the applicant has complied with the following conditions:
 - (a) the application must be made on the prescribed application form, obtainable from the Office of the Chief Financial Officer;
 - (b) a copy of the applicant's Constitution, latest audited financial statements, annual report, bank statement, and municipal account have been submitted to the Chief Financial Officer. In cases where no financial statements are available (i.e. newly established organizations), a Business Plan and budget estimates must accompany the application failing which it will not be processed for consideration;
 - (c) the applicant must obtain from the Finance Department, a certified letter reflecting the status of the applicant's Municipal debt, if any.

The awarding of grants-in-aid in lieu of rates will be subject to payment thereof or an arrangement being made to pay any arrear Municipal account (for other services);

- (iv) All application forms with supporting documents shall be analyzed and reported on by the Chief Financial Officer;
- (v) All applications for assistance shall be considered by the Grants-in-Aid Subcommittee in the first instance before submission to the Budget, Treasury and IDP Portfolio Committee;

6. INFORMATION REQUIREMENTS

(Must also be read in conjunction with the prescribed application form)

Description

The service or activity that the organization is involved in is to be described.

Community Needs

The wider group of people who benefit directly or indirectly from the activities of the applicant must be described.

Physical Street Address

An address for the Chairperson of the organization. In areas without formal street names, directions from a landmark school, tribal court, shop, church or road junction should be included.

Postal Address

An address for correspondence. In rural areas with poor postal services, this may be in the care of someone at a local store, school, church or similar address.

Telephone, Fax and E-Mail Address

Contact details for the organization's office or the chairperson when there is no formal office. Alternatively, if no telecommunications are available, a telephone number of someone in the area who can contact the organization's chairperson.

Office Bearers

Provide details of the Committee members of the organization with their full names and the capacity in which they serve.

Constitution

A copy of the constitution of the organization. If there is no formal constitution, details of the purpose of the organization and its arrangements for democratic operation should be clearly stated.

Affiliations

Where an organization is part of a larger organization, a group of organizations or is closely linked to organizations, this information should be provided. If the applicant is a branch or sub-structure of a larger organization, then full details of the larger organization and information on the degree of independence of the branch should be provided. Examples of such umbrella organizations are FAMSA (Family and Marriage Society of South Africa) and South African National Council for Child Welfare.

Membership

Broad details of the organization's members should be supplied.

Achievements

Describe the achievements of the organization and how it has made a difference to communities.

Financial Statements

Organizations must provide a three year history of the finances, if available, in a set of financial statements. Source of income and purposes of expenditure should be clearly described.

Relaxation of Requirements

Organizations with very limited capacity may ask Council to relax the requirements for financial statements. No organization should be excluded from grants-in-aid in lieu of rates because it does not have skills to prepare financial statements. Such requests will be treated on their merits.

Process for Requests

Requests will be considered annually. During the application approval process applicants may be asked to address the committee or to host investigations and field visits by members of the committee and officials. Applicants may be asked to provide further details.

7. Review/Revision of the policy

The Grant-in-Aid in lieu of Rates Policy will be reviewed on a financial year basis and be tabled to the Budget, Treasury and IDP Committee for consideration.