



*Ugu District Municipality*

**CONSOLIDATED BUDGET 2017/2018**

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## MAYORS REPORT

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FOR APPROVAL      2<sup>nd</sup> Level: COUNCIL (25 May 2017)

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**SUBJECT: UGU DISTRICT MUNICIPALITY-DRAFT BUDGET 2017/2018**

**DATE OF MEETING: 25 MAY 2017**

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### **PURPOSE**

To seek approval from the Council on the Draft Budget 2017/2018 of the Ugu District Municipality,

### **ANNEXURES**

Ugu District Municipality Draft Budget 2017-2018.

### **LEGISLATIVE PROVISIONS**

Municipal Finance Management Act

### **BACKGROUND/RATIONALE**

Section 16(1) of the Municipal Finance Management Act, No. 56 of 2003 states that the municipality must for each financial year approve an annual budget before the start of that financial year.

On the 25 May 2017 a draft budget 2017/2018 was tabled in council for NOTING, after which the budget was published in various municipal offices libraries and the website for public comments. The budget workshops were also conducted throughout the district to solicit the views of the public.

### **IMPLICATIONS**

**FINANCIAL** – None.

**LEGAL** – Compliance with Section 28 of the MFMA

**MEDIA/COMMUNICATION** – once adopted, the approved Annual Budget will be published on the website.

### **RECOMMENDATION**

**IT IS RECOMMENDED THAT:**

- 1 That the Draft Budget of Ugu District Municipality for the financial year 2017/2018 be **APPROVED**, as set out in the following schedules:

- Table A1 –Budget Summary
- Table A2 –Budget Financial Performance (standard classification)
- Table A3 –Budget Financial Performance (revenue & expenditure by Municipal vote)
- Table A4 –Budget Financial Performance (revenue & expenditure)
- Table A5 –Capital Budget by vote and funding
- Table A6 –Budget Financial Position
- Table A7 –Budget Cash Flow
- Table A8 –Cash backed reserves/accumulated surplus reconciliation
- Table A9 –Asset Management
- Table A10 –Basic Service Delivery measurement
- Other Supporting Tables (Table SA1-SA37)
- Detailed Capital Budget

**DATE: 25/05/2017**



**UGU DISTRICT MUNICIPALITY****EXTRACT FROM THE DRAFT MINUTES OF THE MEETING OF THE  
UGU DISTRICT MUNICIPAL COUNCIL HELD ON 25 MAY 2017****9.3 Ugu District Municipality Draft Budget: 2017/18**

The Manager: Budget took members through the item.

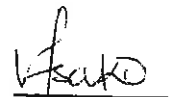
Following which,

It was

**RESOLVED:**

- (a) That the Draft Budget of the Ugu District Municipality for the financial year 2017/2018 be and is hereby **APPROVED**, as set out in the following schedules:
- Table A1 – Budget Summary;
  - Table A2 – Budget Financial Performance (Standard Classification);
  - Table A3 - Budget Financial Performance (Revenue & Expenditure by Municipal vote);
  - Table A4 – Budget Financial Performance (Revenue & Expenditure);
  - Table A5 – Capital Budget by Vote and Funding;
  - Table A6 – Budget Financial Position;
  - Table A7 – Budget Cash Flow;
  - Table A8 – Cash Backed Reserves / Accumulated Surplus Reconciliation;
  - Table A9 – Asset Management;
  - Table A10 – Basic Service Delivery Measurement; and
  - Other Supporting Tables (Table SA1- SA37).
  - Detailed Capital Budget
- (a) That the proposed increase in the municipal tariffs for the 2017/2018 budget year, as per the Tariff of Charges Schedule be and is hereby **ADOPTED**.
- (b) That the following budget related policies for the budget year 2017/2018 be and is hereby **ADOPTED**:
- Basic Water Service Policy, Credit Control and Debt Collection Policy, Funding and Reserves Policy, Borrowing Policy, Cash, Banking & Investment Management Policy, Asset Management Policy & Asset Disposal Policy, Supply Chain Management Policy, Budget Policy, Virement Policy, Water Services Tariff Policy, Insurance Policy, and Indigent Policy

**CERTIFIED A TRUE COPY OF THE ORIGINAL**



**VP TSAKO**

**GENERAL MANAGER: CORPORATE SERVICES**

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Ugu District municipality consists of eighty one (81) municipal wards in its (04) Local Municipalities, namely, Ray Nkonyeni, Umzumbe, Umdoni and Umuziwabantu. The municipality also has forty two (42) traditional authorities. It is 5046.88km<sup>2</sup> in extent and is home to 753 336 residents with 84% population residing in rural areas (Household Survey Data, The Local Government Handbook (2016)). About 57,5% of the population is aged between 15 and 64years, which calls for government interventions and support relating to infrastructure for human development such as education, health and employment (State of the population of KZN (2009)).

The municipality has 175 146 households – with Ray Nkonyeni and Umzumbe having the largest number of households of all the local municipalities i.e. 50,650 and 40,579 households respectively. The average household size in Ugu is 4.3 persons per household. (The Local Government Handbook (2016)). There is a rising HIV prevalence rate from 37% to 40.6%, which is the highest in the 11 districts of the province.

The unemployment rate in the Ugu Region is estimated at 26,8% (Global Insights 2010). The districts economically active population is estimated at 21,2% of the total population. Most of the rural households rely solely on state grants. Ugu was identified during Presidential State of the Nation address in 2001 as a poverty nodal area that would be targeted for rural development programs.

Ugu's main functions are Water and Sanitation. The current service delivery backlog is estimated at 30.09% for water and 27, 19% for sanitation which is 46,393 and 41,231 households respectively.

### **UGU'S VISION**

"A place where everyone benefit equally from socio-economic opportunities and services"

### **UGU'S MISSION**

"Create an enabling environment for social and economic development resulting in the provision of quality drinking water and access to decent sanitation. Ensure community participation and coordinate public and private players."

### **UGU DISTRICT MUNICIPALITY'S DEVELOPMENT PRIORITIES**

1. Infrastructure investment
2. Economic and Sector Development
3. Financial Viability
4. Education and Skills development
5. Institutional integration and coordination

6. Centralised planning
7. Reduce HIV & AIDS
8. Clean environment
9. Peace and stability.

#### **ORGANISATIONAL STRATEGIC OBJECTIVES**

1. To create a conducive environment for participatory development.
2. To build and strengthen the administrative and institutional capability of the municipality
3. To develop and maintain a financially viable and sustainable organisation that achieves full compliance with legislation.
4. To develop and promote an integrated sustainable environment
5. To provide access to sustainable quality drinking water and sanitation services.
6. To create a conducive environment for economic growth and job opportunities.

#### **NATIONAL OUTCOMES**

In January 2010, Cabinet adopted the 12 outcomes within which to frame public-service delivery priorities and targets. The following table is a summary of outcomes/priorities which were considered in the compilation of the 2017/2018 Annual Budget.

<b>NATIONAL OUTCOME/OUTPUT</b>	<b>ROLE OF LOCAL GOVERNMENT</b>
1. Improve the quality of basic education	- Facilitate the eradication of municipal service backlogs in schools by extending appropriate bulk infrastructure and installing connections.
2. Improve Health and life expectancy	- Improve community health by providing clean water and sanitation. - TB and HIV and AIDS awareness, prevention and treatment programmes.
3. All people in South Africa protected and feel safe	- Improving collaborations with the SAPS and ensuring rapid response to crime. - Reduce level of crime in the municipality.
4. Decent employment through inclusive economic growth	- Ensure proper implementation of the EPWP. - Design service level processes to be labour-intensive. - Eliminate corruption in procurement processes to ensure value for money
5. A skilled and capable workforce to support inclusive growth	- Develop and extend intern and work experience programmes. - Link procurement to skills development initiatives.
6. An efficient, competitive and responsive economic infrastructure network	- Ring-fence water and electricity functions so as to facilitate cost-reflecting pricing of these services. - Maintain and expand water purification and waste water treatment works in line with growing demand.
7. Vibrant, equitable and sustainable rural communities and food security	- Facilitate the development of local markets for agricultural produce. - Ensure effective spending of grants for funding extensions of access to basic services. - Improve transport links with urban centres to ensure economic

	integration.
8. Sustainable human settlements and improved quality of household life	- Ensure capital budgets are appropriately prioritised to maintain existing services and extend services.
9. A response and accountable, effective and efficient local government system	- Ensure ward committees are representative and fully involved in community consultation processes around IDP, Budget and other strategic service delivery issues. - Improve municipal financial administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.
10. Protection and enhancement of environmental assets and natural resources	- Develop and implement water management plans to reduce water losses. - Ensure effective maintenance and rehabilitation of infrastructure. - Run water saving awareness campaigns - Ensure development does not take place on wetlands.
11. A better South Africa, a better and safer Africa and World	- Create an enabling environment for investment. - Ensure basic infrastructure is in place and properly maintained.
12. A development-orientated public service and inclusive citizenship	- Continue to develop performance monitoring and management systems. - Comply with legal financial reporting requirements. - Review municipal expenditure to eliminate wastage. - Ensure councils behave in ways to restore community trust in local government.

#### **STATE OF THE PROVINCE ADDRESS**

In the State of the Province address on 01<sup>st</sup> March 2017 the Premier Willie Mchunu, reconfirmed the provincial government's commitment to the following Key National Priorities as they have been adopted in the Provincial Growth and Development Plan (PGDP):

1. Creation of more jobs, decent work and sustainable livelihoods for inclusive growth
2. Rural development, land reform and food security
3. Improved quality of basic education
4. Long and healthy life for all South Africans
5. Fighting crime and corruption

In drafting the 2017/2018 Budget, Council continues to support job creation by:

1. Ensuring that service delivery and capital projects are labour intensive;
2. Ensuring that service providers use labour intensive approaches;
3. Supporting labour intensive LED projects;
4. Participating fully in the EPWP;
5. Implementing intern programmes to provide young people with on-the-job training.
6. Implementing poverty alleviation programmes; and

7. Implement Mayoral Graduate Programme.

#### **NATIONAL DEVELOPMENT PLAN: 2030**

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa has the potential and capacity to eliminate poverty and reduce inequality over the next two decades. This requires a new approach – one that moves from a passive citizenry receiving services from the State to one that systematically includes the socially and economically excluded, where people are active champions of their own development, and where government works effectively to develop people's capabilities to lead the lives they desire. The achievement of this vision is based on the following priorities:

- I. Creating jobs and livelihoods,
- II. Expanding infrastructure,
- III. Transitioning to a low-carbon economy,
- IV. Transforming urban and rural spaces,
- V. Improving education and training,
- VI. Providing quality health care,
- VII. Building a capable state,
- VIII. Fighting corruption and enhancing accountability,
- IX. Transforming society and uniting the nation,

The municipality has compiled its budget and programmes towards contributing to these priorities.

#### **OVERVIEW OF THE 2017/2018 ANNUAL BUDGET PROCESS**

The 2017/2018 Annual Budget preparation process can be illustrated as below:-

**August 2016** - Adoption of Framework Plan and Process Plan by Council and submission to COGTA, National and Provincial Treasury.

**September 2016** - Assessment of IDP Implementation Plan

**October 2016** - Conduct financial sustainability strategy with revenue enhancement focus

**November 2016** - Conduct Community needs Consultation to develop KPIs for 2017 PMS.

**December 2016** - Submit 2016/2017 budget framework to all relevant persons (Budget framework to include salary, operational and capital budget related information)

**January 2017** - Submission of detailed estimates by Office of the Municipal Manager and Heads of Departments to the General Manager: Treasury.

**February 2017** - Internal Consultative process with Departments by means of workshops and meetings to assess financial feasibility of proposed projects.

**March 2017** - Tabling of 2017/2018 Draft Budget (Ugu and the Entity) in Council for noting.

**April – May 2017** – Stakeholder consultation process. Comments, additions, and proposals by stakeholders.

**May 2017** - Special Joint Exco and Finance Portfolio Committee meeting to consider stakeholders input on the 2017/2018 draft budget.

**May 2017** – Mayor tables the 2017/2018 Draft Budget for final adoption by Council.

#### **ANNUAL REVIEW OF POLICIES**

The administration annually reviews all budget related policies during the budget process and these are tabled to Council for Approval with the Annual Budget for that particular financial year.

For the 2017/2018 budget year, the following budget related policies were reviewed:-

1. Budget Policy
2. Virement Policy
3. Funding and Reserves Policy
4. Water Services Policy (Tariff Policy)
5. Credit Control and Debt Collection Policy.
6. Basic Water Services Policy.
7. Indigent Support Policy.
8. Cash Management & Investment Policy.
9. Borrowing Policy
10. Asset Management & Disposal Policy
11. Supply Chain Management Policy



## **ALIGNMENT OF INTEGRATED DEVELOPMENT PLAN AND BUDGET**

Over and above compliance with the MFMA and other legislation, the aim of the Budget is to enable the municipality to achieve its vision and mission through the implementation of all projects and programmes as contained in its Integrated Development Plan. The Integrated Development Plan (IDP) formed basis of the prioritisation of resources as it contains programmes informed by the community needs. All resources have been allocated to priority projects as identified in the IDP.

The alignment of the Integrated Development Plan to the Budget is reflected in the following Schedules:

- Reconciliation of IDP Strategic objectives and Budget (Revenue) – Table SA4
- Reconciliation of IDP Strategic objectives and Budget (Operating Expenditure) – Table SA5
- Reconciliation of IDP Strategic objectives and Budget (Capital Expenditure) – Table SA6

## **BUDGET ASSUMPTIONS**

The budget has been prepared in accordance with MFMA No. 56 of 2003 and Circular 86. The budget for 2017/18 is in compliance mSCOA regulations.

### **1.3.1 OPERATING REVENUE**

The following are Ugu's main revenue sources:-

1. Service charges for water
2. Service charges for sanitation
3. Grants and subsidies
4. Rental of facilities and equipment, and
5. Other income

#### **Service charges for water and sanitation**

The cost of water and sanitation is determined by three factors:

1. The cost of bulk water
2. The capital cost of infrastructure, and
3. The cost of operating and maintaining the infrastructure

For the 2017/2018 Budget, the Council has proposed a **7,00%** (5,70% in 2016/17) increase for water and sanitation charges effective from 01<sup>st</sup> July 2017. The proposed increase is based on Headline CPI Inflation forecast in 2017. The revenues are further affected by

1. % Increase in electricity and fuel costs;

2. % Increase in the cost of bulk water;
3. Realistically anticipated consumption volumes;
4. local economic conditions and affordability level; and
5. the need to ensure sustainability in the provision of services.

No increase has been effected on the basic charge for sanitation.

The collection rate is based on the average collection trend for the past four years (i.e. 70.0%), however this rate has been applied to the Water revenue only as all collections are paid against the Sanitation debt first, then the remaining cash is paid against the Water debt. The municipality is also anticipating a 100% collection on the grant allocations and other revenues that are collectible in advance.

The tariff increase has been set at 7% which is above the recommended rate of 6.4% as per MFMA Circular No.86; because the municipality has plan of refurbishment of aging infrastructure and replacement of old infrastructure. To maintain the existing infrastructure and continue to improve on the provision of water backlog additional sources of income is necessary.

The amount of kilolitres sold for the current period of 2016/2017 has decreased, as a result of drought, people are more informed about water scarcity and households have alternative sources of water from rain water harvesting and others are buying water for cooking and drinking. The decrease in quantity of kilolitres sold has been projected for 2017/18 period and budgeted accordingly.

**See: Tariffs of Charges – it provides a detailed list of all Council tariffs and the proposed increases.**

#### **FREE AND SUBSIDISED SERVICES**

Distribution of water is done via more than 48 000 private household connections and over 4 500 communal stand taps which mainly service the inland rural areas. All households that have access to water receive 6kl a month as *free basic water* which has necessitated an allocation of R24,716,109 to be made in the 2017/2018 Annual Budget to be funded from *Equitable Share*. A further R42,840,966 allocation has been made from *Equitable Share* for water provided through *standpipes*.

A total of 6 696 beneficiaries were recorded on the **Indigent Register** as at 28 February 2017. The municipality has set aside R24,716,109 from *Equitable Share* for Indigent Support. Indigent households will receive 6kl free every month for the 2017/2018 financial year.

The municipality also provides the rebates for sanitation which is calculated based on the 6kl rebate for water. The amount of sanitation charge is based on kilolitres used by the customer less 6kls which represents the free basic service. Then any excess would be charged at sanitation rate.

Therefore all Ugu customers receive free basic services on both water and sanitation.



### **OTHER REVENUE**

Other revenue consists of Plans Approval fees, disconnection and reconnection fees, new connection fees, tender deposits, rates certificate fees, rental of facilities and other sundry services provided.

**See: Tariffs of Charges - detailed list of all council tariffs and the proposed increases.**

### **GRANTS AND SUBSIDIES**

The municipality will receive operating grants totalling R430,7 million and capital grants totalling R295,9 million from the National and Provincial Equitable distribution of revenues in the 2017/2018 financial year. These receipts have been disclosed in SA18 of the budget.

Schedule SA19 discloses expenditure on operating grants totalling R447,1 million and capital grants expenditure totalling R279,4 million. Regarding Municipal Infrastructure Grant there is R17 million that is allocated to the Operational Budget for the construction of the VIP Toilets.

### **1.3.1 OPERATING EXPENDITURE**

#### **SALARIES AND WAGES**

The salaries and wages budget have been prepared using the existing Salary Agreement which stipulates a percentage increase equal to the average CPI for the period 01 February 2016 to 31 January 2017 plus 1% for the budget year 2017/2018 (i.e. 6.6% plus 1%). The council had adopted a revised organogram in December 2014 and there are no new positions that have been included in the new organisational structure. During December 2016 the Group benefit for employees was terminated and refunds were made to employees. Hence the total salaries budget, have been decreased compared to the percentage that is specified in the Salary Agreement.

#### **COUNCILLORS ALLOWANCES**

A maximum 6% increase for the councillors allowance has been considered for approval by the MEC based on an unqualified audit report that was received by the municipality in the 2015/2016 financial year. The gazette on the Public Office Bearers Act was not available at the stage preparing this draft budget. The budget for the councillors allowance include other costs like the travelling claims (km), which are not gazetted on the Remuneration of Public Office Bearers Act.

**DEPRECIATION AND ASSET IMPAIRMENT**

The Depreciation and Amortisation has been calculated based on the straight line method and the useful life of the assets as per the approved Asset Management Policy. It amounts to R120,757million in 2017/2018. This amount is not fully cash backed. The amount of depreciation has been under budgeted as result of the amount of underground assets that have been brought into the FAR that was never on the FAR. The valuation of the underground asset amounted to almost R3billion as a result depreciation has increased drastically. The municipality is currently updating its FAR and the depreciation amount will be revised based on the completed FAR. However the municipality has a plan to catch-up with budgeting the depreciation that will match actual depreciation.

**DEBT IMPAIRMENT**

The contributions for debts provision has been budgeted at R3million for 2017/18 financial period. The budget for 2017/18 period has been reduced because municipality has been making contributions towards debts impairment for the prior years and there has been no write-off in the prior year. The balance for Provision for doubtful debts amounts to R266,2million for 2015/17 audited period. Therefore contribution of R3million would be sufficient for any write-off of debtors.

**REPAIRS AND MAINTENANCE**

The municipality is unable to provide adequate funds for Repairs and Maintenance in the budget, hence the current allocation is below the norm (i.e. 8% of the carrying amount of PPE). The classification of the Chart of Accounts in line with the mSCOA will address the challenges with the current classification of the Salaries and the Contracted Services relating to the maintenance of assets which is currently being accounted for under Salaries and Allowances and, or Contracted Services. Moreover the municipality is currently working on a project to verify all its assets and updating the Asset Register. On completion of this project, the municipality should be able to determine the true value of its assets and therefore plan properly for all the assets related expenditures including, the Repairs and Maintenance, Depreciation and Amortisation as well as the replacements.

**BULK WATER PURCHASES**

The water supplied by the District is derived from dams, rivers, ground water and bulk purchases from eThekweni / Umgeni Water. The northern coastal strip (i.e. Craighburn, Umzinto and Umtwalume) is serviced by potable water purchased in bulk from Umgeni Water. The cost per kiloliter will increase by 8.10% which necessitated an allocation of R76,034 million for the 2017/2018 financial year. The municipality has not

budgeted for the drought levy as Accounting Officer had correspondence with Umngeni Water that the new levy would not be supported since the drought period has passed.

#### **ELECTRICITY EXPENSE**

The electricity cost estimate is based on the 9.4% tariff increase that NERSA has approved for Eskom as well as the consumption trends in our plants for the past four years.

#### **OTHER OPERATING EXPENDITURE**

The operating expenditure budget has been prepared in line with the municipality's turnaround strategies as implemented by management, which contains strategies of curbing administrative expenditure to improve the cash flow position of the municipality

<b>Description</b>	<b>2017/18 Budget</b>	<b>2016/17 Adj Budget</b>	<b>Variance</b>
<b>Repairs and Maintenance</b>			
Generators	4 049 755	3 856 905	192 850
Roads Reinstatement	8 411 467	8 010 920	400 547
Vehicles	10 000 000	14 000 000	-4 000 000
After Hours Emergency work	4 725 000	4 500 000	225 000
Cleaning of Reservoirs	599 499	570 952	28 547
Other Repairs and maintenance	39 053 459	37 696 932	1 356 526
<b>Grants &amp; Subsidies</b>			
Disability	500 000	415 000	85 000
Drought Relief	6 500 000	8 154 457	-1 654 457
Education and Training	2 000 000	1 875 000	125 000
Elderly	329 000	340 000	-11 000
Hibiscus Coast VIP's	15 000 000	13 111 423	1 888 577
HIV/Aids	500 000	550 000	-50 000
Mayoral Bursary Fund	500 000	490 000	10 000
Pauper Burial	180 000	180 000	-
Community Initiative Support	500 000	350 000	150 000
LED	2 104 949	2 004 713	100 236
Operation Sukuma Sakhe	47 000	70 000	-23 000
Rights of a Child	235 000	300 000	-65 000
Response and Recovery	4 000 000	3 226 948	773 052
South Coast Development Agency	5 788 125	5 512 500	275 625
Tourism Development	5 682 006	5 411 434	270 572
Tourism Marketing	6 840 007	6 514 292	325 714

Gender Programmes	382 000	395 000	-13 000
Youth	2 036 500	1 812 597	223 903
Other Grants	16 307 660	8 285 000	8 022 660
Rollovers expenditure	-	-	-
Accommodation	912 910	1 342 333	-429 423
Advertising	412 366	396 530	15 836
Audit Fees	3 800 000	3 200 000	600 000
Bank Charges	560 000	480 000	80 000
Protection of Crops/ Bush pig hunting	500 000	200 000	300 000
Caucus Fund	250 000	250 000	-
Cellphones	800 000	880 000	-80 000
Climate Change Vulnerability	150 000	120 000	30 000
Electricity	68 294 783	65 132 552	3 162 231
EAP	125 000	146 740	-21 740
Events/ Munimec	705 000	1 050 000	-345 000
External Newsletter	145 500	166 000	-20 500
Fuel & Oil	15 547 013	17 025 727	-1 478 714
Gardening Services	955 205	932 138	23 066
Insurance	2 910 000	3 000 000	-90 000
SALGA Subscription	3 000 000	2 933 860	66 140
Labour Relations	50 000	239 200	-189 200
Lease of Computers & Laptops	2 050 000	1 254 400	795 600
Legal Fees	789 000	1 150 000	-361 000
Laboratory Consumables	177 338	168 894	8 444
Licences – Computer	9 050 000	4 508 000	4 542 000
Licences	912 000	912 000	-
Loose Tools	1 032 534	980 000	52 534
Marketing & Communication	514 000	500 000	14 000
Materials Connections	1 093 219	1 041 163	52 056
Materials Purification	7 868 874	7 494 174	374 700
Meter Audit and Reading	2 369 568	2 256 731	112 837
Mobile Chemical Toilets	879 884	837 985	41 899
Postage Nicor	1 567 499	1 442 560	124 939
Printing and Stationery Copiers	400 000	388 000	12 000
Printing and Stationery	1 125 795	930 865	194 930
Printing and Stationery Nicor	750 000	1 514 688	-764 688
Property Rates	1 150 000	1 134 800	15 200
Public Participation	1 900 000	2 000 000	-100 000
Refreshments	63 234	95 766	-32 532
Registry Fees	150 000	418 360	-268 360
Rent Bazley	1 200 000	1 160 000	40 000
Rent Office Equipment	1 300 000	1 150 000	150 000
Rent Ingonyama Trust	110 000	117 600	-7 600

Staff Training (Youth Graduates)	3 150 000	2 600 000	550 000
Sports & Recreation	3 100 000	2 900 000	200 000
Telephones	1 250 000	1 015 600	234 400
Telephone Communications	150 000	190 000	-40 000
Trade Effluent Management	-	-	-
Uniform and Protective Clothing	3 288 634	3 009 086	279 548
Vehicle Tracking	1 400 000	1 174 000	226 000
Water Research Fund	810 358	771 770	38 588
Website, Internet & Intranet	50 000	274 400	-224 400
WEB MPLs	1 400 000	1 274 000	126 000
Workman Compensation	1 450 000	1 400 000	50 000
Other General Expenses	12 775 258	10 449 532	2 325 725
<b>Total</b>	<b>300 666 398</b>	<b>281 643 528</b>	

### 1.3.3 CAPITAL EXPENDITURE

Zero-based budgeting method has been used in compiling the capital budget. Council has approved to total capital budget of R362,3million to be spent in 2017/2018 which is a 2,4% decrease from the final capital budget of R369,1 million in 2016/2017.

Council has embarked on a number of initiatives in order to fast track capital projects. These include:-

- Explore leveraging MIG funding using private sector funds (loans) to bring projects forward, i.e. bridge funding;
- Target quick wins to eradicate backlog in selected municipalities;
- Mobilising additional funding from DWAF to address bulk systems;
- Strategic partnerships with other water utilities, e.g. Umngeni water.
- BOT options are also being considered.

The following sources will be used to fund capital expenditure in the 2017/2018 financial year.

1. Grants and subsidies
2. Internal funds

### Measurable performance objectives and indicators

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

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

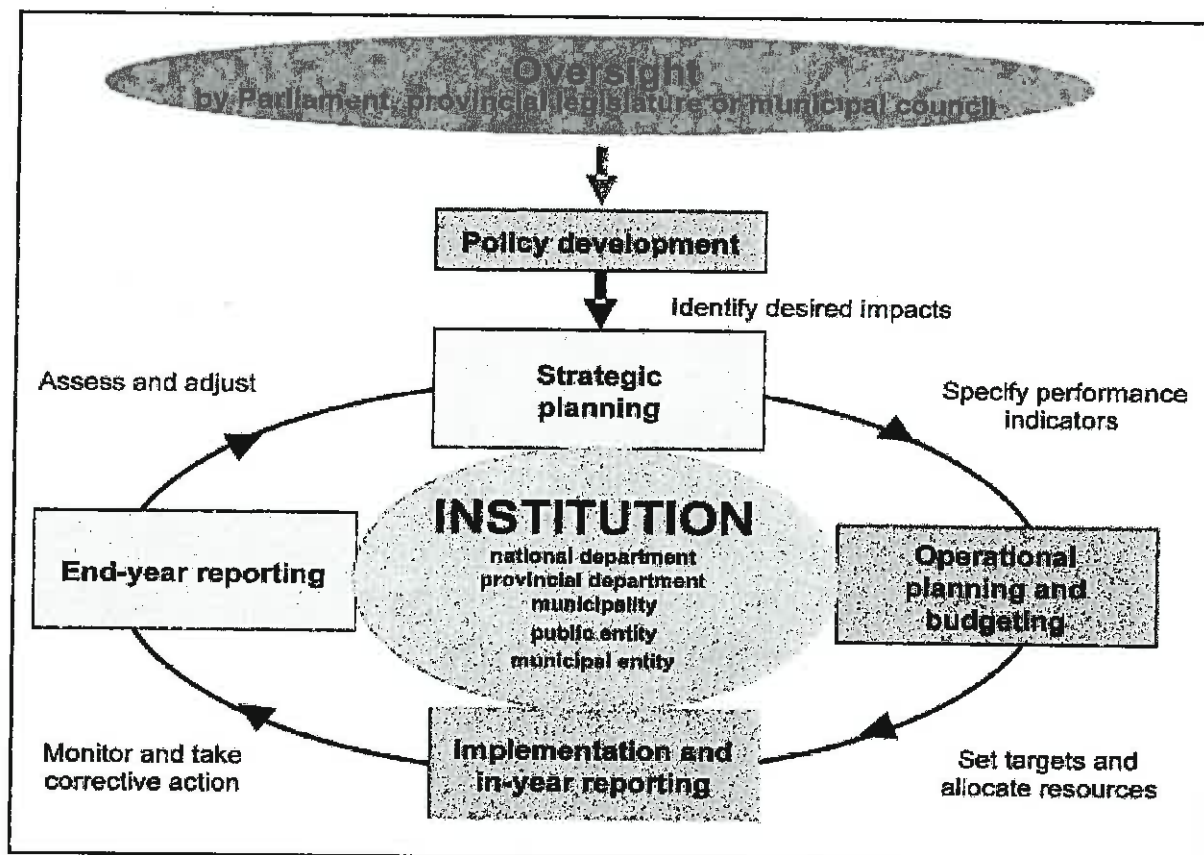


Figure 1 Planning, budgeting and reporting cycle

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



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

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

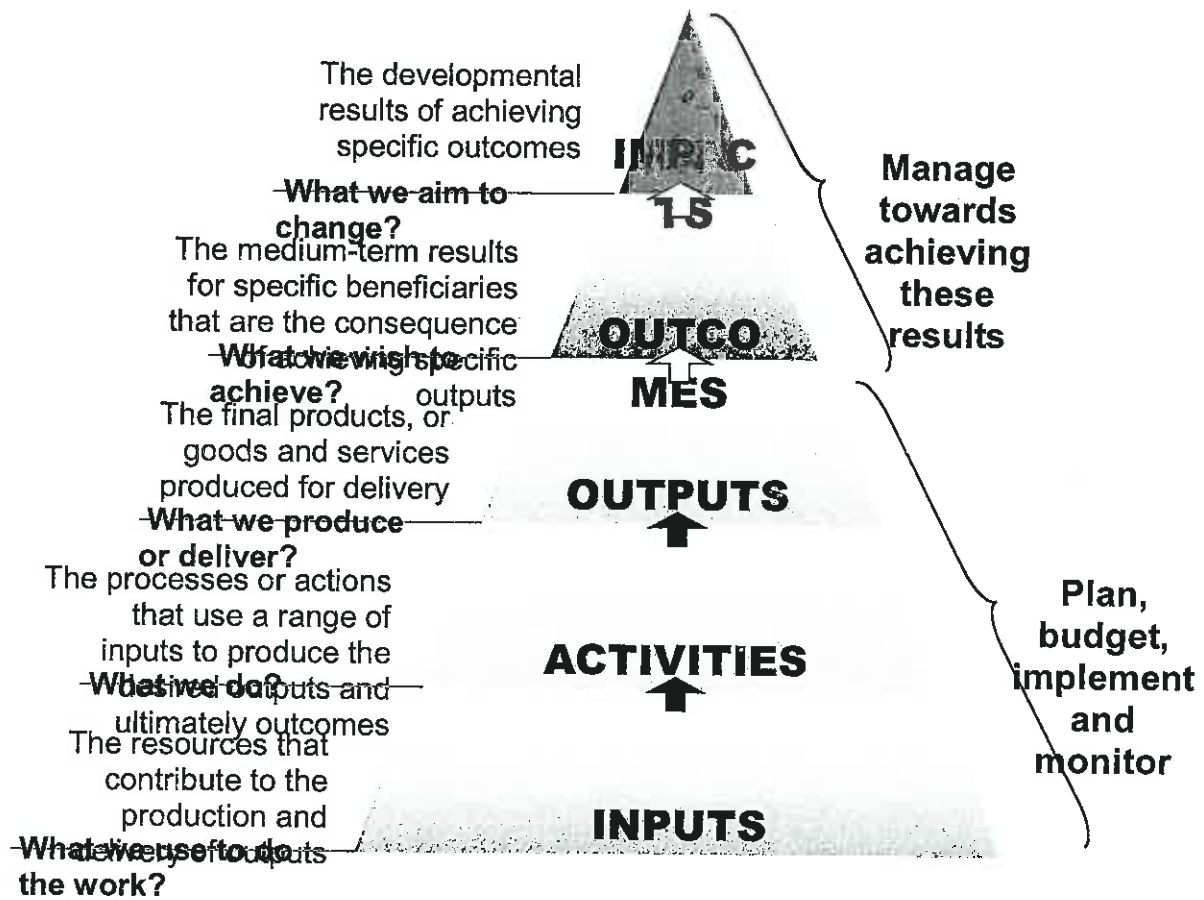


Figure 2 Definition of performance information concept

## Performance indicators and benchmarks

### Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. Ugu District Municipality has no plans to borrow any funds to fund the development of infrastructure.

### Liquidity

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 1.3 in the 2017/18 financial year and 1.2 and 1.1 for the two outer years of the MTREF respectively. Going forward it will be necessary to maintain these levels.

*The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 1.1 and as results of decrease in the collection it has decreased to 1.0 in the 2016/17 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

### Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

### Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

### Other Indicators

The water distribution losses have been significantly reduced from 27.6 per cent in 2014/15 to 20 per cent in 2015/16. This has been achieved with the introduction of a war on leaks campaign and appointment of JOAT as service provider to deals with leaks.

Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.



REFERENCE TO LAST YEAR COMMENTS FROM PROVINCIAL TREASURY AND CORRECTIVE MEASURES UNDERTAKEN BY THE MUNICIPALITY

<u>Provincial Treasury's Comments on the 2016/2017 Budget</u>	<u>The Municipality's Responses and Corrective Actions</u>
Misalignment between the provision for debt impairment and the debt collection rates applied on the service revenues.	The Budgeted Revenue has been estimated more precisely and as result a reduction in revenue. Although the municipality is anticipating an 70% collection rate in 2017/2018 financial year, this rate only applies to water incomes and the other services incomes are collectible in full. Also the municipality has implemented an improved debt collection strategy which has improved the collection of old outstanding debt.
Misalignment between the asset depreciation rate and the rate of increase in municipal assets.	The municipality has established a new Asset Management unit that is updating and correcting errors on the FAR. This project should provide a credible FAR in 2017/18 upon which the depreciation cost estimate is based.
Misalignment between the balance of the Non-Current Provisions in the Statement of Financial Position and the current contributions in the Statement of Financial Performance.	This discrepancy has been addresses in the draft budget 2017/2018.
The major differences in the Capital budgets of the two departments (i.e. Waste Water Management and the Corporate Services) were not explained in the budget documents.	A restructuring process that took place in 2016/2017 moved some units (e.g. the fleet unit) from Water Services to the Corporate Services department, hence the related capital budget was moved between the two departments.
The major differences in the Capital budgets of the two departments (i.e. Water Services and the Corporate Services) were not explained in the budget documents	A restructuring process that took place in 2016/2017 moved some units (e.g. the fleet unit) from Water Services to the Corporate Services department, hence the related capital budget was moved between the two departments.
The discrepancy between the disclosure of the Equitable Share (operational and capital transfers recognised) in the A Schedules.	These discrepancies have been corrected in the draft budget 2017/2018.
The differences between the SA18 (Transfers and Grants Receipts) and A7 (Budgeted Cash Flow).	This discrepancy has been corrected in 2017/2018.
The differences between the SA21 (Transfers and Grants made by the municipality) and A7(Budgeted Cash Flow), re: Non-Cash Transfers.	This discrepancy has been corrected in 2017/2018.

The item: Cash and Cash Equivalents at year end the previous year 2014/2015 did not agree to the opening balance for the 2015/2016 budget year.	This discrepancy has been corrected in 2017/2018.
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### Legislation compliance status

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

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Ugu's website.
2. Internship programme  
Ugu District Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget and Treasury Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Ugu's internal centre and training is ongoing.

### UGU SOUTH COAST TOURISM ENTITY

Ugu controls 100% of the Ugu South Coast Tourism Entity. This Board is entrusted with delivering innovative and cost effective strategies that will ensure a growing, quality tourism economy that creates sustainable jobs and alleviates poverty. Its core functions are Tourism Development and Tourism Marketing, for which Ugu District Municipality has allocated R5,682,006 and R6,840,007 respectively. Other Local Municipalities also make grant contributions to the Entity.

The Board has adopted a total budget of R21,533,640 for the 2017/2018 financial year which is made up of an operating budget of R21,068,311 and a capital budget of R165,329.

**SOUTH COAST DEVELOPMENT AGENCY**

Ugu controls 100% of the South Coast Development Agency. This entity is an economic development implementing agency of the municipality. Its core functions is to engage in economic development projects that grow the economic development footprint of the municipality. To enable the entity to perform its function, the municipality has allocated an amount of R5,788,125 for the financial year 2016/2018. The other Local Municipalities also make grant contributions to the Agency.

The Board has adopted a total budget of R13,307,573 for the 2017/2018 financial year which is made up of an operating budget of R13,207,573 and a capital budget of R100, 000.

**SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

The Service Delivery and Budget Implementation plan is currently being reviewed to include changes made to the Draft Budget. After the consultation process, the Draft will be submitted to the Mayor, within 14 days from the date of the approval of the council.

**DRINKING WATER QUALITY AND WASTE WATER MANAGEMENT**

**Water Service Authority:** Ugu District Municipality  
**Water Service Provider:** Ugu District Municipality (with bulk purchases from Umgeni Water and eThekweni Metro in the northern part of the district. Bulk water is also sold to Sisonke District Municipality)

**Blue Drop Ratings**

The municipality water supply systems were awarded a 93.5% score in May 2009, which means that it has very good Drinking Water Quality Management (DWQM) and effectively manages the quality of drinking water in its supply zone. The following are the challenges that led to the non - award of the Blue Drop Classification

Criteria	Requirement	Management Response
Process Controlling	Registration of process controllers (Operators)	Applications for all operators were submitted to DWAF in Feb 2009 and DWA is still working on them. It is anticipated that these will be available by the next review
Credibility of Sample Analysis	Proof that analyses results are used to improve process controlling	The analysis failed to capture that the municipality has an Incident Management Protocol and Register that are used to address and record all deviations and improvements. In addition, the monthly submissions to DWAF have functionality of reporting on what has been done to attend to deviations, which has always been done consistently. It is hoped this will be addressed by the next review.

As part of the Drinking Water Quality Management initiatives, the municipality developed and adopted a **Water Safety Plan** in July 2009, which has guided the management of water services in general. As part of the Safety Plan the following are some of the activities that are already in progress or due for implementation within the next three years;

- Online drinking water monitoring for all water treatment plants and the associated reporting at the operation, tactical and strategic levels
- Establishment of a Control Centre that will drive operations and assist in moving from reactive maintenance to proactive maintenance and to be the key business reporting centre
- Establishment of ISO based quality management systems in a phased manner for water and sanitation services
- Establishing an Asset Management Plan that will drive all maintenance work within the municipality
- Contracting professional and independent persons to undertake process audits for all treatment plants
- Establishing a treatment/process section within the municipality to ensure that the right level of attention and staffing is in place for all treatment plants
- Establishment of a scarce skills allowance to be able to attract and retain suitably qualified personnel

#### **Green Drop Rating**

Applications have also been made for all treatment systems within the district and are awaiting the classification results.

#### **Challenges in the management of drinking water and sewerage;**

The following are some of the challenges faced in the provision of water and sanitation services in the district and the proposed solution for each challenge.

<b>Issue</b>	<b>Challenge</b>	<b>Recommendation</b>
Pipeline Replacement Program	Majority of pipelines in the urban areas are old AC pipes. Current budget provisions of R10m/yr are inadequate	Allocated funding for a massive AC renewal program and also apply for grant funding
Non-Revenue Water Programme	Budget provisions limit the current program to part of the network at a time which is inadequate.	Seek grant funding to fast track the implementation of the NRW Programmes
Supply and Treatment Constraints	A number of WTW and WWTW are functioning at capacity and certain areas do not have the required 48hr storage	Update Water and Sanitation Master Plans; Upgrade of WTW and WWTW and implementation of Phase 2 of the South Coast Bulk Pipeline
Supply to higher lying areas and consumers along bulk mains	Majority of higher lying areas are connected on bulk mains which do not offer the necessary buffer for maintenance purposes and adequate pressures during high demand periods	Planning and design of supply alternatives to higher lying areas such as elevated towers and network modifications
Telemetry	The telemetry system outdated	SCADA System Review and Master Planning in progress
Rural WTW monitoring	There are currently no staff to man remote rural plants	Online Drinking Water Quality Monitoring and Automation Project in progress
Skills Development	The majority of plumbing staff is not suitable qualified while others are illiterate. This has a great effect on operations.	Conclude the RPL process and establish routine training program for all staff
Utility Mapping	The majority of the pipelines and other drawings for the municipality are old and	Develop a GIS Strategy to influence utility mapping as a whole and then implement

Issue	Challenge	Recommendation
	outdated and in certain places are none existent.	map update and utility books for the different operational areas
Dedicated maintenance crews	With current staffing levels most of the work done is reactive in nature with limited proactive maintenance	Implementation of Shift System and build maintenance crews from the day teams

**Preparation Instructions**

Municipality Name:

CFO Name:

Tel:  Fax:

E-Mail:

Budget for MTREF starting:  Budget Year: 2017/18

Does this municipality have Entities?

If YES: Identify type of report:

**Name Votes & Sub-Votes**

Printing Instructions	Important documents which provide essential assistance
<p><u>Showing / Hiding Columns</u></p> <p><input type="text" value="Hide Pre-audit columns on all"/></p> <p><input type="text" value="Hide Reference columns on all"/></p>	<p><a href="#">MFMA Budget Circulars</a> <a href="#">Click to view</a></p> <p><a href="#">MBRR Budget Formats Guide</a> <a href="#">Click to view</a></p> <p><a href="#">Dummy Budget Guide</a> <a href="#">Click to view</a></p> <p><a href="#">Funding Compliance Guide</a> <a href="#">Click to view</a></p> <p><a href="#">MFMA Return Forms</a> <a href="#">Click to view</a></p>
<p><u>Showing / Clearing Highlights</u></p> <p><input type="text" value="Clear Highlights on all sheets"/></p>	

DC21 Ugu - Contact Information

A. GENERAL INFORMATION	
Municipality	DC21 Ugu
Grade	5 <small>1 Grade in terms of the Remuneration of Public Office Bearers Act.</small>
Province	KZN KWAZULU-NATAL
Web Address	<a href="http://www.ugu.gov.za">www.ugu.gov.za</a>
e-mail Address	<a href="mailto:info@ugu.gov.za">info@ugu.gov.za</a>
B. CONTACT INFORMATION	
Postal address:	
P.O. Box	33
City / Town	Port Shepstone
Postal Code	4240
Street address	
Building	Aqua House
Street No. & Name	27 Connor Street
City / Town	Port Shepstone
Postal Code	4240
General Contacts	
Telephone number	039 686 5700
Fax number	039 682 4820
C. POLITICAL LEADERSHIP	
<b>Speaker:</b>	<b>Secretary/PA to the Speaker:</b>
Name: Cnr N.H. Gumede	Name: K. Mantzime
Telephone number: 039 686 5721	Telephone number: 039 686 5721
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E-mail address: <a href="mailto:khava.mantzime@ugu.gov.za">khava.mantzime@ugu.gov.za</a>	E-mail address: <a href="mailto:khava.mantzime@ugu.gov.za">khava.mantzime@ugu.gov.za</a>
<b>Mayor/Executive Mayor:</b>	<b>Secretary/PA to the Mayor/Executive Mayor:</b>
Name: Cnr M.A. Chibha	Name: S. Sheo
Telephone number: 039 686 5740	Telephone number: 039 686 5746
Cell number: 082 740 9155	Cell number: Not yet available
Fax number: 039 682 1720	Fax number: 039 682 1720
E-mail address: <a href="mailto:althebble.memela@ugu.gov.za">althebble.memela@ugu.gov.za</a>	E-mail address: <a href="mailto:silindilo.chezi@ugu.gov.za">silindilo.chezi@ugu.gov.za</a>
<b>Deputy Mayor/Executive Mayor:</b>	<b>Secretary/PA to the Deputy Mayor/Executive Mayor:</b>
Name: S. Memela	Name: S. Memela
Telephone number: 039 686 3355	Telephone number: 039 686 3355
Cell number: 079 143 9272	Cell number: 079 143 9272
Fax number: 039 682 1720	Fax number: 039 682 1720
E-mail address: <a href="mailto:althebble.memela@ugu.gov.za">althebble.memela@ugu.gov.za</a>	E-mail address: <a href="mailto:althebble.memela@ugu.gov.za">althebble.memela@ugu.gov.za</a>
D. MANAGEMENT LEADERSHIP	
<b>Municipal Manager:</b>	<b>Secretary/PA to the Municipal Manager:</b>
Name: D.D. Naidoo	Name: P. Moodley
Telephone number: 039 686 5704	Telephone number: 039 686 5704
Cell number: 082 821 0477	Cell number: 082 302 6097
Fax number: 039 682 1720	Fax number: 039 682 1720
E-mail address: <a href="mailto:dd.naidoo@ugu.gov.za">dd.naidoo@ugu.gov.za</a>	E-mail address: <a href="mailto:peroshnee.moodley@ugu.gov.za">peroshnee.moodley@ugu.gov.za</a>
<b>Chief Financial Officer:</b>	<b>Secretary/PA to the Chief Financial Officer:</b>
Name: S. Ngilende	Name: M. Zeka
Telephone number: 039 686 5703	Telephone number: 039 686 5703
Cell number: 071 672 0600	Cell number: 072 850 6210
Fax number: 039 682 6740	Fax number: 039 682 6740
E-mail address: <a href="mailto:sibonille.mbill@ugu.gov.za">sibonille.mbill@ugu.gov.za</a>	E-mail address: <a href="mailto:mbeli.zeka@ugu.gov.za">mbeli.zeka@ugu.gov.za</a>
<b>Official responsible for submitting financial information:</b>	
Name: M. Khumalo	
Telephone number: 039 686 5749	
Cell number: 078 543 2832	
Fax number: 039 682 5740	
E-mail address: <a href="mailto:mlungisi.khumalo@ugu.gov.za">mlungisi.khumalo@ugu.gov.za</a>	
<b>Official responsible for submitting financial information:</b>	
Name: X. Gqibhegu	
Telephone number: 039 686 5748	
Cell number: 082 825 6886	
Fax number: 039 682 5692	
E-mail address: <a href="mailto:xoliswa.gqibhegu@ugu.gov.za">xoliswa.gqibhegu@ugu.gov.za</a>	
<b>Official responsible for submitting financial information:</b>	
Name: J. Kofi	
Telephone number: 390 886 718	
Cell number: 0834581827	
Fax number: 039 682 6740	
E-mail address: <a href="mailto:kufep.kofi@ugu.gov.za">kufep.kofi@ugu.gov.za</a>	







DC21 Ugu - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Standard</b>	1									
<b>Governance and administration</b>		192 751	234 151	393 772	182 024	182 624	173 493	203 851	197 939	212 696
Executive and council		2 460	2 624	2 083	2 188	2 188	2 079	2 356	500	600
Budget and treasury office		189 772	231 525	390 746	178 787	179 387	170 418	201 488	197 431	212 088
Corporate services		518	2	944	1 049	1 049	996	8	8	8
<b>Community and public safety</b>		6 668	7 566	329	7 354	12 354	11 737	7 767	8 156	8 563
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		468	309	220	254	242	242	241	253	266
Public safety		6 201	7 277	109	7 100	12 100	11 495	7 526	7 902	8 297
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		287 860	287 228	257 398	60 970	74 580	70 851	73 067	76 720	80 556
Planning and development		284 122	277 022	256 450	43 180	56 790	53 950	54 239	56 951	59 799
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		3 738	10 206	948	17 790	17 790	16 900	18 827	19 769	20 757
<b>Trading services</b>		481 634	531 545	451 251	974 770	961 746	913 658	906 945	995 732	1 064 501
Electricity		-	-	-	-	-	-	-	-	-
Water		377 277	424 952	343 848	855 299	842 274	800 160	786 053	850 104	911 592
Waste water management		104 357	106 593	107 403	119 472	119 472	113 498	120 891	145 628	152 909
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	1 726	1 284	862	250	150	143	165	173	182
<b>Total Revenue - Standard</b>	2	970 639	1 061 794	1 103 611	1 225 368	1 231 453	1 169 881	1 191 795	1 278 719	1 366 498
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		128 946	133 375	193 779	218 900	226 152	216 745	250 771	263 310	276 475
Executive and council		43 193	38 539	55 583	64 170	62 748	59 611	78 645	82 577	86 706
Budget and treasury office		30 199	30 963	34 984	44 042	49 650	47 167	51 368	53 936	56 633
Corporate services		55 554	63 873	103 212	110 689	115 755	109 967	120 756	126 796	133 136
<b>Community and public safety</b>		8 912	81 581	2 981	6 100	6 100	5 795	8 824	9 265	9 729
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		1 549	77 214	465	-	-	-	390	410	430
Public safety		7 364	4 367	2 515	6 100	6 100	5 795	8 434	8 856	9 299
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		69 336	70 460	44 031	81 468	95 825	91 034	91 966	96 565	101 393
Planning and development		60 399	56 054	27 825	63 009	77 225	73 364	73 364	77 032	80 884
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		8 938	14 406	16 207	18 458	18 600	17 670	18 602	19 532	20 509
<b>Trading services</b>		514 866	624 139	687 108	604 635	596 983	567 134	580 419	588 440	617 862
Electricity		-	-	-	-	-	-	-	-	-
Water		472 105	555 936	595 005	516 772	506 945	481 597	469 062	492 516	517 141
Waste water management		42 761	68 203	92 103	87 863	90 039	85 537	91 356	95 924	100 720
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	825	784	1 045	1 160	1 160	1 102	1 451	1 523	1 600
<b>Total Expenditure - Standard</b>	3	722 885	910 339	928 944	912 263	928 221	881 810	913 432	959 103	1 007 058
<b>Surplus/(Deficit) for the year</b>		247 754	151 455	174 667	313 105	303 232	288 071	278 363	319 616	359 440

## References

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

DC21 Ugu - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		2 460	2 624	2 083	2 188	2 188	2 079	2 356	500	600
Vote 2 - FINANCE & ADMINISTRATION		190 291	231 527	391 689	179 836	180 436	171 414	201 495	197 439	212 096
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		284 122	277 022	256 450	43 180	56 790	53 950	54 239	56 951	59 799
Vote 4 - WATER		377 277	424 952	343 848	855 299	842 274	800 160	786 053	850 104	911 592
Vote 5 - WASTE WATER MANAGEMENT		104 357	106 593	107 403	119 472	119 472	113 498	120 891	145 628	152 909
Vote 6 - PUBLIC SAFETY		6 201	7 277	109	7 100	12 100	11 495	7 526	7 902	8 297
Vote 7 - ENVIRONMENTAL PROTECTION		3 738	10 206	948	17 790	17 790	16 900	18 827	19 769	20 757
Vote 8 - OTHER: MARKET		1 726	1 284	862	250	150	143	165	173	182
Vote 9 - SPORTS & RECREATION		468	309	220	254	254	242	241	253	266
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>970 639</b>	<b>1 061 794</b>	<b>1 103 611</b>	<b>1 225 368</b>	<b>1 231 453</b>	<b>1 169 881</b>	<b>1 191 795</b>	<b>1 278 719</b>	<b>1 366 498</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		43 193	38 539	55 583	64 170	62 748	59 611	78 645	82 577	86 705
Vote 2 - FINANCE & ADMINISTRATION		85 753	94 836	138 196	154 731	165 404	157 134	172 126	180 733	189 769
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		60 399	56 054	27 825	63 009	77 225	73 364	73 364	77 032	80 884
Vote 4 - WATER		472 105	555 936	595 005	516 772	506 945	481 597	469 062	492 516	517 141
Vote 5 - WASTE WATER MANAGEMENT		42 761	68 203	92 103	87 863	90 039	85 537	91 356	95 924	100 720
Vote 6 - PUBLIC SAFETY		7 364	4 367	2 515	6 100	6 100	5 795	8 434	8 856	9 299
Vote 7 - ENVIRONMENTAL PROTECTION		8 938	14 406	16 207	18 458	18 600	17 670	18 602	19 532	20 509
Vote 8 - OTHER: MARKET		825	784	1 045	1 160	1 160	1 102	1 451	1 523	1 600
Vote 9 - SPORTS & RECREATION		1 549	77 214	465	-	-	-	390	410	430
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>722 885</b>	<b>910 339</b>	<b>928 944</b>	<b>912 263</b>	<b>928 221</b>	<b>881 810</b>	<b>913 432</b>	<b>959 103</b>	<b>1 007 058</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>247 754</b>	<b>151 455</b>	<b>174 667</b>	<b>313 105</b>	<b>303 232</b>	<b>288 071</b>	<b>278 363</b>	<b>319 616</b>	<b>359 440</b>

References

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

DC21 Ugu - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	184 218	192 674	208 858	361 387	361 387	343 318	281 094	315 836	331 627	348 209
Service charges - sanitation revenue	2	93 777	102 346	107 250	112 281	112 281	106 667	106 667	113 236	118 898	124 843
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		2 194	2 430	1 085	1 249	1 149	1 092	1 092	1 160	1 218	1 279
Interest earned - external investments		10 970	16 025	26 609	15 568	16 433	16 611	16 611	20 813	21 853	22 946
Interest earned - outstanding debtors		3 192	3 490	4 019	3 802	3 802	3 612	3 612	3 848	4 041	4 243
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		229 567	341 199	382 648	408 662	421 978	400 879	400 879	445 808	470 692	499 106
Other revenue	2	9 118	16 964	16 630	11 558	15 316	14 550	14 550	11 977	12 576	13 205
Gains on disposal of PPE			862	813							
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>533 037</b>	<b>675 991</b>	<b>747 915</b>	<b>914 506</b>	<b>932 346</b>	<b>885 729</b>	<b>823 505</b>	<b>912 678</b>	<b>965 905</b>	<b>1 013 830</b>
<b>Expenditure By Type</b>											
Employee related costs	2	246 106	274 840	302 629	332 850	338 926	321 979	321 979	350 373	367 891	386 286
Remuneration of councillors		7 938	9 146	9 544	11 874	11 054	10 502	10 502	13 306	13 972	14 670
Debt impairment	3	26	18	97 093	38 159	33 609	31 928	31 928	3 000	3 150	3 308
Depreciation & asset impairment	2	198 475	337 860	195 103	123 604	128 645	122 213	122 213	121 047	127 100	133 455
Finance charges		15 816	12 813	13 556	15 776	11 001	10 450	10 450	9 771	10 260	10 773
Bulk purchases	2	46 954	52 626	66 091	81 468	78 859	74 916	74 916	76 034	79 835	83 827
Other materials	8	5 821	3 664	13 060	8 730	8 535	8 109	8 109	8 962	9 410	9 881
Contracted services		19 680	19 964	22 808	29 683	36 965	35 117	35 117	35 558	37 336	39 203
Transfers and grants		55 926	29 478	20 327	40 028	17 438	16 566	16 566	18 310	19 226	20 187
Other expenditure	4, 5	124 763	169 930	188 732	230 121	263 189	250 029	250 029	277 070	290 924	305 470
Loss on disposal of PPE		1 378	-	-							
<b>Total Expenditure</b>		<b>722 885</b>	<b>910 339</b>	<b>928 944</b>	<b>912 263</b>	<b>928 221</b>	<b>881 810</b>	<b>881 810</b>	<b>913 432</b>	<b>959 103</b>	<b>1 007 058</b>
<b>Surplus/(Deficit)</b>											
Surplus/(Deficit)		(189 848)	(234 348)	(181 029)	2 243	4 125	3 918	(58 305)	(753)	1 802	6 772
Transfers recognised - capital		437 602	385 804	355 696	310 862	299 108	284 152	284 152	279 116	317 815	352 668
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>247 754</b>	<b>151 455</b>	<b>174 667</b>	<b>313 105</b>	<b>303 232</b>	<b>288 071</b>	<b>225 847</b>	<b>278 363</b>	<b>319 616</b>	<b>359 440</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>247 754</b>	<b>151 455</b>	<b>174 667</b>	<b>313 105</b>	<b>303 232</b>	<b>288 071</b>	<b>225 847</b>	<b>278 363</b>	<b>319 616</b>	<b>359 440</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>247 754</b>	<b>151 455</b>	<b>174 667</b>	<b>313 105</b>	<b>303 232</b>	<b>288 071</b>	<b>225 847</b>	<b>278 363</b>	<b>319 616</b>	<b>359 440</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>247 754</b>	<b>151 455</b>	<b>174 667</b>	<b>313 105</b>	<b>303 232</b>	<b>288 071</b>	<b>225 847</b>	<b>278 363</b>	<b>319 616</b>	<b>359 440</b>

**References**

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method

DC21 Ugu - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 4 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 5 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 7 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	-
Vote 8 - OTHER MARKET		-	-	-	-	-	-	-	-	-	-
Vote 9 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	599	128	2 640	2 453	2 331	2 331	1 000	-	-
Vote 2 - FINANCE & ADMINISTRATION		1 881	11 766	10 720	44 055	39 522	37 546	37 546	50 159	-	-
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		202	-	-	590	355	337	337	265	279	293
Vote 4 - WATER		278 094	289 821	348 608	238 418	252 175	239 567	239 567	228 751	231 961	262 522
Vote 5 - WASTE WATER MANAGEMENT		22 459	23 600	4 631	82 444	48 432	46 011	46 011	81 500	85 575	89 854
Vote 6 - PUBLIC SAFETY		3 555	-	163	1 000	6 000	5 700	5 700	-	-	-
Vote 7 - ENVIRONMENTAL PROTECTION		-	-	-	-	295	280	280	650	-	-
Vote 8 - OTHER MARKET		-	-	-	-	-	-	-	-	-	-
Vote 9 - SPORTS & RECREATION		25	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		308 216	325 786	364 251	369 147	349 233	331 772	331 772	362 325	317 815	352 688
<b>Total Capital Expenditure - Vote</b>		308 216	325 786	364 251	369 147	349 233	331 772	331 772	362 325	317 815	352 688
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		1 881	12 365	10 849	46 695	41 976	39 877	39 877	51 159	-	-
Executive and council		-	599	129	2 640	2 453	2 331	2 331	1 000	-	-
Budget and treasury office		-	-	73	15 000	7 085	6 731	6 731	4 939	-	-
Corporate services		1 881	11 766	10 647	29 055	32 437	30 815	30 815	46 150	-	-
<b>Community and public safety</b>		3 581	-	163	1 000	6 000	5 700	5 700	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		25	-	-	-	-	-	-	-	-	-
Public safety		3 555	-	163	1 000	6 000	5 700	5 700	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		202	-	-	590	650	618	618	915	279	293
Planning and development		202	-	-	590	355	337	337	265	279	293
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	295	280	280	650	-	-
<b>Trading services</b>		300 553	313 421	353 239	320 862	360 608	285 577	285 577	310 251	317 536	352 376
Electricity		-	-	-	-	-	-	-	-	-	-
Water		278 094	289 821	348 608	238 418	252 175	239 567	239 567	228 751	231 961	262 522
Waste water management		22 459	23 600	4 631	82 444	48 432	46 011	46 011	81 500	85 575	89 854
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	306 216	325 786	364 251	369 147	349 233	331 772	331 772	362 325	317 815	352 688
<b>Funded by:</b>											
National Government		294 998	297 015	307 058	310 862	299 108	284 152	284 152	278 851	317 536	352 376
Provincial Government		-	16 918	48 373	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	294 998	313 934	355 430	310 862	299 108	284 152	284 152	278 851	317 536	352 376
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		11 219	11 853	8 821	58 285	50 126	47 619	47 619	83 474	279	283
<b>Total Capital Funding</b>	7	306 216	325 786	364 251	369 147	349 233	331 772	331 772	362 325	317 815	352 688

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
- Capital expenditure by standard classification must reconcile to the appropriations by vote.
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure).
- Must reconcile to Budgeted Financial Performance (revenue and expenditure).
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17.
- Total Capital Funding must balance with Total Capital Expenditure.
- Include any capitalised interest (MFMA section 46) as part of relevant capital budget.

DC21 Ugu - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year: 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		163 675	50 622	63 364	146 918	48 614	46 183	46 183	31 844	46 815	25 179
Call investment deposits	1	8 293	222 080	215 203	233 184	233 184	221 524	221 524	140 224	100 000	100 000
Consumer debtors	1	130 849	96 262	59 351	127 573	202 165	192 056	192 056	138 306	145 221	152 482
Other debtors		20 072	50 989	63 295	56 215	30 215	28 704	28 704	22 661	23 794	24 984
Current portion of long-term receivables		32	52	12	36	36	34	34	217	228	239
Inventory	2	8 069	14 426	11 524	21 781	31 500	29 925	29 925	20 475	21 499	22 574
<b>Total current assets</b>		<b>330 991</b>	<b>434 431</b>	<b>412 749</b>	<b>585 707</b>	<b>545 713</b>	<b>518 428</b>	<b>518 428</b>	<b>353 727</b>	<b>337 557</b>	<b>325 458</b>
<b>Non current assets</b>											
Long-term receivables	7	271	101	189	339	322	322	322	650	683	717
Investments											
Investment property		14 600	25 403	29 500	32 417	29 500	28 025	28 025	30 000	31 500	33 075
Investment in Associate											
Property, plant and equipment	3	3 531 226	3 590 626	3 996 396	4 015 300	4 257 988	4 045 089	4 045 089	4 042 114	4 244 220	4 456 431
Agricultural											
Biological											
Intangible		9 624	8 981	11 504	7 114	11 504	10 929	10 929	9 779	10 267	10 781
Other non-current assets											
<b>Total non current assets</b>		<b>3 555 457</b>	<b>3 629 281</b>	<b>4 037 501</b>	<b>4 055 021</b>	<b>4 299 332</b>	<b>4 084 365</b>	<b>4 084 365</b>	<b>4 082 543</b>	<b>4 286 670</b>	<b>4 501 003</b>
<b>TOTAL ASSETS</b>		<b>3 886 448</b>	<b>4 063 711</b>	<b>4 450 251</b>	<b>4 640 728</b>	<b>4 845 045</b>	<b>4 602 793</b>	<b>4 602 793</b>	<b>4 436 270</b>	<b>4 624 226</b>	<b>4 826 461</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	3 343	26 152	2 306	-	1 500	1 425	1 425	-	-	-
Borrowing	4	21 630	21 979	19 728	18 277	18 277	17 363	17 363	20 714	21 750	22 837
Consumer deposits		19 725	20 034	20 607	21 456	21 730	20 643	20 643	22 816	23 957	25 155
Trade and other payables	4	155 558	171 312	185 986	174 395	207 840	197 448	197 448	207 320	217 686	228 570
Provisions		16 733	20 269	25 716	22 346	22 346	21 229	21 229	23 464	24 637	25 869
<b>Total current liabilities</b>		<b>216 990</b>	<b>259 747</b>	<b>254 342</b>	<b>236 476</b>	<b>271 693</b>	<b>258 108</b>	<b>258 108</b>	<b>274 314</b>	<b>288 029</b>	<b>302 431</b>
<b>Non current liabilities</b>											
Borrowing		165 364	144 531	125 826	109 524	109 524	104 048	104 048	83 333	61 584	38 746
Provisions		24 600	28 484	29 582	31 575	30 875	29 331	29 331	32 419	34 039	35 741
<b>Total non current liabilities</b>		<b>189 965</b>	<b>173 016</b>	<b>155 407</b>	<b>141 098</b>	<b>140 398</b>	<b>133 379</b>	<b>133 379</b>	<b>115 752</b>	<b>95 623</b>	<b>74 488</b>
<b>TOTAL LIABILITIES</b>		<b>406 955</b>	<b>432 762</b>	<b>409 749</b>	<b>377 574</b>	<b>412 091</b>	<b>391 487</b>	<b>391 487</b>	<b>390 066</b>	<b>383 653</b>	<b>376 919</b>
<b>NET ASSETS</b>	5	<b>3 479 494</b>	<b>3 630 949</b>	<b>4 040 501</b>	<b>4 263 154</b>	<b>4 432 954</b>	<b>4 211 306</b>	<b>4 211 306</b>	<b>4 046 204</b>	<b>4 240 574</b>	<b>4 449 542</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)	4	3 479 494	3 630 949	4 040 501	4 263 154	4 432 954	4 211 306	4 211 306	4 046 204	4 240 574	4 449 542
Reserves		-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>3 479 494</b>	<b>3 630 949</b>	<b>4 040 501</b>	<b>4 263 154</b>	<b>4 432 954</b>	<b>4 211 306</b>	<b>4 211 306</b>	<b>4 046 204</b>	<b>4 240 574</b>	<b>4 449 542</b>

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include "Construction-work-in-progress" (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

DC21 Ugu - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges											
Service charges		286 747	331 609	316 108	412 091	412 091	391 486	391 486	300 350	315 368	331 136
Other revenue				17 719	12 785	16 465	15 642	15 642	13 137	13 794	14 484
Government - operating	1	432 690	321 618	321 618	408 662	421 978	400 879	400 879	445 808	470 692	499 106
Government - capital	1	234 306	384 636	416 726	310 862	298 462	284 489	284 489	279 116	317 815	352 668
Interest		14 163	19 515	30 628	19 356	20 234	19 223	19 223	23 507	24 682	25 916
Dividends											
<b>Payments</b>											
Suppliers and employees		(254 390)	(283 966)	(654 732)	(620 842)	(770 994)	(732 444)	(732 444)	(761 303)	(799 368)	(839 336)
Finance charges		(15 818)	(12 813)	(13 558)	(15 776)	(11 001)	(10 450)	(10 450)	(9 771)	(10 260)	(10 773)
Transfers and Grants	1	(274 766)	(326 781)	(20 327)	(37 028)	(17 438)	(16 566)	(16 566)	(18 310)	(19 226)	(20 187)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>422 933</b>	<b>433 798</b>	<b>414 183</b>	<b>490 109</b>	<b>370 798</b>	<b>352 258</b>	<b>352 258</b>	<b>272 534</b>	<b>313 496</b>	<b>353 014</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		75	885	963	-	150	143	143	-	-	-
Decrease (increase) in non-current debtors		63	(263)	210	-	-	-	-	(311)	(326)	(342)
Decrease (increase) other non-current receivables		19	(20)	-	95	(150)	(143)	(143)	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(306 216)	(325 004)	(365 260)	(369 147)	(349 233)	(331 772)	(331 772)	(362 325)	(317 815)	(352 668)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(306 059)</b>	<b>(324 401)</b>	<b>(364 087)</b>	<b>(369 052)</b>	<b>(349 233)</b>	<b>(331 772)</b>	<b>(331 772)</b>	<b>(362 636)</b>	<b>(318 141)</b>	<b>(353 010)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		346	309	573	421	273	259	259	1 086	1 141	1 198
<b>Payments</b>											
Repayment of borrowing		(23 480)	(20 484)	(20 957)	(18 277)	(16 302)	(15 487)	(15 487)	(20 714)	(21 750)	(22 837)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(23 135)</b>	<b>(20 175)</b>	<b>(20 385)</b>	<b>(17 857)</b>	<b>(16 029)</b>	<b>(15 227)</b>	<b>(15 227)</b>	<b>(19 626)</b>	<b>(20 699)</b>	<b>(21 639)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>93 739</b>	<b>89 222</b>	<b>29 711</b>	<b>103 200</b>	<b>5 536</b>	<b>5 260</b>	<b>5 260</b>	<b>(109 729)</b>	<b>(25 253)</b>	<b>(21 636)</b>
Cash/cash equivalents at the year begin:	2	74 886	157 328	246 549	263 709	276 261	276 261	276 261	281 797	172 068	146 815
Cash/cash equivalents at the year end:	2	168 625	246 549	276 261	366 909	281 797	281 520	281 520	172 068	146 815	125 179

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

DC21 Ugu - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description:	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	168 625	246 549	276 261	366 909	281 797	281 520	281 520	172 068	146 815	125 179
Other current investments > 90 days		0	-	-	13 193	(1 500)	(15 238)	(15 238)	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>168 625</b>	<b>246 549</b>	<b>276 261</b>	<b>380 102</b>	<b>280 297</b>	<b>266 282</b>	<b>266 282</b>	<b>172 068</b>	<b>146 815</b>	<b>125 179</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		48 333	21 366	8 730	23 556	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(40 736)	(4 433)	55 968	(8 586)	5 924	5 628	(23 697)	93 736	98 423	103 344
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>7 598</b>	<b>16 933</b>	<b>64 698</b>	<b>14 959</b>	<b>5 924</b>	<b>5 628</b>	<b>(23 697)</b>	<b>93 736</b>	<b>98 423</b>	<b>103 344</b>
<b>Surplus(shortfall)</b>		<b>161 027</b>	<b>229 616</b>	<b>211 563</b>	<b>365 142</b>	<b>274 374</b>	<b>260 655</b>	<b>289 980</b>	<b>78 332</b>	<b>48 392</b>	<b>21 834</b>

**References**

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

DC21 Ugu - Table A9 Consolidated Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	244 897	325 786	364 251	335 588	349 233	331 772	83 474	25 021	45 235
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		225 028	281 738	280 883	237 597	251 175	238 617	10 400	24 742	44 942
Infrastructure - Sanitation		4 063	20 858	47 805	47 206	48 432	46 011	20 000	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		229 091	302 596	328 688	284 803	299 608	284 627	30 400	24 742	44 942
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	13 323	20 704	30 661	50 785	49 626	47 144	53 074	279	293
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		2 483	2 487	4 902	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	61 320	-	-	33 559	-	-	278 851	292 794	307 433
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		39 858	-	-	8 000	-	-	217 351	228 219	238 629
Infrastructure - Sanitation		18 396	-	-	25 559	-	-	61 500	64 575	67 804
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		58 254	-	-	33 559	-	-	278 851	292 794	307 433
Community		3 066	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		264 886	281 738	280 883	245 597	251 175	238 617	227 751	252 961	284 572
Infrastructure - Sanitation		22 459	20 858	47 805	72 765	48 432	48 011	81 500	64 575	67 804
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		287 344	302 596	328 688	318 362	299 608	284 627	309 251	317 536	352 376
Community		3 066	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	13 323	20 704	30 661	50 785	49 626	47 144	53 074	279	293
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		2 483	2 487	4 902	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	306 216	325 786	364 251	369 147	349 233	331 772	362 325	317 815	352 668
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		2 239 312	2 791 060	2 503 893	3 059 369	2 754 423	2 616 702	2 498 119	2 623 025	2 754 178
Infrastructure - Sanitation		675 586	604 238	1 294 172	703 541	1 342 604	1 275 474	1 343 041	1 410 193	1 480 703
Infrastructure - Other		2 444	5 092	-	5 366	-	-	-	-	-
Infrastructure		2 917 342	3 400 410	3 797 865	3 768 267	4 097 027	3 892 176	3 841 160	4 033 218	4 234 879
Community		96 501	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		14 800	29 403	29 500	32 417	29 500	28 025	30 000	31 500	33 075
Other assets		517 382	190 216	198 530	247 033	160 961	152 913	200 954	211 002	221 552
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		8 624	8 981	11 504	7 114	11 504	10 929	9 779	10 267	10 781
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	3 555 450	3 629 010	4 037 406	4 054 831	4 298 992	4 084 042	4 081 893	4 285 987	4 500 267
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>	3	198 475	337 860	195 103	123 804	128 645	122 213	121 047	127 100	133 455
<b>Repairs and Maintenance by Asset Class</b>		17 173	52 638	63 151	70 636	68 638	65 204	66 839	70 181	73 690
Infrastructure - Road transport		1 463	954	1 145	5 799	5 634	5 353	5 487	5 761	6 049
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		8 317	15 057	18 064	20 695	20 109	19 104	19 583	20 562	21 590
Infrastructure - Sanitation		899	4 342	5 210	3 300	3 206	3 046	3 122	3 279	3 443
Infrastructure - Other		-	-	-	3 063	2 876	2 827	2 888	3 043	3 195
Infrastructure		10 480	20 354	24 419	32 857	31 926	30 330	31 091	32 645	34 278
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	6 893	32 284	38 732	37 779	36 709	34 874	35 748	37 536	39 413
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		215 848	390 498	258 254	194 240	197 281	187 417	187 887	197 281	207 145
<b>Renewal of Existing Assets as % of total capex</b>		20.0%	0.0%	0.0%	8.1%	0.0%	0.0%	77.0%	92.1%	87.2%
<b>Renewal of Existing Assets as % of deprecn</b>		30.9%	0.0%	0.0%	27.2%	0.0%	0.0%	230.4%	230.4%	230.4%
<b>R&amp;M as a % of PPE</b>		0.5%	1.5%	1.6%	1.8%	1.6%	1.6%	1.7%	1.7%	1.7%
<b>Renewal and R&amp;M as a % of PPE</b>		2.0%	1.0%	2.0%	3.0%	2.0%	2.0%	8.0%	8.0%	8.0%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Donated/contributed and assets funded by finance leases to be allocated to the respective category



DC21 Ugu - Table A10 Consolidated basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		48	30	32	33	33	33	35	36	38
Piped water inside yard (out not in dwelling)		22	14	15	15	15	15	16	17	18
Using public tap (at least min.service level)	2	60	58	61	64	64	64	67	70	74
Other water supply (at least min.service level)	4	26	28	29	31	31	31	32	34	36
<i>Minimum Service Level and Above sub-total</i>		154	130	137	143	143	143	150	158	166
Using public tap (< min.service level)	3	5	25	26	28	28	28	29	30	32
Other water supply (< min.service level)	4	26	28	27	29	29	29	30	32	33
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		31	51	54	56	56	56	59	62	65
Total number of households	5	185	181	190	200	200	200	210	220	231
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		34	35	37	39	39	39	41	43	45
Flush toilet (with septic tank)		14	15	16	17	17	17	17	18	19
Chemical toilet		15	18	19	20	20	20	21	22	23
Pit toilet (ventilated)		53	58	61	64	64	64	67	70	74
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		116	126	132	139	139	139	145	153	161
Bucket toilet		3	3	3	3	3	3	3	4	4
Other toilet provisions (< min.service level)		54	49	51	54	54	54	57	60	63
No toilet provisions		8	8	8	9	9	9	9	10	10
<i>Below Minimum Service Level sub-total</i>		65	60	63	66	66	66	69	73	77
Total number of households	5	181	185	195	205	205	205	215	226	237
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per Indigent household per month)		65 566	25 214	54 480	65 498	65 498	62 223	70 037	73 539	77 216
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
Total cost of FBS provided		65 566	25 214	54 480	65 498	65 498	62 223	70 037	73 539	77 216
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissable values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		3 593	22 983	17 631	32 618	32 618	30 987	32 618	34 249	35 981
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	3 593	22 983	17 631	32 618	32 618	30 987	32 618	34 249	35 981

**References**

1. Include services provided by another entity, e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service

DC21 Use - Supporting Table SA1 Supporting detail to "Budgeted Financial Performance"									
Description	2015/16	2016/17	2017/18	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Actual Outcome	Actual Outcome	Actual Outcome	Budget Year 2017/18	Budget Year 2017/18	Budget Year 2018/19
<b>REVENUE</b>									
<b>REVENUE FROM:</b>									
<b>Property Rates</b>									
Net Property Rates									
Net Service charges - electricity revenue									
Net Service charges - water revenue									
Net Service charges - refuse revenue									
Net Service charges - other revenue									
<b>Other Revenue</b>									
Advertising									
Concessions									
Donations									
Interest									
Rent									
Service charges									
Sumo									
Taxation									
Trading									
Transfer									
Other									
<b>EXPENDITURE</b>									
<b>Personnel</b>									
Salaries									
Wages									
Superannuation									
Other									
<b>Materials</b>									
Construction									
Other									
<b>Services</b>									
Professional									
Other									
<b>Capital</b>									
Construction									
Other									
<b>Other</b>									
Advertising									
Concessions									
Donations									
Interest									
Rent									
Service charges									
Sumo									
Taxation									
Trading									
Transfer									
Other									

1. Must reconcile with Budgeted Financial Performance (Revenue and Expenditure)

21 Ugu - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

Description	Ref	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - FINANCE & ADMINISTRATION	Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT	Vote 4 - WATER	Vote 5 - WASTE WATER MANAGEMENT	Vote 6 - PUBLIC SAFETY	Vote 7 - ENVIRONMENTAL PROTECTION	Vote 8 - OTHER MARKET	Vote 9 - SPORTS & RECREATION	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
<b>Revenue</b>																	
<b>Revenue Source</b>																	
Property rates																	-
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue					315 836	115 290											428 071
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment					754												1 180
Interest earned - external investments			20 000	813					165	241							20 813
Interest earned - outstanding debtors					3 848												3 848
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services																	-
Other revenue			8	5 100	5 968	741											11 977
Transfers recognised - operational		2 356	181 488	48 288	181 188	8 914	7 628	18 327									445 074
Gain on disposal of PPE																	-
<b>Revenue (excluding capital transfers and contributions)</b>		2 356	201 495	54 239	507 252	120 891	7 526	18 827	165	241							912 644
<b>Expenditure</b>																	
<b>Expenditure By Type</b>																	
Employee related costs		43 036	71 685	20 985	156 168	37 076		15 741									350 373
Remuneration of councillors		11 812		1 494													13 306
Debt Impairment					2 073	827											3 000
Depreciation & asset impairment			2 788	590	103 877	14 132											121 647
Finance charges			1	1 929	7 842												9 771
Bulk purchases					76 054	5 845											81 899
Other materials					5 845	3 310											9 155
Contracted services		300	25 678	43	7 127	2 410											33 558
Transfers and grants					18 310												18 310
Other expenditure		23 468	71 967	28 581	116 254	25 658	6 434	2 861	1 451	390							277 070
Loss on disposal of PPE																	-
<b>Expenditure</b>		78 645	172 126	73 364	469 082	81 356	6 434	18 602	1 451	390							913 432
<b>Surplus/(Deficit)</b>		(76 289)	29 369	(19 125)	35 140	39 535	(908)	225	(1 286)	(149)							(488)
Transfers recognised - capital																	-
Contributions recognised - capital					776 851												776 851
Contributed assets																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(76 289)	29 369	(19 125)	316 981	39 535	(908)	225	(1 286)	(149)							278 363

Departmental columns to be based on municipal organisation structure



C21 Ugu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Good Governance	Financial Management			103 180	103 180	229 798	178 787	179 836	170 844	201 488	211 562	222 140	
Good Governance	Human Resources Management												
Good Governance	Support services			1 410	1 410	755	3 447	3 447	3 275	3 438	3 610	3 791	
Good Governance	Institutional Transformation			889	889					1 636	1 718	1 804	
Good Governance	Strategic Planning			278	278	250	400	400	380	400	420	441	
Economic Development	Agricultural Market			1 903	1 903	1 284	250	100	95	165	173	182	
Economic Development	Local Economic Development			13 174	13 174	4 736	19 443	19 443	18 471	20 678	21 711	22 797	
Environmental Protection	Environmental Services			8 863	8 863	10 206	17 790	17 790	16 900	18 827	19 769	20 757	
Community	Sports & Recreation			468	468	309	254	254	242	241	253	266	
Safety & Security	Fire Fighting			4 686	4 686	-	1 636	436	414	1 734	1 821	1 912	
Safety & Security	Disaster Management			14 676	14 679	7 277	5 464	5 664	5 381	6 700	7 035	7 387	
Sustainable Services	Sanitation			100 105	100 105	104 180	119 472	119 472	113 488	120 708	126 743	133 081	
Sustainable Services	Water			721 005	812 161	744 816	878 425	884 611	840 381	815 779	883 903	951 941	
Locations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	970 639	1 061 794	1 103 611	1 225 368	1 231 453	1 169 880	1 191 795	1 278 719	1 366 498

References

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

DC21 Ugu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

R (thousand)	Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year: 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
	Financial Viability	Financial Management			30 199	31 038	34 584	42 873	42 873	40 730	46 754	49 091	51 546	
	Good Governance	Human Resources Management			254 044	267 421	302 629	333 450	326 015	312 585	348 245	385 857	383 940	
	Good Governance	Communication Services												
	Good Governance	Public Participation			1 802	223	538	1 500	2 000	1 900	1 410	1 481	1 955	
	Good Governance	Support Services						1 041						
	Good Governance	Strategic Planning			868	850	150	400	400	380	400	420	441	
	Good Governance	Shared Service Strategy												
	Institutional Transformation	Skills Training & Development			1 615	2 806	2 608	3 000	2 600	2 470	3 000	3 150	3 308	
	Institutional Transformation	Employee Assistance Programmes			49	93	66	150	147	138	125	131	138	
	Institutional Transformation	Occupational Health & Safety				83	80	80	84	804	500	525	551	
	Social Development	Special Programmes			488		1 057	1 580	5 383	5 113	5 752	6 099	5 341	
	Social Development	Culture												
	Social Development	Sports Development			1 549	1 351	131	4 000	2 900	2 755	1 500	1 575	1 654	
	Economic Development	Agricultural Market			277		1 045	1 180	1 180	1 102	380	410	430	
	Economic Development	Local Economic Development			1 423	554	2 549	1 267	2 005	1 904	2 105	2 210	2 321	
	Economic Development	Tourism Marketing			4 875	6 442	5 154	6 764	6 514	6 188	6 840	7 182	7 541	
	Economic Development	Tourism Development			5 843	4 802	5 250	5 411	5 411	5 141	5 682	5 950	6 264	
	Environmental Protection	Climate Change Vulnerability Assessment						110	120	114	150	158	185	
	Environmental Protection	Environmental Services			8 838		1 273	2 195	18 800	17 870	19 855	20 848	21 580	
	Environmental Protection	Waste Management			144						100	105	110	
	Environmental Protection	Coastal Management			1		2	7	2	2	10	11	11	
	Environmental Protection	Air Quality Management			2		62	284	6	5	300	315	331	
	Safety & Security	Fire Fighting			3 458	1 805		836	436	414	1 734	1 821	1 912	
	Safety & Security	Disaster Management			7 682	1 509	2 515	6 464	5 664	5 381	6 700	7 035	7 387	
	Safety & Security	Security Measures			10 190	19 436	11 255	10 000	14 210	13 500	16 000	16 800	17 640	
	Safety & Security	Crime Prevention Programmes												
	Sustainable Services	Sanitation			42 761	40 185	62 770	57 227	80 038	85 537	86 139	90 448	94 969	
	Sustainable Services	VIP Toilets			31 004	11 835		10 800	13 111	12 459	15 000	15 750	16 538	
	Sustainable Services	Water Distribution			315 867	529 732	454 828	419 772	384 684	365 450	344 741	361 978	380 077	
	Allocations to other priorities													
	Total Expenditure				1	722 855	910 339	928 944	912 283	928 221	881 810	913 432	959 103	1 007 858

DC21 Ugu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Good Governance	Support services	A			599					6 609		
Good Governance	Human Resources Management	B								29 700		
Good Governance	Vehicle Replacement Programme (Fleet Management)	C				16 450	14 280	14 280	15 750			
Good Governance	Financial Management / IA	D										
Good Governance	Legal Services	E										
Good Governance	Financial Management	F			11 796	10 649	18 545	12 763	12 763			
Good Governance	Strategy & shared services	G										
Good Governance	Executive & Council	H										
Institutional Transformation	Office centralisation	I				15 790	21 583	21 583	750			
Infrastructure	Telecommunication	J		1 881								
Institutional Transformation	Workshops Refurbishment	K										
Infrastructure	Sports development	L		25								
Institutional Transformation	Special Programmes	M										
Safety & Security		N										
Safety & Security	Disaster Management	O		3 555	163							
Safety & Security	Fire Fighting	P										
Economic Development	Agricultural Market	Q										
Economic Development	Local Economic Development	R		202						265	279	293
Environmental Protection	Environmental Services	S										
Sustainable Services	Leakage Management	T										
Sustainable Services	Water	U		251 797	289 821	348 008	235 918	252 175	234 714	227 751	231 961	262 522
Sustainable Services	Sanitation	V		49 756	23 600	4 631	62 444	48 432	48 432	81 500	85 575	89 854
		P										
Allocations to other priorities			3									
<b>Total Capital Expenditure</b>			1	306 216	325 786	384 251	369 147	349 233	331 772	362 325	317 815	352 668

References



DC21 Ugu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial Indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Credit Rating		15.1%	33.3%	17.5%	16.7%	16.7%	16.7%	16.7%			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.4%	3.7%	3.7%	3.7%	2.9%	2.9%	2.9%	3.3%	3.3%	3.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	12.8%	9.9%	8.4%	8.7%	5.3%	5.3%	6.1%	6.5%	6.5%	6.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	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	1.5	1.7	1.6	2.5	2.0	2.0	2.0	1.3	1.2	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.7	1.6	2.5	2.0	2.0	2.0	1.3	1.2	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	1.0	1.1	1.6	1.0	1.0	1.0	0.8	0.5	0.4
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		103.2%	112.3%	100.1%	87.0%	87.0%	87.0%	100.9%	69.9%	69.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		103.1%	112.4%	100.0%	87.0%	87.0%	87.2%	101.0%	70.0%	70.0%	70.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	28.3%	21.8%	18.4%	20.1%	25.0%	25.0%	28.9%	17.7%	17.7%	17.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	87.0%	90.0%	90.0%	93.0%	93.0%	93.0%	93.0%	95.0%	96.0%	96.0%
Creditors to Cash and Investments		63.6%	80.6%	64.2%	41.1%	73.8%	70.1%	70.1%	120.5%	148.3%	182.6%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kWh)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kt)	6477.0%	8423.0%	7450.0%							
Employee costs	Total Cost of Losses (Rand '000)	20 333	28 211	27 141							
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	46.2%	40.7%	40.5%	36.4%	36.4%	36.4%	39.1%	38.4%	38.3%	38.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	47.7%	42.0%	41.7%	37.7%	37.5%	37.5%	39.8%	39.7%	39.5%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.2%	7.8%	8.4%	7.7%	7.4%	7.4%		7.3%	7.3%	7.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	40.2%	51.9%	27.9%	15.2%	15.0%	15.0%	16.1%	14.3%	14.3%	14.2%
<b>IDP regulator financial viability indicators</b>											
I. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	7.6	6.5	9.7	13.8	13.8	13.8	9.6	10.1	10.1	10.6
II. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	53.9%	49.5%	38.7%	38.7%	48.9%	48.9%	56.8%	37.5%	37.5%	37.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.5	6.6	5.6	7.0	5.5	5.7	5.7	3.4	2.8	2.3

**References**

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

C21 Ugu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Leading measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	188 625	246 549	276 261	366 908	281 797	281 520	281 520	172 088	146 815	125 179
Cash + investments at the yr end less applications - R'000	18(1)b	2	161 027	229 616	211 563	365 142	274 374	260 655	289 980	78 332	48 392	21 634
Cash year end/monthly employee/supplier payments	18(1)b	3	5.5	6.6	5.6	7.0	5.5	5.7	5.7	3.4	2.8	2.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	247 754	151 455	174 667	313 105	303 232	288 071	225 847	278 363	319 616	359 440
Service charge rev % change - macro CPDX target exclusive	18(1)a,(2)	5	N.A.	0.1%	1.1%	43.8%	(6.0%)	(11.0%)	(19.8%)	(15.4%)	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	98.0%	104.3%	98.8%	88.7%	86.8%	86.8%	100.0%	70.3%	70.3%	70.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	30.7%	8.1%	7.1%	7.1%	8.2%	0.7%	0.7%	0.7%
Capital payments % of capital expenditure	18(1)c,(1)	8	100.0%	98.8%	100.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	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.	(2.4%)	(18.7%)	49.5%	28.4%	(5.0%)	0.0%	(30.6%)	5.0%	5.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	3555.4%	(62.5%)	86.9%	79.2%	(5.0%)	0.0%	91.5%	5.0%	5.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.5%	1.5%	1.6%	1.8%	1.6%	1.5%	1.7%	1.7%	1.7%	1.7%
Asset renewal % of capital budget	20(1)(vi)	14	20.0%	0.0%	0.0%	9.1%	0.0%	0.0%	0.0%	77.0%	92.1%	87.2%

- References**
- Positive cash balances indicative of minimum compliance - subject to 2
  - Deduct cash and investment applications (defined) from cash balances
  - Indicative of sufficient liquidity to meet average monthly operating payments
  - Indicative of funded operational requirements
  - Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
  - Realistic average cash collection forecasts as % of annual billed revenue
  - Realistic average increase in debt impairment (doubtful debt) provision
  - Indicative of planned capital expenditure level & cash payment timing
  - Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
  - Substantiation of National/Province allocations included in budget
  - Indicative of realistic current arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
  - Indicative of realistic long term arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
  - Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
  - Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection









Names of service providers	No. (a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l) (m) (n) (o) (p) (q) (r) (s) (t) (u) (v) (w) (x) (y) (z)	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
					Outcome	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +2 2019/20	
Names of service providers  Names of service providers  Detail of Free Basic Services (FBS) provided	Electricity List type of FBS service  Water List type of FBS service  Sanitation List type of FBS service	Ref. Location of households for each type of FBS Formal settlements - (50 kWh per indigent household per month R000) Number of HH receiving this type of FBS Informal settlements (R000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R000) Other (R000) Total cost of FBS - Electricity for informal settlements Location of households for each type of FBS Formal settlements - (6 kilolitre per indigent household per month R000) Number of HH receiving this type of FBS Informal settlements (R000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R000) Other (R000) Total cost of FBS - Water for informal settlements Location of households for each type of FBS Formal settlements - (free sanitation service to indigent households) Number of HH receiving this type of FBS Informal settlements (R000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R000) Other (R000) Total cost of FBS - Sanitation for informal settlements	55 565 517	25 213 519	54 480 287	65 497 887	62 222 393	70 097 302	73 539 167	77 216 125



Refuse Removal	Ref. Location of households for each type of FBS household
List type of FBS service	Formal settlements - (removed once a week to indigent households) Number of HH receiving this type of FBS Informal settlements (R000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R000) Number of HH receiving this type of FBS Other (R000) Number of HH receiving this type of FBS Total cost of FBS - Refuse Removal for informal settlements

References:

1. Monthly household income threshold. Should include all sources of income.
2. Show the poverty analysis the municipality uses to determine its indigent policy and the provision of services
3. Include total of all housing units within the municipality
4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with provinces
5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality
6. Insert actual or estimated % increases assumed as a basis for budget calculations
7. Insert actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group
8. Stand distance < 70m from dwelling
9. Stand distance > 20m from dwelling

21 Ugu - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Property rates (Rate in the Rand)</b>									
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Commercial land - residential									
Commercial land - small holdings									
Commercial land - farm property									
Commercial land - business and commercial									
Commercial land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Residuation and redistribution properties									
Protected areas									
National monuments properties									
<b>Mollans, reductions and rebates (Rands)</b>									
Residential properties									
R15 000 threshold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
<b>Water tariffs</b>									
<b>Domestic</b>									
Basic charge/used fee (Rands/month)			123	130	130	141	150	158	165
Service point - vacant land (Rands/month)			1 475	1 552	1 604	1 704	1 887	1 881	2 081
Water usage - flat rate tariff (c/s)									
Water usage - life line tariff (describe structure)			10	10	11	11	12	13	14
Water usage - Block 1 (c/s) (fill in thresholds)			15	16	17	18	20	21	22
Water usage - Block 2 (c/s) (fill in thresholds)			19	20	22	23	25	26	27
Water usage - Block 3 (c/s) (fill in thresholds)									
Water usage - Block 4 (c/s) (fill in thresholds)									
<b>Other</b>									
<b>Water tariffs</b>									
<b>Domestic</b>									
Basic charge/used fee (Rands/month)			269	269	269	269	269	269	269
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/s)									
Volume charge - Block 1 (c/s) (fill in structure)			3	3	3	4	4	4	4
Volume charge - Block 2 (c/s) (fill in structure)									
Volume charge - Block 3 (c/s) (fill in structure)									
Volume charge - Block 4 (c/s) (fill in structure)									
Other			428	451	481	511	548	574	602
<b>City tariffs</b>									
<b>Domestic</b>									
Basic charge/used fee (Rands/month)									
Service point - vacant land (Rands/month)									
FBE (how is this targeted?)									
Life-line tariff - meter (describe structure)									
Life-line tariff - prepaid (describe structure)									
Flat rate tariff - meter (c/s/w)									
Flat rate tariff - prepaid (c/s/w)									
Meter - IBT Block 1 (c/s/w) (fill in thresholds)									
Meter - IBT Block 2 (c/s/w) (fill in thresholds)									
Meter - IBT Block 3 (c/s/w) (fill in thresholds)									
Meter - IBT Block 4 (c/s/w) (fill in thresholds)									
Meter - IBT Block 5 (c/s/w) (fill in thresholds)									
Prepaid - IBT Block 1 (c/s/w) (fill in thresholds)									
Prepaid - IBT Block 2 (c/s/w) (fill in thresholds)									
Prepaid - IBT Block 3 (c/s/w) (fill in thresholds)									
Prepaid - IBT Block 4 (c/s/w) (fill in thresholds)									
Prepaid - IBT Block 5 (c/s/w) (fill in thresholds)									
<b>Management tariffs</b>									
<b>Domestic</b>									
Street cleaning charge									
Basic charge/used fee									
80l bin - once a week									
250l bin - once a week									

000  
000s are not rated or zero rated this must be indicated as such  
000 provide detailed descriptions on Sheet SA13b



C21 Ugu - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Monthly Account for Household - 'Middle Income Range'</b>											
<b>Costs and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		123.40	130.19	138.65	146.56	146.56	146.56	7.0%	156.81	164.66	172.89
Water: Consumption		289.66	305.70	325.57	344.13	344.13	344.13	7.0%	368.22	386.63	405.96
Sanitation		359.23	364.26	387.94	410.05	410.05	410.05	7.0%	438.75	460.69	483.72
Refuse removal											
Other											
<b>sub-total</b>		<b>772.29</b>	<b>800.15</b>	<b>852.16</b>	<b>900.73</b>	<b>900.73</b>	<b>900.73</b>	<b>7.0%</b>	<b>963.78</b>	<b>1 011.97</b>	<b>1 062.57</b>
VAT on Services											
<b>Total large household bill:</b>		<b>772.29</b>	<b>800.15</b>	<b>852.16</b>	<b>900.73</b>	<b>900.73</b>	<b>900.73</b>	<b>7.0%</b>	<b>963.78</b>	<b>1 011.97</b>	<b>1 062.57</b>
<b>% increase/decrease</b>			<b>3.6%</b>	<b>6.5%</b>	<b>5.7%</b>	<b>-</b>	<b>-</b>	<b>7.0%</b>	<b>7.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>											
<b>Costs and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		116.41	130.19	138.65	146.56	146.56	146.56	7.0%	156.81	164.66	172.89
Water: Consumption		227.61	254.75	271.31	286.77	286.77	286.77	7.0%	306.85	322.19	338.30
Sanitation		324.93	348.41	371.06	392.21	392.21	392.21	7.0%	419.66	440.64	462.68
Refuse removal											
Other											
<b>sub-total</b>		<b>668.95</b>	<b>733.35</b>	<b>781.02</b>	<b>825.54</b>	<b>825.54</b>	<b>825.54</b>	<b>7.0%</b>	<b>883.32</b>	<b>927.49</b>	<b>973.86</b>
VAT on Services											
<b>Total small household bill:</b>		<b>668.95</b>	<b>733.35</b>	<b>781.02</b>	<b>825.54</b>	<b>825.54</b>	<b>825.54</b>	<b>7.0%</b>	<b>883.32</b>	<b>927.49</b>	<b>973.86</b>
<b>% increase/decrease</b>			<b>9.6%</b>	<b>6.5%</b>	<b>5.7%</b>	<b>-</b>	<b>-</b>	<b>7.0%</b>	<b>7.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Monthly Account for Household - 'Indigent' household receiving free basic services</b>											
<b>Costs and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		116.41	130.19	138.65	146.56	146.56	146.56	7.0%	156.81	164.66	172.89
Water: Consumption		127.46	163.04	173.64	183.53	183.53	183.53	7.0%	196.38	206.20	216.51
Sanitation		293.66	319.88	340.67	360.09	360.09	360.09	7.0%	385.30	404.56	424.79
Refuse removal											
Other											
<b>sub-total</b>		<b>537.56</b>	<b>613.11</b>	<b>652.96</b>	<b>690.18</b>	<b>690.18</b>	<b>690.18</b>	<b>7.0%</b>	<b>738.49</b>	<b>775.42</b>	<b>814.19</b>
VAT on Services											
<b>Total small household bill:</b>		<b>537.56</b>	<b>613.11</b>	<b>652.96</b>	<b>690.18</b>	<b>690.18</b>	<b>690.18</b>	<b>7.0%</b>	<b>738.49</b>	<b>775.42</b>	<b>814.19</b>
<b>% increase/decrease</b>			<b>14.1%</b>	<b>6.5%</b>	<b>5.7%</b>	<b>-</b>	<b>-</b>	<b>7.0%</b>	<b>7.0%</b>	<b>5.0%</b>	<b>5.0%</b>

1 as basis property value of R700 000, 1 000 kWh electricity and 30kl water  
 2 as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water  
 3 as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

DC21 Ugu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>thousand</b>										
<b>urrent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		8 293	222 080	215 203	233 184	233 184	221 524	140 224	100 000	100 000
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>	<b>1</b>	<b>8 293</b>	<b>222 080</b>	<b>215 203</b>	<b>233 184</b>	<b>233 184</b>	<b>221 524</b>	<b>140 224</b>	<b>100 000</b>	<b>100 000</b>
<b>ntities</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>ntities sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>onsolidated total:</b>		<b>8 293</b>	<b>222 080</b>	<b>215 203</b>	<b>233 184</b>	<b>233 184</b>	<b>221 524</b>	<b>140 224</b>	<b>100 000</b>	<b>100 000</b>

**ferences**  
 Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

2021 Ugu - 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 %	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment
Name of institution & Investment ID	1	Yrs/Months							
<b>Current municipality</b>									
First National Bank		Daily Call	Notice Deposit	no	variable	8.45	0	n/a	Daily Call Account
ABSA Bank CALL		3 Months	Notice Deposit	no	variable	8	0	n/a	Daily Call Account
lthala Bank		Daily Call	Notice Deposit	no	variable	9.5	0	n/a	Daily Call Account
Nedbank		Daily Call	Notice Deposit	no	variable	7.87	1	n/a	Daily Call Account
Standard Bank		Daily Call	Notice Deposit	no	variable	7.75	2	n/a	Daily Call Account
Investec Bank		Daily Call	Notice Deposit	no	variable	8.59	0	n/a	Daily Call Account
<b>municipality sub-total</b>									
<b>titles</b>									
South Coast Development Agency NPC		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ugu South Coast Tourism (Pty) Ltd		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>titles sub-total</b>									
<b>TOTAL INVESTMENTS AND INTEREST</b>	1								

**References**  
 Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)  
 List investments in expiry date order

2021 Ugu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		158 796	144 531	125 826	109 524	109 524	104 048	83 333	61 584	38 746
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		6 568	-							
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	<b>165 364</b>	<b>144 531</b>	<b>125 826</b>	<b>109 524</b>	<b>109 524</b>	<b>104 048</b>	<b>83 333</b>	<b>61 584</b>	<b>38 746</b>
<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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Borrowing</b>	1	<b>165 364</b>	<b>144 531</b>	<b>125 826</b>	<b>109 524</b>	<b>109 524</b>	<b>104 048</b>	<b>83 333</b>	<b>61 584</b>	<b>38 746</b>

Unspent Borrowing - Categorised by type										
<b>Parent municipality</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>municipality sub-total</b>	1	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unspent Borrowing</b>	1	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



DC21 Ugu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		356 024	325 546	364 032	400 528	389 487	389 487	418 085	441 502	468 382
Local Government Equitable Share		236 862	264 748	300 886	319 856	319 856	319 856	342 776	361 451	381 540
RSC Levy Replacement		50 290	54 816	52 960	63 873	63 873	63 873	68 900	75 204	81 836
Finance Management		1 234	1 250	1 325	1 460	1 460	1 460	1 795	2 050	2 050
Municipal Systems Improvement		890	934	940	1 041	-	-	-	-	-
Water Services Operating Subsidy		589	-	3 650	10 000	-	-	-	-	-
EPWP Incentive		-	1 368	1 826	1 788	1 788	1 788	1 956	-	-
Infrastructure Skills Development Grant		165	-	-	-	2 510	2 510	-	-	-
Rural Roads Asset Management Systems Grant		2 089	2 430	2 446	2 510	-	-	2 658	2 797	2 956
Rural Household Sanitation		4 000	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		59 935	-	-	-	-	-	-	-	-
Other transfers/grants (insert description)		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		9 607	250	250	400	400	400	400	500	600
Development Planning Shared Services		1 000	250	250	400	400	400	-	500	600
Cogta Massification		1 969	-	-	-	-	-	-	-	-
EPWP Incentive		883	-	-	-	-	-	-	-	-
Department of Transport Grant		1 765	-	-	-	-	-	-	-	-
Department of Human Settlement		4 000	-	-	-	-	-	-	-	-
Spatial Development Framework Support		-	-	-	-	-	-	400	-	-
<b>District Municipality:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		4 386	4 865	4 885	7 734	13 939	13 939	10 589	11 118	11 674
Grants from LM's to Entities		2 654	4 865	4 885	7 734	13 939	13 939	7 422	7 793	8 183
DBSA		709	-	-	-	-	-	-	-	-
South Coast Bike Festival: EDTEA/RNM		-	-	-	-	-	-	3 167	3 325	3 491
National Lottery		1 022	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	370 017	330 681	369 167	408 662	403 826	403 826	429 074	453 120	480 656
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		277 607	355 135	358 245	310 862	297 864	297 864	295 851	335 386	371 118
Municipal Infrastructure Grant (MIG)		215 399	265 189	249 316	223 873	233 873	233 873	245 479	260 385	278 118
Regional Bulk Infrastructure		55 740	45 015	8 834	12 776	12 776	12 776	-	-	-
Rural Households Infrastructure		-	-	-	1 000	1 000	1 000	-	-	-
Municipal Disaster Recovery		-	4 996	-	-	-	-	-	-	-
Finance Management Grant		-	-	-	-	-	-	-	-	-
Other capital transfers/grants (insert description)		-	12 436	-	-	-	-	-	-	-
Water Services Infrastructure Grant		6 458	27 503	100 095	73 213	50 215	50 215	50 372	75 000	95 000
Other capital transfers/grants (insert desc)		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		19 425	4 060	11 504	-	5 000	5 000	-	-	-
Massification - Cogta		19 425	4 060	5 000	-	5 000	5 000	-	-	-
Disaster Management Centre		-	-	6 504	-	-	-	-	-	-
<b>District Municipality:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		120	-	-	-	-	-	-	-	-
Grants from LM's to En		120	-	-	-	-	-	-	-	-
DBSA		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	297 152	359 199	369 749	310 862	302 864	302 864	295 851	335 386	371 118
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		667 169	689 880	738 916	719 524	706 690	706 690	724 925	788 506	851 774

References  
 1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation  
 2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)  
 3. Replacement of RSC levies  
 4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality

WC21 Ugu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>										
Local Government Equitable Share		356 024	330 558	361 725	391 528	389 487	370 013	435 085	459 352	487 125
RSC Levy Replacement		236 862	264 748	300 885	320 856	319 856	303 863	342 776	361 451	381 540
Finance Management		50 290	54 816	52 960	63 873	63 873	60 679	68 900	75 204	81 836
Municipal Systems Improvement		1 234	1 251	1 325	1 460	1 460	1 387	1 795	2 050	2 050
Water Services Operating Subsidy		890	727	940	1 041	-	-	-	-	-
EPWP Incentive		589	1 042	1 826	1 788	1 788	1 689	1 956	-	-
Infrastructure Skills Development Grant		165	-	-	-	-	-	-	-	-
Rural Transport Service Grant		2 089	2 944	2 446	2 510	2 510	2 385	2 658	2 797	2 956
Rural Household Sanitation		4 000	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		59 905	5 030	-	-	-	-	1 000	17 850	18 743
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>										
Development Planning Shared Services		9 607	1 441	250	400	400	380	400	500	600
Cogta Massification		1 000	250	250	400	400	380	-	500	600
EPWP incentive		1 959	697	-	-	-	-	-	-	-
Department of Transport Grant		883	-	-	-	-	-	-	-	-
Africa Bike Week Event		1 765	-	-	-	-	-	-	-	-
District GDS		4 000	494	-	-	-	-	-	-	-
Spatial Development Framework Support		-	-	-	-	-	-	400	-	-
Disaster Management Centre		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>										
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Grants from LM's to Entities		4 386	2 035	4 885	7 734	13 939	13 242	10 323	10 840	11 382
DBSA		2 654	-	4 885	7 734	13 939	13 242	7 157	7 515	7 890
IDC		709	524	-	-	-	-	-	-	-
South Coast Bike Festival: EDTEA/RNM		-	45	-	-	-	-	-	-	-
National Lottery		1 022	1 466	-	-	-	-	3 167	3 325	3 491
<b>Total operating expenditure of Transfers and Grants:</b>		<b>370 017</b>	<b>334 034</b>	<b>396 860</b>	<b>399 662</b>	<b>403 826</b>	<b>383 634</b>	<b>445 808</b>	<b>470 692</b>	<b>499 106</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>										
Municipal Infrastructure Grant (MIG)		277 607	349 993	358 245	319 862	297 864	282 971	278 851	317 536	352 376
Regional Bulk Infrastructure		215 399	260 159	249 316	233 873	233 873	222 179	228 479	242 536	257 376
Rural Households Infrastructure		55 740	34 827	8 834	12 776	12 776	12 137	-	-	-
Municipal Disaster Recovery		-	-	-	-	1 000	950	-	-	-
Finance Management Grant		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	12 718	-	-	-	-	-	-	-
Water Services Infrastructure Grant		6 468	42 289	100 095	73 213	50 215	47 704	50 372	75 000	95 000
<b>Provincial Government:</b>										
Disaster Management Centre		19 425	24 985	11 504	-	5 000	4 750	-	-	-
Massification - Cogta		19 425	20 377	6 504	-	-	-	-	-	-
		-	4 608	5 000	-	5 000	4 750	-	-	-
<b>District Municipality:</b>										
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Grants from LM's to Entities		120	-	-	-	-	-	265	279	293
DBSA		120	-	-	-	-	-	265	279	293
<b>Total capital expenditure of Transfers and Grants:</b>		<b>297 152</b>	<b>374 978</b>	<b>369 749</b>	<b>319 862</b>	<b>302 864</b>	<b>287 721</b>	<b>279 116</b>	<b>317 815</b>	<b>352 668</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>667 169</b>	<b>709 012</b>	<b>736 609</b>	<b>719 524</b>	<b>706 690</b>	<b>671 355</b>	<b>724 925</b>	<b>788 506</b>	<b>851 774</b>

Expenditure must be separately listed for each transfer or grant received or recognised

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Operating transfers and grants:</b>										
<b>National Government:</b>										
Balance unspent at beginning of the year		4 044	16 095	430						
Current year receipts		216 392	314 894	364 032	400 528	389 487	389 487	435 085	459 352	487 125
<b>Conditions met - transferred to revenue</b>		<b>204 341</b>	<b>330 558</b>	<b>359 382</b>	<b>400 528</b>	<b>389 487</b>	<b>389 487</b>	<b>435 085</b>	<b>459 352</b>	<b>487 125</b>
Conditions still to be met - transferred to liabilities		16 095	430	5 080						
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		19 328	12 265	326						
Current year receipts		17 412		250	400	400	400	400	500	600
<b>Conditions met - transferred to revenue</b>		<b>24 475</b>	<b>11 839</b>	<b>576</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>500</b>	<b>600</b>
Conditions still to be met - transferred to liabilities		12 265	326	-						
<b>District Municipality:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		1 806	1 054	-						
Current year receipts		-	1 155	4 885	7 734	13 939	13 939	10 323	10 840	11 382
<b>Conditions met - transferred to revenue</b>		<b>1 806</b>	<b>2 209</b>	<b>4 885</b>	<b>7 734</b>	<b>13 939</b>	<b>13 939</b>	<b>10 323</b>	<b>10 840</b>	<b>11 382</b>
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>		<b>230 622</b>	<b>344 706</b>	<b>364 844</b>	<b>408 682</b>	<b>403 826</b>	<b>403 826</b>	<b>445 808</b>	<b>470 692</b>	<b>499 106</b>
<b>Total operating transfers and grants - CTBM</b>		<b>28 360</b>	<b>757</b>	<b>5 080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>										
<b>National Government:</b>										
Balance unspent at beginning of the year		17 098	24 143	17 085						
Current year receipts		216 519	302 448	358 245	310 862	297 864	297 864	278 851	317 536	352 376
<b>Conditions met - transferred to revenue</b>		<b>209 475</b>	<b>309 506</b>	<b>371 680</b>	<b>310 862</b>	<b>297 864</b>	<b>297 864</b>	<b>278 851</b>	<b>317 536</b>	<b>352 376</b>
Conditions still to be met - transferred to liabilities		24 143	17 085	3 650						
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		64 846	18 398	3 677						
Current year receipts		29 673	22 034	11 504	-	5 000	5 000	-	-	-
<b>Conditions met - transferred to revenue</b>		<b>76 121</b>	<b>36 755</b>	<b>15 180</b>	<b>-</b>	<b>5 000</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities		18 398	3 677	-						
<b>District Municipality:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		10 983	1 581	-						
Current year receipts		-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		<b>9 402</b>	<b>1 581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities		1 581	-	-						
<b>Total capital transfers and grants revenue</b>		<b>294 998</b>	<b>347 843</b>	<b>386 860</b>	<b>310 862</b>	<b>302 864</b>	<b>302 864</b>	<b>278 851</b>	<b>317 536</b>	<b>352 376</b>
<b>Total capital transfers and grants - CTBM</b>		<b>44 122</b>	<b>20 781</b>	<b>3 650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>525 620</b>	<b>692 549</b>	<b>751 704</b>	<b>719 524</b>	<b>706 690</b>	<b>706 690</b>	<b>724 659</b>	<b>788 228</b>	<b>851 482</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>72 482</b>	<b>21 518</b>	<b>8 730</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

References  
 Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance  
 CTBM = conditions to be met  
 National Treasury database will require this reconciliation for each transfer/grant

DC21 Ugu - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash Transfers to other municipalities</b>											
Fire fighting contribution to LMs	1	3 448	1 136								
<b>Total Cash Transfers To Municipalities:</b>		<b>3 448</b>	<b>1 136</b>								
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
VIP Toilets	2		11 835		10 000						
Disaster Management			240		87						
RURAL TRANSPORT SERVICES GRANT			2 703		2 510						
PUBLIC WORKS EXPANDED PROGRAMME			732		1 788						
DROUGHT RELIEF			1 604		10 321						
RESPONSE AND RECOVERY			1 396		2 227						
Other grant expenditure			9 277		11 340						
South Coast Development Agency				3 481		5 513	5 237	5 237	5 788	6 078	6 381
Tourism Development				5 250		5 411	5 141	5 141	5 682	5 986	6 264
Tourism Marketing				5 154		5 411	5 141	5 141	5 682	5 986	6 264
Local Economic Development			554	6 442	1 755	6 514	6 188	6 189	6 840	7 182	7 541
<b>Total Cash Transfers To Entities/Em's:</b>			<b>28 342</b>	<b>20 327</b>	<b>40 028</b>	<b>17 438</b>	<b>16 566</b>	<b>16 566</b>	<b>18 310</b>	<b>19 226</b>	<b>20 187</b>
<b>Cash Transfers to other Organs of State</b>											
Fire fighting contribution to LMs	3										
<b>Total Cash Transfers To Other Organs Of State:</b>											
<b>Cash Transfers to Organisations</b>											
Fire fighting contribution to LMs											
<b>Total Cash Transfers To Organisations:</b>											
<b>Cash Transfers to Groups of Individuals</b>											
Fire fighting contribution to LMs											
<b>Total Cash Transfers To Groups Of Individuals:</b>											
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	<b>6</b>	<b>3 448</b>	<b>29 478</b>	<b>20 327</b>	<b>40 028</b>	<b>17 438</b>	<b>16 566</b>	<b>16 566</b>	<b>18 310</b>	<b>19 226</b>	<b>20 187</b>
<b>Non-Cash Transfers to other municipalities</b>											
VIP Toilets	1	31 004									
Disaster Management		641									
Corridor Development		8									
KWALEMBE REGIONAL BULK WATER SUPPLY SCHEME											
RURAL TRANSPORT SERVICES GRANT		1 438									
PUBLIC WORKS EXPANDED PROGRAMME											
DROUGHT RELIEF		2 267									
RESPONSE AND RECOVERY		191									
Other grant expenditure		16 548									
Local Economic Development		381									
<b>Total Non-Cash Transfers To Municipalities:</b>		<b>52 478</b>									
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
Fire fighting contribution to LMs	2										
<b>Total Non-Cash Transfers To Entities/Em's:</b>											
<b>Non-Cash Transfers to other Organs of State</b>											
Fire fighting contribution to LMs	3										
<b>Total Non-Cash Transfers To Other Organs Of State:</b>											
<b>Non-Cash Grants to Organisations</b>											
Fire fighting contribution to LMs	4										
<b>Total Non-Cash Grants To Organisations:</b>											
<b>Groups of Individuals</b>											
Fire fighting contribution to LMs	5										
<b>Total Non-Cash Grants To Groups Of Individuals:</b>											
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		<b>52 478</b>									
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>6</b>	<b>55 926</b>	<b>29 478</b>	<b>20 327</b>	<b>40 028</b>	<b>17 438</b>	<b>16 566</b>	<b>16 566</b>	<b>18 310</b>	<b>19 226</b>	<b>20 187</b>

Insert description listed by municipal name and demarcation code of recipient  
 Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of services)  
 Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)  
 Insert description of each other organisation (e.g. charity)







DC21 Ugu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		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)		40	8	32			35			35
Board Members of municipal entities	4	19		17			8			8
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	10	5	5	5	-	5	5	-	5
Other Managers	7	20	19	1	28	28	-	28	28	-
Professionals		65	56	10	617	501	20	617	501	20
Finance		19	11	8	18	12	6	18	12	6
Spatial/town planning										
Information Technology		10	8	2	13	8	1	13	8	1
Roads										
Electricity										
Water					586	481	13	586	481	13
Sanitation										
Refuse										
Other		37	37							
Technicians		597	576	21	61	61	3	61	61	3
Finance										
Spatial/town planning					61	61	3	61	61	3
Information Technology		2	2							
Roads										
Electricity		75	74	1						
Water		310	290	20						
Sanitation		147	147							
Refuse										
Other		63	63							
Clerks (Clerical and administrative)		105	105		173	173	10	173	173	10
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		62	62							
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	919	831	86	884	763	81	884	763	81
% Increase					(3.8%)	(8.2%)	(5.8%)	-	-	-
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	112	110	2	112	110	2	112	110	2
Human Resources personnel headcount	8, 10	21	20	1	21	20	1	21	20	1

- References**
1. Positions must be funded and aligned to the municipality's current organisational structure
  2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
  3. s57 of the Systems Act
  4. Include only in Consolidated Statements
  5. Include municipal entity employees in Consolidated Statements
  6. Include headcount (number of persons, Not FTE) of managers and staff only (exclude councillors)
  7. Managers who provide the direction of a critical technical function
  8. Total number of employees working on these functions



R thousand	Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	
	<b>Revenue By Source</b>																
	Property rates		28 364	27 537	21 740	24 066	23 876	25 832	28 364	25 428	25 069	25 832	25 832	33 896	315 836	331 627	
	Property rates - penalties & collection charges		9 446	8 837	9 984	8 162	9 755	9 498	9 446	8 995	8 955	11 308	9 498	9 351	113 236	118 898	
	Service charges - electricity revenue																
	Service charges - water revenue																
	Service charges - sanitation revenue																
	Service charges - refuse revenue																
	Service charges - other																
	Rent of facilities and equipment		59	125	45	138	46	153	99	105	125	44	163	109	1 160	1 218	
	Interest earned - external investments		1 754	2 875	1 972	1 984	1 809	2 320	1 754	1 195	1 127	1 250	1 320	1 451	20 813	21 853	
	Interest earned - outstanding debtors		1 107	312	257	107	25	383	107	303	314	275	383	277	3 848	4 041	
	Dividends received																
	Fines																
	Licences and permits																
	Agency services																
	Transfers recognised - operational		3 648	2 480	7 536	10 392	9 735	166 185	3 648	482	103 093	3 747	136 185	(1 323)	445 808	470 692	
	Other revenue		355	1 300	1 305	1 322	1 514	1 355	355	524	1 374	350	355	1 867	11 977	12 576	
	Gains on disposal of PPE																
	<b>Total Revenue (excluding capital transfers and contribution)</b>		<b>44 733</b>	<b>43 467</b>	<b>42 838</b>	<b>46 169</b>	<b>46 760</b>	<b>205 725</b>	<b>43 733</b>	<b>37 033</b>	<b>140 058</b>	<b>42 808</b>	<b>173 725</b>	<b>45 628</b>	<b>912 678</b>	<b>960 905</b>	
	<b>Expenditure By Type</b>																
	Employee related costs		26 788	53 576	26 788	26 788	26 788	26 788	26 788	26 788	26 788	26 788	26 788	26 916	350 373	367 891	
	Remuneration of councillors		1 018	1 018	1 018	1 018	1 018	2 036	1 018	1 018	1 018	1 018	1 018	1 089	13 306	13 972	
	Debt impairment		252	252	252	252	252	252	252	252	252	252	252	227	3 000	3 150	
	Depreciation & asset impairment		17 742	15 456	14 365	14 449	15 883	17 763	17 742	13 239	13 252	17 783	17 783	(54 418)	121 047	127 100	
	Finance charges		79	215	969	141	154	660	79	154	88	650	650	5 942	9 771	10 260	
	Bulk purchases		7 275	6 518	6 931	6 690	7 716	6 250	7 275	5 413	7 592	6 250	6 250	1 886	76 034	79 835	
	Other materials		582	523	244	448	1 075	204	582	674	544	204	204	3 678	8 962	9 410	
	Contracted services		2 233	2 755	2 791	2 888	2 134	2 114	2 233	2 245	2 431	2 114	2 114	9 607	35 588	37 336	
	Transfers and grants		4 578	20 881	21 358	16 388	4 578	34 588	17 873	14 194	4 578	22 588	33 588	4 578	18 310	19 226	
	Other expenditure		17 873	20 881	21 358	16 388	27 883	34 588	17 873	14 194	20 556	22 588	33 588	29 290	277 070	290 924	
	Loss on disposal of PPE																
	<b>Total Expenditure</b>		<b>78 421</b>	<b>101 194</b>	<b>74 706</b>	<b>69 072</b>	<b>87 481</b>	<b>90 664</b>	<b>73 843</b>	<b>63 977</b>	<b>77 088</b>	<b>77 646</b>	<b>88 646</b>	<b>30 694</b>	<b>913 432</b>	<b>959 103</b>	
	Surplus/(Deficit)		(33 687)	(57 727)	(31 868)	(22 902)	(40 721)	115 061	(30 110)	(26 944)	62 971	(34 839)	85 079	14 934	(753)	1 802	
	Transfers recognised - capital		69 713				69 713				69 713			69 978	279 116	317 615	
	Contributions recognised - capital																
	Contributed assets																
	<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>36 025</b>	<b>(57 727)</b>	<b>(31 868)</b>	<b>(22 902)</b>	<b>28 992</b>	<b>115 061</b>	<b>(30 110)</b>	<b>(26 944)</b>	<b>132 684</b>	<b>(34 839)</b>	<b>85 079</b>	<b>84 913</b>	<b>278 363</b>	<b>319 616</b>	
	Taxation																
	Attributable to minorities																
	Share of surplus/(deficit) of associate																
	<b>Surplus/(Deficit)</b>	<b>1</b>	<b>36 025</b>	<b>(57 727)</b>	<b>(31 868)</b>	<b>(22 902)</b>	<b>28 992</b>	<b>115 061</b>	<b>(30 110)</b>	<b>(26 944)</b>	<b>132 684</b>	<b>(34 839)</b>	<b>85 079</b>	<b>84 913</b>	<b>278 363</b>	<b>319 616</b>	
	References																

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

R thousand	Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework				
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19			
	<b>Revenue by Vote</b>																		
	Vote 1 - EXECUTIVE & COUNCIL			368	140	30	391	196	208	158	165	225	158	318	2 356	500			
	Vote 2 - FINANCE & ADMINISTRATION		46 589	2 346	4 069	1 413	38 601	1 387	1 387	2 336	2 506	7 589	2 336	700	201 495	197 439			
	Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		8 978	2 137	13 677	10 552	2 696	2 425	2 425	64	2 073	2 991	64	1 785	54 239	56 951			
	Vote 4 - WATER		41 113	47 822	20 248	92 288	142 977	30 240	30 240	25 280	195 810	24 641	80 807	60 417	786 063	850 104			
	Vote 5 - WASTE WATER MANAGEMENT		10 405	8 782	8 111	9 704	11 871	9 413	9 413	8 937	8 937	8 895	16 958	16 958	120 891	145 628			
	Vote 6 - PUBLIC SAFETY		5 196	-	-	108	691	-	-	238	238	28	238	790	7 526	7 902			
	Vote 7 - ENVIRONMENTAL PROTECTION		2 134	-	-	-	3 652	23	28	-	-	1 976	-	11 037	18 827	19 769			
	Vote 8 - OTHER: MARKET		14	-	15	-	23	13	13	-	23	56	-	21	165	173			
	Vote 9 - SPORTS & RECREATION		18	12	20	18	18	18	18	20	20	20	20	41	241	253			
	Vote 10 - [NAME OF VOTE 10]																		
	Vote 11 - [NAME OF VOTE 11]																		
	Vote 12 - [NAME OF VOTE 12]																		
	Vote 13 - [NAME OF VOTE 13]																		
	Vote 14 - [NAME OF VOTE 14]																		
	Vote 15 - [NAME OF VOTE 15]																		
	<b>Total Revenue by vote</b>		<b>114 446</b>	<b>61 467</b>	<b>42 838</b>	<b>114 473</b>	<b>200 725</b>	<b>43 733</b>	<b>37 033</b>	<b>209 771</b>	<b>46 421</b>	<b>182 651</b>	<b>92 068</b>	<b>1 191 795</b>	<b>1 278 719</b>				
	<b>Expenditure by Vote to be appropriated</b>																		
	Vote 1 - EXECUTIVE & COUNCIL		3 399	4 100	5 867	4 375	5 604	3 580	3 451	3 457	17 902	3 451	18 821	78 645	82 577				
	Vote 2 - FINANCE & ADMINISTRATION		10 885	15 489	13 106	10 739	14 504	12 656	12 656	10 327	10 343	7 796	24 349	172 126	180 733				
	Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		2 944	5 247	6 613	6 629	14 951	6 167	6 167	5 323	5 143	4 022	5 323	73 364	77 032				
	Vote 4 - WATER		40 240	53 825	39 646	57 958	45 784	42 186	42 186	37 060	39 284	41 510	19 187	469 052	492 516				
	Vote 5 - WASTE WATER MANAGEMENT		4 906	7 201	8 738	7 183	6 456	7 316	7 316	5 686	16 648	5 403	10 808	91 356	95 924				
	Vote 6 - PUBLIC SAFETY		56	9	321	261	1 077	685	685	639	739	541	839	8 434	8 856				
	Vote 7 - ENVIRONMENTAL PROTECTION		56	9	321	261	1 234	1 176	1 176	1 416	371	1 416	10 718	18 602	19 532				
	Vote 8 - OTHER: MARKET		91	94	94	74	34	76	76	75	101	75	588	1 451	1 523				
	Vote 9 - SPORTS & RECREATION												390	390	410				
	Vote 10 - [NAME OF VOTE 10]																		
	Vote 11 - [NAME OF VOTE 11]																		
	Vote 12 - [NAME OF VOTE 12]																		
	Vote 13 - [NAME OF VOTE 13]																		
	Vote 14 - [NAME OF VOTE 14]																		
	Vote 15 - [NAME OF VOTE 15]																		
	<b>Total Expenditure by Vote</b>		<b>62 678</b>	<b>85 974</b>	<b>74 706</b>	<b>87 481</b>	<b>86 644</b>	<b>73 843</b>	<b>63 977</b>	<b>77 088</b>	<b>77 646</b>	<b>68 746</b>	<b>85 576</b>	<b>913 432</b>	<b>959 103</b>				
	<b>Surplus/(Deficit) before assoc.</b>		<b>51 768</b>	<b>(24 507)</b>	<b>(31 868)</b>	<b>(22 902)</b>	<b>114 081</b>	<b>(30 110)</b>	<b>(26 944)</b>	<b>132 684</b>	<b>(31 226)</b>	<b>113 904</b>	<b>6 492</b>	<b>278 363</b>	<b>319 616</b>				
	Taxation																		
	Attributable to minorities																		
	Share of surplus/ (deficit) of associate																		
	<b>Surplus/(Deficit)</b>		<b>51 768</b>	<b>(24 507)</b>	<b>(31 868)</b>	<b>(22 902)</b>	<b>114 081</b>	<b>(30 110)</b>	<b>(26 944)</b>	<b>132 684</b>	<b>(31 226)</b>	<b>113 904</b>	<b>6 492</b>	<b>278 363</b>	<b>319 616</b>				
	References		1																

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

R thousand	Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
46 588	Governance and administration		1 804	38 797	1 596	2 495	2 672	7 815	92 566	1 012	203 851	197 939	212 696	203 851	197 939	212 696	
391	Executive and council		391	156	208	158	225	158	158	318	2 356	500	600	2 356	500	600	
46 588	Budget and treasury office		1 413	38 601	1 387	2 336	7 589	92 428	92 428	693	201 488	197 431	212 088	201 488	197 431	212 088	
0	Corporate services		1	0	0	1	1	1	1	2	8	8	8	8	8	8	
2 151	Community and public safety		18	2 670	18	20	20	20	20	2 761	7 767	8 156	8 563	7 767	8 156	8 563	
18	Community and social services		18	18	18	18	18	18	18	18	18	18	18	18	18	18	
2 134	Sport and recreation		18	2 652	18	20	20	20	20	20	20	20	20	20	20	20	
14 174	Public safety		12 659	8 787	2 453	301	2 311	7 019	301	2 448	75 067	76 720	80 556	75 067	76 720	80 556	
8 978	Housing		12 552	2 096	2 425	64	2 073	2 991	64	385	54 239	56 951	59 799	54 239	56 951	59 799	
5 196	Health		106	6 681	28	238	238	4 028	238	2 063	18 827	19 769	20 757	18 827	19 769	20 757	
51 518	Economic and environmental services		101 992	154 848	39 654	34 217	204 746	33 536	89 744	77 375	906 945	995 732	1 084 501	906 945	995 732	1 084 501	
41 113	Planning and development		92 288	142 977	30 240	25 280	195 810	24 641	80 807	60 417	786 053	850 104	911 592	786 053	850 104	911 592	
10 405	Road transport		9 704	11 871	9 413	8 937	8 937	8 995	8 937	16 958	120 891	145 628	152 909	120 891	145 628	152 909	
14	Environmental protection		23	23	13	23	23	56	23	21	165	173	182	165	173	182	
114 446	Trading services		116 473	206 126	43 734	37 033	209 772	48 445	182 651	83 638	1 191 795	1 276 719	1 366 498	1 191 795	1 276 719	1 366 498	
14 385	Electricity		15 114	18 108	16 236	14 778	14 800	50 974	14 778	34 856	250 771	263 310	276 475	250 771	263 310	276 475	
3 399	Water		4 375	5 604	3 580	3 451	3 457	17 902	3 451	18 821	78 645	82 577	86 706	78 645	82 577	86 706	
3 950	Waste water management		3 485	3 898	4 521	3 812	3 814	4 371	3 812	8 273	51 368	53 936	56 633	51 368	53 936	56 633	
7 035	Waste management		7 254	8 606	8 135	7 515	7 530	28 702	7 515	7 812	120 758	126 796	133 136	120 758	126 796	133 136	
56	Other		207	1 077	685	639	739	541	839	3 449	8 824	9 265	9 729	8 824	9 265	9 729	
56	Sport and recreation		207	1 077	685	639	739	541	839	3 449	8 824	9 265	9 729	8 824	9 265	9 729	
3 000	Public safety		261	261	261	261	261	261	261	261	261	261	261	261	261	261	
2 944	Housing		6 890	15 186	7 344	6 739	6 561	13 393	6 739	3 872	91 966	96 565	101 383	91 966	96 565	101 383	
56	Health		6 629	13 951	6 167	5 323	5 143	4 022	5 323	2 154	73 364	77 032	80 884	73 364	77 032	80 884	
47 146	Economic and environmental services		261	1 224	1 176	1 416	1 418	9 371	1 416	1 718	18 602	19 532	20 509	18 602	19 532	20 509	
40 240	Planning and development		46 983	51 330	56 701	45 853	46 022	38 413	45 853	27 239	560 419	588 440	617 862	560 419	588 440	617 862	
6 906	Road transport		39 000	43 874	48 785	39 167	39 264	31 510	39 167	15 172	469 062	492 516	517 141	469 062	492 516	517 141	
91	Environmental protection		7 983	7 456	7 916	6 686	6 757	6 903	6 686	12 067	91 356	95 924	100 720	91 356	95 924	100 720	
64 678	Trading services		74	34	76	75	75	101	75	588	1 451	1 523	1 600	1 451	1 523	1 600	
49 768	Electricity		69 323	85 735	81 042	88 064	68 197	103 422	88 064	68 284	913 432	959 103	1 007 068	913 432	959 103	1 007 068	
24 807	Water		47 150	119 391	(37 308)	(31 051)	141 575	(54 977)	114 367	13 634	278 363	319 616	359 440	278 363	319 616	359 440	
24 807	Waste water management		(27 881)	(27 881)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	
91	Waste management		47 150	119 391	(37 308)	(31 051)	141 575	(54 977)	114 367	13 634	278 363	319 616	359 440	278 363	319 616	359 440	
64 678	Other		74	34	76	75	75	101	75	588	1 451	1 523	1 600	1 451	1 523	1 600	
64 678	Other		74	34	76	75	75	101	75	588	1 451	1 523	1 600	1 451	1 523	1 600	
49 768	Total Expenditure - Standard		47 150	119 391	(37 308)	(31 051)	141 575	(54 977)	114 367	13 634	278 363	319 616	359 440	278 363	319 616	359 440	
49 768	Surplus/(Deficit) before assoc.		(24 807)	(24 807)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	
49 768	Share of surplus/(deficit) of associate	1	(24 807)	(24 807)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	
49 768	Surplus/(Deficit)		(24 807)	(24 807)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	(31 499)	

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

DC21 Ugu - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Final Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		58 254	-	-	33 559	-	-	278 851	292 784	307 433
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Redistribution		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		39 858	-	-	8 000	-	-	217 351	228 219	238 829
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Retreatment		20 858	-	-	8 000	-	-	217 351	228 219	238 829
Infrastructure - Sanitation		18 398	-	-	25 559	-	-	61 500	64 575	67 804
Retreatment		-	-	-	-	-	-	-	-	-
Sewerage purification		18 398	-	-	25 559	-	-	61 500	64 575	67 804
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
<b>Community</b>		3 066	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other	8	3 066	-	-	-	-	-	-	-	-
<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		-	-	-	-	-	-	-	-	-
Abitables		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civil Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Supplies Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other	10	-	-	-	-	-	-	-	-	-
<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 renewal of existing assets</b>	<b>1</b>	<b>61 320</b>	<b>-</b>	<b>-</b>	<b>33 559</b>	<b>-</b>	<b>-</b>	<b>278 851</b>	<b>292 784</b>	<b>307 433</b>
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conveyance		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>		<b>20.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>9.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>77.0%</b>	<b>92.1%</b>	<b>87.2%</b>
<b>Renewal of Existing Assets as % of deprecn*</b>		<b>30.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>27.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>230.4%</b>	<b>230.4%</b>	<b>230.4%</b>

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34c) must reconcile to total capital expenditure in Budgeted Capital Expenditure  
 2. Airports, Car Parks, Bus Terminals and Taxi Ranks  
 3. For example - technology backbones (e.g. fibre optic, WiFi infrastructure) for economic development purposes  
 4. Work-in-progress/under construction to be budgeted under the respective item  
 5. Infrastructure includes land and buildings required by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure  
 6. Donated/contributed & leased assets to be included within the respective sub-class  
 7. Busses used to provide a service to the community  
 8. Not municipal contributions to the 'top structure' being built using the housing subsidies  
 9. Statues, art collections, medals etc.  
 10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

2021 Ugu - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2013/14			2014/15			2015/16			Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20						
<b>Infrastructure</b>	1	10 460	20 354	24 419	32 857	31 926	30 330	31 091	32 645	34 278						
Infrastructure - Road transport		1 463	954	1 145	5 799	5 634	5 353	5 467	5 761	6 049						
Roads, Pavements & Bridges		1 463	954	1 145	5 799	5 634	5 353	5 467	5 761	6 049						
Storm water		-	-	-	-	-	-	-	-	-						
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-						
Generation		-	-	-	-	-	-	-	-	-						
Transmission & Reticulation		-	-	-	-	-	-	-	-	-						
Street Lighting		-	-	-	-	-	-	-	-	-						
Infrastructure - Water		8 317	15 057	18 054	20 895	20 109	19 104	19 583	20 562	21 590						
Dams & Reservoirs		263	2 219	2 662	3 414	3 317	3 151	3 230	3 382	3 561						
Water purification		111	2 332	2 797	4 854	4 716	4 480	4 693	4 822	5 053						
Reticulation		7 943	10 507	12 505	12 428	12 076	11 472	11 760	12 345	12 965						
Infrastructure - Sanitation		699	4 342	5 210	3 300	3 206	3 046	3 122	3 279	3 443						
Reticulation		686	3 146	3 774	1 515	1 473	1 399	1 434	1 506	1 581						
Sewerage purification		14	1 197	1 436	1 784	1 734	1 647	1 688	1 773	1 862						
Infrastructure - Other		-	-	-	3 063	2 976	2 827	2 886	3 043	3 195						
Waste Management		-	-	-	-	-	-	-	-	-						
Transportation	2	-	-	-	-	-	-	-	-	-						
Gas		-	-	-	-	-	-	-	-	-						
Other	3	-	-	-	3 063	2 976	2 827	2 886	3 043	3 195						
<b>Community</b>		-	-	-	-	-	-	-	-	-						
Parks & gardens		-	-	-	-	-	-	-	-	-						
Sportsfields & stadia		-	-	-	-	-	-	-	-	-						
Swimming pools		-	-	-	-	-	-	-	-	-						
Community halls		-	-	-	-	-	-	-	-	-						
Libraries		-	-	-	-	-	-	-	-	-						
Recreational facilities		-	-	-	-	-	-	-	-	-						
Fire, safety & emergency		-	-	-	-	-	-	-	-	-						
Security and policing		-	-	-	-	-	-	-	-	-						
Buses		-	-	-	-	-	-	-	-	-						
Clinics		-	-	-	-	-	-	-	-	-						
Museums & Art Galleries		-	-	-	-	-	-	-	-	-						
Cemeteries		-	-	-	-	-	-	-	-	-						
Social rental housing		-	-	-	-	-	-	-	-	-						
Other		-	-	-	-	-	-	-	-	-						
<b>Fixed assets</b>		-	-	-	-	-	-	-	-	-						
Buildings		-	-	-	-	-	-	-	-	-						
Other		-	-	-	-	-	-	-	-	-						
<b>Retirement properties</b>		-	-	-	-	-	-	-	-	-						
Housing development		-	-	-	-	-	-	-	-	-						
Other		-	-	-	-	-	-	-	-	-						
<b>Plant assets</b>		6 237	31 284	37 532	56 619	35 582	33 803	34 651	36 383	38 282						
General vehicles		-	-	-	16 000	15 547	14 770	15 140	15 897	16 692						
Specialised vehicles		-	-	-	-	-	-	-	-	-						
Plant & equipment		5 095	14 952	17 938	12 234	11 888	11 293	11 577	12 156	12 753						
Computers - hardware/equipment		126	58	70	215	209	198	203	214	224						
Furniture and other office equipment		-	-	-	107	104	99	101	106	112						
Abattoirs		-	-	-	-	-	-	-	-	-						
Markets		-	-	-	-	-	-	-	-	-						
Chiv Land and Buildings		1 025	2 519	3 022	6 221	6 045	5 743	5 887	6 181	6 490						
Other Buildings		-	-	-	-	-	-	-	-	-						
Other Land		-	-	-	-	-	-	-	-	-						
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-						
Other		-	13 755	16 502	1 841	1 769	1 700	1 742	1 829	1 921						
<b>Cultural assets</b>		-	-	-	-	-	-	-	-	-						
List sub-class		-	-	-	-	-	-	-	-	-						
<b>Physical assets</b>		-	-	-	-	-	-	-	-	-						
List sub-class		-	-	-	-	-	-	-	-	-						
<b>Intangible assets</b>		456	1 000	1 200	1 160	1 127	1 071	1 098	1 153	1 210						
Computers - software & programming		456	1 000	1 200	1 160	1 127	1 071	1 098	1 153	1 210						
Other (list sub-class)		-	-	-	-	-	-	-	-	-						
<b>Repairs and Maintenance Expenditure</b>	1	17 173	52 638	63 151	70 636	66 636	65 204	66 839	70 181	73 690						
<b>Leased vehicles</b>		-	-	-	-	-	-	-	-	-						
Refuse		-	-	-	-	-	-	-	-	-						
Fire		-	-	-	-	-	-	-	-	-						
Emergency		-	-	-	-	-	-	-	-	-						
Ambulances		-	-	-	-	-	-	-	-	-						
<b>as a % of PPE</b>		0.5%	1.5%	1.6%	1.8%	1.6%	1.6%	1.7%	1.7%	1.7%						
<b>as % Operating Expenditure</b>		2.4%	5.8%	6.8%	7.7%	7.4%	7.4%	7.3%	7.3%	7.3%						

Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1  
 Refuse, Car Parks, Bus Terminals and Taxi Ranks  
 Example - technology backbones (e.g. fibre optic, WiFi infrastructure) for economic development purposes  
 In-progress/under construction to be budgeted under the respective item  
 Infrastructure includes land and buildings required by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure  
 Leased/contributed & leased assets to be included within the respective sub-class  
 Assets used to provide a service to the community  
 Municipal contributions to the 'top structure' being built using the housing subsidies  
 Jewels, art collections, medals etc.  
 Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

IC21 Ugu - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Infrastructure</b>	1	10 480	20 354	24 419	32 857	31 928	30 388	31 091	32 645	34 278
Infrastructure - Road transport		1 463	954	1 145	5 799	5 634	5 353	5 487	5 761	6 049
Roads, Pavements & Bridges		1 463	954	1 145	5 799	5 634	5 353	5 487	5 761	6 049
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		5 317	15 057	16 084	20 695	20 109	19 104	19 583	20 562	21 590
Dams & Reservoirs		263	2 219	2 602	3 414	3 317	3 451	3 230	3 362	3 561
Water purification		111	2 332	2 797	4 854	4 716	4 480	4 593	4 822	5 063
Reticulation		7 943	10 507	12 605	12 428	12 076	11 472	11 760	12 348	12 965
Infrastructure - Sanitation		699	4 342	5 210	3 300	3 205	3 046	3 122	3 279	3 443
Reticulation		696	3 146	3 774	1 515	1 473	1 399	1 434	1 506	1 581
Sewerage purification		14	1 197	1 436	1 784	1 734	1 647	1 688	1 773	1 862
Infrastructure - Other		-	-	-	3 063	2 976	2 827	2 898	3 043	3 195
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Cinemas		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Fixed assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Plant assets</b>		6 237	31 284	37 532	36 619	35 582	33 803	34 651	36 389	38 202
General vehicles		-	-	-	16 000	15 547	14 770	15 140	15 697	16 592
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		5 085	14 952	17 936	12 234	11 888	11 283	11 577	12 156	12 763
Computers - hardware/equipment		126	58	70	215	209	195	203	214	224
Furniture and other office equipment		-	-	-	107	104	99	101	106	112
Machinery		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		1 026	2 519	3 022	6 221	6 045	5 743	5 887	6 181	6 480
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	13 755	16 502	1 841	1 789	1 700	1 742	1 829	1 921
<b>Cultural assets</b>		-	-	-	-	-	-	-	-	-
Art sub-class		-	-	-	-	-	-	-	-	-
<b>Physical assets</b>		-	-	-	-	-	-	-	-	-
IT sub-class		-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>		456	1 000	1 200	1 160	1 127	1 071	1 098	1 153	1 210
Computers - software & programming		456	1 000	1 200	1 160	1 127	1 071	1 098	1 153	1 210
Other (list sub-class)		-	-	-	-	-	-	-	-	-
<b>Repairs and Maintenance Expenditure</b>	1	17 173	52 638	63 151	73 636	68 636	65 204	66 839	70 181	73 690
<b>Leased vehicles</b>		-	-	-	-	-	-	-	-	-
Lease		-	-	-	-	-	-	-	-	-
Lease		-	-	-	-	-	-	-	-	-
Lease		-	-	-	-	-	-	-	-	-
Lease		-	-	-	-	-	-	-	-	-
Lease		-	-	-	-	-	-	-	-	-
<b>as a % of PPE</b>		0.5%	1.5%	1.6%	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%
<b>as % Operating Expenditure</b>		2.4%	5.8%	6.8%	7.7%	7.4%	7.4%	7.3%	7.3%	7.3%

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



DC21 Ugu - Supporting Table SA34d Consolidated Depreciation by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Infrastructure</b>	1	172 596	239 300	179 832	112 965	117 572	111 694	110 360	115 876	121 672
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Retention		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		168 447	223 731	161 655	101 542	106 684	100 389	99 200	104 160	109 368
Dams & Reservoirs		153 604	199 978	96 633	60 462	62 926	59 782	59 068	62 021	65 122
Water purification		7 659	33 751	34 423	21 851	22 742	21 605	21 347	22 114	23 535
Retreatment		6 985	30 002	30 569	19 229	20 013	19 013	18 795	19 725	20 711
Infrastructure - Sanitation		4 149	15 569	18 177	11 423	11 889	11 284	11 159	11 717	12 303
Retreatment		98	367	429	269	280	265	265	276	280
Sewerage purification		1 052	15 202	17 748	11 153	11 608	11 028	10 896	11 441	12 013
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas	2	-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
<b>Community</b>		6 377	79 869	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		5 775	79 522	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	604	337	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	4 200	-	-	-	-	-	-	-
Housing development		-	4 200	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		14 667	11 345	12 821	9 324	8 683	8 230	8 426	8 847	9 289
General vehicles	10	6 699	5 186	6 086	3 612	3 968	3 769	3 724	3 911	4 106
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		1 634	1 268	1 055	830	668	620	1 202	1 263	1 326
Computers - hardware/equipment		2 314	1 795	2 096	1 317	1 371	1 302	1 297	1 351	1 419
Furniture and other office equipment		953	739	863	542	565	536	530	566	584
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		3 120	2 233	2 807	1 638	1 705	1 620	1 601	1 681	1 765
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		148	113	132	63	87	82	81	65	90
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		4 635	3 156	2 451	2 316	2 410	2 289	2 262	2 375	2 494
Computers - software & programming		4 635	3 156	2 451	2 316	2 410	2 289	2 262	2 375	2 494
Other (Net sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>	1	198 476	337 860	195 103	123 604	128 645	122 213	121 047	127 100	133 455
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.  
 2. Airports, Car Parks, Bus Terminals and Taxi Ranks  
 3. For example - technology backbones (e.g. fibre optic, WiFi infrastructure) for economic development purposes  
 4. Work-in-progress/under construction to be budgeted under the respective item  
 5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure  
 6. Donated/contributed & leased assets to be included within the respective sub-class  
 7. Buses used to provide a service to the community  
 8. Not municipal contributions to the 'top structure' being built using the housing subsidies  
 9. Statues, art collections, medals etc.  
 10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'



DC21 Ugu - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
<b>Capital expenditure</b>	1							
Vote 1 - EXECUTIVE & COUNCIL		1 000	-	-				
Vote 2 - FINANCE & ADMINISTRATION		50 159	-	-				
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT		265	279	293				
Vote 4 - WATER		228 751	231 961	262 522				
Vote 5 - WASTE WATER MANAGEMENT		81 500	85 575	89 854				
Vote 6 - PUBLIC SAFETY		-	-	-				
Vote 7 - ENVIRONMENTAL PROTECTION		650	-	-				
Vote 8 - OTHER: MARKET		-	-	-				
Vote 9 - SPORTS & RECREATION		-	-	-				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		<b>362 325</b>	<b>317 815</b>	<b>352 668</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - EXECUTIVE & COUNCIL								
Vote 2 - FINANCE & ADMINISTRATION								
Vote 3 - INFRASTRUCTURE & ECONOMIC DEVELOPMENT								
Vote 4 - WATER								
Vote 5 - WASTE WATER MANAGEMENT								
Vote 6 - PUBLIC SAFETY								
Vote 7 - ENVIRONMENTAL PROTECTION								
Vote 8 - OTHER: MARKET								
Vote 9 - SPORTS & RECREATION								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
<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								
List other revenues sources if applicable								
List entity summary if applicable								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>362 325</b>	<b>317 815</b>	<b>352 668</b>	-	-	-	-

References  
 . Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))  
 . Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))  
 . Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

Item No.	Item Description	Unit	Quantity	Unit Price	Total Price	Remarks	Fiscal Information	
							Budget Year 2015	Budget Year 2016
1	General Equipment	EA	1	1000	1000		1000	1000
2	Computer System	EA	1	2000	2000		2000	2000
3	Software License	EA	1	1500	1500		1500	1500
4	Office Furniture	EA	1	500	500		500	500
5	Office Chair	EA	1	300	300		300	300
6	Office Desk	EA	1	200	200		200	200
7	Office Printer	EA	1	100	100		100	100
8	Office Telephone	EA	1	100	100		100	100
9	Office Staircase	EA	1	100	100		100	100
10	Office Chair	EA	1	300	300		300	300
11	Office Desk	EA	1	200	200		200	200
12	Office Printer	EA	1	100	100		100	100
13	Office Telephone	EA	1	100	100		100	100
14	Office Staircase	EA	1	100	100		100	100
15	Office Chair	EA	1	300	300		300	300
16	Office Desk	EA	1	200	200		200	200
17	Office Printer	EA	1	100	100		100	100
18	Office Telephone	EA	1	100	100		100	100
19	Office Staircase	EA	1	100	100		100	100
20	Office Chair	EA	1	300	300		300	300
21	Office Desk	EA	1	200	200		200	200
22	Office Printer	EA	1	100	100		100	100
23	Office Telephone	EA	1	100	100		100	100
24	Office Staircase	EA	1	100	100		100	100
25	Office Chair	EA	1	300	300		300	300
26	Office Desk	EA	1	200	200		200	200
27	Office Printer	EA	1	100	100		100	100
28	Office Telephone	EA	1	100	100		100	100
29	Office Staircase	EA	1	100	100		100	100
30	Office Chair	EA	1	300	300		300	300
31	Office Desk	EA	1	200	200		200	200
32	Office Printer	EA	1	100	100		100	100
33	Office Telephone	EA	1	100	100		100	100
34	Office Staircase	EA	1	100	100		100	100
35	Office Chair	EA	1	300	300		300	300
36	Office Desk	EA	1	200	200		200	200
37	Office Printer	EA	1	100	100		100	100
38	Office Telephone	EA	1	100	100		100	100
39	Office Staircase	EA	1	100	100		100	100
40	Office Chair	EA	1	300	300		300	300
41	Office Desk	EA	1	200	200		200	200
42	Office Printer	EA	1	100	100		100	100
43	Office Telephone	EA	1	100	100		100	100
44	Office Staircase	EA	1	100	100		100	100
45	Office Chair	EA	1	300	300		300	300
46	Office Desk	EA	1	200	200		200	200
47	Office Printer	EA	1	100	100		100	100
48	Office Telephone	EA	1	100	100		100	100
49	Office Staircase	EA	1	100	100		100	100
50	Office Chair	EA	1	300	300		300	300
51	Office Desk	EA	1	200	200		200	200
52	Office Printer	EA	1	100	100		100	100
53	Office Telephone	EA	1	100	100		100	100
54	Office Staircase	EA	1	100	100		100	100
55	Office Chair	EA	1	300	300		300	300
56	Office Desk	EA	1	200	200		200	200
57	Office Printer	EA	1	100	100		100	100
58	Office Telephone	EA	1	100	100		100	100
59	Office Staircase	EA	1	100	100		100	100
60	Office Chair	EA	1	300	300		300	300
61	Office Desk	EA	1	200	200		200	200
62	Office Printer	EA	1	100	100		100	100
63	Office Telephone	EA	1	100	100		100	100
64	Office Staircase	EA	1	100	100		100	100
65	Office Chair	EA	1	300	300		300	300
66	Office Desk	EA	1	200	200		200	200
67	Office Printer	EA	1	100	100		100	100
68	Office Telephone	EA	1	100	100		100	100
69	Office Staircase	EA	1	100	100		100	100
70	Office Chair	EA	1	300	300		300	300
71	Office Desk	EA	1	200	200		200	200
72	Office Printer	EA	1	100	100		100	100
73	Office Telephone	EA	1	100	100		100	100
74	Office Staircase	EA	1	100	100		100	100
75	Office Chair	EA	1	300	300		300	300
76	Office Desk	EA	1	200	200		200	200
77	Office Printer	EA	1	100	100		100	100
78	Office Telephone	EA	1	100	100		100	100
79	Office Staircase	EA	1	100	100		100	100
80	Office Chair	EA	1	300	300		300	300
81	Office Desk	EA	1	200	200		200	200
82	Office Printer	EA	1	100	100		100	100
83	Office Telephone	EA	1	100	100		100	100
84	Office Staircase	EA	1	100	100		100	100
85	Office Chair	EA	1	300	300		300	300
86	Office Desk	EA	1	200	200		200	200
87	Office Printer	EA	1	100	100		100	100
88	Office Telephone	EA	1	100	100		100	100
89	Office Staircase	EA	1	100	100		100	100
90	Office Chair	EA	1	300	300		300	300
91	Office Desk	EA	1	200	200		200	200
92	Office Printer	EA	1	100	100		100	100
93	Office Telephone	EA	1	100	100		100	100
94	Office Staircase	EA	1	100	100		100	100
95	Office Chair	EA	1	300	300		300	300
96	Office Desk	EA	1	200	200		200	200
97	Office Printer	EA	1	100	100		100	100
98	Office Telephone	EA	1	100	100		100	100
99	Office Staircase	EA	1	100	100		100	100
100	Office Chair	EA	1	300	300		300	300

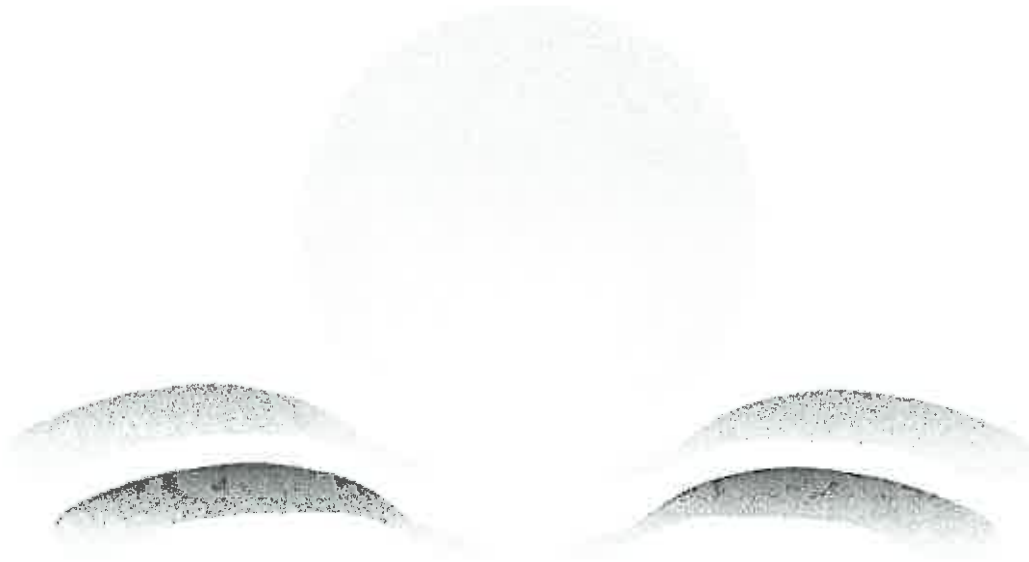
1. All items are subject to availability.  
 2. All items are subject to approval.  
 3. All items are subject to inspection.  
 4. All items are subject to delivery.  
 5. All items are subject to payment.  
 6. All items are subject to cancellation.  
 7. All items are subject to return.  
 8. All items are subject to disposal.  
 9. All items are subject to recycling.  
 10. All items are subject to reuse.

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**UGU DISTRICT MUNICIPALITY**

**IDP, FMS AND BUDGET  
PROCESS & FRAMEWORK PLAN**

**2017/2018**



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## GLOSSARY

<b>AG</b>	Auditor General
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ART</b>	Antiretroviral therapy
<b>ARV</b>	Antiretroviral
<b>BBBEE</b>	Broad Based Black economic Empowerment
<b>CDWs</b>	Community Development Workers
<b>DBSA</b>	Development Bank of Southern Africa
<b>DAEA</b>	Department of Agriculture and Environmental Affairs
<b>DEAT</b>	Department of Environmental Affairs and Tourism
<b>DFA</b>	Development Facilitation Act
<b>CoGTA</b>	Department of Cooperative Government and Traditional Affairs
<b>DM</b>	District Municipality
<b>DoHS</b>	Department of Human Settlement
<b>DWAF</b>	Department of Water Affairs & Forestry
<b>EIA</b>	Environmental Impact Assessment
<b>EKZNW</b>	Ezemvelo Wildlife
<b>EMF</b>	Environmental Management Framework
<b>EMP</b>	Environmental Management Plan
<b>EPWP</b>	Expanded Public Works Programme
<b>FBS</b>	Free Basic Services
<b>FET</b>	Further Education and Training
<b>HH</b>	Households
<b>HIV</b>	Human Immune-deficiency Virus
<b>HR</b>	Human Resources
<b>ICMA</b>	Integrated Coastal Management Act
<b>ICT</b>	Information Communications Technologies

<b>IDP</b>	Integrated Development Plan
<b>IDPRF</b>	Integrated Development Plan Representative Forum
<b>IGR</b>	Inter Governmental Relations
<b>ISRDP</b>	Integrated Sustainable Rural Development Programme
<b>IWMP</b>	Integrated Waste Management Plan
<b>LED</b>	Local Economic Development
<b>LGSETA</b>	Local Government SETA
<b>LM</b>	Local Municipality
<b>LRAD</b>	Land Redistribution Programme
<b>LUMS</b>	Land Use Management System
<b>GDS</b>	Growth and Development Strategy
<b>LUMF</b>	Land Use Management Framework
<b>MDG</b>	Millennium Development Goals
<b>MIG</b>	Municipal Improvement Grant
<b>MSIG</b>	Municipal Systems Improvement Grant
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NEMA</b>	National Environmental Management Act
<b>NSDP</b>	National Spatial Development Perspective
<b>PGDS</b>	Provincial Growth and Development Strategy
<b>PMS</b>	Performance Management System
<b>PSEDS</b>	Provincial Spatial Economic Development Strategy
<b>SANRAL</b>	South African National Roads Agency Limited
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SEA</b>	Strategic Environmental Assessment
<b>STATSSA</b>	Statistics South Africa
<b>VCT</b>	Voluntary Counselling and Testing

#### GLOSSARY OF LEGISLATIVE ENACTMENTS

<b>The Constitution</b>	Republic of South Africa's Constitution, Act 108 of 1996
<b>The Systems Act</b>	Municipal Systems Act, No 32 of 2000
<b>The Structures Act</b>	Municipal Structures Act, No 117 of 1998
<b>SPLUMA</b>	Spatial Planning and Land Use Management Act, No 16 of 2013
<b>MFMA</b>	Municipal Finance Management Act, No 56 of 2003

## SECTION A - FRAMEWORK PLAN

### 1. Introduction and Background

An IDP is one of the key tools for Local Government to achieve its developmental role and seeks to arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development, and institutional transformation in a consultative, systematic and strategic manner. The Ugu District Municipality is in a process of developing a comprehensive 5 year Integrated Development Plan (IDP) in terms of Chapter 5 of the Municipal Systems Act, 2000.

#### 1.1. Legislative Requirement

In terms of Chapter 5, Section 34 of the Municipal Systems Act, 2000 it requires that all municipalities to annually review and amend its IDP in accordance with an assessment of its performance measurements, Section 41 of the Act requests the inclusion in to the extent that changing circumstances to demand. Section 26 of the Act also describes the core components of integrated development plans. Section 28 stipulates that the Municipal Council must adopt a process to guide the planning, drafting, adoption and review of its IDP. The Municipal Finance Management Act, No.56 of 2003 (MFMA), Section 21 (1) (b) prescribes that the Mayor must table in the Municipal Council a time schedule outlining the key deadlines for the preparation, tabling and approval of the annual budget, annual review of the IDP as well as the budget related policies and related consultative processes, approval of the annual budget, annual review of the IDP as well as the budget related policies and related consultative processes.

The Process Plan of the District and its Local Municipalities need to be prepared in line with this IDP development Framework Plan as agreed to by all the Municipalities in the District. The IDP Process Plan provides guidance with respect to the programme of action that has to be followed during the IDP development process. The purpose of this process plan is to identify and detail the elements identified in the Framework Plan and set out the specific time frames in which all activities should be achieved.

Ugu District Municipality (DC 21) has four category B municipalities under its jurisdiction. The four local municipalities are:

- KZ212 Umdoni
- KZ213 Umzumbe
- KZ214 Umuziwabantu
- KZ216 Ray Nkonyeni

The Framework Plan and Process Plan are two distinct documents which talk to each other.



### 1.2. What is a District Framework Plan?

The objective of a Framework Plan is to ensure that the processes of both the District and Local Municipalities IDP development and reviews are mutually linked and do inform each other. The Framework Plan is to be used by all municipalities in the district as a basis for drafting their process plans; the framework plan has to be agreed by all local municipalities. The Framework Plan binds the District and Local Municipalities.

The Framework Plan specifies the roles of different role players in the IDP process and determines procedures for coordination, consultation and alignment between the district and the local municipalities. The Framework Plan guides each municipality in preparing its Process Plan.

### 1.3. Underlying Approach to the Framework Plan

The Framework Plan as stipulated in Section 27 (2) of the Municipal Systems Act of 2000 identifies the following:

- Identify plans and planning requirements that bind the District and Local Municipalities in terms of national and provincial legislation.
- Identify matters that require alignment between the District and Local Municipalities.
- Specify the principles to be applied and coordinate the approach to be adopted in respect of the matters identified.
- Determine procedures for consultation between the municipalities during the process of drafting their respective IDPs and to effect essential amendments to the framework.

### 1.4. What is the Process Plan?

The Process Plan fulfils the function of a "business plan", it therefore details and sets out timeframes to the processes that will be followed during the IDP development stages ensuring that all aspects are covered on time for adoption. The Process Plan must also consider and include amongst others what has been set out in the Framework Plan, the MEC comments, Council priorities, Draft IDP Assessments and Self Assessments, community input etc.

In terms of Section 34 of the MSA:

A municipal council-

- (a) must review its integrated development plan-
  - (i) annually in accordance with an assessment of its performance measurements in terms of section 4i; and
  - (ii) to the extent that changing circumstances so demand; and
- (b) may amend its IDP in accordance with a prescribed process

In order to ensure effective IDP development during this new 5 year plan, the municipality must prepare and adopt an IDP Process Plan which must be reviewed annually. The preparation of a Process Plan for the annual review is referred to in chapter 5, Section 28 of the MSA as follows:

Adoption of a process-

- (1) Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting and *adoption and review of its integrated development plan.*

In all the Process Plan must indicate what has to happen, when, by whom, with whom and where, and it should include cost estimates.

**1.5. Alignment of Government Policies and Plans**

Alignment of government policies and plans is crucial in strategic planning. Therefore the relevant binding and non-binding national and provincial policies including, programmes and strategies need to be considered in the municipal development planning process and interventions. The key mandates relevant to the municipal context in co-operative governance will be considered and addressed. These includes amongst others, Provincial Growth and Development Strategy, the New Growth Path, the MTSF as stipulated bellow.

**2. Institutional Arrangements for the IDP**

This institutional arrangement is set out to ensure the following:

- Institutionalization of the participation process
- Effective management in the drafting of objectives and
- To give affected parties access to contribute to the decision-making process.

Organizational structure of the Ugu District Municipality IDP development process is illustrated in Figure 1.

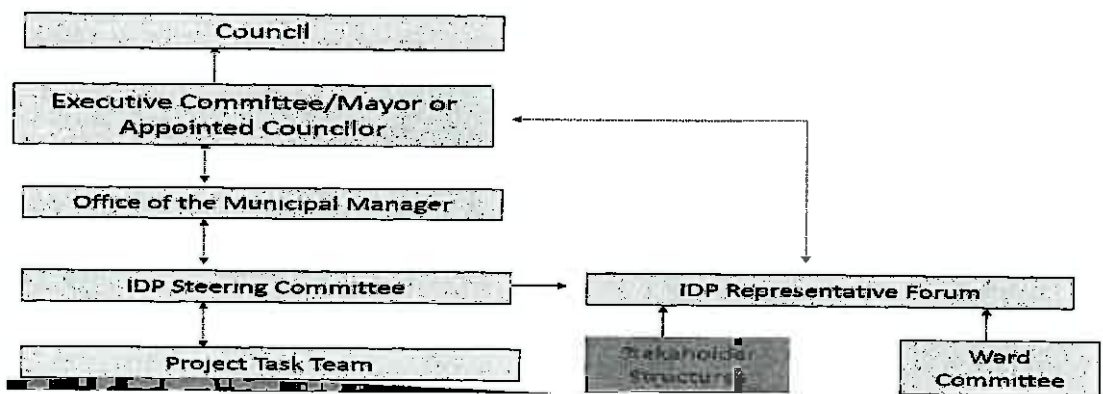


Fig 1: Organisational Arrangements

## 2.1. Council

The Council is the political decision-making body of the municipality and with regard to the 2017/2018 IDP will:

- Consider comments made in the 2016/2017 IDP Review Process and adopts a new Framework / Process Plan (FP / PP);
- Ensures the consideration of the national and provincial budgeting processes as well as inform the municipal budgeting process;
- Adopts the final IDP or IDP Review by the end of June annually; and
- Approves Sector Plans upon their completion

The Council follows the following critical generic dates annually:

- Finalisation & adoption of FP's and or PP's between **July and Sept**;
- Submission of draft IDP & budget to COGTA & Provincial Treasury in March;
- Finalisation and adopts IDP / IDP Review in June.

## 2.2. EXCO

- Responsible for overseeing the IDP Development/ Review process;
- Political responsibility and accountability regarding the IDP Development/ Review process.

## 2.3. Mayor

- Responsible for overseeing the IDP Development/ Review process, tabling and approval of the IDP process;
- Political responsibility and accountability regarding the IDP Development/ Review process.

## 2.4. Office of the Municipal Manager

The Municipal Manager or IDP Manager on his behalf is the responsible person for championing the Integrated Development Planning process.

IDP Manager falls under the office of the Municipal Manager and:

- Chair IDP Steering Committee meetings;
- Prepare FP and/or PP;
- Are responsible for management and co-ordination of IDP process;
- Respond to comments on the IDP;
- Avails documents to inform the IDP process;
- Promote involvement of all stakeholders; and
- Adjust the IDP according to the MEC's proposals.

## 2.5. IDP STEERING COMMITTEE

The Ugu District Municipality took a decision that the Management Committee and extended Management Committee will fulfill the role of IDP Steering Committee.

The composition of the IDP Technical Committee will have to take the manageability of a working committee into consideration and should preferably be chaired by the accountable or responsible official for IDP (Municipal Manager or IDP Manager).

### 2.5.1. Terms of Reference for the IDP Steering Committee

The technical committee will be an internal committee made up of the full management component of the municipality. It also serves to improve the participation of internal staff members in the IDP process and should result in better understanding and buy-in in the process. The committee will be responsible for, amongst other things, to;

- Consider all work and documentation that needs to be submitted to the IDP Steering Committee;
- Ensure the validity and technical correctness of the information presented to the other important IDP stakeholders; and
- Ensure the integration of the IDP policies, objectives, strategies and projects into the daily functioning and planning of the municipality.

### 2.5.2. Schedule of Steering Committee Meetings

The meetings of the IDP Steering Committee will sit as per the schedule of MANCO and extended MANCO as and when IDP issues needs to be addressed.

## 2.6. IDP Representative Forum

The IDP Representative Forum (IDP Rep Forum) is constituted as part of the preparation phase of the IDP and continues its functions throughout the annual IDP Review process. The proposed composition of the IDP Rep Forum is as follows:

- Councillors
- Traditional leaders
- Ward Committee Chairperson
- Senior municipal officials
- Stakeholder representatives of organised groups
- NGO's
- Advocates of unorganised groups
- Resource persons
- Other community representatives

- National and Provincial Departments regional representatives
- Parastatal organisations

#### 2.6.1. Terms of Reference for the IDP Representative Forum

The summarised terms of reference for the IDP Representative Forum could be based on the composition of the constituency's interests in the IDP process, and is proposed to be as follows:

- Represent the interest of the municipality's constituency in the IDP process
- Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders inclusive of municipal government
- Ensure communication between all the stakeholder representatives inclusive of municipal government
- Monitor the performance of the planning and implementation process

#### 2.6.2. Schedule of IDP RF Meetings

The IDP RF meetings are scheduled to sit bi-monthly as follows

2016		2017			
AUGUST	OCTOBER	NOVEMBER	FEBRUARY	APRIL	JUNE
-	-	22	TBC	TBC	TBC

#### 2.7. Project Task Team

- Acts as support to the IDPRF
- Effective management in the drafting of objectives and
- To give affected parties access to contribute to the decision-making process.
- Ensure vertical and horizontal alignment of programs and projects
- Monitoring and evaluation of programs and projects

#### 2.8. UGU District Development Planning FORUM (UDDPF)

- Provide relevant technical, sector and financial information regarding their municipality;
- Facilitate vertical alignment between DMs and LMs;
- Facilitate horizontal alignment with sector department and public utilities.

### 2.8.1. Schedule of UDDPF Meetings

The UDDPF meetings are scheduled to sit bi-monthly as follows

2016			2017		
JULY	AUGUST	NOVEMBER	FEBRUARY	APRIL	JUNE
-	19	TBC	TBC	TBC	TBC

### 2.9. Development Planning Unit

- Responsible for the compilation on overseeing on the IDP document
- Monitoring and evaluation

## 3. Roles and Responsibilities

### 3.1. Role Players

Table 1 & 2 captures the internal and external role players that have been identified to ensure a successful and useful IDP Process within the municipality. Each of these role players will contribute immensely to the success of the 5 year IDP.

### 3.2. Internal Role-players

- Council and the Executive Committee;
- Mayor;
- IDP Representative Forum;
- IDP Cluster;
- IDP Steering Committee;
- Extended Management Committee;
- Management Committee;
- IDP Manager.

### 3.3. External Role-players

- National, Provincial Government Departments and Local Municipalities;
- State Owned Enterprises;
- Planning professionals/facilitators;
- Civil Society Organisations;
- Traditional Leadership;
- IDP Clusters.
- Neighbouring District Municipalities



### 3.4. ROLES AND RESPONSIBILITIES

As with the preparation of the IDP the main roles and responsibilities allocated to each of the internal and external role players are set out in table 1 and table 2 respectively. The tables provide an indication of the various roles and responsibilities of the different groupings relating to specifically the IDP, PMS and Budgeting processes.

**Table 1: Internal Roles and Responsibilities**

Role Player	Roles and Responsibilities	Function
Council	<ul style="list-style-type: none"> <li>✓ Final decision making.</li> <li>✓ Approval of the IDP documentation.</li> <li>✓ Coordination roles for local municipalities.</li> <li>✓ Ensuring horizontal alignment of the IDP's of the municipalities in the district council area.</li> <li>✓ Ensuring vertical alignment between the district and local planning.</li> <li>✓ Facilitation of vertical alignment of IDP's with other spheres of government and sector departments.</li> <li>✓ Provide events for joint strategy workshops with local municipalities, provincial and national role players and other subject matter specialists.</li> <li>✓ Linking the IDP process with their constituencies</li> <li>✓ Organising public participation.</li> </ul>	IDP
	<ul style="list-style-type: none"> <li>✓ Final decision making.</li> <li>✓ Consider and adopt final report.</li> <li>✓ Consider and approve the performance agreement of the MM.</li> <li>✓ Popularising PMS within their constituencies.</li> </ul>	PMS
	<ul style="list-style-type: none"> <li>✓ Final decision making.</li> <li>✓ Approve the budget before the start of the financial year.</li> <li>✓ Council to approve unforeseen and unavoidable expenses.</li> <li>✓ Approve Service Delivery and Budget Implementation Plan.</li> </ul>	BUDGET
Mayor	<ul style="list-style-type: none"> <li>✓ Responsible for overseeing the process.</li> <li>✓ Political responsibility and accountability regarding the process.</li> </ul>	IDP
	<ul style="list-style-type: none"> <li>✓ Establishing the performance agreement for the Municipal Manager in terms of the PMS</li> <li>✓ Determine KPA's for MM based on institutional KPI's.</li> <li>✓ Determine the performance objectives and targets that the MM must meet in relation to the KPA's.</li> <li>✓ Negotiate the performance objectives and targets that the MM must meet.</li> <li>✓ Submit draft performance agreement for the MM via EXCO to the Council for consideration and approval.</li> <li>✓ Conclude and sign performance agreement with the MM on behalf of Council.</li> </ul>	PMS
	<ul style="list-style-type: none"> <li>✓ Table budget to Council at least 90 days before the start of the financial year.</li> <li>✓ Table budget timetable to Council.</li> <li>✓ Report authorization of unforeseeable and unavoidable expenses at Council meeting after having authorized such expenses.</li> <li>✓ Submit SDBIP to Council, 14 days after approval of budget.</li> <li>✓ Ensure conclusion of management's performance agreements.</li> <li>✓ Ensure that the management's performance agreements are made public.</li> <li>✓ Submit to Council an annual report within 7 months after the end of the financial year.</li> </ul>	BUDGET
	<ul style="list-style-type: none"> <li>✓ Provide technical/sector expertise through the IDP Steering Committee (Senior officials).</li> <li>✓ Prepare selected Sector Plans.</li> </ul>	IDP



Role Player	Roles and Responsibilities	Function
Ugu Municipal Officials	<ul style="list-style-type: none"> <li>✓ Provide comments on the IDP document as members of staff.</li> <li>✓ Setting KPI's for administrative components and service providers.</li> <li>✓ Prepare progress reports- Top management: Monthly</li> <li>✓ Reporting on the performance measures.</li> <li>✓ Verification of interim PMS measurement results.</li> </ul>	PMS
Municipal Manager	<ul style="list-style-type: none"> <li>✓ Decide on planning process.</li> <li>✓ Monitor process.</li> <li>✓ Overall Management and co-ordination.</li> </ul>	IDP
	<ul style="list-style-type: none"> <li>✓ Submission of annual performance report to Council for approval.</li> <li>✓ Submission of audit to Council.</li> <li>✓ Submit report to the Council about mechanisms, systems and processes for auditing the results of performance measurements as part of the internal auditing process.</li> <li>✓ Establishment of a performance audit committee.</li> <li>✓ Entering into performance agreements with departmental heads.</li> <li>✓ Performance monitoring.</li> <li>✓ Submission of approved annual performance report, together with financial statements, to the Auditor General.</li> <li>✓ Receive external Auditors report.</li> <li>✓ Submission of audit report via EXCO to Council within 1 month of receipt.</li> <li>✓ Within 14 days of adopting the annual report:</li> <li>✓ Make copies available to the public and the media;</li> <li>✓ Submit a copy of the report to the MEC for local government in the province;</li> <li>✓ Submit a copy of the report to the Auditor General and any other institutions prescribed by regulation.</li> </ul>	PMS
	<ul style="list-style-type: none"> <li>✓ Give notice of bank account to National Treasury (NT) and Auditor General (AG).</li> <li>✓ Supply NT and AG with list of bank accounts.</li> <li>✓ Table consolidated report of all withdrawals from bank account to Council within 30 days after the end of each quarter.</li> <li>✓ Submission of draft budget implementation plan to Mayor within 14 days after approval of the budget.</li> <li>✓ Perform mid-year performance assessment of the municipality and the submission of the report to the Mayor.</li> <li>✓ The submission of the annual financial statements to the AG within two months after the end of the Financial Year.</li> <li>✓ Submission of annual oversight reports to the Provincial Legislature within 7 days after adoption by Council.</li> </ul>	BUDGET
IDP Manager	<ul style="list-style-type: none"> <li>✓ Ensure that the Process Plan is finalised and adopted by Council;</li> <li>✓ Day-to-day management of the IDP process.</li> <li>✓ Ensure continuous and improved participation of role players through IDPRF and other means;</li> <li>✓ Prepare documentation and submissions;</li> <li>✓ Co-ordinate the preparation of the Sector Plans and their inclusion into the IDP documentation;</li> <li>✓ Co-ordinate the inclusion of the Performance Management System (PMS) into the revised IDP;</li> <li>✓ Submit the developed IDP to the relevant authorities.</li> </ul>	IDP

Role Player	Roles and Responsibilities	Function
	<ul style="list-style-type: none"> <li>✓ Day-to-day management of the process</li> <li>✓ Performance management review planning and preparation.</li> <li>✓ Prepare documentation and submissions;</li> <li>✓ Ensure that the Process Plan is adopted by Council;</li> <li>✓ Day-to-day management of the IDP process</li> </ul>	PMS
	<ul style="list-style-type: none"> <li>✓ Interact with Budget Officer for alignment of processes.</li> <li>✓ Ensuring IDP process conducted timeously for budgeting purposes.</li> </ul>	BUDGET
Manager: Budget Office	<ul style="list-style-type: none"> <li>✓ Interact with IDP manager to ensure processes are aligned.</li> <li>✓ Ensuring budget proposals are in line with IDP.</li> </ul>	IDP
	<ul style="list-style-type: none"> <li>✓ Ensure that the Process Plan is adopted by Council;</li> <li>✓ Day-to-day management of the budgeting process.</li> <li>✓ Make information available to staff members for budgeting purposes.</li> <li>✓ Prepare documentation and submissions;</li> <li>✓ Ensure draft budget is in place for submission to Council.</li> </ul>	BUDGET

Table 2: External Roles and Responsibilities

Role Player	Roles and Responsibilities
Planning Professionals	<ul style="list-style-type: none"> <li>✓ Specialist &amp; targeted input.</li> <li>✓ Facilitation of planning workshops.</li> <li>✓ Sector Plans.</li> <li>✓ Documentation.</li> </ul>
Representative Forum/Civil Society	<ul style="list-style-type: none"> <li>✓ Representing interest and contributing knowledge and ideas.</li> <li>✓ Identify and priorities community needs.</li> <li>✓ Provide comments on the IDP document.</li> </ul>
Government Departments	<ul style="list-style-type: none"> <li>✓ Provide data and information.</li> <li>✓ Budget guidelines.</li> <li>✓ Alignment of budgets with the IDP.</li> <li>✓ Provide professional and technical support (sector specialization)</li> </ul>
Amakhosi	<ul style="list-style-type: none"> <li>✓ Provide traditional leadership.</li> <li>✓ Joint planning.</li> <li>✓ Makes land available.</li> <li>✓ Provide data and information.</li> </ul>
Communities	<ul style="list-style-type: none"> <li>✓ Joint planning.</li> <li>✓ Provide data and information.</li> <li>✓ Identifies community issues and needs.</li> <li>✓ Priorities needs.</li> <li>✓ Monitors the implementation of projects.</li> </ul>
Local Municipalities	<ul style="list-style-type: none"> <li>✓ Joint planning.</li> <li>✓ Alignment of budgets with the IDP.</li> <li>✓ Documentation.</li> <li>✓ Preparation of the Sector Plans.</li> <li>✓ Communication with civil society.</li> </ul>

## 4. Mechanisms and Procedures for Participation and Alignment

### 4.1. Functions and Context of Public Participation

Four major functions can be aligned with the public participation process namely:

- Needs orientation;
- Appropriateness of solutions;
- Community ownership; and
- Empowerment.

Like with the preparation of the IDP, the public participation process in the IDP phases has to be institutionalised in order to ensure all residents have an equal right to participate. The public participation process during the IDP development phase is closely linked to the activities of developing the municipal IDP, such as contributing to the municipal issues, objectives, ensuring the appropriateness of municipal strategies and forming part of project development task teams.

The completed performance management system (PMS) for the municipality will contribute to the public participation process, through regular information and consultation workshops and the preparation and audit of performance reports.

The importance of alignment is crucial as part of the 2017/2018 IDP Process. Alignment in terms of Spatial Development Frameworks, Land Use Management Systems (LUMS), cross boarder and institutional alignment between the municipality and the various processes ongoing at national and provincial government levels.

### 4.2. Mechanisms for Participation

Municipalities will confirm the following mechanisms for participation:

#### 4.2.1.IDP Representative Forum (IDP Rep Forum)

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organisations into the Rep Forum and ensure their continued participation throughout the process.

#### 4.2.2.Media

Local newspapers will be used to inform the community of the progress of the 2017/2018 IDP development.

#### 4.2.3.Ward Committees

These forums will provide open dialogue between the municipality and the community. The municipality will provide regular support to the committee and will attend meetings per invite.

### 4.3. Procedures / Process for Participation

#### 4.3.1. Council

The Council will consider, for comments, a draft 2017/2018 IDP document by March 2017. This will ensure inclusion into the national and provincial budgeting processes as well as inform the municipal budgeting process. The final IDP document will be adopted by 30 June 2017 together with the municipal budget. Sector Plans will be approved by Council on their completion.

#### 4.3.2. EXCO

- Responsible for overseeing the IDP process;
- Political responsibility and accountability regarding the IDP process.

#### 4.3.3. MAYOR

- Responsible for overseeing the IDP Development/ Review process, tabling and approval of the IDP process;
- Political responsibility and accountability regarding the IDP Development/ Review process

#### 4.3.4. IDP Representative Forum

In order to ensure maximum participation in the Rep Forum meetings from members of the public, representatives and relevant government officials, it is recommended that Rep Forum meetings are scheduled as and when required during the key stages of the IDP development process:

- The first Rep Forum meeting will involve a presentation of this Process Plan focusing on identifying areas to be addressed in the IDP Phase.
- Following the Rep Forum, workshops will be held to provide feedback on the IDP Process, acquire input from the Rep Forum members and to ensure participation in all activities such as PMS, LUMS and Budget development of the 2017/2018 IDP development process.

#### 4.3.5. IDP Steering Committee

- Provide technical/sector expertise in IDP process;
- Ensure preparation of Sector Plans relating to their functional areas;
- Provide comments on the IDP document;
- Ensure preparation of cross dimensional issues, strategies and plans;
- Identify key needs to meet strategies, objectives for budgeting.

#### 4.3.6. District Planners Forum

- Provide relevant technical, sector and financial information regarding their municipality;
- Facilitate vertical alignment between DMs and LMs;
- Facilitate horizontal alignment with sector department and public utilities;
- Provide developmental planning input.
- Self assessment of district IDP documents.

#### 4.3.7. Newspapers

Two newspaper adverts will be posted, the first one at the beginning of the process inviting the public to participate, the second advert will be posted once draft budget and IDP are in place inviting the public to comment and to comply with legislative requirement to advertise for 21 days for the public, once 21 day period has lapsed, the final draft will be sent to Council for approval.

#### 4.3.8. Roadshows / Izimbizo

They will be held in 3 venues (on average) per municipality for all four local municipalities. They will be held in March to May 2017 to consider draft IDP and budget including the announcement of municipal programme of action. The municipality is to look at a more friendly approach so that elements raised are fully included in the strategic document. The language is also believed to be a barrier so these should be conducted in languages that best suit the majority so as to increase meaningful participation.

The meetings in 2016/2017 financial year will focus on the needs that the community have rather than the projects that the community proposes.

#### How many meetings

Two meetings per ward in the venues that are accommodative to most of the community members. In other words these meetings will make a clear distinction between what is needed by the community and what can be done. Thereafter the municipal officials together with the community will identify the support required in addressing the community needs.

#### Types of meetings

The focus of the meetings will ensure that many community members participate in the process; however the quality of the input will not be compromised. This is because one of the challenges within the participation process is that in some of the instances people do not contribute meaningfully in the participation process. The quality of the contribution will be ensured by having the group breakaways within the meetings. In addition to that within the invitations there will be specific invitations that will be sent to the civil society organisations.



There will be two types of meetings with the first meetings being aimed at confirming the communities' current priority issues. From the community issues these will then be budgeted for. Thereafter the second set of meetings will be the IDP Budget road shows aimed at involving the communities within the budgeting process. However a dialogue will be formed between the municipality and the community through ward meetings/community forums.

**With who**

These meetings will target all the community members within the Ugu district municipality. This in one way or the other will allow the community to be involved rather than informed about the development planning process.

**Objectives**

Move towards a community needs driven development with the community being involved both in the planning and budgeting process.

**By When**

These will be completed by April 2017. Ongoing dialogue is also being encouraged.

**4.3.9.RADIO SLOTS**

These are mainly used by the political leadership. These are recommended where possible if they suit the municipality's programme financially and otherwise.

## SECTION B: PROCESS PLAN

### 5. Section One: 2017/2018 IDP Action Programme

#### 5.1. Municipal and Provincial Budget and IDP Development Alignment

Legislation requires of district municipalities to prepare and adopt a Framework Plan which indicates how the district and local municipalities will align their IDPs. The Framework Plan provides the linkages and binding relationships to be established between the district and local municipalities in the region and in doing so, proper consultation, coordination and alignment of the IDP development process within the district and the various local municipalities can be maintained.

Every attempt has been made in this Process Plan to align the IDP and Budget preparation process, and the Performance Management System (PMS) development. The linkages of the three processes are summarised in figure 2.

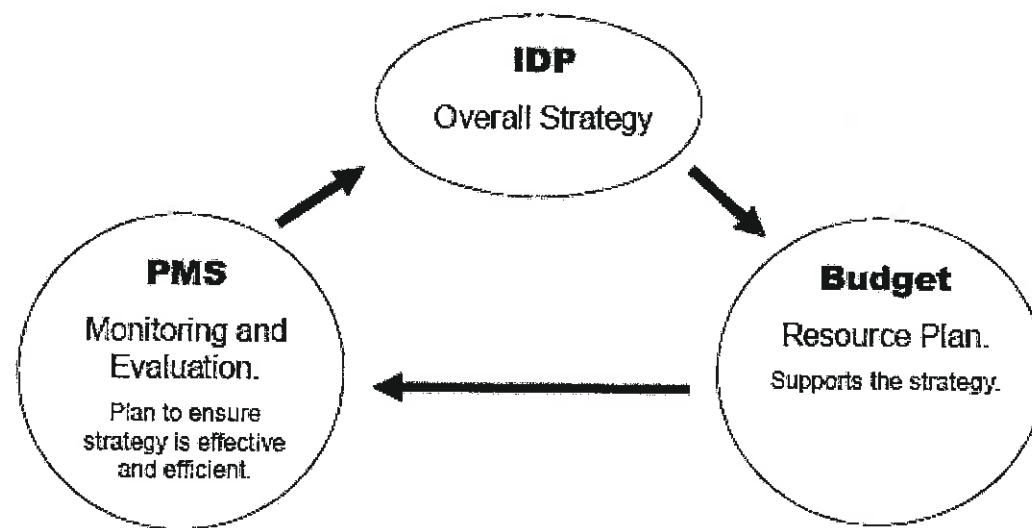


Fig 2: IDP, Budget & PMS Alignment

The 2017/2018 IDP Action Programme is based on the alignment of the internal municipal processes (IDP, PMS and Budget) with the external processes (planning and budgeting) of national and provincial government. This alignment has a substantial impact on the 2017/2018 IDP Process, specifically in terms of key milestones and deadline dates. The Municipal Finance Management Act (MFMA) No 176 of 2004 also has a direct and large impact on the 2017/2018 five year IDP development process in terms of alignment. Section 1.4 in the Process Plan indicates to the municipal and provincial budget and IDP alignment process, which also points to the critical dates for IDP and budget approval and development.



## 5.2. Horizontal, Vertical and Cross Border Alignment

The IDP forum, District Development Planning Forum (DDPF), MTSF Cluster meetings etc. will provide a platform/Mechanism for discussion on vertical, horizontal and cross border alignment issues since the three spheres of government are represented at the forum. Special strategic planning sessions and workshops will also be held.

### 5.2.1. Horizontal Alignment

Alignment of the district IDP with the local municipalities is very important to ensure that there is a sharing of information – particularly with regards to strategies, objectives, programmes and projects, and it will be undertaken through the DDPF meeting which sits on bi-monthly basis. The frequent DDPF meetings will assist the district family to monitor alignment issues constantly.

Furthermore, the District will ensure alignment with its entity, the South Coast tourism to ensure the tourism goals and objectives are met.

### 5.2.2. Vertical Alignment

Alignment with Service Providers is essential so as to ensure that the DM and LM's priorities can be reflected in their project prioritisation process, as well as so that Service Provider projects can be reflected in the IDP documentation. Alignment with Sector departments and Service providers will also take place as it is essential in order for the District family to have consistence planning and also priorities can be indicated in their project prioritization. This will be undertaken through meetings or one-on-one basis. The district holds its IDP RF meetings on a bi-monthly basis.

Department of Cooperative Government and Traditional Affairs will also be having a district wide alignment session with all the Sector Departments for the Ugu District area of jurisdiction on the **month of November 2016.**

### 5.2.3. Cross Border Alignment

Cross-border alignment is necessary to ensure the spatial coordination of development efforts. This can be done through existing organisational structures such as the District Deveiopment Planning Forum and IDP RF. A concerted effort will be made to facilitate such alignment and coordination. Ugu District Municipality will further arrange one on one meetings with cross border district municipalities to align and integrate issues of functional areas on the IDP and Spatial Development Framework. It will also assist the municipalities to align development issues in an efficient, effective and sustainable manner especially where there are shared and interdependent functional areas across the district. The one on one cross border meetings will be arranged with Alfred Nzo, Harry Gwaia, Umgungundlovu Districts and eThekwini Metro municipalities.

### 5.3. Integrated Development Planning & Budget:

The budget planning cycle considers a review of the IDP, service delivery targets and objectives for the next 3 years. It also considers local, provincial and national issues, previous year's performance and current economic and demographic trends. It is essential that such alignment is indicated so that the municipality can be able to ensure that all budgeted projects are implemented within the budget year whilst continuing to outsource funding for those projects which are non-funded.

#### 5.3.1. Key Budget Dates for 2017/2018

The key budget dates for the 2017/2018 financial year are captured in Table 3. The Budgetary Process will address the various budget requirements and focus areas identified through self-assessment, i.e. compliance issues. The spotlight is on the alignment of the Budget to the IDP, Organisational PMS and SDBIP.

Table 3: Key Budget Dates

KEY BUDGET DATES		
DATE	ACTIVITY	RESPONSIBILITY
September 2016	Budget Framework <b>Preparation of budget framework to provide parameters and request budget inputs for the 2017/2018 budget</b>	CFO
Oct 2016	Submission of three year capital plan to National Treasury	CFO
Oct 2016	Preliminary community engagement process	CFO
February 2017	Budget Review <b>Review of current budget and preparation of adjustment budget</b>	MANCO
January 2017	Submission of Budget Inputs <b>HODs to submit departmental budget inputs Capital projects submitted through IDP process</b>	HODs
March 2017	Budget Discussion Document <b>Compile discussion document from inputs and submit to EXCO and MANCO</b>	CFO
March 2017	Budget Workshop <b>Discuss budget inputs, link capital and operational plans to IDP and determine preliminary tariffs</b>	EXCO MANCO
March 2017	Draft Budget <b>Submit draft multi-year operational and capital budget to Council, Provincial Treasury, DLGTA and National Treasury</b>	CFO
April 2017	Public Consultation Process <b>Public consultation on draft budget throughout the district</b>	MAYOR EXCO MM
May 2017	Respond to Public Comments <b>Responding to public comments and sector comments and incorporate recommendation into draft budget where possible</b>	MAYOR CFO
May 2017	Approval of Final Draft Budget	COUNCIL

Approve draft multi-year operational and capital budget		
June 2017	Advertising Publications of approved budget and promulgation of water tariffs	MM CFO
June 2017	Submission of Budget Submit approved budget to Provincial Treasury, DLGTA and National Treasury	CFO
June 2017	Compile SDBIP Compilation of service delivery and budget implementation plans (SDBIP) and submit to Council for approval	MAYOR MM

### 5.3.2. Key elements to be addressed during the review process

The following is a summary of the main activities to be undertaken during this IDP development 2017/2018 process:

- Comments received from CoGTA in the assessment of the IDP 2016/2017 Review held in April 2016 and July / August 2016;
- Areas requiring additional attention in terms of legislative requirements that were not addressed during the previous years of the IDP process;
- Consideration, review and inclusion of any relevant and new information such as New Council priorities;
- Shortcomings and weaknesses identified through self-assessment;
- Review and updating of the strategies and objectives as circumstances dictate;
- Review and updating of Water and Sanitation Backlogs;
- On-going alignment of the Ugu IDP to the PGDS and PDP, Outcome 9, MTAS, COP17 and other relevant National and Provincial development guidelines and policies;
- Review and updating the Sukuma Sakhe/ War on Poverty and War Rooms on a monthly basis;
- Preparation, review and alignment of relevant sector plans with the IDP.
- On-going alignment of the Municipality's Performance Management System in terms of Chapter 6 of the MSA, with the IDP.
- Update of the Financial Plan as well as the list of projects, inclusive of a 3-year Capital Investment Framework (CIF).

### 5.4. Performance Management

The process plan and its activities will be monitored in the Municipality. The PMS will be developed and will be reported by both internal and External Role players through the following strictures: Top Management, Extended Top Management and IDP Forum.

### 5.4.1. Performance Management Systems Dates 2017/2018

The key Performance Management System dates are summarised in Table 4 below.

**Table 4:** Performance Management System Dates

PERFORMANCE MANAGEMENT SYSTEMS DATES	
ACTIVITIES	TIMELINE/TARGET DATES
Approval of the draft PMS Review 2017/2018	Before end of July 2016
Advertise and adopt PMS Review 2017/2018	29 August 2016
Advertise 2017/2018 SDBIP	Mid-July 2016
2015/2016 Annual Municipal Performance Report	August 2016
Sect 57 Managers signing of 2016/2017 performance agreements	Due by 31 July 2016
SDBIP performance assessment and organisational performance reporting (Jul – Sept)	October 2016
Sect 57 Managers formal mid-year appraisals (Oct - Dec)	January 2017
Mayor tables 2015/2016 annual report to Council	Due by 30 January 2017
SDBIP performance assessment and organisational performance reporting (Oct – Dec)	January 2017
IA reporting and Special AC meeting (audit of mid-year performance assessment)	March 2017
SDBIP performance assessment and organisational performance reporting (Jan – Mar)	April 2017
Make public annual report and invite community inputs into report	21 days in Feb 2017
Council to adopt Oversight Report	Due by 31 March 2017
Publicise Annual Report and Submit copy to Provincial Legislature	Mid-April 2018
Draft and submit draft performance agreements to Mayor	June 2017

## 5.5. Action Programme

Table 5 provides the detailed action plan for the 2017/2018 IDP. The action plan is broken up into the 4 quarters of the municipal financial year with activities reflecting being either IDP, PMS or Budget related with budget Estimates. The development of the 2017/2018 IDP development will be done in five phases as outlined in 5.5.1. to 5.5.6.

### 5.5.1. Preparatory Phase

This is a phase in which the municipality positions itself to comply with the policy and legislature requirements that guide the IDP process. The local municipalities are guided by the common district IDP Review Framework Plan and each local adopts a process plan set out in writing.

The Drafting and approval of the IDP Framework and Process Plan is the deliverable of this phase and will take place between **July and August 2016**.

#### 5.5.2. Analysis Phase

This is the phase which deals with the existing situation in a municipality and focused on understanding the types of problems / challenges facing the communities in each municipality. Once these are identified the municipality then considers community's opinion of their problems and needs, but also facts and figures. The cause of the problem rather than the symptom should be well understood. It is also critical for the municipality to prioritise the key issues, due to capacity constraints.

The deliverable of this phase is **Chapter 3: Situational Analysis**, of the IDP and will take place between **September and November 2016** and will inform the strategic phase.

#### 5.5.3. Strategic Phase

This is the phase whereby the municipality formulates the solutions to address the problem or challenges that have been identified in the analysis phase, once it understands the problem. It includes the formulation of the vision that would reflect ambitious, credible, inspiring and achievable statements about the future of the municipality. Then statements are developed (developmental objectives) of what it would like to achieve in the medium term in order to address the problem issues and also contribute to the realisation of the vision. Once all of that is in place, the strategies that provide answers to the question how they will reach their objectives needs to be then developed. Once strategies are formulated they result in the identification of projects.

The deliverable of this phase is **Chapter 4: Development Strategies**, of the IDP and will take place between **December 2016 and January 2017**.

#### 5.5.4. Project Phase

This is the phase that is about the design and specification of projects for implementation. The projects identified need to have a direct linkage to the priority issues and the objectives that were identified in the preceding phases. The location, commencement & completion dates, project managers, project costs, sources of funding for each project as well as the intended beneficiaries of these projects are captured.

The deliverable of this phase is **Chapter 5: Implementation Plan**, of the IDP and will take place during **February and March 2017**.

#### 5.5.5. Integration Phase



This phase deals with the sub programme proposals, which were presented in the preceding phase have to be harmonised in terms of contents, location and timing in order to achieve consolidated programmes for municipalities.

The deliverable of this phase is an operational strategy (SDBIP) and OPMS, Chapters 7 & 8 of the IDP and will take place between **May and June 2017**. Furthermore, this is the phase that will ensure the adoption of the Draft 2017/2018 five year IDP which will take place in March 2017.

#### **5.5.6. Adoption Phase**

Once the IDP is completed it is submitted to the municipal council for consideration and approval. The council must make sure that the IDP complies with legal requirements before the approval. The final deliverable of this phase is the adoption of the 2017/2018 five year Ugu District Municipality IDP and will take place in **June 2017**.

The following steps will be taken to facilitate the final approval of this 2017/2018 five year Ugu IDP:

##### **i. Public Involvement**

- The Mayor must make presentations to all Wards by means of a Public Participation.
- Various IDP Steering Committee and EXCO meetings need to be held to facilitate reporting on progress with regard to the IDP process.
- IDP Representative Forum meetings need to be held and proper attendance ensured.

##### **ii. Critical Procedural Steps**

- Simultaneously, the general public need to be informed that the IDP is open for comment and representation.
- After the comment/representation period has closed, the draft IDP with relevant amendments must be submitted to the iLembe Council for adoption.
- To achieve District and Family alignment, the Ugu Development Planning Forum needs to ensure co-ordination and consultation between the district council and local municipalities.
- Draft IDP containing Finance Plan as well as draft SDBIP to be approved by EXCO and Council.

Table 5: Ugu District Municipality Action Programme

FIRST QUARTER																						
PHASE	ACTIVITY	RESPONSIBILITY	KEY DEADLINES	JULY				AUGUST				SEPTEMBER										
				1	2	3	4	1	2	3	4	1	2	3	4							
PREPARATORY	1. Drafting of Framework and Process Plan	Manager IDP	July – Sep 2016																			
	1.1. Submission draft Framework & Process Plan to Cogta for comment		31 July 2016																			
	1.2. Submit draft Framework & Process Plan to IDP Steering Committee, IDPRF and EXCO for consideration and recommendation		22 August 2016																			
	1.3. Adoption by Council		30 September 2016																			
	1.4. Advertise on local news paper for commencement of the IDP development process.		31 August 2016																			
ANALYSIS	2. Submit Annual Performance Report to AG	PMS Officer	31 August 2016																			
	3. Evaluate the changed circumstances and conduct socio analysis research	Manager IDP	Monthly																			
	3.1. Develop IDP Implementation Plan (by developing alignment of objectives strategies and projects against the METF budget)		30 September 2016																			
	3.2. Determine funding availability and requirements and all the necessary preparations																					
	3.3. Determine which sector plans need to be reviewed and commence with the process of reviewing thereof																					
	4. Consider MEC Comments																					
	4.1. Action Plan to Address MEC Comments																					



**SECOND QUARTER**

PHASE	ACTIVITY	RESPONSIBILITY	KEY DEADLINES	OCTOBER				NOVEMBER				DECEMBER									
				1	2	3	4	1	2	3	4	1	2	3	4						
Strategic & Projects	5. Submission of the 1st Draft Annual Report to Auditor General.	Snr. Manager CS & SS	31 August 2016																		
	6. Conduct financial sustainability strategy with revenue enhancement focus	GM: Treasury	31 October 2016																		
	7. Conduct Community needs Consultation	Manager IDP, Snr Manager Communications	October - November 2016																		
	7.1. Mayoral izimbizo																				
	7.2. Ward Committee Imbizo Workshop		28 November 2016																		
	8. Hold strategic sessions (to include sector departments and feed local analysis into sector strategic plans thereof)	Manager IDP	December 2016																		
	8.1. Align the strategic framework with internal and external policies																				
	8.2. Submit the draft reviewed strategic framework to the Steering Committee and IDPRF																				
	9. Estimate available sources & provide guidance for way forward for budgeting	GM: Treasury	05 December 2016																		
	9.1. Submit 2017/2018 budget framework to all relevant persons (Budget framework to include salary, operational and capital budget related information).																				
9.2. District IDP mini assessments		11 December 2016																			
9.3. Preparation of a summary of available funds from: Internal Funds, e.g. CRR and External Funding, e.g. MIG	GM: Treasury	19 December 2016																			
9.4. Council finalises draft tariff policies in principle for 2017/2018 budget year.																					
10. Sector - Municipal Alignment sessions under the auspices of COGTA	COGTA		20 November 2014																		

		30 December 2016	Third Quarter												
			JANUARY			FEBRUARY			MARCH						
PHASE	ACTIVITY	RES	KEY DEADLINES												
			1	2	3	4	1	2	3	4	1	2	3	4	
Integration	11. Integrate Reviewed Sector Plans into the IDP.	Manager IDP													
	12. Alignment meetings with neighboring District Municipalities														
	13. Assess financial Feasibility of proposed new projects based on existing and potential funds. (Budget Examination)	GM: Treasury	21 January 2017												
	14. Mid-Year Review and submission of report to COGTA Provincial	PMS Officer	25 January 2017												
	15. Tabling of Draft Annual Report to Council	PMS Officer	31 January 2017												
	16. 1 <sup>st</sup> draft 2017/2018 IDP	Manager IDP	January – February 2017												
	16.1. Submit 1st draft IDP to Steering Committee, IDRF and EXCO for recommendations.	Manager IDP	13 March 2017												
	16.2. Submit 1st draft IDP to Council for adoption	Manager IDP	31 March 2017												
	16.3. Submit 1st draft IDP to province (CoGTA) for assessment.	Manager IDP	27 March 2017												
	16.4. Advertise IDP for public comments	Ugu Family	March 2017												
	17. Tabling of Annual Report to Oversight Committee and adoption	Snr. Manager CS & SS	31 March 2017												
	18. Consideration of 2017/2018 Draft Budget by a joint meeting of the Budget Steering Committee and EXCO	GM: Treasury	20 March 2017												
	19. Tabling of 2017/2018 draft budget to Council		31 March 2017												

**FOURTH QUARTER**

PHASE	ACTIVITY	RES.	KEY DEADLINES	APRIL				MAY				JUNE								
				1	2	3	4	1	2	3	4	1	2	3	4					
Approval	19.1. Publicise tabled budget within 5 days after tabling, on website and the media	GM: Treasury	03 April 2017																	
	19.2. Send copy of tabled budget to National and Provincial Treasury for comments	GM: Treasury	10 April 2017																	
	20. Ugu Decentralised IDP Assessment Forums	CoGTA	07 April 2017																	
	20.1. Incorporate comments received from IDP Provincial Assessment and all other outstanding comments	Manager IDP	30 April 2017																	
	21. Conduct Community Consultation	Manager IDP, Senior Manager Communications	April /May 2017																	
	21.1. Attend IDP/Budget Roadshows	Manager IDP, Senior Manager Communications	April/May 2017																	
	21.2. Ward Committee Imbizo Consultations	Manager IDP	22 May 2017																	
	22. Submission of Budget for 2017/2018 to Council for approval	Manager IDP	29 May 2017																	
	22.1. Prepare Budget in the required format and submit Provincial and National Treasury.	GM: Treasury	29 May 2017																	
	22.2. Set up expenditure, revenue and asset management system, incorporating budget	GM: Treasury	29 May 2017																	
	22.3. Publication of the approved 2017/2018 tariffs of charges in Gazette, website and local media.	GM: Treasury	05 June 2017																	
	23. Final draft 2017/2018 IDP	Manager IDP	April – June 2017																	
	23.1. Submit final draft IDP to Steering Committee, IDRF and EXCO for recommendations.	Manager IDP	26 May 2017																	
	23.2. Submit final IDP to Council for adoption	Manager IDP	30 June 2017																	
23.3. Submit final draft IDP to province (CoGTA) for assessment.	Manager IDP	10 July 2017																		

### 5.6. Cost Estimate for the Planning Process

Council has received grant funding from the Department of Local Government and Traditional Affairs for the IDP review process. The municipality has budgeted R10 590.00 for IDP review however grant funding from COGTA will also be utilized for IDP review but will not be reflected on the document. The planning process is outlined below:

ITEM	COST ESTIMATE
IDP Advertising	R10 590.00
Workshops and Meetings	R50 000.00
Printing and Translating Costs	R240 000.00
IDP / Budget Roadshows	R150 000.00
<b>Total</b>	<b>R450 590.00</b>

The IDP review is mainly done in-house; the planning process will therefore be to a large extent and be accommodated within the available funding. However, additional funds may be obtained from other sources and such funds will be utilized to complete certain aspects of the review process such as the sector plans that might need specialist assistance.

### 5.7. Conclusion

The Ugu IDP development 2017/2018 will focus on the achievements of the Ugu DM in accomplishing what it has set out to do within the new five year planning cycle. It is necessary to measure achievement in terms of backlog eradication and the effective spending of allocated funds. Ugu DM must assess its performance and the achievement of its targets and strategic objectives for the District IDP to remain relevant. The IDP therefore has to be reviewed annually in order to:

- Ensure its relevance as the Municipality's Strategic Plan.
- Inform other components of the Municipal business process including performance management and institutional and financial planning and budgeting.
- Inform the cyclical inter-governmental planning and budgeting cycle.

In the light of this development process, the IDP will reflect the impact of successes as well as corrective measures to address challenges. The IDP process will address internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of integrated planning.

The IDP, as the Ugu District Municipality's Strategic Plan, informs Municipal decision-making as well as all the business processes of the Municipality. The IDP must inform the Municipality's financial and institutional planning and most importantly, the drafting of the annual budget.

Although the IDP, Budget and Organisational PMS Process are three distinct processes, they are integrally linked processes which must be coordinated to ensure that the IDP, the Budget and the Organisational PMS with their related policies are tabled as mutually consistent and credible.

**UGU DISTRICT MUNICIPALITY**

**“The Municipality”**



**BUDGET POLICY**

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**1. DEFINITIONS**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

**“Accounting Officer”** means the Municipal Manager of Ugu Municipality;

**“Allocation”** means –

- i) a municipality's share of the local government's equitable share referred to in Section 214(l) (a) of the Constitution;
- ii) an allocation of money to a municipality in terms of Section 214(1) (c) of the Constitution;
- iii) an allocation of money to a municipality in terms of a provincial budget; or
- iv) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction.

**“Annual Division of Revenue Act”** means the Act of Parliament, which must be enacted annually in terms of Section 214(1) of the Constitution;

**“Approved budget”** means an annual budget -

- a) approved by a municipal Council, or
- b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA.

**“Budget-related policy”** means a policy of a municipality affecting or affected by the annual budget of the Municipality, including -

- a) the tariffs policy, which the Municipality must adopt in terms of Section 74 of the Municipal Systems Act;
- b) the rates policy which the Municipality must adopt in terms of Section 3 of the Municipal Property Rates Act;
- c) the credit control and debt collection policy, which the Municipality must adopt in terms of Section 96 of the Municipal Systems Act;

**“Budget year”** means the financial year of the Municipality for which an annual budget is to be approved in terms of Section 16(1) of the MFMA;



**“Chief Financial Officer”** means the Chief Financial Officer of Ugu Municipality;

**“Council”** means the Council of Ugu Municipality;

**“Current year”** means the financial year, which has already commenced, but not yet ended;

**“Delegation”** in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

**“Financial Statements”** means statements consisting of at least -

- a) a statement of financial position;
- b) a statement of financial performance;
- c) a cash-flow statement;
- d) any other statements that may be prescribed; and
- e) any notes to these statements;

**“Financial year”** means a twelve months period commencing on 1 July and ending on 30 June each year;

**“Fruitless and wasteful expenditure”** means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

**“Irregular expenditure”**, means –

- a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of Section 170 of the MFMA;
- b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 20 of 1998); or

- d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

**"Investment"** in relation to funds of a municipality, means -

- a) the placing on deposit of funds of a municipality with a financial institution; or
- b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

**"long-term debt"** means debt repayable over a period exceeding one year;

**"Mayor"** means the Mayor of Ugu Municipality;

**"Municipality"** refers to Ugu District Municipality

**"National Treasury"** means the National Treasury established by Section 5 of the Public Finance Management Act;

**"Official"** means -

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

**"Overspending"** means -

- a) 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 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

**“Quarter”** means any of the following periods in a financial year:

- a) 1 July to 30 September;
- b) 1 October to 31 December;
- c) 1 January to 31 March; or
- d) 1 April to 30 June.

**“Service Delivery and Budget Implementation Plan”** means a detailed plan approved by the Mayor of a municipality in terms of Section 53 (l) (c) (ii) of the MFMA for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate:

- a) projections for each month of:
  - i) revenue to be collected, by source and vote; and
  - ii) operational and capital expenditure, by vote;
- b) service delivery targets and performance indicators for each quarter; and
- c) any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of Section 54(l)(c) of the MFMA;

**“Unauthorised expenditure”** means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes –

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

**"Virement"** means transfer of funds between functions / votes

**"Vote"** means

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

**2. PRINCIPLES**

- 2.1 Section 215 (1) of the Constitution of the Republic of South Africa states that National, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector. It also states in S215 (3), that Budgets in each sphere of government must contain;
- a. Estimates of revenue and expenditure, differentiating between capital and current expenditure;
  - b. Proposals for financing any anticipated deficit for the period to which they apply; and
  - c. An indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.
- 2.2 Section 26(h) of the Municipal Systems Act (Act 32 of 2000) requires a municipality's Integrated Development Plan to reflect a financial plan, which must include a budget projection for at least the next three years (Medium Term Expenditure Framework);
- 2.3 Section 21 of the Municipal Finance Management Act (Act 56 of 2003) prescribes the function of the Mayor who must coordinate the processes for preparing the annual budget and for the reviewing of the municipality's Integrated Development Plan and budget related policies and to ensure that any revisions are mutually consistent and credible;
- 2.4 Section 16 of the Municipal Finance Management Act, requires the municipal council to approve an annual budget for the municipality before the start of the financial year;
- 2.5 The Minister with the concurrence of the Minister for Provincial and Local Government, has in terms of S168 of the Municipal Finance Management Act issued the Municipal Budget and Reporting Regulations which aim to secure sound and sustainable management of the budgeting and the reporting practices of the municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes; Now therefore, the Council of Ugu District Municipality adopts the Budget Policy as set out in this document.

**3. OBJECTIVES OF THE POLICY**

To set a broad framework within which Budget related decisions of the Municipality will be taken and implemented to ensure efficient and transparent financial planning that will promote sound and sustainable financial management, essential for the achievement of the Municipality's developmental priorities as contained in its Integrated Development Plan.

**4. SCOPE AND INTENDED AUDIENCE**

4.1 This Policy will serve as a guideline for the effective management of the Municipal budgetary processes, in order to attain the strategic objectives of the Municipality within the ambits of the applicable legislation, and shall apply to all departments within the Municipality.

4.2 Council has considered the guidelines distributed by National Treasury to local government which detail the processes and formats to be followed when preparing the budget policy.

4.3 The Municipality shall comply with the provisions of this Policy in the compilation of each of its budgets.

**5. REGULATORY FRAMEWORK**

In the process of preparing the Municipal budget, The Mayor, political office bearers (Councillors), Accounting Officer, Chief Financial Officer and other officials shall comply with all relevant legal requirements, including:-

- a) The provisions of Chapter 4 of the Municipal Finance Management Act, 2003, ('the MFMA'), as well as Sections 42, 43, 53, 54, 55, 68, 69, 70, 71, 72, 75, 80, 81, and 83 thereof; and
- b) The Municipal Budget and Reporting Regulations published in terms of Section 168 of the MFMA.
- c) All relevant budget related Circulars and notices issued by the National Treasury.

**6. ROLES AND RESPONSIBILITIES****6.1 Role of Council**

- a) Must provide political leadership and direction

- b) Play an oversight role by approving budget related policies, and ensuring that the priorities are reflected in the budget. (Council may not delegate approval of budgets and policies)
- c) Approve the Integrated Development Plan, the Annual Budgets and the Service Delivery Budget Implementation Plan.
- d) Monitor the outcomes of the implementation of the policies and budgets.

## 6.2 **Role of the Mayor**

- a) Provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. (S53, MFMA)
- b) Prepare and table a schedule of key deadlines for the preparation, tabling and approval of the budget, annual review of the IDP and the consultative process. (S21, MFMA)
- c) Take all reasonable steps to ensure that the Municipality approves its annual budget before the start of the financial year and report to the Municipal Council and the MEC for finance in the province any delays in the tabling of the annual budget. (S53, MFMA)
- d) Must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in S53, MFMA

## 6.3 **Role of the Accounting Officer**

- a) Assist the Mayor in performing budgetary functions assigned to him/her in terms of Chapter 4 & 7 of the MFMA and to provide administrative support, resources and information necessary for the performance of those functions. (S68, MFMA)
- b) Is responsible for the implementation of the approved budget and must take all reasonable steps to ensure that the spending of funds is in accordance with the budget and is reduced as necessary when the revenue is anticipated to be less than the projected in the budget.
- c) Ensure that revenue and expenditure are properly monitored.
- d) Must prepare an adjustments budget and submit it to the Mayor for consideration and tabling in the Municipal Council when necessary.
- e) Report to the Municipal Council any shortfalls in budget revenue, overspending and necessary steps taken to prevent shortfalls and overspending.
- f) Submit to the Mayor actual revenue, borrowings, expenditure and where necessary report variances on projected revenue and the budget.



**6.4 Role of the Chief Financial Officer (CFO)**

- a) Without derogating in any way from the legal responsibilities of the Accounting Officer as Accounting Officer, the Chief Financial Officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking, cash management and investments policy), and shall be accountable to the Accounting Officer in regard to the performance of these functions.
- b) Must advise the Accounting Officer on the exercise of powers and duties assigned to him in terms of the MFMA.
- c) Must assist the Accounting Officer in the preparation and implementation of the Municipality's budget.
- d) The Chief Financial Officer shall draft the budget timetable for the ensuing financial year for the Council's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the Management Committee, Finance Portfolio, Executive Committee and Council.
- e) Except where the Chief Financial Officer, with the consent of the Mayor and Accounting Officer, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on:
  - i) depreciation charges;
  - ii) repairs and maintenance expenses;
  - iii) interest payable on external borrowings; and
  - iv) other operating expenses.
- f) In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each

vote, provided that in so doing the Chief Financial Officer shall properly and adequately reflect the organisational structure of the Municipality, and further in so doing shall comply – in so far as the organisational structure permits – also with the prescribed budget format of National Treasury

- g) Must perform all budgeting and other duties as delegated by the Accounting Officer in terms of S79, MFMA.
- h) The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to (premiums) the self-insurance reserve, and the contributions to the provisions for debt impairment, accrued leave entitlements and obsolescence of stocks
- i) The Chief Financial Officer shall further, with the approval of the Mayor and the Accounting Officer, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.
- j) The Chief Financial Officer shall also, again with the approval of the Mayor and the Accounting Officer, and having regard to the Municipality's current financial performance, determines the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.
- k) The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately furnish the Chief Financial Officer with all explanations required for deviations from the budget. The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Portfolio and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.
- l) The Chief Financial Officer shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budget.
- m) The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities

determined by the Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.

- n) The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.
- o) The Chief Financial Officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote, and shall not be charged out as an overhead.
- p) The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.
- q) The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

#### 6.5 **Role of Senior Managers & Other Officials**

- a) Each Senior Manager and each Municipal official exercising financial management responsibilities must take all reasonable steps within his/her area of responsibility to ensure that the financial resources of the Municipality are utilised effectively, efficiently, economically and transparently.
- b) Must prevent unauthorised, irregular and fruitless or wasteful expenditure and other losses within his/her Department.
- c) Must ensure that all revenue due to the Municipality is collected.
- d) Must ensure that all information required by the Accounting Officer for compliance with the provisions of the Acts is timeously submitted.

## 6.6 **Role of the Budgeting Steering Committee**

6.6.1 The Municipal Budget and Reporting regulations (Government Gazette 32141) chapter 2 requires the Mayor to establish a Budget steering comprising of the following members:-

- a) The Mayor – Chairperson
- b) The Speaker
- c) The Whips of Political Parties
- d) The Accounting Officer (Municipal Manager)
- e) The Chief Financial Officer
- f) The IDP Manager
- g) The Manager Budget Office and,
- h) Members of Senior Management (Top Management)

6.6.2 The role of the Committee shall be:-

- a) To assist the Mayor in carrying out his/her statutory roles and responsibilities in accordance with S52 and S53 of the MFMA.
- b) To provide technical assistance to the Municipal political office bearers during policy formulation and to assist priority determination.
- c) To interrogate and make recommendations on the adoption of the Annual Budget, the Service Delivery and Budget Implementation Plan (SDBIP), S71 monthly budget statements and S72 Midyear budget and performance report and the Adjustments Budget.
- d) To evaluate the progress report of the Accounting Officer with regard to the financial year end closure and compilation of the Municipal audit file.
- e) To evaluate progress report on the statutory audit by the office of the Auditor General.
- f) To exercise oversight in the compilation of the Annual Report.
- g) To evaluate action plans from the Accounting Officer on corrective measures to be taken on issues raised by the Auditor General.
- h) To evaluate and recommend payment of Annual Performance Bonuses to the Accounting Officer and Senior Management after the annual report has been adopted by Council on 31 January each year.

6.6.3 Council may adopt its existing Finance Portfolio Committee as its Budget and Steering Committee.

**6.7 Role of the Budget and Treasury Office**

- a) To assist the Accounting Officer in tabulating key time frames for the Budget Process.
- b) To provide guidance to the Accounting Officer and Senior Managers during the budget preparation process in accordance with National Treasury MFMA Reforms.
- c) To consolidate departmental Capital and Operating budgets.
- d) To consolidate departmental S71 monthly budget statements, quarterly returns and the Midyear monitoring report and submit to the Finance Portfolio Committee.
- e) To report any unauthorised, irregular, fruitless and wasteful expenditure or any deviations from the approved budget to the Finance Portfolio Committee.
- f) To assist the Accounting Officer in implementing recommendations of the Finance Portfolio Committee.
- g) To manage the administrative operations of the Budget and Treasury Office to ensure full compliance with the MFMA and any issued guidelines or Circulars from National Treasury.

**6.8 Delegation of roles and responsibilities**

6.8.1 All delegations by the Mayor to the Accounting Officer, Mayor to the members of the Finance portfolio Committee, the Accounting Officer to the Chief Financial Officer and other Senior Managers, of their roles, duties and responsibilities as per the MFMA:-

- a) Must be in writing,
- b) Are subject to the limitations as may be imposed by the Act,
- c) Does not absolve the Mayor, the Accounting Officer or the Senior Officials of the responsibilities concerning the exercise of the delegated power or the performance of the fiduciary duties, and
- d) Should not be indefinite and must be reviewed annually.

**7 ANNUAL SCHEDULE OF KEY DEADLINES**

- 7.1 The deadline dates for all budget preparation processes shall be as per the approved Process Plan as tabled by the Mayor to Council in August.
- 7.2 Such Process Plan shall indicate the target dates for the draft revision of the Integrated Development Plan and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the MFMA, for the submission

of all the budget-related documentation to the Mayor, Finance Committee, Executive Committee and Council.

7.3 Such time schedule shall provide for the deadlines set out in Appendix A, unless the Mayor, after consultation with the Chief Financial Officer, determines otherwise and provided that the requirements of the MFMA shall at all times be adhered to.

7.4 The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

## **8 BUDGET PRINCIPLES**

The sequence in which the Annual Budget shall be prepared shall be, first, the capital component and second, the operating component, except where the Chief Financial Officer with the consent of the Mayor decides otherwise. The Municipality's annual budget should:-

- a) Move towards the achievement of goals and objectives of the Municipality within the constraints of the available resources.
- b) Consider the Priorities as identified in the State of the Nation Address, State of the Province Address and the State of the District Address.
- c) Reflect the priorities contained in the Municipality's Integrated Development Plan.
- d) Be credible and fully funded from realistically anticipated revenues.
- e) Consider any resolutions taken by Council or the Executive Committee in the previous Budget Year which have financial implications on the current Medium Term Revenue Expenditure Framework.
- f) The basis of measurement and accounting policies underpinning the Municipality's annual financial statements must be the same as those used in the preparation of the Municipality's annual budget and supporting documentation.
- g) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

## **9 FUNDING OF EXPENDITURE**

An Annual budget must be funded only from:

- a) Realistically anticipated revenues to be collected.
- b) Cash-backed accumulated surpluses from previous years not committed for other purposes;



- c) Borrowed funds, but only for revenue-generating capital projects; and
- d) Grants and subsidies as per DORA.

## **10 THE CAPITAL BUDGET**

- 10.1 The Budget shall be prepared in the prescribed budget format of National Treasury.
- 10.2 The annual capital budget shall be prepared from a zero base, except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year.
- 10.3 The annual capital budget shall only be approved by Council if it is properly balanced (i.e. if the sources of finance have been secured to fund the budget and are equal to the proposed capital expenditure).
- 10.4 Before approving the capital budget, the Council shall consider the impact on the present and future operating budgets in relation to Finance Charges on external loans, Depreciation on fixed assets, Maintenance costs of fixed assets, and any other ordinary operational expenses associated with any item in that capital budget.
- 10.5 The Council shall also consider any impact of operating expenses – net of any revenues to be generated from the project – i.e. on future service tariffs.
- 10.6 Expenditure of a project shall be included in the Capital Budget if it meets the asset definition in terms of Council's approved Asset Management Policy

## **11 OPERATING REVENUE**

- 11.1 The Operating revenue must include:
  - a) Estimates for all municipal revenue sources and;
  - b) All gazetted grants and subsidies, donations and subsidies in kind or emergency relief funding.
- 11.2 The allocation of interest on investments shall be budgeted for in terms of the cash, banking and investment policy.
- 11.3 In preparing the revenue budget, the Municipality shall strive to maintain the aggregate revenues from service charges at not less than 90% of the aggregate revenues net of operating grants.
- 11.4 The proposed increases in tariffs should be affordable, i.e. in line with CPIX, and should take into account the need to address infrastructure backlogs.
- 11.5 Tariff increases must respond to the population growth rate and the Division of Revenue Act.



- 11.6 The water and sanitation charges shall be calculated and levied as per the reviewed Water and Sanitation Tariffs Policy for that MTREF.
- 11.7 All tariffs shall be published in a local newspaper, and placed on the Municipal website and at the entrance of Ugu offices at least 30 days before the start of the financial year.
- 11.8 All tariffs must be gazetted in the Government Gazette before the 1<sup>st</sup> July each year.

## **12 OPERATING EXPENDITURE**

12.1 The Municipality shall budget in each annual and adjustments budget for the contribution to:

- a) provision for accrued leave entitlements.
- b) entitlement of officials as at 30 June of each financial year;
- c) provision for impairment of debtors in accordance with its Rates and Tariffs Policies;
- d) provision for the obsolescence and deterioration of stock in accordance with its Supply Chain Management Policy;
- e) depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;

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

- a) Depreciation and impairment charges;
- b) Repairs and maintenance expenses;
- c) Interest payable on external loans, and
- d) Any other operating expenses associated with fixed assets.
- e) The operating budget must be in the prescribed National Treasury Format.

### **12.3 SALARIES AND ALLOWANCES**

The budget for salaries and allowances shall be separately prepared and shall not exceed the parameter (percentage) of the aggregate operating budget component of the annual or adjustments budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time. If the salary budget, exceed the parameter (percentage) of the aggregate operating budget as issued by National Treasury Council will be advised and provided with reasons and remedial action. The remuneration of Councilors and other political office bearers shall be excluded from this limit.

### **12.4 PROVISION FOR MAINTENANCE**

The Municipality shall adequately provide in each annual and adjustments budget, for the maintenance of its fixed assets in accordance with its Fixed Asset Management and Accounting Policy as well as the routine maintenance plans. A minimum of 8% of the carrying amount of the fixed assets shall be provided for the expenditure on Repairs and Maintenance in the annual budget of the Municipality in accordance with the National Treasury norms.

#### 12.5 FINANCE CHARGES, DEPRECIATION AND IMPAIRMENT

12.5.1 The Finance Charges payable by the Municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the outstanding loan balances belonging to such department or vote to the aggregate outstanding loan balances. However, should Council decide to raise loans only for financing of fixed assets in a specified service or vote, finance charges shall be charged to or apportioned only between the departments or votes relating to such service.

12.5.2 The depreciation expenses shall be apportioned to each department based on the cost of assets allocated to that department. The depreciation method used shall be in terms of the Fixed Assets Management and Accounting Policies.

#### 13 CONSULTATION ON TABLED DRAFT BUDGETS

The Municipality shall, after the annual draft budget is tabled in Council, consider the views of the local community, the National and Provincial Treasuries, organs of state and local municipalities, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section. For the purpose of consultation, the draft budget will be made available to the community, through the community libraries, the municipal offices and the municipal website soon after tabling in Council.

#### 14 APPROVAL OF THE ANNUAL BUDGET

The Council shall approve the budget before the start of the financial year, in accordance the provisions of Section 24 of the MFMA, failing which, the Municipality shall be subject to the provisions of Section 25 of the MFMA.

#### 15 PUBLICATION OF THE BUDGETS

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

- a) The budget is made public in accordance with the provisions of Section 17 (3) of the Local Government Municipal Systems Act.
- b) The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
- c) The budget is submitted to any prescribed organs of state and to other municipalities affected by it.

#### **16 MONTHLY BUDGET REPORTS**

The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall furnish the Chief Financial Officer with all explanations required for deviations from the budget.

The Chief Financial Officer shall submit these monthly reports to the Mayor, Finance Committee and Executive Committee, and all other prescribed parties, in accordance with the prescriptions of the Municipal Finance Management Act.

#### **17 RELATED POLICIES**

This Policy must be read in conjunction with the following budget-related policies of the Municipality:-

- 17.1.1 Indigent Support Policy
- 17.1.2 Asset Management Policy
- 17.1.3 Water Services Policy (incorporating the Tariff Policy)
- 17.1.4 Cash, Banking and Investments Policy
- 17.1.5 Supply Chain Management Policy
- 17.1.6 Credit Control and Debt Collection Policy
- 17.1.7 Funding and Reserves Policy
- 17.1.8 Virement Policy
- 17.1.9 Basic Services Policy

#### **18 REVIEW OF THE POLICY**

This Policy will be reviewed annually by the Budget Steering Committee prior to the commencement of the budget process to ensure compliance with any changes in

legislation or any 'best practice' guidelines and MFMA Circulars as may be issued by National Treasury from time to time.

**19 COMPLIANCE AND ENFORCEMENT**

- a. Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.
- b. It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

**20 EFFECTIVE DATE**

This Policy shall come to effect upon approval by Council.

**21 POLICY ADOPTION**

This Policy has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

**ANNEXURE: LEGAL REQUIREMENTS**

**MUNICIPAL FINANCE MANAGEMENT ACT**

#### Section 15 Appropriation of funds for expenditure

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

#### Section 16 Annual budgets

The Council of the municipality must approve the annual budget before the start of the financial year to which it relates.

The Mayor must table the annual budget at least ninety days before the start of such financial year.

The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

#### Section 17 Contents of annual budgets and supporting documents

The budget must be in the prescribed format, and must be divided into a capital and an operating budget.

The budget must reflect the realistically expected revenues by major source for the budget year concerned.

The expenses reflected in the budget must be divided into votes.

The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.

The budget must be accompanied by all the following documents:

- draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
- draft resolutions (where applicable) amending the IDP and the budget-related policies;

- measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- the projected cash flows for the financial year by revenue sources and expenditure votes;
- any proposed amendments to the IDP;
- any proposed amendments to the budget-related policies;
- the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the municipal manager, the chief financial officer, and other senior managers;
- particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions and so on;
- particulars of the municipality's investments; and
- various information in regard to municipal entities under the shared or sole control of the municipality.

#### Section 18 Funding of expenditures

The budget may be financed only from:

- realistically expected revenues, based on current and previous collection levels;
- cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- borrowed funds in respect of the capital budget only.

#### Section 19 Capital projects

A municipality may spend money on a capital project only if the money for the project (excluding the cost of any required feasibility studies) has been appropriated in the capital budget.

The total cost of the project must also be approved by the Council.

The envisaged sources of funding for the capital budget must be properly considered, and the Council must be satisfied that this funding is available and has not been committed for other purposes.

Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

#### Section 20 Matters to be prescribed

The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the municipality must use in compiling its budget.

The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms is used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

#### Section 21 Budget preparation process

The Mayor of the municipality must:

- Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.
- At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget.



- When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.
- Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.
- Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.
- Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.
- Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

#### Section 22 Publication of annual budgets

Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.

The Accounting Officer must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

#### Section 23 Consultations on tabled budgets

After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made submissions on the budget.

After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.

The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

#### Section 24 Approval of annual budgets

The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.

The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

#### Section 25 Failure to approve budget before start of budget year

This Section sets out the process which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

#### Section 26 Consequences of failure to approve budget before start of budget year

The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

#### Section 27 Non-compliance with provisions of this chapter

This Section sets out the duties of the Mayor to report any impending non-compliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

Section 28 Municipal adjustments budgets

A municipality may revise its annual budget by means of an adjustments budget.

However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.

A municipality may in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.

A municipality may authorise the utilisation of projected savings on any vote towards spending under another vote.

Municipalities may also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.

An adjustments budget must contain all of the following:

- an explanation of how the adjustments affect the approved annual budget;
- appropriate motivations for material adjustments; and
- an explanation of the impact of any increased spending on the current and future annual budgets.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

### Section 29 Unforeseen and unavoidable expenditure

In regard to unforeseen and unavoidable expenses, the following apply:

- the Mayor may authorise such expenses in an emergency or other exceptional circumstances;
- the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
- these expenses must be reported by the Mayor to the next Council meeting;
- the expenses must be appropriated in an adjustments budget; and
- the adjustments budget must be passed within sixty days after the expenses were incurred.

### Section 30 Unspent funds

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

### Section 31 Shifting of funds between multi-year appropriations

If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- the increase is not more than 20% of that financial year's allocation;
- the increase is funded in the next financial year's appropriations;
- the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- the Mayor gives prior written approval for such increased appropriation; and
- all the above documentation is provided to the Auditor-General.

### Section 32 Unauthorised, irregular or fruitless and wasteful expenditure

Unauthorised expenses may be authorised in an adjustments budget.

Section 33 Contracts having future budgetary implications

Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:

- The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarising the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.
- The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.
- The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.
- The Council adopts a resolution determining that the municipality will secure a significant capital investment or derive a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.

A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

Section 42 Price increases of bulk resources for provision of municipal services

National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:

- The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.
- At least forty days prior to the above submission the National Treasury and organised local government must be invited to submit written comments on the proposed increase.
- The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

#### Section 43 Applicability of tax and tariff capping on municipalities

If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:

- A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
- A determination promulgated after 15 March shall not take effect before 1 July of the following year.
- A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

#### Section 53 Budget processes and related matters

The Mayor of the municipality must:

- Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.

- Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
- Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.
- Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.

The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.

The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

#### Section 68 Budget preparation

The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

#### Section 69 Budget implementation

**The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:**

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and



- revenues and expenses are properly monitored.

The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.

The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

#### Section 70 Impending shortfalls, overspending and overdrafts

The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

#### Section 71 Monthly budget statements

The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- actual revenues per source, compared with budgeted revenues;
- actual expenses per vote, compared with budgeted expenses;
- actual capital expenditure per vote, compared with budgeted expenses;
- actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- the amount of allocations received, compared with the budgeted amount;
- actual expenses against allocations, but excluding expenses in respect of the equitable share;
- explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and

- projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed written document.

#### Section 54 Budgetary control and early identification of financial problems

On receipt of the report from the Municipal Manager, the Mayor must:

- consider the report;
- check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
- issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
- identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
- submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

If the municipality faces any serious financial problems, the Mayor must:

- promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
- alert the MEC for Local Government and the Council of the municipality to the problems concerned.

The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

#### Section 55 Report to provincial executive if conditions for provincial intervention exist

If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must

immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

#### Section 72 Mid-year budget and performance assessment

The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.

The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.

The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

In terms of Section 54(1)(f) the Mayor must promptly submit this assessment report to the Council of the municipality.

#### Section 73 Reports on failure to adopt or implement budget-related and other policies

The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

#### Section 75 Information to be placed on websites of municipalities

The Municipal Manager must place on the municipality's official website (inter alia) the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the annual report;
- all performance agreements;
- all service delivery agreements;

- all long-term borrowing contracts;
- all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

#### Section 80 Establishment (of municipal budget and treasury office)

Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

#### Section 81 Role of chief financial officer

The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,

- assist the Municipal Manager in preparing and implementing the budget;
- perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- account to the Municipal Manager for the performance of all the foregoing responsibilities.

#### Section 83 Competency levels of professional financial officials

The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

**SUMMARISED TIMETABLE**

NOTE: DATES IN BRACKETS ARE PUTATIVE

<b>FINAL DATE</b>	<b>ACTION BY MUNICIPALITY</b>	<b>ACTION BY MUNICIPAL ENTITY</b>
31 August	Table in council timetable for preparation of coming year's annual budget	-
20 January	-	Assess current year's budget performance and submit report to board of directors and municipality
25 January	Assess current year's budget performance	-
31 January	Table assessment report in council	-
31 January or earlier (31 January)	-	Submit proposed budget for coming year to municipality
(31 January or earlier)	Consider municipal entity's proposed budget for coming year and make recommendations	-
(Between 31 January and 31 March)	Table municipal entity's adjustments budget for coming year	Submit adjustments budget for current year to municipality and make budget public
(Between 31 January and 31 March)	Table municipality's adjustments budget for current year and changes to service delivery targets and KPIs	-
Mid-March	Make public (adjustments budget and) revisions to service delivery and budget implementation plan for current year	-
31 March	-	Submit revised budget for coming year to municipality
31 March	Table municipality's draft budget for coming year	-
Immediately after 31 March	Table municipal entity's revised budget for coming year	-
	Make public draft budget for coming year and invite submissions from community, provincial treasury and others	-
<b>FINAL DATE</b>	<b>ACTION BY MUNICIPALITY</b>	<b>ACTION BY MUNICIPAL ENTITY</b>
Before 31 May	Respond to submissions and revise draft budget for coming year	-
31 May	Consider approval of budget for coming year and attendant resolutions	Approve revised budget for coming year and make budget public

30 June	Budget for coming year and attendant resolutions must be approved by 30 June. Approved budget of entity must be tabled.	-
Early June to early July: immediately after budget approved	Submit budget to national treasury and provincial treasury	-
Early June to early July: immediately after approval dates	Place on website annual budgets and all budget-related documents	-
Mid June to mid July: 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements	-
Late June to late July: 28 days after budget approved	Approve service delivery and budget implementation plan	-
Late June to late July: 28 days after budget approved	Conclude performance agreements	-
Mid July to mid August: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year, service delivery targets for each quarter, and performance agreements	-

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#### DETAILED BUDGET TIMETABLE

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations

21(1)(b)	31 August	Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for <ul style="list-style-type: none"> <li>- preparation, tabling and approval of annual budget</li> <li>- annual review of IDP</li> <li>- annual review of budget-related policies</li> <li>- tabling and adoption of any amendments to IDP and budget-related policies</li> <li>- any consultative processes forming part of foregoing</li> </ul>	Mayor	Time schedule must either fit in with already scheduled council meetings or must indicate when special council meetings must be scheduled.
Section 88	20 January	Accounting officer of municipal entity must assess entity's budgetary and financial performance for first six months of financial year, and submit assessment report to board of directors and parent municipality.		
72(1), (2) and (3)	25 January	Accounting officer of municipality must assess budgetary and financial performance of municipality for first six months of financial year, make recommendations on whether adjustments budget necessary, and recommend revised projections for revenues and expenses. This assessment must be submitted to the mayor, national treasury and the provincial treasury (presumably immediately).	Accounting officer	
54(1)(f)	31 January	Mayor must submit accounting officer's report to council.	Mayor	Special council meeting may have to be scheduled.
87	31 January or earlier if so requested by parent municipality	Board of directors of municipal entity must submit to parent municipality proposed budget for entity for ensuing financial year.	Board of directors of entity	It is not clear to what person or structure in the parent municipality this budget must be submitted.  However, it makes good sense for the council of the municipality to consider this budget at the same meeting that it considers the municipality's own proposed adjustments budget.



87	(31 January to mid-March)	Parent municipality must consider proposed budget, and make any necessary recommendations.			It is not clear what person or structure in the parent municipality must perform this action, but the council seems the logical party. It would also make sense for the council to consider this budget by 31 January.
87	(Tabled in council by 31 January)	Board of directors of entity may, with approval of mayor of parent municipality, revise budget of entity for certain prescribed reasons. Adjustments budget once approved by board of directors of entity must be tabled by mayor at next meeting of council of parent municipality. Adjustments budget must be made public.	Board of directors and mayor of parent municipality		Evidently such an adjustments budget may be prepared at any stage. It would make good sense, however, for the parent municipality to insist that the entity's revised budget be prepared and submitted to the mayor at the same time that or before the entity's proposed budget for the new financial year is considered.
54(1) and (2)	(Between 31 January and 31 March)	If municipality faces "serious financial problems" mayor must "promptly" respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to service delivery and budget implementation plan. (Note that only council may approve changes to service delivery targets and KPIs – these changes must therefore be tabled with the adjustments budget).	Mayor		Again the potential problem of different parent municipalities having different views will have to be resolved by (presumably) the mayors considered. Adjustments budgets may be prepared by the accounting officer, and tabled in council by the Mayor "when necessary". They must be so prepared and tabled (within prescribed limits as to timing and frequency) whenever material adjustments to expenses or revenues are required, and not only when "serious financial problems" are looming. In general, adjustments budgets should preferably be tabled by or as soon as possible after 31 January, and certainly not later than 31 March when the draft annual budget for the next year is first tabled.

54(3)	(Between 31 January and 31 March)	Mayor must ensure that revisions to service delivery and budget implementation plan are "promptly" made public. (Note that no concomitant revision of performance agreements is evidently envisaged).	Mayor	Presumably the accounting officer must make these revisions for the mayor's approval as part of the process of adjusting the annual budget. The deadline for these revisions must be by or as soon as possible after 31 January, but certainly not later than 31 March. See also 54(1) and (2).
87	100 days before start of financial year (approximately mid March)	Board of directors of entity must consider recommendations, and if necessary submit revised budget to parent municipality.	Board of directors of entity	
16(2)	31 March	Mayor must table (draft) annual budget of municipality at council meeting at least 90 days before start of budget year.	Mayor	Council meeting must be scheduled appropriately.
87	31 March	Mayor of parent municipality must table originally proposed or proposed revised budget (as case may be) of entity when (draft) annual budget of municipality first tabled.	Mayor	-
22(a) and 22(b)	Immediately after 31 March or earlier date if annual budget tabled before 31 March	Immediately after (draft) annual budget tabled in council, accounting officer must (1) make public budget and documents referred to in Section 17(3), and invite local community to submit representations in connexion with budget, and (2) submit annual budget in both printed and electronic formats to provincial treasury, and in either format to prescribed national and provincial organs of state and to other municipalities affected by the budget.	Accounting officer	
23(2)	Before 31 May	Council must give mayor opportunity (1) to respond to submissions received on (draft) annual budget and attendant documentation and (2) to revise budget, if necessary, and table amendments for consideration by council.	Mayor and council	-

24(1) and (2)	31 May	Council must consider approval of annual budget, together with resolutions imposing rates and levies, setting tariffs, approving measurable performance objectives for revenue from each source and for each vote, approving any changes to IDP, and approving any changes to budget-related policies.	Council	Although council has until 30 June to approve budget, best practice will be to approve budget not later than 31 May.
87(4)	31 May	Board of directors of municipal entity must approve budget for coming year, having taken into account recommendations of council of parent municipality, and must make budget public.	Board of directors of municipal entity	
24(3)	(Immediate after approval date)	Accounting officer must submit approved annual budget to national treasury and provincial treasury.	Accounting officer	No time limit is specified for this action, and neither is the format in which the budget is to be submitted specified.  Common sense dictates that the submission should be at least in electronic format and that it should be made as soon as possible after the approval date.
25(1) and (2)	Within 7 days of date of council meeting which failed to approve annual budget	If council fails to approve annual budget at meeting scheduled in terms of Section 24, must reconsider budget within 7 days of date of such meeting. If necessary, process must be repeated until budget approved by 30 June.	Council	As province will intervene if budget not approved by 30 June, mayor, councillors and accounting officer must co-operate to ensure obstacles to approval timeously removed.
69(3)(a) and (b)	14 days after approval of annual budget (mid June to mid July)	Accounting officer must submit to mayor draft service delivery and budget implementation plan, and drafts of annual performance agreements for municipal manager and all senior managers.	Accounting officer	
53(1)(c)(ii)	Within 28 days after date annual budget approved (late June to late July)	Service delivery and budget implementation plan must be approved by mayor, including projections of revenues and expenses for each month, and service delivery targets and performance indicators for each quarter. (Note that though the mayor approves these targets and KPIs, only the council	Mayor	

53(1)(c)(iii)(aa) & (bb)	Within 28 days after annual budget approved (late June to late July)	may change them and then only following the approval of an adjustments budget. See Section 54(1)(c). Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	Mayor	No date is specified for the completion of this requirement, but the logical inference is that the date should not be much later than the date on which the service delivery and budget implementation plan must be approved. See Section 53(3)(b).
16(1)	30 June	Annual budget must be approved by council	Council	-
53(3)(a) and (b)	14 days after approval of service delivery and budget implementation plan (mid July to mid August, depending on date approved)	Projections of revenues and expenses for each month and service delivery targets for each quarter (as set out in approved service delivery and budget implementation plan), and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	Mayor	Although this is not specified as a requirement, logic dictates that copies of the service delivery and budget implementation plan should also be submitted to council and the MEC.

# UGU DISTRICT MUNICIPALITY

“The Municipality”



## CASH, BANKING AND INVESTMENT MANAGEMENT POLICY

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**1. DEFINITIONS**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

**“Accounting Officer”** means the Municipal Manager of Ugu District Municipality.

**“Act”** means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.

**“Accounting Principles”** mean stipulated guidelines to be followed.

**“Acquisition”** means acquiring goods or services through procurement policies.

**“Agents”** mean professional bodies appointed to execute a specific task on behalf of the Ugu District Municipality.

**“Accounts”** mean statement of moneys received.

**“Assignee”** means a person with a delegated authority.

**“Bank”** means an institution recognised by the Registrar of Banks.

**“Bank Account”** is the recognised statement of financial holdings on behalf of the municipality.

**“Cash”** means money, such as bank notes and coin, or cash equivalents.

**“Chief Financial Officer”** means the Chief Financial Officer of Ugu District Municipality.

**“Constitution of the Republic of South Africa, Act No. 108 of 1996”** means the Supreme Law of the Republic of South Africa.

**“Cash Management”** means efficient and effective management of funds.

**“Delegate”** means an official/person delegated to perform tasks on behalf of another person.

**“Delegated Authority”** means any person/persons/committee delegated with the authority to act for on behalf of Ugu District Municipality.

**“Diversification of Investments”** means investing in more, or more than one type of financial instrument.

**“Investment Ethics”** mean ethical framework within which investments must take place.



**“Liquidity”** means the ease with which financial instruments can be converted to cash or cash equivalents.

**“Municipal Entity”** means the developmental arm of the municipality established in terms of the Local Government: Municipal Finance Management Act No. 56 of 2003, in particular.

**“Municipality”** means the Ugu District Municipality.

**“Ownership”** means that all investments must be made in the name of the Ugu District Municipality.

**“Short term investment”** means a financial instrument with a lifespan or maturity of less than or equal to 1 year.

**“Long term investment”** means financial instrument with a lifespan or maturity of greater than a year.

## 2. **OBJECTIVE OF THE POLICY**

- 2.1 In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2): "Each Municipal Council and Governing body shall adopt by resolution cash, banking and investment policy regarding the investment of its cash resources not immediately required.
- 2.2 An Accounting Officer has an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible. Competitive investment and effective cash management ensures both short term and long-term viability and sustainability of the Municipality. Hence, it is critical for the Municipality to have its own cash, banking and investment management policy located within the local government legislative framework. This Policy should be read and understood against this background.
- 2.3 The primary and the ultimate goal of the investing funds is to earn the safety of returns on investment principal, an amount invested whilst managing liquidity requirements and, providing the highest return on investment at minimum risk, within the parameters of authorised instruments as per the MFMA

## 3. **BANKING ARRANGEMENTS**

### 3.1 **Opening of a Bank Account**

The Chief Financial Officer will ensure that the Municipality opens and maintains the following minimum bank accounts:

- a) General Bank Account – normal municipal receipts and payments
- b) External Financing Fund – to record loan receipts and accumulations towards the repayment of such loans
- c) Capital Replacement reserve – this reserve must be cash backed at all times and therefore requires a separate bank account
- d) Unutilised Capital Receipts – this is to account for unutilised conditional grant monies and developer contributions, requires a separate bank account and must be cash backed.
- e) Consumer deposits – this is to account for consumer deposits received and must be cash backed and requires a separate bank account.
- f) A specific account will be identified as a primary bank account and all the allocations from national, provincial and other spheres of government will be deposited into this account

### 3.2 Management of a Bank Account

Only the Accounting Officer or his/her delegate is authorised to withdraw money from the Municipality's bank account and the delegated powers shall be in accordance with limits which will be specified by the Accounting Officer

The responsibility for the management of all the Municipal bank accounts will be allocated by the Chief Financial Officers to the officials of the Treasury department in accordance with their job descriptions. The Chief Financial Officer or his/her delegate will review reconciliations of all the Municipal bank accounts on a monthly basis.

## 4. CASH MANAGEMENT

4.1 All monies received by the Municipality must be deposited into the Municipal primary bank account promptly.

The Chief Financial Officer will establish an internal control procedure for the operation and maintenance of the following process with regards to cash management:

- a) Receipting, and banking of and reconciliations of daily cash and cheques
- b) Returned cheque register
- c) Unallocated receipts/deposit registers

4.2 The Chief Financial Officer, inter-alia, has to ensure financial viability and sustainability of the Municipality. In order to achieve this in a sustainable manner, the Chief Financial Officer must ensure that internal financial systems and controls are in place that will enable the Municipality to detect the mismanagement of funds.

### 4.3 Cash Collection:

4.3.1 All monies due to the Municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. Cash left in the safe can pose a security risk, could necessitate additional insurance coverage and does not earn any interest. Special deposits should be arranged for larger amounts to ensure that these are banked on the next working day they are received.

4.3.2 All monies collected by the Council must be banked in the primary bank account of the Municipality.

4.3.3 The respective responsibilities of the Chief Financial Officer and other Heads of Departments in this regard are defined in a procedures manual approved by the Municipal Manager and the Chief Financial Officer.

- 4.3.4 It is important that all monies owing to the Council are correctly reflected in the debtors system. The following control measures are necessary:
- a) A well managed debtors and banking control system will ensure that funds owed to the Council are received and banked; and
  - b) It is also important to review debt collection performance by comparing the debtors outstanding in relation to total revenue and then comparing this to previous financial years, in order to determine whether the debt collection process is deteriorating or improving.

- 4.3.5 The unremitant support of and commitment to the Municipality's credit control Policy, both by the Council and the Municipality's officials, is an integral part of proper cash collections, and by approving the present Policy the Council pledges itself to such support and commitment.

#### 4.4 Petty Cash

- a) The Municipality keeps petty cash floats at two of its offices, that is Treasury office and Park Rynie office. Each petty cash float will be limited to R2 000 for the Treasury office.
- b) Each transaction of petty cash shall not exceed R2 000.-
- c) The officials who are responsible for petty cash management will be independent of all other cash functions like cashiering
- d) An imprest system of petty cash will be used.

### 5. CASH FLOW ESTIMATES

- 5.1 Before money can be invested, the Accounting Officer or his/her delegate must determine whether there will be surplus funds after meeting the necessary obligations.
- 5.2 To be able to make investments for any fixed terms; it is essential that cash flow estimates are prepared.
- 5.3 The Auditor-General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

### 6. INVESTMENT ETHICS

- 6.1 The Accounting Officer and his/her delegate are responsible for the investment of funds and must ensure that there is no interference in these processes.

- 6.2 Under no circumstances may the Accounting Officer and his/her delegate ~~he/she~~ accept bribes into making an investment.
- 6.3 No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her relationship with the said institution.
- 6.4 The gift must be declared to the Municipality.
- 6.5 The Accounting Officer and his/her delegate must act according to their discretion and must report any serious cases of payment in kind or gifts, to the Municipal Council. Excessive gifts and hospitality should be avoided at all costs.

## 7. **INVESTMENT PRINCIPLES**

### 7.1 Risk management

The preservation of principal is the foremost objective of the investment program. To attain this objective, diversification is required to ensure that the Accounting Officer or his/her nominee prudently manages risk exposure. Risk profiles should be minimised by only placing investments with institutions and instruments approved by the Public Investment Commission or the Republic of South Africa: National Minister of Finance.

### 7.2 Prudence

Investments shall be made with care, skill, prudence and diligence. The approach must be that which a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Municipality. Investment officials are required to:

- a) Adhere to written procedures and policy guidelines.
- b) Exercise due diligence.
- c) Prepare all reports timeously.
- d) Exercise strict compliance with all legislation.

### 7.3 Ownership

All investments must be made in the name of the Ugu District Municipality.

### 7.4 Risk and Return

Although the objective of the Accounting Officer and/ Chief Financial Officer in making investments on behalf of the Municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average

risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see Gazette 27431 1 April 2005).

## 8. **INVESTMENT PROCEDURE**

8.1 After determining whether there is cash available for investment and fixing the maximum term of investment, the Municipal Manager must consider the way in which the investment is to be made.

### 8.2 **Short-term Investment**

- a) The term of investment shall not be more than 12 months.
- b) Quotations must be obtained from a minimum of three financial institutions, for the term of which the funds will be invested.
- c) Should one of the institutions offer a better rate for a term, other than the term originally quoted for, the other institutions which were approached, must also be asked to quote a rate for the other term.
- d) Quotations can be obtained telephonically, as rates generally change on a regular basis and time is a determining factor when investments are made
- e) No attempts must be made to make institutions compete with each other.

### 8.3 **Long-term investment**

- a) Written quotations must be obtained for investments made for periods longer than twelve months.
- b) The prior approval of the Council must be obtained for all investments made for periods longer than twelve months after considering the cash requirement for the next three years.

### 8.4 **Investment maturity**

- a) Upon maturity of the investment the Municipality shall do one of the following:
  - i. Shall withdraw the whole amount invested.
  - ii. Shall re-invest 100% interest plus the original amount that had been invested, in terms of the investment procedure, unless if Council wishes to utilise the original money or the interest.
  - iii. Shall withdraw the interest and re-invest the original capital amount.

### 8.5 **Early withdrawal of invested funds**

- a) When investing the funds with the banking institutions the Chief Financial Officer shall ensure that such funds are not withdrawn earlier than the maturity date agreed upon,

by so doing the Municipality will not incur fruitless and wasteful expenditures in form of penalties resulting from early withdrawal of investments.

- b) The Chief Financial Officer shall only withdraw funds if :
  - i) the banking institution concerned has agreed to exempt any penalties due to early withdrawal of investment or;
  - ii) the Accounting Officer may grant approval to withdraw the invested funds after he/she has satisfied himself/herself that the urgency was unforeseeable at the time when funds were invested and that the need for funds far outweighs the penalties being paid for such early withdrawal.

#### 8.6 Call deposits and fixed deposits:

- a) Before making any call or fixed deposits, the Chief Financial Officer, shall obtain quotations from at least three registered financial institutions.
- b) Given the volatility of the money market, the Chief Financial Officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).
- c) Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).
- d) Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 8 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the Municipality.

### 9. DELEGATION OF AUTHORITY

- 9.1 The delegation to authorise investments must distinguish between short term & long-term investments. The authority to make long-term investments as provision of security, is vested with the Municipal Council in terms of Section 48 of the MFMA and with reference to section 11(1) (h) of the MFMA dealing with cash management, the responsibility to make short investments lies with the Accounting Officer or Chief Financial Officer or any other senior financial officer authorised by either the Accounting Officer or the Chief Financial Officer/ relevant assignee.



9.2 The Local Government Municipal Systems Act of 2000, Section 3, (60) (2) states that the Municipal Council may only delegate to an Accounting Officer, Executive Committee, Mayor or Chief Financial Officer decisions to make investments on behalf of the municipality within a policy framework determined by the Minister of Finance.

9.3 The Chief Financial Officer is responsible for the investment of municipality's funds that are made under section 13 of the Municipal Finance Management Act.

#### 10. **INVESTMENT ISSUE PERTAINING TO MUNICIPAL COUNCIL APPROVAL**

10.1 In the event that an investment that needs to be made, quotations are required from at least three registered financial institutions. In the case of telephonic quotations, the following information is required:

- a) The name of the Institution,
- b) The name of the person, who gave the quotation,
- c) The relevant terms and rates and
- d) Other facts such as if interest is payable on a monthly basis or on a compound basis upon maturation.

10.2 All investment documents must be signed by two authorised cheque signatories.

10.3 The Chief Financial Officer must ensure that a bank, insurance company or other financial institution, which at the end of a financial year holds, or at any time during a financial year held, an investment for the Municipality must:

- a) Within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year and
- b) Promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.
- c) Promptly disclose information of any possible or actual change in the investment portfolio, which could or will have a material adverse effect.

#### 11. **MUNICIPAL ENTITIES**

The board of Directors of all municipal entities must adopt this cash management and investment policy. Further, the same municipal entities must submit reports, as detailed in the reporting and monitoring procedures, in the same manner as Ugu District Municipality, to the Mayor.

**12. POLICY REVIEW**

This Policy must be reviewed annually and be tabled to the Municipal Council for approval.

**13. INTERNAL CONTROL PROCEDURES**

13.1 An investment register should be kept of all investments made. The following facts must be indicated:

- a) Name of institution;
- b) Capital invested;
- c) Date invested;
- d) Interest rate; and
- e) Maturity date and
- f) Interests earned on investments.

13.2 The investment register and accounting records must be reconciled on a monthly basis.

13.3 The investment register must be examined on a fortnightly basis by the senior official under the direction of the Chief Financial Officer/ assignee as instructed, to identify investments falling due within the next two weeks. An investment plan must then be established for the next calendar month bearing in mind the cash flow requirements.

13.4 Interest, correctly calculated, must be received timeously, together with any distributable capital. The Chief Financial Officer or his/her assignee must check that the interest is calculated correctly, in terms of sound universally accepted financial management practices.

13.5 Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:

- a) Fixed deposit letter or investment certificate;
- b) Receipt for capital invested;
- c) Copy of electronic transfer or cheque requisition;
- d) Schedule of comparative investment figures;
- e) Commission certificate indicating no commission was paid on the investment; and
- f) Interest rate quoted.

13.6 All investment must be denominated in South African Rand (ZAR)

13.7 The Chief Financial Officer or his/her assignee is responsible for ensuring that the invested funds have been invested with registered financial institutions approved by the Republic of

South Africa: National Minister of Finance, Public Investors Commission or with a bank rating of AA and endeavour to minimise risk exposure.

#### 14. **REPORTING AND MONITORING PROCEDURES**

- 14.1 The Accounting Officer must within 10 days of the end of each month submit to the Mayor or Finance, Budget Control & Monitoring Committee a report describing in detail the investment and cash flow position of the Municipality as at the end of the month.
- 14.2 The report must contain a statement, prepared in compliance with generally recognised accounting principles/generally accepted municipal accounting principles, that states the:
- a) beginning market value for the period
  - b) additions and changes to the market value during the period
  - c) ending market value for the period
  - d) fully accrued interest/yield for the reporting period
  - e) the credit risk rating for the institutions whose securities are held by the Municipality as at beginning and end of the reporting period
  - f) investments disposed of due to adverse changes in credit ratings
  - g) diversification of investments
  - h) any investments locked into a time period with an institution that has a rating that is not acceptable according to Fitch, Naspers or CA-ratings.

#### 15. **PERMITTED INVESTMENTS**

- 15.1 The Republic of South Africa: National Minister of Finance may identify by regulation in terms of Section 168 of the Municipal Finance Management Act instruments or investments other than those referred to below in which Municipality may invest:
- a) Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
  - b) Securities issued by the National Government;
  - c) Investments with the Public Investment Commissioners as contemplated by the Public Investment Commissions Act, 1984 (Act No. 5 of 1984);
  - d) Listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
  - e) Deposits with the corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984);
  - f) Banker's acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
  - g) Municipal Bonds issued by a Municipality
  - h) Guaranteed endowment policies with the intention of establishing a sinking fund; and

- i) Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)

**16. EXISTING INVESTMENTS**

Current investments that were not permitted investments at the time of purchase do not have to be liquidated.

**17. INVESTMENT DIVERSIFICATION**

The Chief Financial Officer must ensure that available money is not invested with one institution. Investment will be restricted to institutions with a minimum credit rating of [AA]. The maximum term for any investment, may be 2 years, other than ceded investments.

**18. PERFORMANCE EVALUATION**

18.1 The performance of the investment portfolio must be evaluated quarterly. The time weighted yield attributable to the investment portfolio must be calculated each quarter and compared with the prevailing returns available on securities issued by the National Government.

18.2 A report discussing the performance of the investment portfolio must be submitted to the Chief Financial Officer within 10 days of the end of each quarter.

**19. USE OF INDEPENDENT INVESTMENT MANAGERS**

Should the need arise to use an investment manager at any time; one will be appointed using Supply Chain Management principles and practices.

**20. UNALLOCATED RECEIPTS**

All unclaimed and unidentified deposits older than three (3) years shall be publicised in a local newspaper on an annual basis and if unclaimed within the specified time frame, such monies will be transferred to sundry income.

**21. PAYMENT OF CREDITORS**

21.1 Due to the high bank charges with regard to cheque payments, it is essential to limit the payment of creditors to one payment per creditor per month. Should the facility be available, payments should be done by electronic transfer (subject to strict controls).

21.2 When considering the time to pay a creditor, proper consideration must be given to the conditions of credit terms of payment offered.

- a) In cases where a cash discount is given for early settlement, the discount, if the relevant time scale is taken into account, must in most cases be more than any investment benefit that could be received from temporarily investing the funds.
- b) If discounts are offered for early settlement they must be properly considered and utilised.

21.3 Besides this, the normal conditions of credit terms of payment offered by suppliers, must also be considered and utilized to the full by paying on the due date and not earlier, provided that no worthwhile discount is available or offered.

**22. BANK AND CASH IN TERMS OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT Act NO.56 of 2003, Chapter 3, Part 1.**

- 22.1 All names of bank accounts must be changed to the name of the newly created municipality,
- 22.2 New bank accounts must be opened if required,
- 22.3 All cheques received from the disestablished municipalities must be banked,
- 22.4 All bank accounts currently held and transferred to the municipality must be accounted for in the new accounting system,
- 22.5 The official responsible must ensure that the name change on the accounts has been effected,
- 22.6 All bank and cash must be made in terms of the Cash Management Policy,
- 22.7 Every municipality must open and maintain at least one bank account in the name of the municipality and
- 22.8 All money received by a municipality must be paid into its bank account in the name of the municipality as per the abovementioned legislative framework.

**23. MANAGEMENT OF STOCK**

Cash management must be improved by seeing that adequate stock control is exerted over all goods kept in stock.

**24. SHORT- AND LONG-TERM DEBT**

A municipality may only incur debt in terms of the Municipal Finance Management Act No. 56 of 2003. The municipality may incur two types of debt, namely short-term and long-term debt.

**24.1. SHORT-TERM DEBT**

24.1.1 A municipality may incur short-term debt only when necessary to bridge:

- a) Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year or

- b) Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

24.1.2 A municipality:

- a) Must pay off short-term debt within a financial year and
- b) May not renew or refinance its short-term debt.

24.2. **LONG-TERM DEBT**

A municipality may incur long-term debt for purposes of financing its long-term strategic objectives, as outlined in the Constitution of the Republic of South Africa, Act No. 108 of 1996, and Chapter 7 on Local Government.

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

25. **COMPLIANCE AND ENFORCEMENT**

- a) Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.
- b) It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

26. **EFFECTIVE DATE**

This Policy shall come to effect upon approval by Council of Ugu District Municipality.

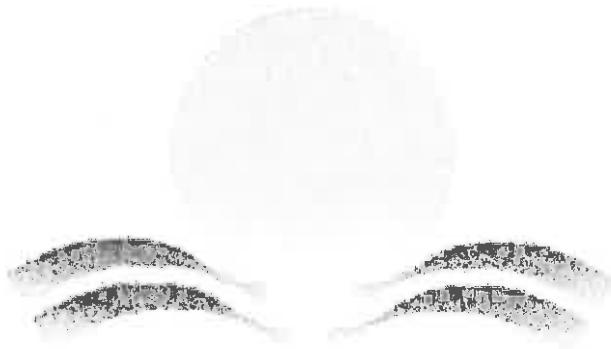
27. **POLICY ADOPTION**

This Policy has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

**UGU DISTRICT MUNICIPALITY**  
**("The Municipality")**



**CREDIT CONTROL AND DEBT COLLECTION POLICY**



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**A. PREAMBLE:**

The Local Government : Municipal Systems Act No. 32 of 2000 ("the Municipal Systems Act") has as one of its objects the need to ensure financially and economically viable municipalities;

The Municipal Systems Act also envisages a new system of Local Government requiring an efficient, effective and transparent local public administration that conforms to constitutional principles;

The Ugu District Municipality has adopted a tariff policy in terms of Section 74(1) of the Municipal Systems Act No. 32 of 2000 which policy reflects the principles enunciated in Section 74(2) and differentiates as it may in terms of Section 74(3) of the Municipal Systems Act;

The Ugu District Municipality has also adopted By-laws as envisaged in Section 75 of the Municipal Systems Act No. 32 of 2000;

This policy is adopted in terms of Section 96(d) of the Municipal Systems Act, is consistent with the Ugu District Municipality's rates and tariff policies and complies with the provisions of the Municipal Systems Act;

## 1. DEFINITIONS

Except to the extent to which the context may otherwise require:

- a) any word or expression importing any gender or the neuter shall include both genders and the neuter;
- b) words importing the singular shall include the plural and vice versa where the context so requires; the following words shall have the meanings assigned to them herein:-

**"Service charges"** means all monies that are currently due and payable to Ugu District Municipality in terms of Section 96(a) of the Municipal Systems Act;

**"Municipality"** means Ugu District Municipality;

**"Services"** shall mean all services provided by the Ugu District Municipality and without limiting the generality of the a foregoing shall include\_

- a) water supply and connection;
- b) sanitation supply and connection;
- c) miscellaneous services as specified in the Municipality's tariffs;
- d) where sanitation, connection and supply does not apply, sanitation haulage, ad hoc vacuum tanker services, conservancy tank clearances; services relating to industrial effluent;
- e) the provision of water borne sanitation;
- f) or any other services that the Municipality may supply all in terms of the Municipality's tariffs.

**"consumer"** shall mean, without limiting the generality thereof, any natural person or legal entity or generally any member of the public who has made application for services and whose application has been approved.

**"owner"** shall mean, without limiting the generality thereof,

- a) a person in whom is vested the legal title to the premises;
- b) in a case where the person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- c) in any case where the authority or authorised provider is unable to determine the identity of such person, a person who is entitled to the benefit of the use such

- premises or a building or buildings thereon, including a person who receives the rent or profits of such premises or any part thereof from any tenant or occupier or who would receive such rent or profits if the premises or any part thereof were let, whether for his own account or as agent for any person entitled thereto or having an interest therein;
- d) in the case of premises for which a lease agreement of 30 years or longer has been entered into, the lessee there under;
- e) in relation to -
- (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 95 of 1986, the developer or the body corporate in respect of the common property,
  - (ii) or a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed provider of such person;

## **2. THE SCOPE OF THIS POLICY:**

- 2.1 This Policy shall apply solely in respect of all levies, fees, surcharges on fees, service charges and any other monetary amounts due to the Municipality and levied in terms of the Municipality's existing tariffs;
- 2.2 Any interest which has already or shall in the future accrue to the Municipality in respect of the rendering of the services;
- 2.3 Any collection charges lawfully due to the Municipality.

## **3. THE OBJECTIVES AND CONTENTS OF THIS POLICY:**

- 3.1 The adoption of this Policy has as its principal objective the fulfilment of the requirements of Section 97(1) of the Municipal Finance Management Act, namely to provide for:-
- a) Credit Control Procedures and Mechanisms;
  - b) Debt Collection Procedures and Mechanisms;
  - c) Provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents;
  - d) Realistic targets consistent with:-
    - i) generally recognised accounting practices and collection ratios; and
    - ii) the estimates of income set in the budget less an acceptable provision for bad debts;
  - e) Interest on arrears, where appropriate;
  - f) Extension of time for payment of accounts;

- g) Termination of services with the restriction of the provision of services when payments are in arrears;
  - h) Matters relating to unauthorised consumption of services, theft and damages; and
  - i) Any other matters that may be prescribed by Regulation in terms of Section 104 of the Municipal Systems Act.
- 3.2 To the extent that the differentiation envisaged in Section 97(2) of the Municipal Systems Act is discretionary,
- 3.3 The Ugu District Municipality has in terms of Section 98 of the Municipal Systems Act No. 32 of 2000 adopted By-laws to give effect to this Credit Control and Debt Collection policy, its implementation and enforcement and for this reason it is not necessary within the framework of this Policy to indicate the procedures of implementation, delegation or, otherwise, administration of this Policy apart from what is mentioned further herein.

#### **4. SUPERVISORY AUTHORITY**

In terms of Section 99 of the Municipal Systems Act a municipality's executive committee or executive mayor, must:-

- 4.1 oversee and monitor:-
  - a) the implementation and enforcement of the Municipality's Credit Control and Debt Collection policy and any by-laws enacted in terms of Section 98; and
  - b) the performance of the Municipal Manager in the implementing of this policy and any by-laws;
- 4.2 When necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency in Credit Control and Debt Collection mechanisms, processes and procedures; and
- 4.3 At such intervals as may be determined by the Council report to a meeting of the Council, except when the Council itself performs the duties mentioned in paragraphs 2.1 and 2.2.

#### **5. ROLE OF THE MUNICIPAL MANAGER**

In terms of Section 100 of the Municipal Systems Act the Municipal Manager or service provider must:-

- 5.1 Implement and enforce the Municipality's Credit Control and Debt Collection policy and any by-laws enacted in terms of Section 98;

- 5.2 In accordance with the Credit Control and Debt Collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the Municipality; and
- 5.3 At such intervals as may be determined by the Council report prescribed particulars to a meeting of the Supervisory Authority referred to in Section 99.

**6. SERVICE AGREEMENTS:-**

- 6.1 The Credit Control procedure shall commence with an application by a potential consumer for the provision of services;
- 6.2 The application aforesaid shall contain at least the following:-
- a) the full name of the Applicant/s;
  - b) the identity number (in the case of a natural person) or registration number; copies of relevant registration certificate together with certified copy of the resolutions that give permission to apply on behalf of the legal person in the case of a corporate entity or any other legal person;
  - c) the postal address and physical address (which in the case of legal persons must include the address of their accounting officer or principal place of business);
  - d) a copy of the Applicant/s 's identity document or in the case of a legal person its proof of registration; copies of relevant registration certificate together with certified copy of the resolutions that give permission to apply on behalf of the legal person;
  - e) in the event that the Applicant/s is/are not the owner/s of the property at which the services will be supplied then the application must contain:-
    - i) the consent of the owner to the supply of services on credit to the Applicant;
    - ii) the owner/s 's full details including a copy of the owner/s 's identity document or proof of registration as envisaged in the preceding paragraphs;
    - iii) The aforesaid consent shall make provision that in the event of the Applicant/s defaulting in the payment of any amounts due that the owner/s will be held responsible therefore;
  - f) the Applicant's contact details including :
    - i) telephone numbers (home, work and cellular phone numbers); and
    - ii) e-mail address (where applicable);
  - g) The amount of the deposit shall be calculated as per policy and payable in advance prior to connection of the service;
- 6.3 Every such application shall constitute an offer to the Municipality to enter into an agreement with the Applicant for the rendering of the services applied for which upon

acceptance shall constitute a binding agreement between the Municipality and the consumer/s;

- 6.4 Illiterate Applicants must be assisted in the completion of the forms and must affix their mark to the form which mark must be certified by a Commissioner of Oaths as the mark of the Applicant;
- 6.5 The name, address and details of the Applicant's employer shall also be stated;
- 6.6 The Applicant shall also consent on the application form to:-
  - a) an adverse listing with the credit bureau in the event of a default in payment.

## **7. THE RENDERING OF ACCOUNTS:**

- 7.1 Consumers on the billing system will receive an understandable and accurate bill from the Municipality, which bill will consolidate all service costs for that property.
- 7.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 7.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorised agent.
- 7.4 It is the consumer's responsibility to ensure that postal address and other contact details are correct.
- 7.5 It is the consumer's responsibility to make enquiries and ensure timeous payments in the event of accounts not received.
- 7.6 Settlement or due dates will be as indicated on the statement.
- 7.7 Payments can be made at:-
  - a) Ugu District Municipalities offices in Port Shepstone, Oslo Beach, Harding, Park Rynie offices as well as Satellite Offices;
  - b) The South African Post Office and their agencies;
  - c) ABSA Bank; and
  - d) Easy-Pay outlets, example Pick 'n Pay and Checkers;
  - e) Selected credit card payments can be made at Port Shepstone, Park Rynie, Harding and Oslo Beach offices.
  - f) In addition to the above, Municipality offers debit order facilities and details can be obtained from any of the municipal offices
- 7.8 All Ugu District Municipal Councillors and employees who are deemed to be consumers must not be in arrears for a period longer than 90 days, the Municipality reserves the right to recover any such amounts from monies due to the employee in terms of Clause 10, Schedule 2. of the local Government: Municipal Systems Act.



**8. INTERRUPTION OF SERVICE**

- 8.1 Consumers who are in arrears with their municipal account and who have not made arrangements with the Council will have their supply of water, and other municipal services, suspended, restricted or terminated.
- 8.2 The restriction of service may happen when the Municipal account is one day overdue.
- 8.3 Council reserves the right to deny or restrict the sale of water to consumers who are in arrears with their municipal charges.
- 8.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible.
- 8.5 The cost of the restriction and the reconnection, will be determined by tariffs approved by Council, and will be payable by the consumer.
- 8.6 Interest can be raised as a charge on all accounts not paid by the due date.

**9. DEBT COLLECTION PROCEDURE:**

- 9.1 The Municipality or any duly authorised collection agent or service provider for the collection of outstanding debt may, in addition to the normal legal procedures for the collection of arrear accounts, also –
  - a) terminate or restrict the supply of services; and
  - b) allocate any payments or pre-payments toward the liquidation of any arrears in terms of section 12 below;
- 9.2 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 9.3 The Municipality may, when a debtor is in arrears and all other credit control actions have been exhausted, commence legal process against that debtor, which process could involve final demands, restrictions, summonses, judgements, garnishee orders and as a last resort sales in execution of property.
- 9.4 All costs of legal process, including interest, service discontinuation costs are for the account of the debtor.
- 9.5 Uncollectable Arrears
  - 9.5.1 The effective implementation of the present policy also implies a realistic review of the Municipality's debtor's book at the conclusion of each financial year. The Municipal Manager shall as soon as possible after 30 June each financial year present to the Council a report indicating the amount of the arrears which it is believed is uncollectable, together with the reasons for this conclusion.
  - 9.5.2 The Council shall then approve the write off of such arrears, if it is satisfied with the reasons provided.

## 10. INSTALMENT AGREEMENTS (ARREARS ONLY):

### DOMESTIC ACCOUNTS

10.1 The Municipality recognises that in certain instances domestic consumers may experience difficulty with the payment of a lump sum arrear amount and in such instances will accommodate any domestic consumers who require paying their arrears over an extended period;

10.2 In these instances the Municipality shall require:-

- a) an agreement stipulating:
  - i) the extended period;
  - ii) the amount payable by the consumer;
  - iii) any deposits payable.

In such instances all deposits shall be payable either in cash or by bank guarantee.

10.3 It shall be a condition for the conclusion an arrangement that the consumer is bound to pay every current municipal account in full and on time during the period over which such arrangement extends.

10.4 Each request is treated on its individual merits, however, collection staff will be guided by the following minimum guidelines in entering into agreements of this nature:-

- a) First time request:-
    - i) any amount in arrears – a deposit of 10% of the arrear amount is payable immediately with the balance payable over eleven months;
  - b) In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu Market premises. The full amount becomes due and payable immediately before re-instatement of the supply;
  - c) In respect of repeat requests by domestic defaulting consumers or domestic consumers with agreements as envisaged in sub-paragraph (a) above or first time tampering consumers:-
    - ii) any amount in arrears – a deposit of 25% of the arrear amount is payable immediately with the balance payable over eleven months;
  - d) In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu Market premises. The full amount becomes due and payable immediately before re-instatement of the supply.
- 10.5 Reconnection fees and additional deposits must be paid in full before any agreement as aforesaid can be entered into;

- 10.6 In the event of such agreements being negotiated with legal entities, then, the agreement must be duly signed by a duly authorised officer of the same and this must be accompanied by personal sureties of a natural person. All such agreements must be accompanied by a resolution of the entity authorising the signatory to sign as aforesaid;
- 10.7 In instances where agreements as envisaged in this clause are entered into, a consumer may be required to complete a debit order authority for the payment of the arrears in terms of the agreement.

## **11. DISHONoured CHEQUES**

The refusal or failure by a bank to honour any cheque payment or debit order by a consumer shall be regarded as non-payment. In this regard:-

- 11.1 The consumer will be contacted telephonically and requested to make a cash deposit equivalent to that of the dishonoured cheque or debit order into the Municipality's bank account within 24 hours of such request;
- 11.2 Should the Municipality be unable to contact the consumer as aforesaid, the Municipality shall issue a final demand and proceed as envisaged earlier herein;
- 11.3 Should the cheque payment or debit order relate at all to an agreement for extension or reconnection, the supply of the service will immediately be disconnected without any further notice to the consumer and will only be reconnected once the consumer has made payment of the full outstanding balance in cash;
- 11.4 In the event of a consumer not having sufficient funds in cash to settle the amount equivalent to the amount of a dishonoured cheque then the Municipality shall be entitled but not obliged to proceed with the institution of criminal charges of fraud against the consumer;
- 11.5 All dishonoured cheques shall be retained by the Municipality and only returned to the consumer upon request therefore by the consumer and after reversal of the dishonoured payment;
- 11.6 The Municipality shall be entitled to levy an administration fee in order to recover all bank charges and administrative work involved in reversing the entries which fee shall be levied irrespective of the reason for dishonour or non-payment;
- 11.7 Details of all dishonoured cheque payments may be forwarded to the credit bureau for processing against the consumer's credit profile.

**12. ALLOCATION OF PART-PAYMENTS AND APPROPRIATION OF DEPOSITS**

- 12.1 If an accountholder pays only part of any municipal account due, the Accounting Officer shall allocate such payment as follows:
- 12.1.1 Firstly, to any unpaid charges levied by the Municipality in respect of unacceptable cheques, notices, legal expenses and reconnections or reinstatements of services in respect of the account or property concerned;
  - 12.1.2 Secondly, to any unpaid interest raised on the account;
  - 12.1.3 Thirdly, to any unpaid sanitation charges;
  - 12.1.4 Fourthly, to any unpaid water charges.
- 12.2 This sequence of allocation shall be followed notwithstanding any instructions to the contrary given by the accountholder.

**13. METER TAMPERING**

- 13.1 Water metering and connection equipment remain the property of the Municipality and any person involved in the tampering with, damaging or theft thereof will be liable to criminal prosecution;
- 13.2 Where there is evidence of any illegal reconnection of a supply, or the tampering therewith, the supply will be immediately terminated. Reconnection of the supply after such termination shall only be effected if the relevant penalty tariff charges has been paid and satisfactory arrangements have been made for the settlement of any outstanding arrears;
- 13.3 The detection of any further instances of tampering as envisaged herein will result in termination of the water supply and the removal of any connection equipment. Consumers in such instances will then be required to pay the full costs of a new connection together with a penalty on consumption equivalent to the average usage over the six months preceding the date of tampering together with all outstanding arrear charges before replacement of the equipment and reconnection of the supply will be considered.

**14. UNOCCUPIED PREMISES**

- 14.1 When a consumer terminates a consumption account and no new consumer is registered the property shall be deemed to be unoccupied;
- 14.2 In such instances, a courtesy letter shall be forwarded for the attention of any actual new occupier (should there be one) and served at the premises where the supply has been rendered, requiring the new occupier within 7 (seven) days of the aforesaid letter to register with the Municipality as a consumer and detailing the registration procedures to be followed;

- 14.3 A failure by a new occupier to respond to the aforesaid letter will result in the termination/disconnection of the service supplied;
- 14.4 In such instances, the property will be linked to the registered owner's name and any basic charges in terms of the tariff shall be levied on a monthly basis and sent by ordinary mail to the most recent recorded address of the registered owner of the property for payment;
- 14.5 In the event of water consumption being recorded at a property that has been deemed unoccupied in terms hereof, every effort shall be made to establish the identity of the person responsible for the aforesaid consumption and such person shall be charged accordingly as if he or she were a consumer;
- 14.6 However, should attempts at establishing the identity of such person fail then the registered owner of the property shall be liable for any water consumed at the property.

## **15. NEW DEPOSITS**

- 15.1 All new consumers are required to pay a minimum deposit in accordance with the applicable Municipality tariff;
- 15.2 The calculation of the minimum deposit is based on a three month's estimate consumption as indicated by the consumer;
- 15.3 In respect of domestic consumers the Municipality applies four scales of tariffs to determine the deposit payable, namely:-
- a) Scale 1: 0 – 200 litres per day;
  - b) Scale 2: 201 – 500 litres per day;
  - c) Scale 3: 501 – 750 litres per day;
  - d) Scale 4: 751 – 1000 litres per day.
- 15.4 The deposit amount is calculated on the following formula:  $3 \times (\text{tariff} \times \text{estimated consumption plus basic charge and Value Added Tax})$ ;

## **16. ADDITIONAL DEPOSITS**

- 16.1 The value of the original deposit paid or any guarantees held in respect of the aforesaid deposit will be reviewed on a regular basis;
- 16.2 Upon such review the Municipality may require a consumer not previously required to pay a deposit for whatever reason, to pay a deposit on request within 10 (ten) days from the date of such request.

**17. COMMERCIAL ACCOUNTS**

- 17.1 In these instances where commercial accounts fall into arrears, the Municipality shall require:-
- a) Arrears to be paid in full before water supply is re-instated
  - b) No instalment arrangement shall be accepted for any commercial account
  - c) In such instances deposits shall be adjusted and payable either in cash or by bank guarantee
  - d) Reconnection fees and additional deposits must be paid in full before water supply is re-instated
- 17.2 The Municipality shall review consumption patterns whenever meter readings are received;
- 17.3 Should the amount of the deposit or guarantee held be deemed inadequate after such review, the Municipality shall send a letter requesting the payment of an additional deposit;
- 17.4 The value of any such increase in deposit shall be added to the next monthly account.

**18. PERSONS AND BUSINESS WHO TENDER TO THE MUNICIPALITY**

- 18.1 The Procurement Policy and Tender Conditions of the Municipality will include the following:
- a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
  - b) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period.
  - c) A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

**19. DOMESTIC ACCOUNTS**

- 19.1 In the event of the Municipality detecting an irregular and unacceptable payment pattern then the Municipality shall be entitled to review the deposit held in respect of residential consumers;

- 19.2 In the event of such review the relevant consumer shall be sent a request by the Municipality for the payment of an additional deposit;
- 19.3 The value of any such increase of the deposit as aforesaid shall be added to the consumer's next account.

## **20. FORFEITING DEPOSITS**

- 20.1 A deposit shall be forfeited to the Municipality if it has not been claimed within a period of 36 months from the date of termination of a service.

## **21. CLEARANCE CERTIFICATES**

- 21.1 Certificates are issued in terms of Section 118 of Systems Act
- 21.2 In addition to the afore going the Municipality shall require a deposit equivalent to the cost of three month's average consumption on water and sanitation charges (where applicable);In case of a vacant stand,
- 21.3 Upon payment of the amounts referred to in 1 and 2 above, the Municipality shall issue a clearance certificate within 5 (five) working days of the request for such certificate.

## **22. WATER AND SANITATION RATES**

- 22.1 Water and sanitation rates are an availability charge which is levied against properties where there is water reticulation and waterborne sanitation system in place is charged to the registered owner of the property
- 22.2 The water rates year commences on the 1st July of each year and terminates on the 30th June of the following year. Upon the declaration of the rates tariffs, these are advertised as required in terms of existing legislation;
- 22.3 Rate payers currently have the option of paying their rates on an annual basis or by monthly instalments. Monthly rates are payable over a maximum period of 10 months commencing on the 1st September of the rates year and terminating on the 30th June of the rates year;
- 22.4 Water rates accounts are posted by ordinary mail during September of each year and the final date for annual payments is the last working day of November in that year;
- 22.5 Water rates that are not paid by the final date incur a late payment penalty calculated at 1.25% per month on outstanding rates from the 1st December each year. In the event that these rates remain unpaid after the 31st January of the following year, a once-off collection charge equivalent to 10% of the rates outstanding at the time is levied; however, penalties continue to accrue on the outstanding rates due notwithstanding the once-off charge aforesaid;



22.6 After the final date for payment of the water rates has expired and in the event of no payment being received by the Municipality a final notice shall be despatched by registered mail to the consumer requiring the payment of the arrear amount and any penalties and interest;

22.7 Upon expiry of the period reflected in the final notice the Municipality shall :-

- a) compile a schedule of all arrear rate payers;
- b) conduct deeds offices searches in respect of ownership of property;
- c) authorise and institute the necessary tracing action in instances where the consumer's whereabouts are unknown;
- d) engage legal assistance for the institution of civil legal proceedings against the consumer.

### 23. TEMPORARY MEASURES OF ASSISTANCE:

23.1 The Municipality recognises that there are instances where rate payers face temporary hardships caused by personal circumstances, poor economic conditions, unemployment, temporary disablement or illness and in such instances the Municipality is willing to accommodate arrangements to settle outstanding arrears;

23.2 In such instances the following procedures shall apply:-

- a) consumers may approach the Municipality for arrangements to be made for a maximum period extending up to the 30th June of the current financial year, and in exceptional circumstances, up to 1 (one) month before the final date for payment of rates in respect of the next financial year;
- b) these arrangements envisage the consumer paying in equal instalments all outstanding amounts including any interest and collection charges that may have been levied by the Municipality;

23.3 Once such an arrangement has been made the consumer must sign an Acknowledgement of Debt for this purpose and should the consumer renege on this arrangement then the whole outstanding arrear amount, inclusive of penalties and interest shall become immediately due and payable and shall be subject to the normal collections procedures envisaged herein;

23.4 In exceptional circumstances and so as to ensure payment of the capital sums of rates due and in order to avoid the accrual of further legal costs and other charges, the Municipality may, by resolution waive the payment of any interest, penalties and/or collection charges for a maximum period of 6 (six) months calculated from the date of signature of the Acknowledgement of Debt.

**24. INDIGENT SUBSIDY**

24.1 Customers may apply for an indigent subsidy on the conditions as stipulated in the Municipality's Indigent policy.

**25. 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 Accounting Officer to enforce compliance with this Policy.

**26. EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

**27. POLICY ADOPTION**

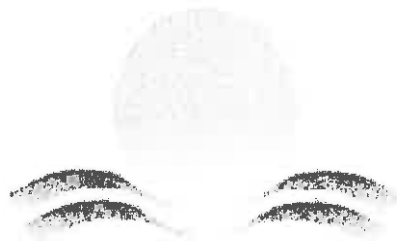
This policy has been considered and approved by the COUNCIL OF UGU DISTRICT MUNICIPALITY as follows:

Resolution No:.....

Approval Date:.....

# **UGU DISTRICT MUNICIPALITY**

**“The Municipality”**



## **FUNDING AND RESERVES POLICY**

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## 1. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

**"Accounting Officer"** means the Municipal Manager of Ugu District Municipality

**"Chief Financial Officer"** means the Chief Financial Officer of Ugu District Municipality

**"Council"** means the Council of Ugu District Municipality

**"MFMA"** means the Municipal Financial Management Act, 2003 (Act No 56 of 2003)

**"Municipality"** means Ugu District Municipality

**"GRAP"** means Generally Recognised Accounting Practices standards.

## 2. OBJECTIVES OF THE POLICY

The objectives of this Policy are to:

- a. Ensure that the Medium Term Revenue/Expenditure Framework (Annual Budget) of the Municipality is appropriately funded.
- b. Ensure that cash resources and reserves are maintained at the required levels to avoid unfunded liabilities.
- c. To achieve financial stability in order to provide sustainable levels of service delivery to the community.

## 3. SCOPE AND INTENDED AUDIENCE

- 3.1 The Funding and Reserves policy aims to ensure that the Municipality has sufficient funding in order to achieve its objectives through the implementation of its operating and capital budgets.
- 3.2 This Policy aims to set guidelines towards ensuring financial viability over both the short- and long-term which includes reserves requirements.

## 4. REGULATORY FRAMEWORK

The legislative framework governing funding of the Annual Budget is:

- a. Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003);  
and,

- b. Local Government: Municipal Budget and Reporting Regulation, Regulation 393, published under Government Gazette 32141, 17 April 2009.

## 5. **FUNDING OF THE ANNUAL BUDGET**

- 5.1 An annual budget may only be funded from:
- a. Cash backed accumulated funds from previous years' surpluses and reserves not committed for any other purpose;
  - b. Realistically anticipated revenues to be collected;
  - c. Borrowed funds only for capital expenditure, and
  - d. Grants and subsidies.
- 5.2 Realistic anticipated revenue projections must take into account:
- a. Projected revenue for the current year based on the previous year's billing information.
  - b. Actual revenue collected in previous financial years.

## 6. **OPERATING BUDGET**

- 6.1 The operating budget provides funding to departments for their medium term expenditure as planned. The Municipality categorises services rendered to the community according to its revenue generating capabilities in line with the tariffs policy
- a) Trading services – services that generate surpluses that can be used for cross subsidisation to fund other services.
  - b) Economic services – services that break even with no surpluses.
  - c) Rates and general services – services that are funded by surpluses generated by trading services, and/or other revenues generated such as, interest received, grants and subsidies etc.
- 6.2 The operating budget is funded from the following main sources of revenue:
- a) Surpluses generated from service charges.
  - b) Government grants and subsidies.
  - c) Other revenue, interest received etc.
  - d) Cash backed accumulated surpluses from previous years not committed for any other purposes.
- 6.3 The following guiding principles apply when compiling the operating budget:
- a) The annual budget must be balanced and funded.

- b) Growth parameters must be realistic taking into account the current economic conditions.
- c) Tariff adjustments must be realistic, taking into consideration the general inflation, affordability, bulk increases and the demand according to the approved Integrated Development Plan (IDP).
- d) Revenue from government grants and subsidies must be in line with allocations gazette in the Division of Revenue Act and provincial gazettes.
- e) Revenue from public contributions, donations or any other grants may only be included in the budget if there are acceptable documentation that guarantees the funds such as:
  - (i) Signed service level agreement;
  - (ii) Contract or written confirmation; or
  - (iii) Any other legally binding document.
- f) Projected revenue from service charges must be realistic based on current and past trends with expected growth considering the current economic conditions. The following factors must be considered for each service when applicable:
  - i. Metered services namely water:
    - aa) The consumption trends for the previous financial years;
    - bb) Envisaged water restrictions when applicable; and
    - cc) Actual revenue collected in previous financial years.
  - ii. Sewerage services:
    - aa) The actual number stands/consumer points receiving the service and the consumption trends per category; and
    - bb) Actual revenue collected in previous financial years.
- g) Rebates, exemptions or reductions for service charges are budgeted either as revenue foregone or as expenditure most often (grant) as per directive in MFMA Budget Circular 51 depending on the conditions thereof.
- h) Other projected income is charged in terms of the approved sundry\ tariffs and fines considering the past trends and expected growth for each category.



- i) Provision for revenue that will not be collected is made against the expenditure item bad debt and based on actual collection levels for the previous financial year and the projected annual non-payment rate.
- j) Interest received from actual long-term and or short-term investments are based on the amount reasonably expected to be earned on cash amounts available during the year according to the expected interest rate trends. The actual amount allocated for interest on investments is contributed to the Capital Replacement Reserve.
- k) Transfers from the accumulated surplus to fund operating expenditure will only be allowed for specific once-off projects and with no recurring operating expenditure resulting there from.
- l) Transfers from the accumulated surplus to offset the increased depreciation charges as a result of the implementation of GRAP 17 will be phased out over a number of years.
- m) A detailed salary budget is compiled on an annual basis. All funded positions are budgeted for in total and new and/or funded vacant positions are budgeted for six months only of the total package considering the recruitment process. As a guiding principle the salary budget should not exceed the parameter (percentage) of the aggregate operating budget component of the annual or adjustments budget, the parameters as may be contained in the budget circular issued by National Treasury from time to time.
- n) (Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer from the accumulated surplus is made) However the annual cash flow requirement for the repayment of borrowings must fully be taken into consideration with the setting of tariffs.
- o) To ensure the health of municipal assets, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels, resulting that maintenance budgets are normally lower than the recommended levels. Therefore the mere reduction of maintenance budgets to balance annual budgets must carefully be considered. As a guiding principle repair and maintenance should constitute between 5 and 8% of the carrying value of the property, plant and equipment and should annually be increased incrementally until the required targets are achieved.
- p) Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over expenditure. Increases for these line items must be linked

to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

## 7. CAPITAL BUDGET

- 7.1 The capital budget provides funding for the Municipality's capital programme based on the needs and objectives as identified by the community through the Integrated Development Plan and provides for the eradication of infrastructural backlogs, renewal and upgrading of existing infrastructure, new developments and enlargement of bulk infrastructure.
- 7.2 Capital expenditure may only be incurred on a capital project if:
- a. The funding for the project has been appropriated in the capital budget.
  - b. The total cost for the project has been approved by Council.
  - c. The future budgetary implications and projected cost covering all financial years until the project is operational has been considered.
  - d. The implications of the capital budget on municipal tax and tariff increases been considered.
  - e. The sources of funding are available and have not been committed for other purposes.
- 7.3 Provisions on the capital budget will be limited to availability of sources of funding and affordability. The main sources of funding for capital expenditure are:
- (a) Accumulated cash backed internal reserves;
  - (b) Borrowings;
  - (c) Government grants and subsidies; and
  - (d) Public donations and contributions.
- 7.4 The following guiding principles apply when considering sources of funding for the capital budget:
- (a) Government grants and subsidies:
    - i. Only gazette allocations or transfers as reflected in the Division of Revenue Act or allocations as per provincial gazettes may be used to fund projects;
    - ii. The conditions of the specific grant must be taken into consideration when allocated to a specific project; and
    - iii. Government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent the conditions will be met during the financial year.

- (b) In the case of public contributions, donations and/or other grants, such capital projects may only be included in the annual budget if the funding is guaranteed by means of:
  - i. Signed service level agreement;
  - ii. Contract or written confirmation; and/or
  - iii. Any other legally binding document.
  
- (c) Public donations, contributions and other grants are provided for on the relevant department's operating budget to the extent the conditions will be met during the financial year.
  
- (d) The borrowing requirements, to be used as a basis to determine the affordability of external loans over the Medium Term Income and Expenditure Framework. The ratios to be considered to take up additional borrowings:
  - i. Long-term credit rating of BBB;
  - ii. Interest cost to total expenditure to not exceed 8%;
  - iii. Long-term debt to revenue (excluding grants) not to exceed 50%;
  - iv. Collection rate of above 95%;
  - v. Percentages of capital charges to operating expenditure less than 18%.
  
- (e) Allocations to capital projects from cash backed internal reserves will be based on the available funding for each ring-fenced reserve according to the conditions of each reserve as follows:
  - i. Infrastructure projects to service new developments and the revenue is received through the sale of stands/land/site must be allocated to the capital reserve for services;
  - ii. Capital projects of a smaller nature such as office equipment, furniture, plant and equipment etc. must be allocated to the capital reserve from revenue which is funding from the revenue budget for that specific year. A general principle is that these types of capital expenditure should not exceed more than 1% of total operating expenditure;
  - iii. Capital projects to replace and/or upgrade existing assets may be allocated to the capital replacement reserve;
  - iv. Capital projects to upgrade bulk services will be allocated to the capital bulk contributions reserve for each service.

7.5 All capital projects have an effect on future operating budget therefore the following cost factors should be considered before approval:

- a) Additional personnel cost to staff new facilities once operational;
- b) Additional contracted services, that is, security, cleaning etc.
- c) Additional general expenditure, that is, services cost, stationery, telephones, material etc.
- d) Additional other capital requirements to the operate facility, that is, vehicles, plant and equipment, furniture and office equipment etc.
- e) Additional costs to maintain the assets;
- f) Additional interest and redemption in the case of borrowings;
- g) Additional depreciation charges;
- h) Additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

## **8. CASH FLOW MANAGEMENT**

- 8.1 The availability of cash is the most important requirement for financial sustainability and must be closely monitored by the Chief Financial Officer. In doing so the Chief Financial Officer must ensure a minimum cash on hand to cover 90 days operational expenditure.
- 8.2 Surplus cash not immediately required for operational purposes must be invested in terms of the Municipality's Cash Banking and Investment Policy to maximise the return on cash.

## **9. MANAGEMENT OF DEBTORS**

- 9.1 Debt is managed in terms of the Municipal credit control and debt collection policy.
- 9.2 The provision for bad debts is budgeted as an expense and is based on the projected annual non-payment rate for each service.

## **10. DONATIONS, GRANTS AND SUBSIDIES.**

- 10.1 Revenue from donations or any other grants may only be included in the budget if there is acceptable documentation that guarantees the funds such as:
- a) Signed service level agreement;
  - b) Contract or written confirmation; or
  - c) Any other legally binding document.
- 10.2 The conditions of the specific grant must be taken into consideration when allocated to a specific project. Government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.

## 11. THE CAPITAL REPLACEMENT RESERVE

11.1 All reserves must be “ring fenced” and “cash backed” as internal reserves within the accumulated surplus, except for provisions as allowed by GRAP.

11.2 Once the Municipality has reached its maximum gearing ability, no further borrowings can be taken up. The Municipality must invest in a capital replacement reserve. This reserve provides internal funding for the Municipality’s capital replacement and renewal programme. Contributions to the capital replacement reserve through the operating budget will be:

- a) Interest received on investments;
- b) Proceeds from sale of assets.

## 12. THE CAPITAL CONTRIBUTIONS

These supplement capital expenditure for the necessary expansions and upgrading of bulk infrastructure. Revenue generated from capital contributions is allocated to this reserve for each applicable service. The unspent contributions must be cash backed to ensure availability of cash when the infrastructure upgrades are required.

## 13. PROVISIONS

A provision is recognised when the Municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities.

The Municipality has the following provisions:

(a) *Leave provision*

Liabilities for annual leave are recognised as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are redeemed for cash, only 75% of the leave provision is cash backed.

(b) *Long services awards*

Municipal employees are awarded leave days according to years in service at year end. Due to the fact that not all long service leave balances are redeemed for cash, only 75% of the long service leave provision is cash backed.

(c) *Post employment medical care benefits*

The Municipality provides post-retirement medical care benefits by subsidising the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment.

**14. OTHER ITEMS TO BE CASH BACKED**

**14.1 Unspent conditional grant funding**

Revenue received from conditional grants is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Amounts in relation to the unspent grant funding are therefore retained in cash and are not available to fund any other items on the operating or capital budget other than that for which it was intended for.

**14.2 Consumer Deposits**

Consumer deposits are partial security for a future payment. Deposits are considered a liability as the deposit is utilised once the agreement is terminated. The funds are owed to consumers and can therefore not be utilised to fund the operating or capital budget. Consumer deposits should be retained in cash and be ring-fenced.

**15. POLICY REVIEW**

This Policy will be reviewed annually to ensure that it complies with changes in applicable legislation and accounting standards.

**16. COMPLIANCE AND ENFORCEMENT**

- a. Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.
- b. It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

**17. EFFECTIVE DATE**

This Policy shall come to effect upon approval by Council of Ugu District Municipality.

**18. POLICY ADOPTION**

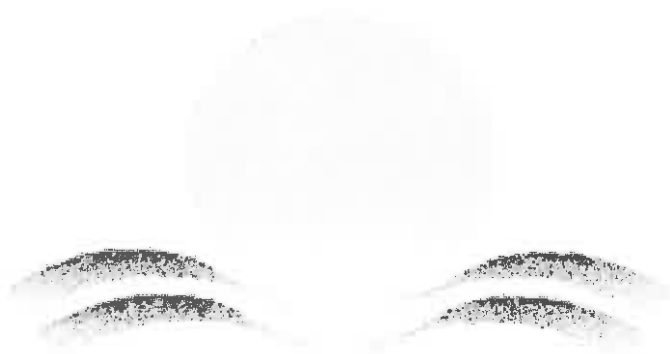
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Resolution No:.....

Approval Date:.....



**UGU DISTRICT MUNICIPALITY**  
**“The Municipality”**



**BASIC WATER SERVICES POLICY**

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## 1. DEFINITIONS

“**Accounting Officer**” is the Accounting Officer of the Municipality;

“**Basic water supply**” means the minimum standards of water supply services necessary for the reliable supply of water to households to support life and personal hygiene;

“**Basic sanitation**” means the prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic waste-water and sewage from households, including informal households;

“**Chief Financial Officer**” means the Chief Financial Officer of the Municipality;

“**Council**” means the Council of the Ugu Municipality;

“**Household**” means all the people who permanently reside in the dwelling;

“**Indigent person**” means a person who meets criteria on qualification for indigent support;

“**Municipality**” means Ugu Local Municipality.

## 2. THE LEGAL CONTEXT

2.1 This Policy is informed by the following legislations:

Municipal Finance Management Act, No 56 of 2003

Water Services Act, No 108 of 1997

Municipal Systems Act, No. 32 of 2000, section 74.

## 3. OBJECTIVE OF THE POLICY

3.1 The Ugu District Municipality fully supports the National Government's Policy on providing free basic services to the poorer of the community. In that regard it will fully co-operate in implementing the Policy.

3.2 However, being committed to the fundamental principle set out in paragraph 4 above, the financial implication must determine the extent to which water can be provided free to certain consumers. In conjunction with the Provincial Support Units established by the Department of Water Affairs and that Department, the Ugu District Municipality will progressively introduce the Policy to its area. Full advantage will be taken of subsidies and grants made available by other spheres of government to enable the Ugu District Municipality to implement a policy of free basic water without violin the fundamental principle. In line with the principles of transparency inherent in paragraph 7.1, the people of the area will be informed and consulted on the implementation of the Policy

as it unfolds. There are two inter-related long term objectives which will guide the Ugu Municipality in regards to the provision of free basic services and these are:

- a) The elimination of poverty in the Ugu District area, and
- b) The equal treatment of all persons in the area

Whilst the historic imbalances between the citizens of South Africa are a fact, resulting in a mass of poor people badly provided with basic services, this should not be seen as normal and everlasting. Initially therefore, different levels of service must be provided at affordable or no cost, but the Policy is accepted that, over time, realistically computed, these distinction should be eliminated and everyone should be treated equally.

#### **4. PURPOSE**

- 4.1 The primary purpose of ~~the basic water services~~ this Policy is to assist in promoting sustainable access to basic water supply and sanitation to all households.

#### **5. ADMINISTRATION OF FREE BASIC WATER SERVICES**

- 5.1 In recognition of the primary importance of having a clean and adequate water supply, the South African Government in 2000 introduced the Free Basic Water Policy, which allows for households to get 6 000 litres (6kl) of water per month at no cost. Such service is dependent on the Municipality receiving equitable share from National Treasury and as determined by Council from time to time.

##### **5.2 Free basic water**

###### **5.2.1 Private Connections:**

Commercial, Government, Bulk users and industrial users, and other categories be retained with no Free Basic Water allocation, except for users classified in paragraph 5.2.2 below .All households who fall in the group who qualify for free basic water in terms of Ugu District the Municipality will receive a free water usage of 200 litres per day, based on the quota allocation and number of days in a meter reading period. The customer will forfeit this benefit should the consumption exceed the allocation per quota per month depending on the number of days.

###### **5.2.2 Qualification Criteria:**

- a) Indigents households
- b) Rural communities where water is supplied by stand pipes
- c) Informal settlements where water is supplied by stand pipes
- d) People served from springs and borehole water in rural areas
- e) Rain water harvesting schemes

- f) The Authority or the Authorised Provider may convey any water required as a temporary measure by tanker to any place where such temporary supply of water is required, subject to such conditions and period, which shall not exceed three months, as may be prescribed by it.

**6. FREE BASIC SANITATION**

- 6.1 Free basic sanitation shall be provided to the following
  - a) Indigents households
  - b) Rural communities where there is no sanitation infrastructure
  - c) Informal settlements

**7. EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

**8. POLICY ADOPTION**

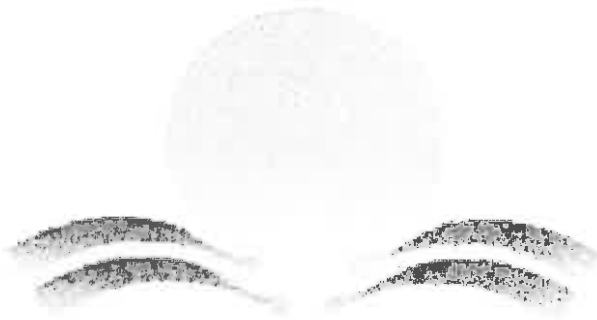
This revised Policy replaces the current Policy; it has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

**UGU DISTRICT MUNICIPALITY**

**“The Municipality”**



**INDIGENT SUPPORT POLICY**

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## 1. PREAMBLE

WHEREAS section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000, requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households;

WHEREAS Council therefore needs to approve an Indigent Support Policy;

WHEREAS such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households; and

WHEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life, which takes into account health and environmental considerations;

NOW THEREFORE the Council of the Ugu Municipality has adopted the Indigent Support Policy set out hereunder.

## 2. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise –

**“Act”** means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time;

**“Authorised Officer”** means any official of the Council who has been authorised by the Council to administer, implement and enforce the provisions of this Policy;

**“by-law”** means a by-law adopted by the Council;

**“Municipal manager”** means the Accounting Officer of the Municipality

**“Council”** means the Council of the Ugu Municipality

**“indigent person”** means a person who meets criteria on qualification for indigent support.

**“municipality”** means Ugu District Municipality



**“services”** means the basic services referred to in this Policy

**“household”** means all the people who permanently reside in the dwelling

**“dwelling”** means property registered in the deeds office or allocated to a family by the Traditional Authority, with an Ugu water connection

### **3. POLICY OBJECTIVE**

The objective of this Policy is to ensure the following:

- 3.1 The provision of basic services to the community in a sustainable manner, within the financial means of Council; and
- 3.2 To provide procedures and guidelines for the subsidisation of service charges and rates to its indigent households, using a portion or the whole of the Equitable Share for this purpose.
- 3.3 Council also recognises that many of the residents can simply not afford to pay the required service charges and rates, and Council will endeavour to ensure affordability through:
- 3.4 Setting rates and tariffs which will balance the economic viability of continued service delivery; and
- 3.5 Determine appropriate service levels.

### **4. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT**

- 4.1 The indigent subsidy shall apply to a household per dwelling and not an individual.
- 4.2 The property must be zoned residential.
- 4.3 The total gross monthly income of all members of the household must not exceed two old age grants ( excluding disability and child grant ).
- 4.4 Indigent support will apply to all households whose total monthly income is less than or equal to the above-mentioned amount, irrespective of the source of income.
- 4.5 Household's dependant on social welfare grants only may also apply.
- 4.6 Child headed households dependant on foster care social grants qualifies.
- 4.7 The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside, whether within or outside of the municipal area.
- 4.8 Multi unit residential - bulk users and Non Government Organizations are excluded from this Policy.

## **5. APPLICATION FOR INDIGENT SUPPORT**

- 5.1 The legal owner of a dwelling who is responsible for the payment of the water and sanitation services account must apply for the household to be registered as indigent.
- 5.2 Application forms are available from any of the Water Services Offices within the Ugu District Municipality and can also be posted on request and the following documents should be submitted together with the application form:
- a) Copies of identity documents for household members 18 years and above.
  - b) Copies of birth certificates of household members younger than 18 years.
  - c) Copies of proof of income or written affidavits confirming status of employment or circumstances from each household member 18 years and above
  - d) Proof of ownership or occupancy e.g. Title deed or letter from ward councillor confirming occupancy status
  - e) Where property owner or account holder is deceased, copy of the death certificate and letter from ward councillor confirming that applicant resides in the dwelling.

## **6. AVENUES FOR SUBMISSION OF APPLICATION FORMS**

- 6.1 Submit through Ward Councillor.
- 6.2 Submit personally to any of Ugu District Municipality offices.

## **7. PROCESSING OF APPLICATION**

- 7.1 Each application will be given a number, for reference purposes
- 7.2 Indigent Support Application register and an Indigent Support Application card will be issued to the applicant for control purposes.
- 7.3 The application will be processed within two weeks of receipt by the Municipality in a manner prescribed by the internal processes.
- 7.4 A letter informing the applicant of the status of the application will be sent to the applicant within two weeks of finalizing the application scrutiny process.
- 7.5 For the purposes of transparency, on an annual basis the following key information of the recipient's indigent support shall be displayed on all Councils and notice boards of Local Municipalities:
- a) Names of Households benefiting from the Indigent Support
  - b) Stand number where services are rendered to the recipients
- 7.6 Any resident may query the qualification of a recipient in writing within days from the date of publication of such listings.
- 7.7 A report on Indigent Support shall be done to the Budget and Finance Committee quarterly.

**8. DURATION OF THE INDIGENT SUPPORT BENEFIT**

- 8.1 Indigent support is only provided for a period of 12 months, from date of approval, where after the applicant must submit Form UIS 3, confirming that its circumstances has not changed since its initial application and that it still qualifies for indigent support in terms of the latest criteria.
- 8.2 The Municipality will send a written notice to the approved household, at least two months prior to expiry of the approval, but the onus still rests on the applicant or another permanent adult occupant on the property to submit Form UIS 3.

**9. RESPONSIBILITY OF THE INDIGENT SUPPORT APPLICANT/ BENEFICIARY**

- 9.1 Should, at the most, 21 days lapse without receiving any feedback regarding the application, the applicant should enquire as to the status of the application through the call centre.
- 9.2 The onus is on the beneficiary to inform the Municipality of any change in his/her status or personal household circumstances that might affect their Indigent status.
- 9.3 A household must immediately request de-registration if their circumstances have changed to the extent that the household no longer meets the requirements set out in this Policy. Failure to disclose will result in such a person being immediately liable to repay to the Municipality all the debt accumulated from such date of change in indigent status, and immediately removed from the indigent register of the Municipality. Such debt will be recovered in terms of the applicable Credit Control Debt Collection policy.

**10. USAGE IN EXCESS OF THE BASIC SERVICE LEVELS**

- 10.1 All services used in excess of the basic municipal services level shall be levied at the current scale of tariff and payable on the due date and a device will be installed to control water usage.
- 10.2 If the excess account is not paid for as and when due, the services shall be restricted to the basic level and the normal Credit Control and Debt Collection policy shall be implemented.

**11. WITHDRAWAL OF INDIGENT SUPPORT BY THE MUNICIPALITY**

- 11.1 The Indigent support shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.
- 11.2 In this regard the Municipality shall recover from the recipient the amount of relief furnished by debiting the beneficiary's account.

- 11.3 The Municipality shall apply its credit control policy in accordance with the Credit Control and Debt Collection policy.
- 11.4 The Municipality shall institute a criminal charge of fraud against the beneficiary and may not again be considered for indigency relief for a period extending for two years beyond the financial year in which the misconduct is detected.
- 11.5 The Indigent support will cease should the form UIS 3 not be supplied to the Municipality.

## **12. EXTENUATING CIRCUMSTANCES**

- 12.1 In the event of death of one of the member of the household, and where the flow has been limited, full flow will be reinstated from the day of death to the day of the funeral after which the flow shall be limited again.
- 12.2 In the event of a household member suffers from a sickness requiring excessive usage of water and is under a home based care programme, such a household will be eligible to apply for additional allocation of water, approval of which is subject to the Municipality's conditions.

## **13. WHAT DOES THE INDIGENT SUPPORT BENEFIT COVER**

On approval of the application the Municipality shall provide the following

- 13.1 Basic Municipal Services which include:
- a) Access to a minimum safe water supply i.e. 6kl of water free of charge on a monthly basis or as determined by Council
  - b) Adequate sanitation as determined by Council
  - c) Once off credit equivalent to the outstanding balance on the dwelling at the date of approval.
- 13.2 Where there are leaks after the meter or in the property, they may be attended to in terms of the bylaws S58 (4) (c) and the cost may be recovered from the Indigent Support allocation.
- 13.3 Cost of restriction shall be recovered from the Indigent Support allocation.
- 13.4 Excess usage in the event of death shall be recovered from the Indigent Support allocation.

## **14. MISCELLANEOUS**

- 14.1 Should any circumstances not covered by this policy regarding the administration of the Indigent Support policy arise, and is urgent, it shall be referred to the General Manager, Treasury.

**15. COMMUNICATION**

- 15.1 From time to time the Municipality will endeavour to communicate its Policy adequately, so that members of the community are apprised of the existence of such a policy or any amendments that may have been done by Council.
- 15.2 Structures, processes and or platforms that shall be used to communicate the benefits of the policy shall include:
- a) The Ward Committee
  - b) The Ward Councillors
  - c) Community meetings
  - d) Budget and IDP road shows
  - e) Special events
  - f) Local media
- 15.3 Any communication issued by the Municipality must be coordinated by the Communications Unit or the Municipal Manager or his delegated authority.

**16. SANITATION REBATE**

All applications will be considered on the following basis:

- 16.1 The Sanitation Rebate subsidy will apply to a household per dwelling and not to an individual.
- 16.2 Each household shall receive a rebate on the fixed sanitation basic charge as determined by Council.
- 16.3 The legal owner of a dwelling who is responsible for the payment of the water and sanitation services account must apply for the household to be registered as a sanitation rebate beneficiary.
- 16.4 The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside.
- 16.5 The sanitation rebate shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.

**17. EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

**18. POLICY ADOPTION**

This Policy has been considered and approved by the COUNCIL OF UGU DISTRICT MUNICIPALITY as follows:

Resolution No:.....

Approval Date:.....

**Records of Approval**

Meeting	Date	Resolution
Top Management		
EXCO		
<b>Revision 1</b>		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		

**UGU DISTRICT MUNICIPALITY**

*"The Municipality"*

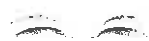


**SUPPLY CHAIN MANAGEMENT POLICY**

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the Ugu District Municipality for the 2014/2015 Financial Year

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**Annexures to this policy:**

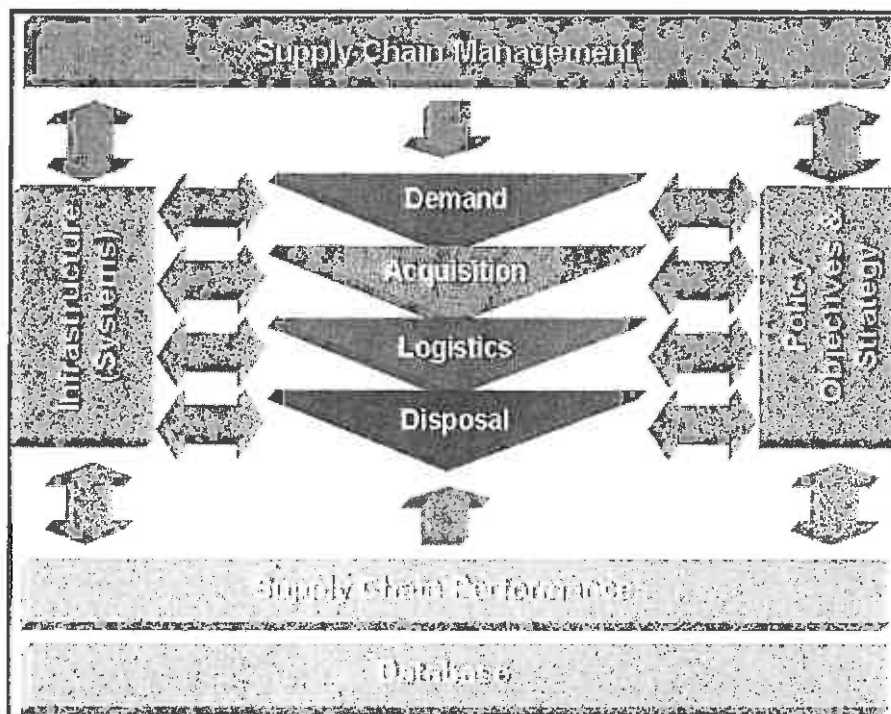
1. Bid committee declaration
2. Rewards, gifts and favours disclosure form
3. Rules for Municipal Bid Appeals Tribunal

## 1. Introduction

(1) In terms of section 217 of the Constitution of the Republic of South Africa, 1996:

*“When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is **fair, equitable, transparent, competitive and cost-effective.**”*

Supply Chain Management is a critical support function to ensure effective and efficient service delivery to achieve the mandates and objectives of the municipality. The diagram below graphically illustrates the various elements of the supply chain management system and how they interact with the overall SCM system.



Central to the SCM system are the four elements of Demand Management, Acquisitions Management, Logistics Management (Stores) and Disposals Management. Underpinning the entire SCM system are the two pillars of Supply Chain Performance and the Supplier Database. The SCM system has to be supported by effective and efficient SCM systems, policies and standard operating procedures that achieve the overall SCM strategy and objectives.

## (2) Demand Management

Demand Management is the first phase of Supply Chain Management. It is the action of assessing 'what' good and/or service is needed, and then 'planning considering local content and product' when and how that good and/or service will be acquired.

Demand Management starts with the assessment of, and accepts input from:

- ✓ The Integrated Development Plan;
- ✓ Service Delivery Budget Implementation Plan;
- ✓ Approved Budget; and
- ✓ Existing Contract Register.

A critical output of demand management is the generation of annual procurement plans by the end-user Departments at the beginning of the financial year that are approved by the Accounting Officer. Procurement during the year will be guided by these procurement plans, with any deviations thereto approved by the Accounting Officer. The primary intention of these procurement plans are to identify goods and services required well in advance, to identify the appropriate procurement method to be deployed and to implement the necessary procurement processes timeously to ensure compliance and that goods and services are procured on time and when needed.

## (3) Acquisitions Management

The word 'acquire' means to obtain or attain something which, in the Government context, may be a good, works and/or service that is required to fulfil a need. Acquisitions Management thus refers to the management of the entire process of acquiring that particular good, works and/or service which satisfies the need. This process covers the acquiring of the good, works and/or service by implementing the sourcing strategy determined by Demand Management and the administration thereof.

The primary objective of Acquisitions Management is to fulfil the demand determined by the Demand Management phase of Supply Chain Management. Acquisitions Management is thus driven by the Municipality's Procurement Plan and refers to a process of establishing: what will be acquired, when, how and from where it will be acquired, how much is required and at what price, as well as contracting with the vendor. The desired outcome is a well-managed process of acquisition that results in the satisfaction of the need that arose.

## (4) Logistics Management

Logistics Management is the third element of Supply Chain Management and deals with the ordering and provisioning of goods, works and/or services within the Municipality. It is the process of determining when goods, works and/or services are procured, received, stored and distributed.



Typically this involves the processes of ordering, receiving, payment, provisioning and managing inventory.

(5) Disposal Management

Disposal is the final process when the institution needs to do away with unserviceable, redundant or obsolete movable assets done jointly by SCM& Asset Management. The Accounting Officer appoints a specific committee to deal with disposals, to make recommendations with regard to the disposal of any inventory item. It is the responsibility of the Accounting Officer or his/ her delegate to consider the recommendation of the appointed committee.

(6) Supply Chain Management Performance

Supply chain management performance is a critical component underpinning the entire SCM system. It is twofold in that, firstly, there should be effective monitoring of the SCM system. This requires effective and efficient monitoring of the implementation of and adherence to the SCM policy and standard operating procedures, as well as rigorous and robust monitoring of vendor performance.

Secondly, it entails monthly reporting to relevant structures within the Municipality, as well as external structures, as a key component of the Supply Chain Management framework. It interacts with each of the main functional areas represented in the framework and provides an overall look at the performance of the Municipality's Supply Chain Management. The Municipal Finance Management Act, Act No. 56 of 2003, and the Supply Chain Management Regulations, Practice Notes, Instruction Notes and Circulars, specify a number of reporting requirements that are required by National Treasury and Provincial Treasury.

(7) Supplier Database

Underpinning the entire SCM system is the legislative requirement in terms of the SCM regulations that prescribes that the Accounting Officer shall maintain a list of accredited service providers with whom the Municipality shall procure from, and the rules and regulations governing the maintenance of the supplier database.

## 2. Definitions and abbreviations

(1) Definitions

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

**“municipality”** means the Ugu District Municipality

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

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

**“days”** means calendar days, including weekends and public holidays;

**“award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

**“formal written price quotation”** means quotations referred to in paragraph 12 (1) (c) of this Policy;

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

- (a) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

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

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

**“other applicable legislation”** means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

**"Treasury guidelines"** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

**"the Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

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

**"written quotations"** means quotations referred to in paragraph 12(1)(b) of this Policy;

**"specific bid"** means bid under consideration;

**"end user"** means the unit requiring service or goods to be procured;

**"sole supplier"** means the instance where there is only one supplier on the municipalities supply database for the provision of particular goods or services ; and

**"preferred supplier"** means the status awarded to a supplier by the municipality subsequent to due procurement process, awaiting the fourteen day appeal process and resolution of any appeals received.

**Black Designated Groups Means:**

- a) Unemployed not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution.
- b) Black people who are youth as defined in the National Youth Commission Act of 1996.
- c) Black people who are persons with disabilities as defined in the Code of Goods Practice on employment of people with disabilities issued under the Employment Equity Act
- d) Black people living in rural areas and under-developed areas.

**Black People Means: Only natural persons who are citizens of the Republic of South Africa by birth.**

(2) Abbreviations

<b>"AO"</b>	Accounting Officer
<b>"BAC"</b>	Bid Adjudication Committee
<b>"BBBEEA"</b>	Broad-Based Black Economic Empowerment Act
<b>"BEC"</b>	Bid Evaluation Committee
<b>"BSC"</b>	Bid Specification Committee
<b>"CFO"</b>	Chief Financial Officer
<b>"CIPC"</b>	Companies and Intellectual Property Commission
<b>"HDI"</b>	Historically Disadvantaged Individuals
<b>"KZN"</b>	KwaZulu-Natal

<b>"MBD"</b>	Municipal Bid Documents
<b>"MFMA"</b>	Municipal Finance Management Act, 2003 (Act 56 of 2003)
<b>"PPPFA"</b>	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
<b>"SCM"</b>	Supply Chain Management
<b>"SCMU"</b>	Supply Chain Management Unit

### 3. Policy goal and objectives

- (1) The goal of the SCM policy is to ensure that there are effective and efficient SCM processes and systems in place to create an enabling environment towards the Municipality's service delivery objectives, whilst ensuring compliance with SCM legislation and regulations.
- (2) The above goal shall be achieved through the following objectives:
  - ✓ SCM practice and procedures shall comply with the SCM policy at all times, unless authorised otherwise by the Accounting Officer; and
  - ✓ Appropriate and sufficient resources shall be made available to ensure compliance with the SCM policy.

### 4. Overview of key SCM legislation

- (1) The figure below provides a simplified graphic overview of the legislative building blocks for SCM in the Ugu District Municipality.

LEGISLATIVE MANDATES

<b>The Constitution of the Republic of South Africa (Act No. 108 of 2006)</b>	
<b>Municipal Finance Management Act (No. 56 of 2003)</b>	<b>Preferential Procurement Policy Framework Act (No. 5 of 2000)</b>
<b>Broad Based Black Economic Empowerment Act 53 of 2003</b>	<b>The Promotion of Access to Information Act (No. 2 of 2000)</b>
<b>Construction Industry Development Board Act (No. 38 of 2000)</b>	<b>The Promotion of Administrative Justice Act (No. 3 of 2000)</b>
<b>The Protected Disclosures Act (No. 26 of 2000)</b>	<b>State Information Technology Agency Act (Act No. 88 of 1998)</b>
<b>National Treasury Supply Chain Management Regulations</b>	<b>National Treasury Supply Chain Management Circulars</b>



(2) The Municipality will comply with the following legislative requirements that the SCM unit of the Municipality is bound and guided by:

**(a) The Constitution of the Republic of South Africa (Act No. 108 of 2006)**

Section 217(1) provides the basis for procurement and determines that:

**“When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective”.**

Subsection 217 (2) indicates that Section 217 (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for:

- ✓ Categories of preference in the allocation of contracts; and
- ✓ The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

Section 217(3) of The Constitution, 1996, further confers an obligation for National Legislation to prescribe a framework providing for preferential procurement to address the social and economic imbalances of the past.

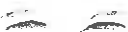
**(b) Municipal Finance Management Act (No. 56 of 2003)**

The Municipal Finance Management Act 56 of 2003 was promulgated to regulate financial management in the Municipal spheres of government. Considerable powers are assigned to Accounting Officers and Accounting Authorities to enable them to manage their financial affairs within the parameters outlined by the prescribed Norms and Standards.

The onus of responsibility for Supply Chain Management is placed on the Accounting Officers/Authorities.

**(c) Preferential Procurement Policy Framework Act (No. 5 of 2000) and its Regulations**

The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPFA) and its accompanying Regulations were promulgated to prescribe a framework for a preferential procurement system to give effect to section 217(3) of The Constitution. The PPPFA and its Regulations provides for the implementation of a preference point system in the allocation of contracts for



categories of service providers and the promotion of goals, including socio-economic goals, to advance the interest of persons disadvantaged by unfair discrimination on the basis of race, gender or disability and implementing the programmes of the Reconstruction and Development Programme (RDP).

**(d) Broad Based Black Economic Empowerment Act (BBBEE) (No. 53 of 2003)**

The BBBEE Act allows the Minister of Trade and Industry to issue codes of practice that could include 'qualification criteria for preferential purposes for procurement and other economic activities'. Where BEE should at all times be included as a priority, at least until certain prescribed targets have been achieved, allowance should also be made for pursuing other policy priorities through PPPFA (such as job creation and SMME development).

**(e) Construction Industry Development Board Act (No. 38 of 2000)**

The Act is applicable to all organs of state involved in procurement relating to the construction industry. It establishes a means by which the Board can promote and implement policies, programmes, and projects aimed at procurement reform, standardization, and uniformity in procurement documentation, practices and procedures within the framework of the procurement policy of government. It establishes a national register of contractors to manage public sector procurement risk.

**(f) The Promotion of Access to Information Act (No. 2 of 2000)**

This Act gives effect to Section 32 of the Constitution (Access to Information) by setting out how anyone can get access to information held by the state. By so doing, it promotes transparency and prevents government from operating in secret.

**(g) The Promotion of Administrative Justice Act (No. 3 of 2000)**

This Act gives effect to Section 33 of the Constitution (Just Administrative Action). It ensures that decisions that affect the public are taken in a way that is procedurally fair and it gives people the right to request written reasons for decisions they disagree with. In this way, it creates greater transparency - people may be less tempted to act corruptly if they know they will have to explain themselves to the public.

**(h) The Protected Disclosures Act (No. 26 of 2000)**

The Act (often called the 'Whistleblowers Act') was passed to encourage employees to disclose information about unlawful and irregular behavior in the workplace. It offers protection from



victimisation for 'whistleblowers', as long as they meet the requirements and follow the procedure set out in the Act.

**(i) National Treasury Supply Chain Management Regulations**

The Municipality shall apply the Treasury Regulations issued in terms of the MFMA as it pertains to SCM. It serves as a formal requirement for the Municipality, to ensure the establishment and implementation of an effective and efficient Supply Chain Management Unit (SCMU).

It also stipulates the establishment of an effective and efficient SCMU within the office of the Chief Financial Officer (CFO), as an integral part of their financial systems.

A Supply Chain Management system must be utilised and provide at least for the following:

- ✓ Demand Management;
- ✓ Acquisitions Management;
- ✓ Logistics Management;
- ✓ Disposal Management;
- ✓ Risk Management; and
- ✓ Supply Chain Performance and Reporting.

**(j) State Information Technology Agency Act, (Act No. 88 of 1998)**

The State Information Technology Agency (SITA) Act, Act No 88 of 1998, as amended by Act 38 of 2002, requires that SITA must act as the procurement agency for the Municipality's information technology requirements.

**(k) Other Legislative Requirements**

In addition to the above mentioned legislative framework the Ugu District Municipality will also comply with the provisions of the following legislation that will impact on the supply chain environment:

- ✓ The Supply Chain Management Guide for Accounting Officers;
- ✓ The Prevention and Combating of Corrupt Activities Act, Act 12 of 2004;
- ✓ The National Small Business Act, Act 102 of 1996;
- ✓ Provincial Growth and Development Strategy;
- ✓ Public Service Act, Act No 23 of 1994;
- ✓ The Competition Act, Act No 89 of 1998; and



- ✓ The King Report on Corporate Governance for South Africa.

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

**5. Supply chain management policy**

- (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –
- (a) gives effect to –
    - (i) section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective;
  - (c) complies with –
    - (i) the Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
  - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This Policy applies when the municipality–
- (a) procures goods or services;
  - (b) disposes goods no longer needed;
  - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- (3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.



**6. Delegation of supply chain management powers and duties**

- (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
  - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
    - (i) Chapter 8 or 10 of the Act; and
    - (ii) this Policy;
  - (b) to maximise administrative and operational efficiency in the implementation of this Policy;
  - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and
  - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (3) The accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.



## 7. Sub delegations

(1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

**Table 1: Specific Procurement Delegations**

No	Scope	Delegated Authority	Threshold Value	Condition Applicable to Delegation
1.	Obtain Council Resolution for the approval of SCM Policy, SCM Delegations, Procedure Manual and Standard Operating Procedures for End Users.	AO	N/A	<ul style="list-style-type: none"> <li>✓ Annual reviews of the SCM Policy, SCM Delegations, Procedure Manual and Standard Operating Procedures for End Users.</li> </ul>
2.	Appointment of BSC, BEC and BAC members.	AO	N/A	<ul style="list-style-type: none"> <li>✓ Members of the BSC, BEC and BAC must be appointed annually.</li> <li>✓ At least five (5) members must be appointed to each Bid Committee.</li> <li>✓ The Bid Committees must comprise suitably qualified and experienced members at least at <b>middle management level</b>.</li> <li>✓ Members with specialist expertise may be co-opted onto these Bid Committees.</li> <li>✓ No member may serve on both the BEC and the BAC.</li> </ul>
3.	Deviations from this delegated authority.	AO	Unlimited	<ul style="list-style-type: none"> <li>✓ Any deviation from these delegations <b>MUST</b> be approved by the AO in writing.</li> </ul>

No	Scope	Delegated Authority	Threshold Value	Conditions Applicable to Delegation
	Detailed contract price adjustment, ie deviations and variations.			<ul style="list-style-type: none"> <li>✓ Any request for deviation <b>MUST</b> be accompanied by detailed motivation in terms of the legal prescripts.</li> </ul>

Table 2: Specific Procurement Threshold Values

No	Scope	Responsible Official	Threshold Value	Conditions Applicable To Delegation
1.	Level 1: Procurement for an estimated value up to R2 000 (including VAT) per case	Manager, subject to condition regarding Petty Cash funded purchases	R2 000	<ul style="list-style-type: none"> <li>✓ PPPFA does not apply.</li> <li>✓ Authority to procure by means of petty cash vests with the Accounting Officer.</li> <li>✓ Re-imbursment of expenditure must be supported by actual invoice/ receipt/ cash sale slip from supplier up to R2 000.</li> <li>✓ For petty cash procurement between R501 and R2 000, 1 written quotations must be obtained and awarded to the cheapest supplier.</li> <li>✓ The total monetary value of petty cash purchases per month, per General Manager may not exceed R8000.</li> <li>✓ Suppliers not registered on the Institution's Suppliers Database may be considered.</li> <li>✓ Records and appropriate documents for each purchase must be submitted to the relevant General Manager with 48 hours of purchase.</li> </ul>

No	Scope	Responsible Official	Threshold Value	Conditions Applicable To Delegation
				<ul style="list-style-type: none"> <li>✓ Submission of monthly Petty Cash reconciliation reports to BTO from each General Manager must contain the total number and total value of petty cash purchases for that month.</li> </ul>
2.	<p><b>Level 2</b> Procurement for an estimated value of more than R2 000 up to R10 000 (Including VAT) per case.</p>	<p>Manager</p>	<p>R10 000</p>	<ul style="list-style-type: none"> <li>✓ Authority to procure may not be delegated to an official lower than a Manager.</li> <li>✓ At least three (3) written quotations must be obtained from suppliers registered on the Institution's Suppliers Database.</li> <li>✓ If only one or two suppliers are available, Preapproval by CFO must be obtained prior to the purchase order. Operations to ascertain that all suppliers on the Database has been invited to quote.</li> <li>✓ Awarded to the lowest acceptable quote.</li> </ul>
3.	<p><b>Level 3:</b> Procurement for an estimated value of more than R10 000 up to R30 000 (Including VAT) per case.</p>	<p>General Manager</p>	<p>R30 000</p>	<ul style="list-style-type: none"> <li>✓ Authority to procure may not be delegated to an official lower than a General Manager.</li> <li>✓ At least three (3) written quotations must be obtained from suppliers registered on the Institution's Suppliers Database.</li> <li>✓ Where there is less than (3) quotations the CFO must pre approve.</li> <li>✓ Awarded to the lowest acceptable quote.</li> <li>✓ PPPFA does not apply.</li> </ul>



No	Scope	Responsible Official	Threshold Value	Conditions Applicable To Delegation
4.	<p><b>Level 4:</b> Procurement for an estimated value of more than R30 000 up to R200 000 (Including VAT) per case.</p>	General Manager	R200 000	<ul style="list-style-type: none"> <li>✓ Authority to procure from R30 001 up to R200 000 may not be delegated to an official lower than a General Manager.</li> <li>✓ Procurement above R30 000 must be advertised for a period of seven (7) days on the Municipal Notice Board and Website.</li> <li>✓ The successful Supplier/Service Provider is the one that scores the highest points for Price (80) and Preference Points (20) in terms of the PPPFA, provided that all minimum and functionality criteria have been met in terms of the approved specification.</li> <li>✓ PPPFA shall apply.</li> </ul>
5.	<p><b>Level 5:</b> Procurement for an estimated value of more than R200 000 (Including VAT) per case.</p>	AO	Above R200 000.00	<ul style="list-style-type: none"> <li>✓ The Competitive Bidding process must be used for <b>ALL</b> bids.</li> <li>✓ Public Invitation of the Bid for 14 days, or 30 days if transaction value exceeds R10m.</li> <li>✗ Bids must be invited publicly in at least one local newspaper .</li> <li>✓ Bid Specifications must be approved by the BSC prior to advertising.</li> <li>✓ All bids are evaluated by the BEC and a report is submitted to the BAC recommending the successful bidder.</li> <li>✓ All bids are adjudicated by the BAC and a recommended award is submitted to the AO or his delegate for approval and award.</li> </ul>

No	Scope	Responsible Official	Threshold Value	Conditions Applicable To Delegation
6.	<b>Exceptional And Emergency Cases</b> (in terms of section 34 of this policy)	AO	Unlimited	<ul style="list-style-type: none"> <li>✓ Goods and/or services may be procured, by making use of suppliers registered on the Institution's Suppliers Database.</li> <li>✓ In these cases it is permissible to invite at least three verbal or written quotations (where practical). The relevant suppliers must confirm their offers in writing within 2 days of verbal quotations.</li> <li>✓ Where only one quotation is received and accepted, and taking the circumstances into account, all reasonable steps must be taken to ensure that a fair (market related) price is obtained.</li> <li>✓ The conditions contained in the General Conditions of Contract must be made applicable to the purchase.</li> <li>✓ The reasons for the urgency or emergency and the losses or consequences that will follow if action was not taken must be recorded and must serve as the basis for a written motivation as to why it is impractical to invite competitive bids.</li> <li>✓ Such written motivation must be approved by the Accounting Officer or his/her delegate.</li> <li>✓ The standard deviation form must be completed and approved by the AO or his delegate.</li> </ul>

No	Scope	Responsible Official	Threshold Value	Conditions Applicable To Delegation
7.	Sole Supplier	AO	Unlimited	<ul style="list-style-type: none"> <li>✓ Where a bid is invited from a sole agent or supplier, provision must be made in the bid documents for the inclusion of particulars in order to determine the reasonableness of the price(s).</li> <li>✓ All sole supplier bids shall be approved in writing by the Supply Chain Manager, or the Chief Financial Officer if the transaction value exceeds R100 000.</li> <li>✓ Original tax clearance certificates should be a pre-requisite for award.</li> <li>✓ Sole supplier bids may be accepted; provided it complies with the specification and that the prices are proved to be and are certified as fair and reasonable. Proof of reasonableness must be determined in the following sequence:               <ul style="list-style-type: none"> <li>(i) Comparison with prices, after discounts, to other clients and the relative discount that the Municipality enjoys.</li> <li>(ii) Where this is not possible, profit before tax, based on a full statement of relevant costs.</li> <li>(iii) In all cases, comparison with previous bid prices where these are available.</li> <li>(iv) Proof of reasonableness of prices where only one bid is received, must be available for audit purposes.</li> </ul> </li> </ul>

No	Scope	Responsible Official	Threshold Value	Conditions Applicable to Delegation
8.	Variation Orders/ Contingencies/ Extensions to Contracts	AO	R20 Million	<ul style="list-style-type: none"> <li>✓ Contracts may be expanded or varied by not more than 20% or R20 million (including all applicable taxes) for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and/or services of the original value of the contract, whichever is the lower amount.</li> <li>✓ All variations must be recommended by the relevant management prior to seeking the approval of the AO.</li> <li>✓ Extensions to any contracts on a month to month basis must not exceed a period of 6 months.</li> <li>✓ All variations must be reported to Council.</li> </ul>
10.	Negotiations	AO	Unlimited	<ul style="list-style-type: none"> <li>✓ The AO may delegate a Negotiating Team as in when negotiating is required.</li> <li>✓ The negotiation in terms of price quotations must be conducted in a formal sitting with all nominated Suppliers/ Service Providers that have been invited for purposes of fairness and equality.</li> <li>✓ The Accounting Officer may</li> <li>✓ Where a bid is invited from a sole agent or supplier, negotiation may take place so as to obtain the best possible price and quality for the required goods and/or services.</li> </ul>

No	Scope	Responsible Official	Threshold Value	Conditions Applicable To Delegation
				<ul style="list-style-type: none"> <li>✓ Any discounts received conditionally as a result of negotiations must adhere to Regulation 11 of the Preferential Procurement Regulations.</li> <li>✓ Other acceptable means of negotiations with Suppliers/ Service Providers will include confirmation of specifications, deliverables, scope of work, implementation plans, project charters, catalogues, performance standards, packaging, delivery, warranties, guarantees, payment terms and milestones, penalties, responsibilities of the Institution and vendor, monitoring mechanisms, etc.</li> </ul>

- (2) The power to make a final award:
- (a) above R10 million (VAT included) may not be sub delegated by the accounting officer;
  - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –
    - (i) the chief financial officer;
    - (ii) a general manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a general manager is a member; or
  - (c) not exceeding R2 million (VAT included) may be sub delegated but only to:
    - (i) the chief financial officer;
    - (ii) a general manager;
    - (iii) a manager directly accountable to the chief financial officer or a general manager; or
    - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–
- (a) the amount of the award;
  - (b) the name of the person to whom the award was made; and
  - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
- (a) to the accounting officer, in the case of an award by –
    - (i) the chief financial officer;
    - (ii) a senior manager, or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
  - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
    - (i) a manager referred to in subparagraph (2)(c)(iii); or
    - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

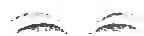
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 25 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

#### **8. Oversight role of council**

- (1) The council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must –
  - (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
  - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council, who must then submit the report to the accounting officer of the parent municipality for submission to the council.
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

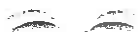
#### **9. Supply chain management unit**

- (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.



**10. Training of supply chain management officials**

- (1) The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.





**CHAPTER 2**  
**SUPPLY CHAIN MANAGEMENT SYSTEM**

**11. Format of supply chain management system**

This Policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

***Part 1: Demand management***

**12. System of demand management**

- (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
  - (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
  - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
  - (c) provide for the compilation of the required specifications to ensure that its needs are met.
  - (d) to undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (3) Before each financial year commences end departments must submit procurement plans for the forth coming year to the SCM unit. The procurement plan must include:
  - (i) quantity of goods including monthly requirement;



- (m) estimated prices; and
- (n) expected purchase date
- (o) proposed procurement method

### ***Part 2: Acquisition management***

#### **13. System of acquisition management**

- (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) that goods and services are procured by the municipality in accordance with authorized processes only;
  - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
  - (c) that the threshold values for the different procurement processes are complied with;
  - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
- and
- (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including –
- (a) the kind of goods or services; and
  - (b) the name of the supplier.

#### **14. Range of procurement processes**

- (1) Goods and services may only be procured by way of –
- (a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
  - (b) formal written price quotations for procurements of a transaction value over R2 000 up to R200 000 (VAT included); and
  - (c) a competitive bidding process for–
    - (i) procurements above a transaction value of R200 000 (VAT included); and



- (ii) the procurement of long term contracts.
- (2) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

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

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid:

- (a) has furnished that provider's:
  - (i) full name;
  - (ii) identification number or company or other registration number; and
  - (iii) tax reference number and VAT registration number, if any;
- (b) has authorized the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated:
  - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
  - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
  - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

**16. Lists of accredited prospective providers**

- (1) The accounting officer must:
- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through formal written price quotations; and
  - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
  - (c) specify the listing criteria for accredited prospective providers; and



- (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least monthly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

#### **Registration on National Treasury Central Supplier Database (CSD)**

Prospective supplier of goods and services will be required to register on the National Treasury Central Database to assist in performing validation functions of key supplier information. With effect from 01 July 2016, Municipalities and Municipal Entities must use the CSD supplier number starting with MAAA which is auto generated by the Central Supplier Database System after successful registration and validation of prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1) (b) of the Municipal Supply Chain Management Regulations.

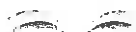
The CSD will automatically validate the following registration documents for Municipalities:

- Confirmation and status of Business Registration Documents ;
- Proof of bank account registration;
- Tax compliance status;
- Employee in the service of the state as defined in the Municipal SCM Regulations with information only available in the CAAT system at this time;
- identity documentation; and
- Tender defaulters and restrictions status;

The following aspects are work-in-progress and further information will be provided once systems have been upgraded after consultation with relevant stakeholders, they are not yet available, the municipality is required to continue with their existing process :

- BBBEE Status
- CIDB
- Municipal Account status.

The municipality will continue with verification of other listing criteria which are not currently validated by CSD.



**17. Petty cash purchases**

Refer to Table 2: Specific Procurement Threshold Values under paragraph 5, Sub delegations, for provisions relating to petty cash purchases.

**18. Formal written price quotations**

- (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
  - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 15 of this Policy;
  - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief financial Officer if the transaction value exceeds R2000, and
  - (d) the procurement system must make provision for recording the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

**19. Procedures for procuring goods or services through formal written price quotations**

- (1) The accounting officer should appoint quotation committees as indicated below:
- a) Mini Tender Evaluation Committee; and

**(2) Appointment of Mini Tender Evaluation Committee**

The Accounting Officer must appoint members of the Mini Tender Evaluation Committee in writing. The term of office of the Mini Tender Evaluation Committee should be for the financial year.



**(3) Composition of Mini Tender Evaluation Committee**

- a) The committee shall comprise of at least 4 officials from the Municipality and the procurement clerk responsible must be invited.
- b) The composition should be as follows:
  - (i) Chairperson – SCM Manager
  - (ii) Member – Grants and Expenditure Manager
  - (iii) Member – Budget Manager
  - (iv) Member - Procurement Coordinator

**(4) Functions of the Mini Tender Evaluation Committee**

This committee is responsible for the award of quotations received, which includes:

- a) Verification of administrative compliance of the quotation documents.
- b) If less than three quotations were obtained that would require the CFO to pre approve before the process continues.
- c) Evaluation of quotations in accordance with the criteria specified in the invitation to quote documents (specification) and the PPPFA Regulations. Ensures that the evaluation was done in a fair and transparent manner;
- d) Detect and manage the splitting of orders; and
- e) Recording of minutes of the award and sign-off thereof by each member.

**(5) Decisions**

- a) Members are obliged to reveal to the Committee any information that may affect the decision made or to be made by the Committee.
- b) Decisions will be determined by the adjudication criteria. In the event where two or more quotations have scored equal total points, the successful quotation must be the one scoring the highest number of preference points for specified goals. Should two or more quotations still be equal in all respect, the award shall be decided by the drawing of lots.

**Criteria for breaking deadlock in scoring**

- (i) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.
- (ii) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.
- (iii) If two or more tenderers score equal total points in all respect, the award must be decided by



th++++9drawing of lot

Confidentiality of information and documentation must be maintained. All documents/memoranda must remain on the table during the Mini Tender Evaluation Committee meetings, unless the Chairperson grants permission to members to keep certain documents.

**(10) Participation of advisors**

The accounting officer may procure the services of advisors to assist in the execution of the supply chain management function. These services should be obtained through competitive bidding process. No advisor may, however, form part of the final decision making process regarding the award of quotations, as this will counter the principle of vesting accountability with the accounting officer. The accounting officer cannot delegate decision-making authority to a person other than a public service official.

**(11) General**

- a) In performing their functions, the Committee should be guided by all the applicable SCM, Procurement Legislations, Policies and Directives
- b) No lobbying in Mini Tender Evaluation Committees or from interested outside parties is allowed.
- c) Any allegations against members must be in writing, substantiated and channeled through the procedure as determined by the accounting officer as prescribed in the Municipality SCM System.
- d) No press release should be made without the approval of the accounting officer.
- e) All the proceedings shall be recorded manually and decisions must be minuted.

**20. Competitive bids**

- (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

**21. Process for competitive bidding**



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

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

## 22. Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply, must:

- (a) take into account –
  - (i) the general conditions of contract and any special conditions of contract, if specified;
  - (ii) any Treasury guidelines on bid documentation; and
  - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
    - for the past three years; or
    - since their establishment if established during the past three years;
  - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;





- (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

### 23. Public invitation for competitive bids

- (1) The procedure for the invitation of competitive bids, is as follows:
  - (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
  - (b) the information contained in a public advertisement, must include –
    - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
    - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
    - (iii) a date, time and venue of any proposed site meetings or briefing sessions.
    - (iv) Here bids will be evaluated on Functionality, the criteria and individual weightings per criterion should be advertised as well as the minimum qualifying score.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.



#### 24. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

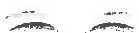
- (a) Bids:
  - (i) must be opened only in public;
  - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - (iii) received after the closing time should not be considered and returned unopened immediately.
- (a) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (b) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must:
  - (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection; and
  - (iii) publish the entries in the register and the bid results on the website.

#### 25. Negotiations with preferred bidders

- (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
  - (a) does not allow any preferred bidder a second or unfair opportunity;
  - (b) is not to the detriment of any other bidder; and
  - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

#### 26. Two-stage bidding process

- (1) A two-stage bidding process is allowed for –
  - (a) large complex projects;
  - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or



- (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

## 27. Committee system for competitive bids

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
  - (a) a bid specification committee;
  - (b) a bid evaluation committee; and
  - (c) a bid adjudication committee.
- (2) The Accounting Officer appoints the members of each committee, taking into account section 117 of the Act. A neutral or independent observer may be appointed by the Accounting Officer and must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (3) The committee must be consistent with:
  - a) Paragraphs 27 (5), 27 (6) and 27 (7) of this policy; and
  - b) Any other applicable legislation.
- (4) The Accounting Officer may apply the committee system to formal written price quotations.
- (5) **Bid Specification Committee**
  - a) **Appointment of bid specification committee**
    - (i) The accounting officer must appoint members of the bid specification committee in line with the financial year of the Municipality, in writing.
  - b) **Composition of bid specification committee**



- (ii) The committee shall comprise of at least 5 officials from the municipality and may when appropriate, invite an external technical expert.
- (iii) The composition should be as follows:
  - ✓ Chairperson – equivalent grading to Manager and above from the Water Services Directorate - (Permanent member);
  - ✓ Vice Chairperson - equivalent grading to Manager and above - (Permanent member);
  - ✓ Member - equivalent grading to Manager (Permanent member);
  - ✓ Member - Municipal Official (Permanent member); and
  - ✓ An official responsible for demand management (Permanent member).

c) Functions of the Specification Committee:

- (i) It is the responsibility of the committee to compile specifications/ terms of reference for each bid/ quotation for the procurement of goods or services by the municipality and to ensure:
  - ✓ that a proper and unbiased specification is compiled for the specific requirement;
  - ✓ that proper terms of reference is drawn up for the service required clearly indicating the scope of the requirement, the ratio between price and functionality, the evaluation criteria as well as their weights and values;
  - ✓ that strategic sourcing is applied and that the market is properly researched and analyzed;
  - ✓ that the necessary funds are available;
  - ✓ that, in addition to the general conditions of contract, appropriate special conditions of contract are specified, if applicable;
  - ✓ that in terms of the PPPFA, the correct preference point system is prescribed and that appropriate goals are identified and points allocated for these goals.

(6) **Bid evaluation committee**

a) **Appointment of bid evaluation committee**

- (i) The accounting officer must appoint members of the bid evaluation committee in line with the financial year of the Municipality, in writing.
- (ii) Members should declare interest in the bid under consideration up front and such member must automatically recuse himself / herself from participating in the evaluation process.
- (ii) Members should sign oath of secrecy forms up-front.

b) **Composition of Bid Evaluation Committee**

- (i) The committee must in so far as it may be possible, be cross functional.
- (ii) The committee should comprise of at least 5 (five) officials from the Municipality.
- (iii) The following officials should serve in the Bid Evaluation Committee;
  - ✓ Chairperson – equivalent grading to GM and above - (Permanent member);



- ✓ Vice Chairperson - equivalent grading to GM and above - (Permanent member);
- ✓ Legal Services Practitioner (advisory capacity);
- ✓ Two other Municipal Officials (Permanent members);
- ✓ SCM Practitioner (Permanent Member); and
- ✓ The Accounting Officer may appoint an external technical expert to serve in the committee for that specific bid in an advisory capacity only and not as a member.

**c) Functions of the Bid Evaluation Committee**

- (i) This committee is responsible for the evaluation of bids received, which includes:
- ✓ Verification of administrative compliance of the bid documents.
  - ✓ Evaluation of bids in accordance with the criteria specified in the bid documents (specification) and the PPPFA Regulations.
  - ✓ Evaluation of each bidder's technical and functional ability to execute the contract.
  - ✓ Verification of NIPP requirements if the contract is in excess of ten million rand (R10m); and
  - ✓ Submission of evaluation report and recommendation(s) regarding the award of the bid to the Adjudication Committee.

**(7) Bid Adjudication Committee**

**a) Appointment of Bid Adjudication Committee**

- (i) The Accounting Officer must constitute one Municipality bid adjudication committee.
- (ii) The bid adjudication committee is appointed in writing by the Accounting Officer.
- (iii) Members of the adjudication committee cannot be appointed as members of an evaluation committee.
- (iv) The Accounting Officer shall determine the term of office for members although the tenure may not exceed two (2) years.
- (v) The period of tenure may be renewed if the Accounting Officer deems it necessary.
- (vi) All members as well as the secretary of bid adjudication committee should be cleared at the level of "Confidential" by the accounting officer and should be required to declare their financial interest annually.
- (vii) Committee members should be required to sign the code of conduct upon their appointment.
- (viii) Members may be removed by the Accounting Officer/Accounting Authority if a member's conduct violates the principles of the committee's purpose/mandate or code of conduct.



- (ix) The Accounting Officer/Authority may at any given time replace person for management reasons.
- (x) The functions of BAC should form part of member's performance agreements.

**b) Composition of the Bid Adjudication Committee**

- (i) The committee must consist of at least five (5) senior officials constituted as follows:
  - ✓ CFO, as the chairperson of the committee (where possible);
  - ✓ Deputy Chairperson: an official at least at a general management level;
  - ✓ Two other Municipal Officials (Permanent members); and
  - ✓ Head of the SCM Unit is (Permanent member);
- (ii) For the purposes of continuity and not to delay meetings, the AO may also appoint a "secundus" to temporarily replace a member who is absent from meetings due to illness or leave. The AO shall also decide whether or not such "secundus" will have the same powers as members.
- (iii) No external people should serve permanently on the adjudication Committee.

**c) Functions of the Bid Adjudication Committee**

- (i) Consider the reports and recommendations made by the bid evaluation committee.
- (ii) Depending on the delegations granted by the accounting officer/authority the adjudication committee could make the final award of the bid, or make a recommendation to the accounting officer to make the final award.
- (iii) Recommend to the Accounting Officer/Authority the extensions of contracts and deviations if reasonable and justifiable grounds exist.
- (iv) In performing their functions: -
  - ✓ Committee members should be guided by all the applicable SCM, procurement legislations, policies and directives.
  - ✓ Members must declare interest in any specific bid/point on the agenda up front and such member must automatically recuse him/herself from participating in discussions unless the committee decides otherwise.
  - ✓ If a bid adjudication committee decides to award a bid to a bidder other than the one recommended by the Evaluation Committee, the Bid adjudication committee must consult with the Accounting Officer before a final decision is taken.
  - ✓ Accounting Officer/Authority may confirm or vary a recommendation by an Adjudication Committee. In cases where he/she varies with the BAC recommendations reasons should be furnished in writing and reported to the Provincial Treasury within a prescribed period



of seven (7) days.

- ✓ Furthermore, AO may refer back in writing any recommendation of the bid Adjudication Committee to be reworked if there are any material flaws.

- d) Bid adjudication committee must ensure that:
  - (i) scoring has been fairly, consistently and correctly calculated and applied;
  - (ii) disqualifications are justified;
  - (iii) all declarations of interest have been captured;
  - (iv) all necessary bid documents have been submitted; and
  - (v) that valid and accountable reasons/ motivations were furnished for passing over of bids.
- e) The bid adjudication committee must consider and rule on all recommendations/ reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.
- f) In order to meet their obligations, committee members must be familiar with and adhere to all relevant legislation, the SCM policy, SCM Guide to Accounting Officers and SCM Practice Notes.
- g) The highest level of professional competence must be maintained. Furthermore, courteous conduct is expected of all committee members
- h) A declaration form where all members of the committee present at the meeting as well as all officials rendering administrative support during the meeting must be signed to declare that they:
  - (i) accept the confidentiality of the contents of the meeting;
  - (ii) will not make known anything regarding the meeting, unless officially authorized; and
  - (iii) will not purposefully favour or prejudice anybody.
- i) The BAC shall submit a monthly report to the Accounting Officer on all awards made for that month as well as other issues it wishes to bring to the attention of the Accounting Officer.

**(8) Role of the secretariat**

- a) Executes procurement support function for the municipality and a secretariat function for the bid adjudication committee.
- b) The Head of the SCM Unit is an EX-Officio member of the committee without voting powers. He/she serves in an advisory capacity.
- c) Convenes BAC meetings and prepares an agenda for each meeting.
- d) Ensures that all submissions and reports are of good quality and well presented to the committee.
- e) Ensures that the evaluation process is done in a fair and transparent manner.
- f) Ensures that the agenda is dispatched on time.
- g) Takes minutes of all the meetings.



- h) Ensures that proceedings are recorded electronically.
- i) Keeps the attendance register.
- j) Keeps a register of all approved submissions, disapproved, deferred and withheld as well as deviations condoned.
- k) Ensures that the chairperson signs all adopted minutes.
- l) Files all the minutes/ documents that served before the committee.

**(9) General**

- a) In performing their functions, the Committee should be guided by all the applicable SCM, Procurement Legislations, Policies and Directives
- b) No lobbying in Bid Committees or from interested outside parties is allowed.
- c) Any allegations against members must be in writing, substantiated and channeled through the procedure as determined by the accounting officer.
- d) No press release should be made without the approval of the accounting officer.
- e) All the proceedings shall be recorded electronically and decisions must be minuted.

**28. Procurement of banking services**

- (1) A contract for banking services –
  - (a) must be procured through competitive bids;
  - (b) must be consistent with section 7 or 85 of the Act; and
  - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).





**29. Procurement of IT related goods or services**

- (1) The municipality shall abide by the provisions of this SCM policy and SITA provisions in the procurement of IT related goods and services.

**30. Procurement of goods and services under contracts secured by other organs of state**

- (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) there is no reason to believe that such contract was not validly procured;
  - (c) there are demonstrable discounts or benefits to do so; and
  - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1)(c) and (d) do not apply if –
- (a) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

**31. Procurement of goods necessitating special safety arrangements**

- (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

**32. Proudly SA Campaign**

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



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

### 33. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if-
  - (a) the value of the contract exceeds R200 000 (VAT included); or
  - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
  - (a) all consultancy services provided to an organ of state in the last five years; and
  - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

### 34. Deviation from, and ratification of minor breaches of, procurement processes

- (1) The accounting officer may –
  - (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
    - (i) in an emergency;
    - (ii) if such goods or services are produced or available from a single provider only;
    - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
    - (iv) acquisition of animals for zoos and/or nature and game reserves; or



- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.
  - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
  - (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 13(2) of this policy.

### 35. Unsolicited bids

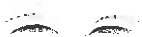
- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
  - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) the person who made the bid is the sole provider of the product or service; and
  - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
  - (a) reasons as to why the bid should not be open to other competitors;
  - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
  - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.



- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
  - (a) any comments submitted by the public; and
  - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

### **36. Combating of abuse of supply chain management system**

- (1) The accounting officer must–
  - (a) take all reasonable steps to prevent abuse of the supply chain management system;
  - (b) investigate any allegations against an official or other role player of fraud, corruption, favoritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
    - (i) take appropriate steps against such official or other role player; or
    - (ii) report any alleged criminal conduct to the South African Police Service;
  - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - (d) reject any bid from a bidder–



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

### **37. Prohibition on awards to persons whose tax matters are not in order**

The Accounting Officer must ensure that, irrespective of the procurement process followed, no award above R15 000 (VAT Included) is given to a person whose tax matters have not been declared by SARS to be in order.

Before making an award to a provider or bidder, a tax clearance certificate from SARS or Tax Compliance PIN must first be provided and be verified on the SARS website by the municipality.

### **37. Preferential Procurement Implementation Guidelines**

The Ugu District Municipality is committed to contributing to social and economic transformation in KwaZulu-Natal and will actively pursue the following targeted procurement strategy to advance government's pledge to address poverty, unemployment and job creation.

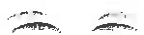


These guidelines are to be read in conjunction with MFMA Circular number 69 and is intended to assist the Accounting Officer with the implementation of the Preferential Procurement Regulations, 2011 issued in terms of section 5 of the Preferential Procurement Policy Framework Act, Act Number 5 of 2000 (PPPFA).

These guidelines should also be read and utilized in conjunction with other relevant SCM related prescripts, instructions, circulars and guidelines.

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- (1) The Ugu District Municipality has committed itself to the following key priorities with respect to all procurement dealings:
  - (i) Providing second economy opportunities through Black Economic Empowerment;
  - (ii) Increased usage of local resources and emerging contractors;
  - (iii) Promoting growth and ensuring sustainable SMME's;
  - (iv) Contributing to socio-economic transformation;
  - (v) Creation of opportunities for job creation and poverty alleviation;
  - (vi) Commitment to skills development and transfer; and
  - (vii) Fast tracking service delivery.
  
- (2) Our objectives are as follows:
  - (i) The policy is simple so that it can be understood by everyone and easy to apply;
  - (ii) It meets all the legal requirements including provisions of the Constitution to avoid or minimize any possible legal challenges;
  - (iii) The policy is as flexible as possible to allow creativity in the implementation of targeted procurement;
  - (iv) It sets targets to be achieved so that performance can be measured through reliable monitoring mechanisms; and
  - (v) The policy is all encompassing in that it covers everything that is procured and/ or disposed of by the Municipality and embraces all its citizens.
  
- (3) The intended outcomes of these guidelines are to ensure:
  - (i) Preference for employment equity and economic empowerment;
  - (ii) The inclusion of priority groups that have not benefited from the implementation of the current policy;
  - (iii) To have a significant contribution towards job creation, poverty alleviation and economic growth; and



- (iv) To ensure that the Ugu District Municipality impacts significantly on improving the quality of life of the majority of KwaZulu-Natal citizens/beneficiaries, by optimising employment and economic empowerment in all its dealings, resulting in the annual procurement spend reflecting KwaZulu-Natal demographics.

(4) Preference points system:

**80/20 preference point system for acquisition of goods or services for Rand Value equal to or above R30 000 and up to R50 million inclusive of all applicable taxes.**

- A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicates that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
- If the price quoted by the tenderer scoring the highest points is not market related , the organ of the state may not award the contract to that tenderer.
- The organ of the state may negotiate a market related price with the tenderer scoring the highest points or cancel the tender;
- If the tenderer does not agree to the market related price, negotiate the market related price with the second highest points or cancel the tender;
- If the tenderer scoring the second highest points does not agree with to a market related price, negotiate a market related price with the tenderer scoring the third highest points or cancel the tender;
- If a market related price is not agreed as envisaged in the above paragraphs organ of the state must cancel the tender.

**90/10 preference point system for acquisition of goods or services for Rand Value above R50 million inclusive of all applicable taxes.**

- A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicates that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract;
- If the price quoted by the tenderer scoring the highest points is not market related , the organ of the state may not award the contract to that tenderer;
- The organ of the state may negotiate a market related price with the tenderer scoring the highest points or cancel the tender;
- If the tenderer does not agree to the market related price, negotiate the market related price with the second highest points or cancel the tender;



- If the tenderer scoring the second highest points does not agree with to a market related price, negotiate a market related price with the tenderer scoring the third highest points or cancel the tender;
- If a market related price is not agreed as envisaged in the above paragraphs organ of the state must cancel the tender.

(5) Broad-Based Black Economic Empowerment (B-BBEE) Status Level Certificates

- (i) Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.
- (ii) Bidders who do not submit B-BBEE Status Level Verification Certificates or are non-compliant contributors to B-BBEE do not qualify for preference points for B-BBEE but should not be disqualified from the bidding process. They will score points out of 90 or 80 for price only and zero (0) points out of 10 or 20 for B-BBEE.
- (iii) A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.
- (iv) Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.
- (v) If the Municipality is already in possession of a valid and original or certified copy of a bidder's B-BBEE Status Level Verification Certificate that was obtained for the purpose of establishing the database of possible suppliers for price quotations or that was submitted together with another bid, it is not necessary to obtain a new B-BBEE Status Level Verification Certificate each time a bid is submitted from the specific bidder. Such a certificate may be used to substantiate B-BBEE rating claims provided that the closing date of the bid falls within the expiry date of the certificate that is in the Municipality's possession.
- (vi) Each time this provision is applied, cross-reference must be made to the B-BBEE Status Level Verification Certificate already in possession for audit purposes.
- (vii) The Accounting Officer must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:
  - ✓ Bidders other than EMEs
    - Verification agencies accredited by SANAS; or
    - Registered auditors approved by IRBA.
  - ✓ Bidders who qualify as Exempted Micro Enterprises
    - Accounting officers as contemplated in the Close Corporations Act, Act No. 69 of 1984;
    - or
    - Verification agencies accredited by SANAS; or
    - Registered auditors. (Registered auditors do not need to meet the prerequisite for





(IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates)

(6) Planning, Stipulation of Preference Point System to be utilised and the Determination of Designated Sectors

Prior to the invitation of bids, the Accounting Officer is required to:

- (i) Properly plan for the provision of services, works or goods in order to ensure that the resources that are required to fulfil the needs identified in the strategic plan of the Municipality are delivered at the correct time, price, place and that the quantity and quality will satisfy those needs.
- (ii) As far as possible, accurately estimate the costs for the provision of the required services, works or goods. This is in order to determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids and to ensure that the prices paid for the services, works and goods are market related.
- (iii) Estimated costs can be determined by conducting an industry and commodity analysis whereby prospective suppliers may be approached to obtain indicative market related prices that may be utilised for benchmarking purposes. Based on the findings, the relevant preference point system (80/20 or 90/10) to be utilised for the evaluation of the bid must be stipulated in the bid documents.
- (iv) Determine whether the services, works and/or goods for which an invitation is to be made, has been designated for local production and content in terms of Regulation 9 of the Preferential Procurement Regulations. This will entail the inclusion of a specific condition in the bid documents that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered. This will subsequently have a direct impact on the evaluation of the bid.

**Pre-qualification Criteria For Preferential Procurement**

- (i) If an organ of state decides to apply pre-qualifying criteria to advance certain designated groups, that organ of state must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond.
- (ii) A tenderer having a stipulated minimum B-BBEE status level of contributor;
- (iii) An Exempted Micro Enterprise (EME) or Qualifying Small Business (QSE)
- (iv) A tenderer subcontracting a minimum of 30% to EME or QSE which is at least 51% owned by black people who are youth or women or people with disabilities or black people who are living in rural or underdeveloped areas or townships.
- (v) A tenderer subcontracting a minimum of 30% to cooperatives which is at least 51% owned by black people who are military veterans;



- (vi) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

**(7) Bids Based On Functionality as a Criterion**

- (i) In general, not all bids should be invited on the basis of functionality as a criterion. The need to invite bids on the basis of functionality as a criterion depends on the nature of the required commodity or service taking into account quality, reliability, viability and durability of a service and the bidder's technical capacity and ability to execute a contract.
- (ii) When the Municipality invites a bid that will also be evaluated on the basis of functionality as a criterion, the Accounting Officer of his/her delegate must clearly specify the following aspects in the bid documents:
- ✓ Evaluation criteria for measuring functionality.
  - ✓ The evaluation criteria may include criteria such as the bidder's relevant experience for the assignment, the quality of the methodology; the qualifications of key personnel; transfer of knowledge, etc.
  - ✓ Weight of each criterion.
  - ✓ The weight that is allocated to each criterion should not be generic but should be determined separately for each bid on a case by case basis.
  - ✓ Applicable value.
  - ✓ The applicable values that will be utilised when scoring each criterion should be objective. As a guide, values ranging from 1 being poor, 2 being average, 3 being good, 4 being very good and 5 being excellent, may be utilised.
  - ✓ Minimum qualifying score for functionality.
  - ✓ The minimum qualifying score that must be obtained for functionality in order for a bid to be considered further should not be generic. It should be determined separately for each bid on a case by case basis. The minimum qualifying score must not be prescribed so low that it may jeopardize the quality of the service required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the SCM system.

**(8) Local Production and Content**

- (i) Designated Sectors
- ✓ Bids in respect of services, works or goods that have been designated for local production and content, must contain a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.



- ✓ The Accounting Officer or His/her delegate must stipulate in bid invitations that the exchange rate to be used for the calculation of local content (local content and local production are used interchangeably) must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.
- ✓ Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content.

The following formula to calculate local content must be disclosed in the bid documentation:

The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x as follows:

$$LC = 1 - \left(\frac{x}{y}\right) \times 100$$

Where

x = imported content

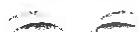
y = bid price excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.

- ✓ For the purpose of the paragraphs above, the SBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.
- ✓ The Declaration Certificate for Local Content (SBD 6.2) must be completed and duly signed. The Accounting Officer or his/her delegate is required to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 6.4.3 of this Certificate.

#### *Non-Designated Sectors*

- ✓ Where there is no designated sector, the Accounting Officer or his/her delegate may decide to include a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the DTI.
- ✓ Accounting Officer or his/her delegate must stipulate in bid invitations that the exchange rate to be used for the calculation of local content must be the exchange rate published by



the SARB at 12:00 on the date, one week (7 calendar days) prior to the date of closure of the bid.

- ✓ Only the South African Bureau of Standards approved technical specification number SATS 1286:201x as indicated above must be used to calculate local content.
- ✓ For the purpose of the paragraphs above, the SBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.
- ✓ The Declaration Certificate for Local Content (SBD 6.2) must be completed and duly signed. Accounting Officer or his/her delegate is required to verify the accuracy of the rate(s) of exchange quoted by the bidder in paragraph 4.1 of this Certificate.
- ✓ Any enquiries in respect of Local Production and Content may be directed to the Department



- ✓ of Trade and Industry (DTI) as follows:

Ms Basani Baloyi

Director: Industrial Development Division (IDD) Tel: (012) 394 3851

Fax: (012) 394 2851

E-mail: BBaloyi@thedti.gov.za

**Local Production and Content:**

- DTI in consultation with National Treasury can designate a sector, sub-sector or industry in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content.
- Organ of State must in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally manufactured goods, only tenderers who meet the stipulated minimum threshold for local production and content will be considered.
- If there is no designated sector, an organ of state may include as a specific condition of the tender that only locally produced services or goods or locally manufactured goods with a stipulated threshold for local production and content will be considered.\*+
- A tenderer that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

(9) Services Rendered by Tertiary Institutions and Public Entities

- (i) Based on thorough analysis of the market, institutions may invite written price quotations for services that can only be provided by tertiary institutions from the identified tertiary institutions.
- (ii) Where the required service can be provided by tertiary institutions, public entities and enterprises from the private sector, the Municipality must invite competitive bids.

(10) Discounts

- (i) When calculating comparative prices.
- (ii) Unconditional discounts must be taken into account for evaluation purposes.
- (iii) Conditional discounts must not be taken into account for evaluation purposes but should be implemented when payment is affected.

(11) Sub-Contracting



Subcontracting as the condition of tender:

- (i) If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.
- (ii) Tenderer must subcontract a minimum of 30% of the value of the contract to the black designated group.
- (iii) The organ of state must make available the list of all suppliers registered on a database approved by National Treasury to provide the required goods or services in respect of the applicable designated groups from which the tenderer must select a supplier.

Subcontracting after an award of tender

- (i) A person awarded a contract may only enter into a subcontracting arrangement with the organ of the state.
- (ii) For local production and content a person awarded a contract in relation to the designated sector, may not subcontract in such a manner that the local production and content of overall value of the contract is reduced to below the stipulated minimum threshold.
- (iii) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME (Exempted Micro Enterprise) that has the capability to execute the subcontract.

## (12) Evaluation of Bids Based on Functionality as a Criterion

Bids invited on the basis of functionality as a criterion must be evaluated in two stages - first functionality must be assessed and then in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6. The evaluation must be done as follows:

- (i) First stage - Evaluation of functionality
  - ✓ Bids must be evaluated in terms of the evaluation criteria embodied in the bid documents. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids is not allowed as this may jeopardise the fairness of the process.
  - ✓ A bid will be considered further if it achieves the prescribed minimum qualifying score for functionality.
  - ✓ Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.
  - ✓ Score sheets should be prepared and provided to panel members to evaluate the bids.
  - ✓ The score sheet should contain all the criteria and the weight for each criterion as well as



the values to be applied for evaluation as indicated in the bid documents.

- ✓ Each panel member should after thorough evaluation independently award his /her own value to each individual criterion.
- ✓ Score sheets should be signed by panel members and if necessary, written motivation may be requested from panel members where vast discrepancies in the values awarded for each criterion exist.
- ✓ If the minimum qualifying score for functionality is indicated as a percentage in the bid documents, the percentage scored for functionality may be calculated as follows:
  - The value awarded for each criterion should be multiplied by the weight for the relevant criterion to obtain the score for the various criteria;
  - The scores for each criterion should be added to obtain the total score; and
  - The following formula should be used to convert the total score to percentage for functionality:

$$Ps = \frac{So}{Ms} \times 100$$

Ps = percentage scored for functionality by bid under consideration

So = total score of bid under consideration

Ms = maximum possible score

- ✓ The percentage of each panel member should be added and divided by the number of panel members to establish the average percentage obtained by each bidder for functionality.

(ii) Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems

- ✓ Only bids that achieve the minimum qualifying score / percentage for functionality must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.
- ✓ Where appropriate, prices may be negotiated only with short listed or preferred bidders. Such negotiations must not prejudice any other bidders.

(13) The Preference Point System

(i) Step 1: Calculation of points for price

- ✓ The PPPFA prescribes that the lowest acceptable bid will score 80 or 90 points for price. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.
- ✓ The formulae to be utilised in calculating points scored for price are as follows:



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

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

Where

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

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

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

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

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

Where

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

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

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

- ✓ Points scored must be rounded off to the nearest 2 decimal places.

(ii) *Step 2: Calculation of points for B-BBEE status level of contributor*

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

B-BBEE Status Level of Contributor	Number of Points (90/10 System)	Number of Points (80/20 System)
---------------------------------------	------------------------------------	------------------------------------





1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non - Contributor	0	0

Figure 1: B-BBEE Status Level of Contributor

- ✓ A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE.

*(iii) Calculation of total points scored for price and B-BBEE status level of contribution*

- ✓ The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.

**(14) Evaluation of Bids that Scored Equal Points**

- (i) In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.
- (ii) If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.
- (iii) In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

**(15) Cancellation and Re-invitation of Bids**



- (i) In the application of the 80/20 preference point system, if all bids received exceed R50 million, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R50 million threshold, all bids received must be evaluated on the 80/20 preference point system.
- (ii) In the application of the 90/10 preference point system, if all bids received exceed R50 million, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R50 million threshold, all bids received must be evaluated on the 90/10 preference point system.
- (iii) If a bid was cancelled in terms of the above paragraphs, the correct preference point system must be stipulated in the bid documents of the re-invited bid.
- (iv) The Accounting Officer of his/her delegate may, prior to the award of a bid, cancel the bid if:
  - ✓ Due to changed circumstances, there is no longer a need for the services, works or goods requested. [Accounting Officer must ensure that only goods, services or works that are required to fulfil the needs of the Municipality are procured]; or
  - ✓ Funds are no longer available to cover the total envisaged expenditure. [Accounting Officer must ensure that the budgetary provisions exist]; or
  - ✓ No acceptable bids are received. [If all bids received are rejected, the Municipality must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].
- ✓ An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

(16) Award of Contracts

- (i) A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point system.
- (ii) In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

(17) Resolution of disputes, objections, complaints and queries

- (i) Once the Accounting Officer agrees with the recommendation of the BAC, the intention to award a bid must be advertised in the Government Gazette, selected news media and the Municipality's



website within 5 days, allowing for disputes, objections, complaints and queries to be lodged with the Municipality within 14 days.

- (ii) An independent and impartial person, not directly involved in the supply chain management process, must be appointed by the Accounting Officer. The independent, impartial person must :
- ✓ advise the Accounting Officer, within 3 days, of any disputes, objections, complaints and queries lodged so that the award process can be suspended until the dispute, objection, complaint or query has been investigated;
  - ✓ assist in resolving disputes between the Municipality and other persons regarding:
    - Any decisions or actions taken in the implementation of the supply chain management system;
    - Any matter arising from a contract awarded in the course of the supply chain management system; or
  - ✓ deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract;
  - ✓ issue a formal report with recommendations to the Accounting Officer.
- (iii) Once the independent, impartial person has completed the investigation, s/he must issue a formal report to the Accounting Officer. The Accounting Officer must consider the recommendations of the independent, impartial person and make a determination on the way forward. The way forward could be to award the bid, refer the bid back for re-evaluation and re-adjudication or even to cancel and re-advertise the bid. Should the Accounting Officer award the bid after the appeals processes have been followed, the successful bidder can be accordingly notified.

(18) Remedies

- (i) The Accounting Officer must act against the bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the contract conditions have not been fulfilled.
- (ii) The Municipality may, in addition to any other remedy that it may have against the bidder or person:
- ✓ Disqualify the bidder or person from the bidding process;
  - ✓ Recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
  - ✓ Cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;



- ✓ Restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after applying the audi alteram partem (hear the other side) rule; and
  - ✓ Forward the matter for criminal prosecution.
- (iii) The Municipality must involve their legal services when any of the remedies are applied.
- (iv) The details of any restrictions imposed on bidders, persons or contractors must be forwarded to the National Treasury for inclusion on the central Database of Restricted Suppliers.

(19) Tax Clearance

No bid may be awarded to any bidder whose tax matters have not been declared by the SARS to be in order.

(20) Bidding Documents

- (i) The following bidding documents, which have been amended, where necessary, in accordance with the prescripts of the Preferential Procurement Regulations, 2011, and MFMA Circular No.25 must be used:

MBD Description	Document Number
✓ Invitation to Bid	MBD 1
✓ Application for Tax Clearance Certificate	MBD 2
✓ Pricing Schedules	MBD 3.1 to 3.3
✓ Declaration of Interest	MBD 4
✓ National Industrial Participation Programme	MBD 5
✓ Preference claims in terms of the Preferential Procurement Regulations, 2011	MBD 6.1 to 6.12
✓ Formal contract	MBD 7.1 to 7.3

- (ii) The Municipality must customize and utilize the bidding documents by incorporating the Municipality's name, logo and contact details.
- (iii) Other changes to the MBDs, such as variations necessary to address specific contract and project issues, should be kept to a minimum. The standard wording for the Application for Tax Clearance Certificates (MBD 2) and the National Industrial Participation Programme (MBD 5) should not be amended. The formal contract document (MBD 7.1 to 7.3) should not form part of the bidding documents issued to every prospective bidder, but should be made applicable only to the successful bidder after adjudication and award of the bid.



- (iv) The relevant MBDs must be utilized for procurement by means of written price quotations, advertised competitive bids or proposals.

(21) Sale and Letting of Assets

- (i) The preference point system prescribed in the PPPFA and the Preferential Procurement Regulations, 2011 are not applicable to the sale and letting of assets.
- ✓ In instances where assets are sold or leased by means of advertised competitive bids or written price quotations or by auctions the award must be made to the highest bidder.
  - ✓ The tax clearance requirement applies to the sale and letting of assets as well.

(22) SMME Status Table

Industrial Sector Category	Size of Class	Total Full-Time Employees	Total Turnover	Total Gross Asset Value (Fixed Property excl.)
Agriculture	✓ Medium	✓ 100	✓ R5m	✓ R5m
	✓ Small	✓ 50	✓ R3m	✓ R3m
	✓ Very small	✓ 10	✓ R0, 50m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Mining and Quarrying	✓ Medium	✓ 200	✓ R39m	✓ R5m
	✓ Small	✓ 50	✓ R10m	✓ R3m
	✓ Very small	✓ 20	✓ R4m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Manufacturing	✓ Medium	✓ 200	✓ R51m	✓ R5m
	✓ Small	✓ 50	✓ R13m	✓ R3m
	✓ Very small	✓ 10	✓ R5m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Electricity, Gas & Water	✓ Medium	✓ 200	✓ R51m	✓ R5m
	✓ Small	✓ 50	✓ R13m	✓ R3m
	✓ Very small	✓ 20	✓ R5m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Construction	✓ Medium	✓ 200	✓ R26m	✓ R5m
	✓ Small	✓ 50	✓ R6m	✓ R3m
	✓ Very small	✓ 20	✓ R3m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Retail, Motor Trade and Repair Services	✓ Medium	✓ 200	✓ R39m	✓ R5m
	✓ Small	✓ 50	✓ R19m	✓ R3m
	✓ Very small	✓ 20	✓ R4m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m



Industrial Sector Category	Size of Class	Total Full-Time Employees	Total Turnover	Total Gross Asset Value (Fixed Property excl.)
Wholesale Trade, Commercial Agents & Allied Services	✓ Medium	✓ 200	✓ R64m	✓ R5m
	✓ Small	✓ 50	✓ R32m	✓ R3m
	✓ Very small	✓ 20	✓ R6m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Catering, Accommodation and other Trade	✓ Medium	✓ 200	✓ R13m	✓ R5m
	✓ Small	✓ 50	✓ R6m	✓ R3m
	✓ Very small	✓ 20	✓ R5, 10m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Transport, Storage & Communication	✓ Medium	✓ 200	✓ R26m	✓ R5m
	✓ Small	✓ 50	✓ R13m	✓ R3m
	✓ Very small	✓ 20	✓ R3m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Finance and Business Services	✓ Medium	✓ 200	✓ R26m	✓ R5m
	✓ Small	✓ 50	✓ R13m	✓ R3m
	✓ Very small	✓ 20	✓ R3m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m
Community, Social and Personal Services	✓ Medium	✓ 200	✓ R13m	✓ R5m
	✓ Small	✓ 50	✓ R6m	✓ R3m
	✓ Very small	✓ 20	✓ R1m	✓ R0, 50m
	✓ Micro	✓ 5	✓ R0, 20m	✓ R0, 10m

## (23) Payment to SMME's (Early Payment Cycles)

SMME's within the Very small and Micro categories will be paid within 30 days of receipt of approved invoice. All other payments are to be within 30 days from date of delivery or in the case of work completed, the date on which the invoice has been approved.

**Part 3: Logistics, Disposal, Risk and Performance Management****38. Logistics management**

The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;



- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

### 39. Disposal management

- (1) The store manager shall on a monthly basis identify obsolete and slow moving stock that should be disposed off.
- (2) He shall motivate for their disposal, together with necessary documentation, to the SCM Manager for recommendation for disposal thereof.
- (3) All such stock disposals must be approved by both, the chief financial officer and the municipal manager.
- (4) Once approved, the stock must be physically transferred for safe keeping and disposal to the disposals unit.

### 40. Risk management

- (1) The SCM unit shall subscribe to the Municipal Risk Management Policy and its related risk management processes.
- (2) Risks are identified and assessed in terms of impact and likelihood.
- (3) Mitigating measures are developed, implemented and regularly monitored.
- (4) Risk management must include –
  - (a) the identification of risks on a case-by-case basis;
  - (b) the allocation of risks to the party best suited to manage such risks;



- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

#### **41. Performance management**

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.





**Part 4: Other matters****42. Prohibition on awards to persons whose tax matters are not in order**

- (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

**43. Prohibition on awards to persons in the service of the state**

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with the municipality.

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

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.



**45. Code of conduct**

(1) The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) **General Principles**

- a) The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- b) Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- c) Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

(3) **Conflict of interest**

An official or other role player involved with supply chain management:

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality.
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;



- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) Should not take improper advantage of their previous office after leaving their official position.

**(4) Accountability**

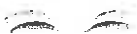
- a) Practitioners are accountable for their decisions and actions to the public.
- b) Practitioners should use public property scrupulously.
- c) Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- d) All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- e) Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- f) Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
  - (i) any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
  - (iii) any alleged breach of this code of conduct.
- g) Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

**(5) Openness**

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

**(6) Confidentiality**

- a) Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractors personal rights.



- b) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

**(7) Bid Specification / Evaluation / Adjudication Committees**

- a) Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- b) Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- c) All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- d) No person should:
  - (i) interfere with the supply chain management system of the municipality or
  - (ii) amend or tamper with any price quotation / bid after its submission.

**(8) Combative Practices**

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- a. Suggestions to fictitious lower quotations;
- b. Reference to non-existent competition;
- c. Exploiting errors in price quotations / bids;
- d. Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

**46. Inducements, rewards, gifts and favours to municipalities, officials and other role players**

- (1) This policy ensures that the officials employed by the municipality do not unlawfully, for private gain, accept gifts, rewards or favours from Customers/ Public or any person who either seeks to have or has any business relations with the municipality:



- a) An official, upon possible or actual receipt of a reward or gift of whatever nature and regardless of the total value thereof from a benefactor must immediately disclose this to his or her immediate Manager/Supervisor.
  - b) The prescribed discloser form to be duly completed and signed by the official and handed to the Manager/ Supervisor or in his absence to the official appointed in an Acting capacity.
  - c) The General Manager/ Supervisor must acknowledge receipt of the disclosure form and hand same to the Municipal Manager for his authorisation.
  - d) In the event that the General Manager/ or the Municipal Manager be of the opinion that the gift reward or favour constitutes bribery or will unduly influence the official or enrich him/ her, the General Manager or Municipal Manager will advise the official accordingly in writing.
  - e) Under the circumstances prescribed in clause (d) above, the gift or reward will be returned to the benefactor and the favour refused. The circumstances will be given to the benefactor.
  - f) A register of all gifts, rewards and/ or favours accepted by employees shall be maintained by each Head of Department, which shall be inspected by the Municipal Manager on a monthly basis.
- (2) Exclusions:
- a) Gifts received during conferences, workshops, seminars and meetings which accrue to all participants at same conference, workshop or seminar;
  - b) Gifts received as a token of appreciation for the delivery of an address/ speech at a conference, seminar or workshop;
  - c) Gifts such as calendars, diaries, cufflinks, ties, scarves or articles for normal office use which display the supplier's name, trade mark or logo and which are presented for advertising purposes; and
  - d) Gifts less than R350 in value.
- (3) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

#### 47. Sponsorships

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –



- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

#### 48. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action indication of their grievance.:

#### 49. Resolution of objections and complaints against procurement process

- (1) The accounting officer must appoint an independent and impartial official, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding:
  - a) the implementation of the procurement process in terms of the supply chain management system; or
  - b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
  - a) strive to resolve promptly all objections and complaints
  - b) received; and
  - c) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.
- (4) If the independent and impartial person referred to in paragraph (1), is of the view that a matter should be dealt with in terms of paragraph externally, , he or she shall forthwith refer the matter to the Municipal Bid Tribunals convened at Provincial Treasury; and that Tribunal shall then hear and determine the matter.
- (5) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:
  - a) the objection or complaint is not resolved within 60 days; or



b) no response is forthcoming within 60 days.

- (6) If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

#### **50. Municipal Bid Appeals Tribunal**

- (1) The council shall utilize a Municipal Bid Appeals Tribunal for matters referred by the Independent & Impartial person referred to in 49 above
- (3) The powers, duties and functions of the Municipal Bid Appeals Tribunal, and matters incidental thereto, are set out in the Rules which are appended to this Supply Chain Management Policy and marked Appendix A.
- (4) The administrative and secretarial work involved in the performance of the duties and functions of the Municipal Bid Appeals Tribunal shall be performed by officers of the Provincial Treasury as set out in the Rules referred to in paragraph
- (5) There shall be no further appeal against a decision of the Municipal Bid Appeals Tribunal, except for where normal legal rights exist, such as referral to High Court for Review./PAJA.

#### **51. Contracts providing for compensation based on turnover**

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

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

#### **52. Roles and responsibilities**

The SCM unit is tasked with the effective and efficient implementation of this policy document, thereby ensuring compliance with and enforcement of the SCM policy.



**53. Monitoring and evaluation**

Internal Audit, as part of their annual audit plan, shall monitor and evaluate compliance with the SCM policy.

**54. Annual review and amendments to the policy**

- (1) The SCM unit is tasked with the annual review of the policy, and to submit the updated policy to the Policy Task Team for review and onward submission through the relevant structures, and culminating in Council approval thereof prior to the commencement of each financial year.
- (2) The SCM unit is also tasked with effecting amendments to the policy during the year, when necessary, and to submit the updated policy to the Policy Task Team for review and onward submission through the relevant structures, and culminating in Council approval thereof.

**55. Commencement of the policy**

This policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

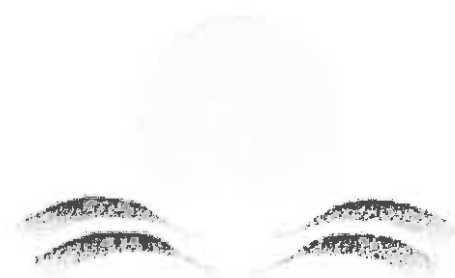
**56. Council approval**

<b>TITLE</b>	Draft Supply Chain Management Policy 2016/2017
<b>VERSION</b>	Version 1. 0
<b>COMPILED BY</b>	Supply Chain Management Unit
<b>EFFECTIVE DATE</b>	30 June 2016
<b>SUMMARY</b>	This document is the Supply Chain Management Policy applicable to the Ugu District Municipality
<b>COUNCIL RESOLUTION NUMBER</b>	





**UGU DISTRICT MUNICIPALITY**  
**("the Municipality")**



**BORROWING POLICY**

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## 1. Definitions

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

**“Disclosure statements”** means a statement issued or to be issued by:

- a municipality which intends to incur debt by issuing municipal debt instruments; and
- a person who intends to incur debt by issuing securities backed by municipal debt.

**“Financing agreement”** means any loan agreement, lease, instalment, purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time.

**“Lender”** means a person who provides debt finance to the Municipality.

**“Long term debt”** means debt repayable by the Municipality over a period exceeding one (1) year.

**“Municipal debt”** means:

- (a) A monetary liability or obligation on a municipality by:
  - a financing agreement, note, debenture, bond or overdraft; and
  - the issuance of municipal debt instruments.
- (b) A contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

**“Municipality”** means Ugu District Municipality

**“Security”** means any mechanism intended to secure the interest of a lender or investor and includes any of the mechanisms mentioned.

**“Short term debt”** means debt that is repayable over a period not exceeding one (1) year.

## **2. Purpose**

The purpose of this Policy is to establish a borrowing framework for the Municipality and to set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds, in order to:

- 2.1. Manage interest rate and credit risk exposure;
- 2.2. Maintain debt within specified limits and ensure adequate provision for the repayment of debt;
- 2.3. Ensure compliance with all Legislation and Council policy governing borrowing of funds.

## **3. Legislative Framework**

All borrowings made by the Municipality shall be subject to the requirements of the Local Government: Municipal Finance Act, 2003 ( "the MFMA") and the Municipal Regulations on Debt Disclosure ( "the Disclosure Regulations") made there under and published under GN R 492 in Government Gazette 29966 of 15 June 2007.

## **4. Types of Debt**

- 4.1. This Policy applies to the debt incurred by the Municipality through the issue of municipal debt instruments or in any other way.
- 4.2. Without derogating from the generality of the preceding subparagraph, this policy will apply:
  - 4.2.1. To any debt, whether short -term or long term;
  - 4.2.2. To any debt incurred pursuant to any financing agreement, which includes any of the following agreements under which the Municipality undertakes to repay a long-term debt over a period of time:
    - 4.2.2.1. Loan agreements;
    - 4.2.2.2. Leases;
    - 4.2.2.3. Instalment purchase contracts;
    - 4.2.2.4. Hire purchase arrangements;
  - 4.2.3. To any debt created by the issuance of municipal debt instruments, including:
    - 4.2.3.1. Any note;
    - 4.2.3.2. Bond; or
    - 4.2.3.3. Debenture; and

- 4.2.4. To any contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

## **5. Principles Guiding Borrowing Practices**

The following principle shall guide the borrowing practices of the Municipality, namely:

- 5.1. Risk Management: The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure;
- 5.2. Cost of Borrowings : The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation;
- 5.3. Prudence: Borrowings shall be made with care, skill, prudence and diligence. To this end, officials of the Municipality are required to:
- 5.3.1. adhere to this policy, and other procedures and guidelines;
  - 5.3.2. exercise due diligence;
  - 5.3.3. prepare all reports in a timely fashion;
  - 5.3.4. ensure strict compliance with all Legislation and Council policy.

## **6. Factors to be taken into account when borrowing**

- 6.1. The Municipality shall take into account the following factors when deciding whether to incur debt:
- 6.1.1. the type and extent of benefits to be obtained from the borrowing;
  - 6.1.2. the length of time the benefits will be received;
  - 6.1.3. beneficiaries of the acquisition or development financed by the debt;
  - 6.1.4. the impact of interest and redemption payments on both current and forecast income;
  - 6.1.5. the current and future capacity of the Municipality's revenue base to pay for borrowings;

- 6.1.6. other current and projected sources of funds;
  - 6.1.7. likely movements in interest rates for variable rate borrowings;
  - 6.1.8. competing demands for funds;
  - 6.1.9. timing of money market interest rate movements and the long term rates on the interest rate curve.
- 6.2. The Municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.

## **7. Sources of Borrowings**

- 7.1. Subject to any particular determination of the Council of the Municipality, the Municipality may enter into financing agreements with:
- 7.1.1. Registered South African Banks;
  - 7.1.2. The Development Bank of Southern Africa;
  - 7.1.3. Vendors of goods acquired under instalment purchase contracts or hire purchase arrangements;
  - 7.1.4. Any other institution approved by the Council from time to time.
- 7.2. Unless the Council of the Municipality specifically determines otherwise, the Municipality shall not incur any debt by the issuance of any municipal debt instruments.

## **8. Short-term Debt**

- 8.1. The Municipality may incur short –term debt only in accordance with and in the circumstances contemplated in Section 45 of the MFMA.
- 8.2. In particular, the provisions of section 45 (1) of the MFMA must be noted, these requiring that the Municipality may incur short –term debt only when necessary to bridge:
- 8.2.1. Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year;  
or
  - 8.2.2. Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

8.3. Furthermore, as required by section 45 (4) of the MFMA, the Municipality must pay off short term debt within the financial year.

## **9. Overdraft Facility**

9.1. Overdraft facilities are regulated by Section 45(3) of the MFMA.

## **10. Long Term Debt**

10.1. The Municipality may incur long-term debt only in accordance with and in the circumstances contemplated in Section 46 of the MFMA.

10.2. Long-term debt may be incurred only for the purposes contemplated in Section 46(1) of the MFMA, namely:

10.2.1. Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government, as set out in Section 152 of the Constitution; or

10.2.2. Re-financing existing long term debt, subject to section 46(5).

## **11. Council approval**

Sections 45(2) and 46(2) require that short-term debt and long-term debt respectively may be incurred only if:

11.1. A resolution of the Council, signed by the Mayor, has approved the debt agreement;

11.2. The Accounting Officer has signed the agreement or other document which creates or acknowledges the debt.

## **12. Refinancing**

12.1. Short-term debt may not be renewed or refinanced where that would have the effect of extending the short-term debt into a new financial year.

12.2. The Municipality may borrow in order to refinance long-term debt subject to the conditions contained in Section 46(5) of the MFMA.



**13. Early repayment of loans**

- 13.1. No loans will be repaid before due date unless there is a financial benefit to the Municipality.
- 13.2. The Municipality shall therefore assess the nature and extent of any benefits of early repayment before it makes any such early repayment.
- 13.3. Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the assessment.

**14. Debt Repayment Period**

- 14.1. As far as is practical, cognisance must be taken of the useful lives of the underlying assets to be financed by the debt for purposes of determining the duration of the debt.
- 14.2. Should it be established that it is cost effective to borrow the funds for a duration shorter than that of the life of the asset, the Municipality should endeavour to negotiate terms for the loan agreement on a shorter duration.

**15. Provision for Redemption of Loans**

- 15.1. The Municipality may set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan.
- 15.2. Such sinking funds may be invested directly with the Lender's Bank.
- 15.3. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

**16. Non-Repayment or Non-Servicing of Loan**

- 16.1. The Municipality must honour all its loan obligations.
- 16.2. Failure to effect prompt payment may jeopardise the Municipality's credit rating and adversely affect the ability of the Municipality to raise loans in the future loans at favourable interest rates.

16.3. In addition to ensuring the timely payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements, including, in particular, the following where applicable:

- 16.3.1. furnishing audited annual financial statements;
- 16.3.2. maintaining long-term credit rating;
- 16.3.3. reporting of material changes in financial position of the Municipality.

#### **17. Borrowing for Investment Prohibited**

The Municipality shall not under any circumstances borrow funds for the purposes of investing them.

#### **18. Security**

18.1. Section 48 of the MFMA provides that the Municipality may provide security for any of its debt obligations in any of the forms referred to in Section 48(2).

18.2. Such security shall be given only pursuant to a resolution of the Council, which resolution must comply with the provisions of Section 48(3), (4) and (5) of the MFMA.

#### **19. Disclosure**

19.1. Section 49 of the MFMA requires that any person involved in the borrowing of money by a municipality must, when interfacing with a prospective lender or when preparing documentation for consideration by a prospective investor Any Official involved in the securing of loans by the Municipality must, when interacting disclose all relevant information in that persons possession or within that person's knowledge that may be material to the decision of that lender or investor, and take reasonable care to ensure the accuracy of any information disclosed.

19.2. In addition the Disclosure Regulations establish detailed requirements for the disclosure of information to prospective lenders and investors. Regulations 2, 3, 4, 5, 15, 16 and 17 are of particular importance to the Municipality, given the nature of the borrowings which it intends to make.

**20. Guarantees**

The Municipality may issues guarantees only in accordance with the provisions of Section 50 of the MFMA.

**21. Internal Control**

The Accounting Officer shall ensure that mechanisms, procedures and systems are put in place to ensure that:

- 21.1. Duties are separated in order to prevent fraud, collusion and other misconduct;
- 21.2. loan agreements and contracts are kept in proper safe custody;
- 21.3. there is a clear delegation of duties relating to the borrowing process;
- 21.4. senior officials check and verify all transactions;
- 21.5. transactions and repayments are properly documented;
- 21.6. a Code of ethics and standards is established and adhered to;
- 21.7. procedures relating to the borrowing process are established.

**22. National Treasury Reporting and Monitoring Requirements**

The Municipality shall promptly submit all returns and reports relating to borrowings as required by National Treasury, including reports on the Municipality's external interest paid each month, and the quarterly itemization of all of its external borrowings.

**23. Other Reporting and Monitoring Requirements**

- 23.1. The Municipality shall on a monthly basis perform the following control and reporting functions relevant to borrowings:
  - 23.1.1. Reconciliation of bank accounts;
  - 23.1.2. Payment requisition verification and authorization;
  - 23.1.3. Completion of South African Reserve Bank returns;
  - 23.1.4. Maintain schedule of payment dates and amounts;
  - 23.1.5. Complete National Treasury Cash Flow returns;
  - 23.1.6. Submission of particulars of borrowings as required by Section 71 of MFMA;
  - 23.1.7. Perform analysis of ratios;
  - 23.1.8. Scrutinise loan agreements to ensure compliance with loan covenants.

23.2. The Municipality shall on a quarterly basis perform the following control and reporting functions relevant to borrowings:

23.2.1. Submit National Treasury Borrowings return

23.2.2. Prepare debt schedules for reporting to the Executive Committee.

#### **24. Related Policies**

This Policy must be read in conjunction with the following other policies of the Municipality:

24.1. Budget Process Policy;

24.2. Cash Management and Investment Policy;

24.3. Virement Policy.

#### **25. Municipal Manager to Implement Policy**

The Municipal Manager, as Accounting Officer of the Municipality, shall be responsible for implementing this Policy, provided that he or she may delegate in writing any of his or her powers under this Policy to any other official of the Municipality.

#### **26. Effective Date**

The Policy shall come to effect upon approval by Council.

#### **27. Policy Adoption**

This revised Policy replaces the current Policy; it has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

**Appendix A**

**DISCLOSURE REGULATIONS**

**WATER AND SANITATION TARIFF POLICY**  
**UGU DISTRICT MUNICIPALITY**



**WATER and SANITATION TARIFF POLICY****Contents**

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MISSION  
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THE COST OF WATER  
THE COST OF BULK WATER  
THE CAPITAL COST OF INFRASTRUCTURE AND OF OPERATING AND MAINTENANCE  
TARIFFS AND CHARGES  
FREE BASIC WATER SERVICES  
BASIC WATER SERVICES AND COMMUNITY PARTICIPATION  
LOCAL MUNICIPALITIES  
WATER AND SANITATION TARIFFS  
WATER TARIFFS  
MISCELLANEOUS CHARGES  
WATER SUPPLIED BY TANKER CHARGES  
SANITATION TARIFFS  
CONSERVANCY TANKS  
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OTHER CHARGES  
WATER AND SANITATION QUOTA ACQUISITION  
INTERNAL CHARGES FOR WATER AND SANITATION  
WATER SERVICES AVAILABILITY CHARGE



# WATER and SANITATION TARIFF POLICY

## VISION

A place where everyone benefits equally from socio-economic opportunities and services.

## MISSION

To create an enabling environment for social and economic development resulting in the provision of quality drinking water and access to decent sanitation by ensuring community participation and co-ordination of the public and private players.

## THE LEGAL CONTEXT

The Constitution provides that everyone is entitled to a healthy lifestyle and to water, and that is taken further in the Water Services Act which, in section 3(1), states that everyone has a right of access to a basic water supply and to basic sanitation, both collectively referred to as water services.

A basic water supply means access to the prescribed minimum standard of water supply services necessary for the reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene.

Basic sanitation means access to the prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic wastewater and sewage from households, including informal households.

## THE FUNDAMENTAL PRINCIPLE FOR PROVISION OF WATER SERVICES

The Ugu District Municipality will strive to provide water services to all persons who reside, work or visit its area of jurisdiction in a manner that is economically and financially sustainable. In other words, water services will be provided within a framework of fiscal discipline and a balanced budget.

## THE COST OF WATER

The cost of water services to the consumer is largely determined by three factors:

- a) the cost of bulk water,
- b) the capital cost of the infrastructure required, and
- c) the cost of operating and maintaining the infrastructure.

By the application of efficient and cost effective measures, the Ugu District Municipality will be able to extend the provision of water services to the maximum number of people in fulfilment of its legislative mandate.

## THE COST OF BULK WATER

The Ugu District Municipality will take ongoing measures to acquire bulk water supplies at the most economical cost without sacrificing quality. To this end it will constantly monitor the performance and costs of its suppliers and will, where appropriate, rationalize the acquisition of bulk water.





## WATER and SANITATION TARIFF POLICY

### THE CAPITAL COST OF INFRASTRUCTURE AND OF OPERATING AND MAINTENANCE

The cost of operating and maintaining a water services scheme, whether it be for the provisions of water supply services or sanitation services, is directly related to the type of infrastructure established for any such scheme. Consequently, if the fundamental principle for the provision of water services is to be applied, the nature and quality of any required infrastructure must be commensurate with:

- a) the ability of the Ugu District Municipality to afford such infrastructure, even on a loan basis,
- b) the ability of the community to whom water services are to be provided to pay the costs of the infrastructure and, subsequently, the operation and maintenance of the scheme through the imposition of tariffs.

### TARIFFS AND CHARGES

The Water Services Act and the Ugu District Municipality's Water Services By-Laws set out the basis on which tariffs for water services are to be determined. Furthermore, the Water Services Act empower the Minister of Water Affairs to provide guidelines which must be followed in setting tariffs. The Ugu District Municipality will apply the provisions of the Act and the By-Laws, and adhere to the Minister's guidelines, and accepts as a principle that tariffs will always be kept to a minimum commensurate with the fundamental principle and the notion of cross subsidization and sharing set out in this policy document.

### FREE BASIC WATER SERVICES

The Ugu District Municipality fully supports the National Government's Policy on providing free basic services to the poorer section of the community.

All consumers who are entitled to free basic services in terms of Ugu's basic services policy, will forfeit their right to the free basic services should their water account appear on the debt collection list.

### BASIC WATER SERVICES AND COMMUNITY PARTICIPATION GENERALLY

Although the Water Services Act defines basic water services which are set out above in paragraph 3, the Ugu District Municipality believes that adequate and effective water services will contribute significantly to the health and quality of life of the people in its area of jurisdiction. Thus, as part of its mandate as a development agency, and as part of the integrated development plan for the municipality, the Ugu District Municipality will strive to bring water services to every corner of its area in a way which will not only provide basic water services as defined in the Act, but which will meaningfully contribute to the improvement of the health and quality of life of all people.

### LOCAL MUNICIPALITIES

The National Constitution, as well as the legislation constituting local government and providing for its successful operation requires all levels of government to work co-operatively. The nature of local government in South Africa gives district and local municipality's jurisdiction over the same spatial area and the same people. In the interests of good governance and efficient service provision, district and local municipalities must work together for the mutual benefit of their common beneficiaries. The Ugu Municipality pledges itself to work closely with local municipalities in its area within the legislative framework applicable, in the provision of water services.



# WATER and SANITATION TARIFF POLICY

## WATER AND SANITATION TARIFFS

### WATER TARIFFS

1. All consumers who fall in the group who qualify for Free Basic Water in terms of Ugu's Free Basic Services Policy will receive a credit for water usage of 200 litres per day allocated to that consumer.
2. Basic Charges be levied to all consumers in terms of the Water Services By-laws.
3. A special category for Industrial consumers using more than 350Kl per day be given a reduced tariff as per Service Level Agreement.
4. A stepped tariff based on the quota allocation shall be implemented as approved by Council from time to time.

In terms of the Municipal By-Laws Ugu will hold the owner liable for all debts incurred on the property in the event of any costs not being recovered from the tenant for Water and Sanitation charges

Public notice of every tariff and charges adopted or ratified by the authority shall be given and such tariff notice and charges shall apply to all applicable consumers from a date 30 days after the publication of such notice, provided that the expense of such public notice shall be borne by the authority or authorised provider responsible for the application of the tariffs and charges

### MISCELLANEOUS CHARGES

As per existing tariff of charges

### WATER SUPPLIED BY TANKER CHARGES

Water supplied by tankers to be charged as per tariffs approved by Council.

NB: Subject to availability during normal working hours.

### SANITATION TARIFFS

The sanitation charges consist of the following components

- a) Conservancy Tanks – Residential and Commercial;
- b) Septic Tanks;
- c) Water Borne Sewerage.

### CONSERVANCY TANKS

#### RESIDENTIAL and COMMERCIAL

The tariff for any conservancy tank customers shall comprise of a basic fixed charge, a consumption charge and a charge for each additional draw requested. Adhoc meaning any property not linked to the monthly conservancy tank charges (not basic conservancy tank charges). This tariff is not applicable to commercial properties where there is no mainline available.

Properties linked to monthly conservancy tank charges (not basic conservancy tank charges) will be entitled to one draw per month non-cumulative. Such monthly draw will only be done at least once per month or at



## WATER and SANITATION TARIFF POLICY

the request of the Any draws requested and done on a public holiday; week-end and after 3pm on a week-day shall be levied an after-hours tariff for conservancy tank draws.

Any property where there is mainline availability but property is using a conservancy will be charged both for mainline; as if connected; and also as an adhoc conservancy tank customer in (a) above.

### SEPTIC TANKS

Not serviced by Ugu District Municipality unless in emergency cases where a tariff will be charged at a cost plus 10%. (Except where a formal agreement is in place.)

### WATERBORNE

Sewerage Availability Charge: To be raised where consumers can connect into sewer mains.

- a) Basic Sanitation Tariff
- b) Consumption charge as per tariff of charges

### OTHER CHARGES

All sanitation related charges not mentioned will be at cost plus 10%

### WATER AND SANITATION QUOTA ACQUISITION

The acquisition of quota charges for Water and Sanitation will be increased annually by the percentage determined by Council.

All quota applications will be assessed individually and amounts payable will be determined according to availability of capacity in the system at time of assessment.

The amounts payable will be as approved by Council annually.

In all cases the developer will be responsible to install the reticulation within the development according to Ugu standards.

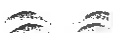
The acquisition of quota charges will be raised to install bulk services in addition to the laying of the reticulation: -

A developer may be required to pay Council all cost involved in extending any existing service based on cost plus 10%.

The above charges will be applicable to all developments

### INTERNAL CHARGES FOR WATER AND SANITATION

The Water Services Section are to zero rate any Water and Sanitation charges for all Ugu buildings. For record purposes accounts are to be submitted to the respective General Managers.



# WATER and SANITATION TARIFF POLICY

## 6. WATER SERVICES AVAILABILITY CHARGE

Payable on all properties including vacant properties as determined by Council from time to time.

### Records of Approval

Top Management		
EXCO		
<b>Revision 1</b>		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		



**UGU DISTRICT MUNICIPALITY**

**ASSETS MANAGEMENT POLICY**

## 1. INTRODUCTION

Asset Management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets. Ugu District Municipality should use assets to affect efficient and effective service delivery to the community within the Ugu District.

The purpose of the Asset Management Policy is to govern the management of assets owned by Ugu District Municipality (both operationally and financially) to ensure that they are managed, controlled, safeguarded, and used in an efficient and effective manner.

## 2. DEFINITIONS

**2.1. Accounting Standards Board** means the board established in terms of section 87 of the Public Finance Management Act (PFMA). The section refers to the function of the board, which is to establish standards of Generally Recognised Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa

**2.2. Assets** are resources controlled by an entity as the result of past events and from which future economic benefits or future service potential are expected to flow to the entity.

**2.3. Asset Manager** is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the municipality's assets in accordance with the council's standards, policies, procedures, and guidelines.

**2.4. Infrastructure** means assets that usually display some or all of the following characteristics

- 2.4.1. they are part of a system or network;
- 2.4.2. they are specialised in nature and do not have alternative uses;
- 2.4.3. they are immovable; and
- 2.4.4. they may be subject to constraints on disposal
- 2.4.5. Examples of infrastructure assets include road networks, sewer systems, water
- 2.4.6. and power supply systems and communication networks

**2.5. Investment properties**—are defined as properties that are acquired for economic and capital gains. Examples are leased office buildings and underdeveloped land acquired for the purpose of resale in future years.

**2.6. Attractive items** are items of property, plant or equipment that are not significant enough for financial recognition but are attractive enough to warrant special safeguarding.

**2.7. Capitalization** is the recognition of expenditure as an Asset in the Financial Asset Register.

**2.8. Carrying amount** is the amount at which an asset is included in the balance sheet after deducting any accumulated depreciation thereon. is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses

**2.9. Cost** is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

**2.10. Cost of acquisition"** is all the costs incurred in bring an item of plant, property or equipment to the required condition and location for its intended use.

**2.11. Component** is a part of an asset with a significantly different useful life and significant cost in relation to the rest of the main asset. Component accounting requires that each such part should be separately accounted for and is treated separately for depreciation, recognition and derecognition purposes. it is also referred to as separately depreciable parts

- 2.12. Depreciation** is the systematic allocation of the depreciable amount of an asset over its useful life.
- 2.13. Depreciable amount** is the cost of an asset, or other amount of an asset, or other amount substituted for cost in the financial statements, less its residual value.
- 2.14. Economic Life** is either:
- 2.14.1.** the period over which an asset is expected to yield economic benefits or service potential to one or more users, or
  - 2.14.2.** the number of production or similar units expected to be obtained from the
  - 2.14.3.** asset by one or more users
- 2.15. Enhancement/Rehabilitation** is an improvement or augmentation of an existing asset (including Separately depreciable parts) beyond its originally recognised service potential for example, remaining useful life, capacity, quality, and functionality
- 2.16. Fair value** is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.
- 2.17. Financial asset register** is the controlled register recording the financial and other key details for all municipal assets recognized in accordance with this policy.is a record of information on each asset that supports the effective financial and technical management of the assets, and meets statutory requirements.
- 2.18. Financially Sustainable**, in relation to the provision of a municipal service, means the provision of a municipal service in a manner aimed at ensuring that the financing of that service from internal and external sources, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of—the initial capital expenditure required for the service; operating the service; and maintaining, repairing and replacing the physical assets used in the provision of the service 6
- 2.19. Property, plant, and equipment** are tangible assets that: *Are held by a municipality for use in the production of goods or supply of goods or services, for rental to others, for administrative purpose, and are expected to be used during more than one period.*
- 2.20. Recoverable amount** is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.is the higher of a cash-generating asset's or units net selling price and its value in use.
- 2.21. Recognition** is the process by which expenditure is included in the Financial Asset Register as an asset.
- 2.22. Recognition** is the process of incorporating in the statement of financial position or statement of financial performance an item that meets the definition of an element (of financial statements) and satisfies the criteria for recognition, namely:
- 2.22.1.** It is probable that any future economic benefit or service potential associated with the item will flow to or from the entity and
  - 2.22.2.** The item has a cost or value that can be measured reliably
- 2.23. Refurbishment/Maintenance** to an asset will restore or maintain the originally assessed future economic benefits or service potential that an entity can expect from an asset and is necessary for the planned life to be achieved
- 2.24. Residual value** is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life

- 2.25. Remaining Useful Life** is the time remaining (of the total estimated useful life) until an asset ceases to provide the required service level or economic usefulness
- 2.26. Service Potential** is a tangible capital asset's output or service capacity, normally determined by reference to attributes such as physical output capacity, quality of output, associated operating costs and useful life
- 2.27. Stewardship** is the act of taking care of and managing property, plant or equipment on behalf of another.
- 2.28. Useful life** is either:
- 2.28.1.** *The estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, or*
  - 2.28.2.** *The estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality.*

### **3. POLICY OBJECTIVES**

- 3.1.** To ensure the effective and efficient control, utilization, safeguarding and management of Ugu District Municipality's property, plant, and equipment.
- 3.2.** To ensure Senior managers are aware of their responsibilities in regards of infrastructure assets.
- 3.3.** To set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.
- 3.4.** To specify the process required before expenditure on property, plant and equipment occurs.
- 3.5.** To prescribe the accounting treatment for property, plant and equipment in Ugu District Municipality including:
  - 3.5.1.** The criteria to be met before expenditure can be capitalised as an item of property, plant, and equipment,
  - 3.5.2.** The criteria for determining the initial cost of the different items of property, plant, and equipment,
  - 3.5.3.** The method of calculating depreciation for different items of property, plant, and equipment,
  - 3.5.4.** The criteria for capitalising subsequent expenditure on property, plant, and equipment,
  - 3.5.5.** The policy for scrapping and disposal of property, plant, and equipment,
  - 3.5.6.** The classification of property, plant, and equipment

### **4. PRESCRIPTIVE/LEGAL FRAMEWORK**

- 4.1.** This policy must comply with all relevant legislative requirements including:
  - 4.1.1.** The constitution of the republic of south Africa, 1996
  - 4.1.2.** Municipal systems act, 2000
  - 4.1.3.** Municipal Finance Management Act
- 4.2.** This policy does not over rule the requirements to comply with other policies such as:
  - 4.2.1.** Supply Chain Management Policy
  - 4.2.2.** Asset Management Policy
  - 4.2.3.** Disposal Policy
  - 4.2.4.** Fleet Management Policy
  - 4.2.5.** Insurance Policy
  - 4.2.6.** Security Policy
  - 4.2.7.** Facilities Management Policy



**4.3.** This policy is informed by the four Standards of Generally Recognised Accounting Practice (GRAP), the following standards are components of fixed assets i.e.

- 4.3.1.** Property, Plant and Equipment, GRAP 17
- 4.3.2.** Inventories, GRAP 12
- 4.3.3.** Investment Property, GRAP 16 and
- 4.3.4.** Impairment of Non-cash generating assets, GRAP 21

**4.4.** The Chief Financial Officer will provide guidance or adjust this policy where an apparent conflict exists between this policy and other policies, legislation, or regulations

## **5. POLICY APPLICATION**

**5.1.** This policy applies to all Ugu District Municipality's permanent and temporary employees: internal or external contractors (hereafter referred to as "Users" and "Third Parties") who utilise the Municipality's assets.

## **6. ROLES AND RESPONSIBILITIES**

### **6.1. The Municipal Manager**

- 6.1.1.** is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.
- 6.1.2.** Shall ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- 6.1.3.** Shall ensure that the municipality's assets are valued in accordance with standards of generally recognized accounting practice
- 6.1.4.** Shall ensure that the municipality has and maintains a system of internal control of assets, including an asset register; and
- 6.1.5.** Shall ensure that the General Managers and their departments comply with this policy
- 6.1.6.** Shall ensure that all items of property plant and equipment are insured immediately at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.
- 6.1.7.** Shall recommend to the Council of the Municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Municipality.

### **6.2. The Chief Financial Officer.**

- 6.2.1.** The CFO shall be the custodian of the fixed asset register of the Municipality;
- 6.2.2.** No amendments, deletions or additions to the fixed asset register shall be made other than by the Chief Financial Officer or by an official acting under the written instruction of the Chief Financial Officer.
- 6.2.3.** Appropriate systems system of financial management and internal control are established and carried out diligently around asset management;
- 6.2.4.** Shall ensure that the financial and other resources of the municipality are utilized effectively, efficiently, economically, and transparently;
- 6.2.5.** Shall ensure that any unauthorized, irregular, or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- 6.2.6.** Shall provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the Fixed Asset Register.
- 6.2.7.** Shall ensure that financial processes are established and maintained ensure the municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- 6.2.8.** Shall ensure that the municipal manager is appropriated advised on the exercise of powers and duties pertaining to the financial administration of assets;
- 6.2.9.** Shall ensure that this policy and any supporting procedures or guidelines are established, maintained, and effectively communicated

**6.3. Asset Manager:**

- 6.3.1. Shall ensure that complete asset registers kept, verified, and balanced regularly.
- 6.3.2. Shall ensure that all movable and immovable assets are properly bar coded and accounted for.
- 6.3.3. Shall ensure that quarterly physical verification for movable assets are conducted
- 6.3.4. Shall ensure that annual physical verification for immovable assets are conducted.
- 6.3.5. Shall ensure that adequate bar codes and equipment to exercise the function relating to asset management is available at all times.
- 6.3.6. Shall ensure that all assets are insured in accordance with the Insurance Policy.
- 6.3.7. Shall ensure that the Fixed Asset Register is balanced quarterly and annually with the general ledger and the Trial balance/financial statements.
- 6.3.8. Shall ensure that the relevant information relating to the calculation of depreciation is obtained from the departments and provided to the Budget Treasury Office department in the prescribed format.
- 6.3.9. Shall ensure that asset acquisitions are allocated to the correct asset code.
- 6.3.10. Shall ensure that, before accepting an obsolete or damaged asset, a completed asset disposal form, counter signed by the Asset Management Section, is presented.
- 6.3.11. Shall ensure that a verifiable record is kept of all obsolete, damaged, and unused asset or asset inventory items received from all the departments.
- 6.3.12. shall issue an asset control sheet which shall serve as a control register for all moveable assets of the Municipality. The responsible official shall sign the asset control sheet to confirm the receipt and custody of the list of assets in their offices.
- 6.3.13. Shall compile a list of the items to be auctioned in accordance with the Supply Chain Management (SCM) Policy.
- 6.3.14. Shall compile and circulate a list of unused movable assets to enable other departments to obtain items that are of use to them.
- 6.3.15. Shall ensure that the SCM unit is notified of any auctioning or disposing of written-off asset.

**6.4. General Managers**

- 6.4.1. Shall ensure that employees in their departments adhere to the approved Asset Management Policy.
- 6.4.2. Shall ensure that an assets coordinator with delegated authority has been nominated to implement and maintain physical control over assets in the department. The Asset Management Section must be notified of who the responsible person is. Although authority has been delegated the responsibility to ensure adequate physical control over each asset remains with the general manager.
- 6.4.3. Shall ensure that employees who contravenes the operational procedure or who use the municipal assets negligence and for their personal gain are disciplined accordingly.
- 6.4.4. shall be directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.
- 6.4.5. In exercising this responsibility, shall adhere to any written directives issued by the Municipal Manager to the Department in question, or generally to all Departments, in regard to the control of or safekeeping of the Municipality's fixed assets.

**6.5. General Manager responsible for Infrastructure Assets.**

- 6.5.1. Shall ensure that a maintenance policy is approved and properly implemented.
- 6.5.2. Shall develop a maintenance plan for the infrastructure assets for their section.
- 6.5.3. Shall ensure that their departments had implemented operational procedures.
- 6.5.4. Shall ensure that assets are properly maintained in accordance with the maintenance policy.
- 6.5.5. Shall ensure that the assets of the council are not used for private gain.
- 6.5.6. Shall ensure that all their movable assets as reflected on the Fixed Asset Register and are bar coded where possible.
- 6.5.7. Shall ensure that the Asset Management Section is notified of any changes in the status of the assets under the department's control.

- 6.5.8. Shall certify in writing that they have assessed and identified impairment losses on all assets at year end.
- 6.5.9. Shall ensure that all obsolete and damaged asset items, accompanied by the relevant asset form and attached disposal forms, are handed in to the Asset Management Section without delay.
- 6.5.10. Shall ensure that the correct cost element and description are being used before authorizing any requisitions.
- 6.5.11. Shall assist during the annual physical verification of infrastructure assets including the land and building.
- 6.5.12. Shall develop an infrastructure assets management plan for their department such as Water supply, Sanitation, Solid waste, and other Properties.
- 6.5.13. Shall unbundled or componentized and assign estimated useful life to each component of all completed projects during the financial year and submit the componentized list to the Asset Management Unit for updating the asset register.
- 6.5.14. Shall sign and date declarations stating that the list of componentized assets for their departments is complete & accurate except for the discrepancies as reported to Asset Management Unit.

#### **6.6. All Municipal Personnel**

- 6.6.1. Shall ensure that assets assigned to them are utilized effectively, efficiently, economically, and transparently
- 6.6.2. Shall ensure that the assets of the municipal are not used for private gain
- 6.6.3. Shall notify the assets coordinators and assets management section of all obsolete, damaged, and stolen assets, without delay.
- 6.6.4. Shall make available the assets under their possession for verification by the assets management unit quarterly and annually.
- 6.6.5. Shall ensure that all assets under their possession are properly bar-coded.
- 6.6.6. Shall ensure that on termination of service they returned the assets to their supervisors and complete a termination assets clearance form.
- 6.6.7. Shall notify the asset coordinators and assets management unit of the movement and transfer of assets assigned to them by completing an assets transfer form.
- 6.6.8. Shall ensure that they comply with the operational procedures.

### **7. POLICY PRINCIPLES: ASSET MANAGEMENT PART**

#### **7.1. Pre-Acquisition Planning:**

- 7.1.1. Before a capital project is included in the budget for approval, the senior manager of the relevant department must demonstrate that they have considered:
- 7.1.2. The projected cost over all the financial years until the project is operational;
- 7.1.3. The future operational costs and revenue on the project, including tax and tariff implications;
- 7.1.4. The financial sustainability of the project over its life including revenue generation and
- 7.1.5. The physical and financial stewardship of that asset through all stages in its life including acquisition, installation, maintenance, operations, disposal, and rehabilitation;
- 7.1.6. The inclusion of this capital project in the integrated development plan and future budgets:
- 7.1.7. The chief financial officer is accountable to ensure the senior manager of the relevant department receives all reasonable assistance, guidance, and explanation to enable them to achieve their planning requirements.

#### **7.2. Approval to Acquire Property Plant and Equipment:**

- 7.2.1. Money can only be spent on a capital project if:
  - 7.2.1.1. The money has been appropriated in the capital budget,
  - 7.2.1.2. The project, including the total cost, has been approved by the council,

- 7.2.1.3. The CFO confirms that funding is available for that specific project, and
- 7.2.1.4. Any contract that will impose financial obligations beyond two years after the budget year must be appropriately disclosed.
- 7.2.1.5. Acquisition of the Assets will then follow the normal process of the Supply Chain
- 7.2.1.6. Management Policy and Procedures

### **7.3. Funding of capital projects**

Within the municipality's on-going financial, legislative, or administrative capacity, the chief financial officer will establish and maintain the funding strategies that optimise the municipality's ability to achieve its Strategic objectives as stated in the integrated development plan.

### **7.4. Disposal of property plant and equipment**

- 7.4.1. The municipality may dispose of an asset in line with the Asset Disposal Policy

### **7.5. Establishment and Management of the Financial Asset Register**

- 7.5.1. The Chief Financial Officer will establish and maintain the Asset Register containing key financial data on each item of Property, Plant or Equipment that satisfies the criterion for recognition. Asset Manager are responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.
- 7.5.2. The Asset Manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition all assets in the registers.

### **7.6. Contents of the Financial Asset Register**

- 7.6.1. The fixed asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of Generally Recognised Accounting Practice (GRAP) and any other accounting requirements which may be prescribed.
- 7.6.2. The fixed asset register shall reflect at least the following information:
  - 7.6.2.1. A brief but identifiable description of each asset
  - 7.6.2.2. classification of each asset
  - 7.6.2.3. the date on which the asset was acquired for use
  - 7.6.2.4. the location of the asset
  - 7.6.2.5. the departments within which the assets will be utilized
  - 7.6.2.6. the responsible person for this asset
  - 7.6.2.7. the title deed number, in the case of fixed property
  - 7.6.2.8. the stand number, in the case of fixed property
  - 7.6.2.9. a unique identification number
  - 7.6.2.10. the original cost or fair value if no costs are available
  - 7.6.2.11. the (last) effective date of revaluation of the fixed assets subject to revaluation
  - 7.6.2.12. the revalued value of such fixed assets
  - 7.6.2.13. the valuer who did the (last) revaluation
  - 7.6.2.14. accumulated depreciation to date
  - 7.6.2.15. the carrying value of the asset
  - 7.6.2.16. whether this is a cash or non-cash generating asset
  - 7.6.2.17. the method and, where applicable, the rate of depreciation
  - 7.6.2.18. impairment losses
  - 7.6.2.19. impairment recovery
  - 7.6.2.20. the source of financing

- 7.6.2.21. whether the asset is required to perform basic municipal services;
- 7.6.2.22. the date on which the asset is disposed of
- 7.6.2.23. the disposal proceeds
- 7.6.2.24. the date on which the asset is retired from active use, and held for disposal
- 7.6.2.25. the residual value of each asset
- 7.6.2.26. measurement model

7.6.3. An asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as Work-In-Progress until it is available for use, where after it shall be appropriately capitalised as an asset.

7.6.4. An asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing off such an asset.

### 7.7. Physical Verification of all assets

7.7.1. The Asset Management Section shall conduct a physical verification quarterly for movable assets and annually for immovable assets.

7.7.2. The cooperation of all Municipal personnel shall be required in accomplishing the physical Verification task in attempt to minimize the time demanded of them.

7.7.3. The designated officials in the different Departments within municipality must execute the functions listed below:

7.7.3.1. Ensure that the bar code number and location number are reflected on the asset movement form by the relevant official on the receipt of the asset. Where applicable, the serial number or registration number should be included

7.7.3.2. Complete the asset movement form when transfers occur and forward the completed original form to Asset Management Section.

7.7.3.3. Ensure that a completed asset disposal form is submitted when an asset item is disposed of after the necessary approval has been obtained.

### 7.8. Classification, aggregations & components

#### 7.8.1. Classification of Assets

7.8.1.1. Assets that meet the definition and the recognition criteria shall be capitalized in the fixed assets register and be classified as follows

7.8.1.2. Property Plant and equipment if its meet the definition of property plant and equipment as per GRAP 17,

7.8.1.3. Intangibles assets if its meet the definition of an intangible assets as GRAP 102,

7.8.1.4. Investment properties if it's the definition of the investment properties as per GRAP 16

#### 7.8.2. Major Component

7.8.2.1. The Asset Manager may, with agreement of the Chief Financial Officer, treat specified major Components of an item of property plant or equipment as a separate asset for the purposes of this Policy.

7.8.2.2. These major components may be defined by its physical parameters or its financial parameters.

7.8.2.3. In agreeing to these treatments, the CFO must be satisfied that these components:

7.8.2.3.1. *Have significantly a different useful life or usage pattern to the main asset,*

- 7.8.2.3.2. *Align with the asset management plans,*
  - 7.8.2.3.3. *The benefits justify the costs of separate identification,*
  - 7.8.2.3.4. *It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality,*
  - 7.8.2.3.5. *The cost of the asset to the municipality can be measured reliably,*
  - 7.8.2.3.6. *The municipality has gained control over the asset,*
  - 7.8.2.3.7. *The asset is expected to be used during more than one financial year.*
- 7.8.2.4. Once a major component is recognized as a separate asset, it may be acquired, depreciated, and disposed of as if it were a separate asset.
- 7.8.2.5. All other replacements, renewals of refurbishments of components will be expensed.

## **8. POLICY PRINCIPLES: ACCOUNTING POLICY PART:**

### **8.1. Recognition of Assets**

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- 8.1.1. it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
- 8.1.2. the cost or fair value of the item can be measured reliably

### **8.2. Measurement at recognition.**

- 8.2.1. An item of assets that qualifies for recognition as an asset shall be measured at its cost.
- 8.2.2. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

### **8.3. Elements of cost**

The cost of an item of property, plant and equipment comprises:

- 8.3.1. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- 8.3.2. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- 8.3.3. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- 8.3.4. Examples of directly attributable costs are:
  - 8.3.4.1. Costs of employee benefits (as defined in the Standard of Generally Recognised Accounting Practice on *Employee Benefits*) arising directly from the construction or acquisition of the item of property, plant, and equipment,
  - 8.3.4.2. costs of site preparation,
  - 8.3.4.3. initial delivery and handling costs,
  - 8.3.4.4. installation and assembly costs,
  - 8.3.4.5. costs of testing whether the asset is functioning properly, after deducting net proceeds from selling any items produced while bringing the asset to that location and condition
  - 8.3.4.6. Professional fees.

### **8.4. Measurement after recognition**

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses

- 8.4.1. Each part of an item of property, plant, and equipment with a cost that insignificant in relation to the total cost of the item shall be depreciated separately
- 8.4.2. The depreciation charge for each period shall be recognised in surplus or deficit unless it is included in the carrying amount of another asset.

- 8.4.3. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
- 8.4.4. Depreciation of an asset ceases when the asset is derecognised.
- 8.4.5. Therefore, depreciation does not cease when the asset become idle or is retired from active use held for disposal unless the asset is fully depreciated.
- 8.4.6. The depreciable amount of an asset is determined after deducting its residual value.
- 8.4.7. The residual value for infrastructure assets, Heritage assets, community assets and intangible assets shall be zero at initial measurement.

#### **8.5. Initial determination useful life**

- 8.5.1. The asset management unit needs to determine the useful life of a particular item or class property, plant and equipment through the development of a strategic asset management plan that forecasts the expected useful life that asset. This should be developed as part of the Pre-Acquisition Planning that would consider the following factors:
  - 8.5.1.1.1. The operational, maintenance, renewal and disposal program that will optimize the expect long term costs of owning that asset,
  - 8.5.1.1.2. economic obsolescence because it is too expensive to maintain,
  - 8.5.1.1.3. functional obsolescence because it no longer meets the municipalities needs,
  - 8.5.1.1.4. technological obsolescence,
  - 8.5.1.1.5. social obsolescence due to changing demographics, and
  - 8.5.1.1.6. Legal obsolescence due to statutory constraints

#### **8.6. Rate of depreciation**

- 8.6.1. The Chief Financial Officer shall assign a useful operating life to each depreciable asset recorded on the Municipality's fixed asset register. In determining such a useful life the Chief Financial Officer shall adhere to the useful lives of assets set out in this Policy document. ***Refer to Annexure A: Useful Lives***
- 8.6.2. In the case of an asset which is not listed in useful lives of assets, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the Head of Department who shall control or use the asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

#### **8.7. Review of useful life, depreciation method and the residual value**

- 8.7.1. The useful life, depreciation method and the residual value applied to an asset shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method, useful life and residual value shall be changed to reflect the changed pattern.
- 8.7.2. Such a change shall be accounted for as a change in an accounting estimate in accordance with Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates, and Errors

#### **8.8. Review of depreciation method**

- 8.8.1. The depreciation method applied to an asset shall be reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates, and Errors.

#### **8.9. Alternative methods of depreciation in specific instances**

- 8.9.1. The Chief Financial Officer may employ the sum-of-units method of depreciation in the case of assets which are physically wasted in providing economic benefits or delivering services.
- 8.9.2. The Chief Financial Officer shall only employ this method of depreciation if the Head of Department controlling or using the asset in question gives a written undertaking to the Municipal Manager to provide:
  - 8.9.2.1. estimates of statistical information required by the Chief Financial Officer to prepare estimates of depreciation expenses for each financial year; and
  - 8.9.2.2. actual statistical information, for each financial year.
- 8.9.3. The Head of Department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the Chief Financial Officer.
- 8.9.4. Where the Chief Financial Officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the Chief Financial Officer shall inform the Council of the Municipality of the decision in question.

#### **8.10. *Subsequent expenditure on property plant and equipment***

- 8.10.1. Assets are often modified during their life. There are two main types of modification:
  - 8.10.1.1. **Enhancements / Rehabilitation:**
    - 8.10.1.1.1. This is where work is carried out on the asset that increases its service potential. Enhancements normally increase the service potential of the asset, and or may extend an asset's useful life and result in an increase in value.
    - 8.10.1.1.2. These expenses are not part of the life cycle of the asset. These costs normally become necessary during the life of an asset due to a change in use of the asset or technological advances.
    - 8.10.1.1.3. Disbursements of this nature relating to an asset, which has already been recognized in the financial statements, should be added to the carrying amount of that asset. The value of the asset is thus increased when it is probable that future economic benefits or service potential will flow to the Council over the remaining life of the asset.
    - 8.10.1.1.4. To be classified as capital spending, the expenditure must lead to at least one of the following economic effects:
      - 8.10.1.1.4.1. Modification of an item or plant to extend its useful life, including an increase in its capacity;
      - 8.10.1.1.4.2. Upgrading machine parts to achieve a substantial improvement in the quality of output;
        - 8.10.1.1.4.2.1. Adoption of new production processes enabling a substantial reduction in previously assessed operating costs;
        - 8.10.1.1.4.2.2. Extensions or modifications to improve functionality such as installing computer cabling or increasing the speed of a lift;
      - 8.10.1.1.4.3. Improve the performance of the asset
    - 8.10.1.1.5. Expenditure related to repairs or maintenance of property, plant and equipment are made to restore or maintain the future economic benefits or service potential that a municipality can expect from the asset.
    - 8.10.1.1.6. Refurbishment of works does not extend functionality or the life of the asset, but are necessary for the planned life to be achieved. In such cases, the value



of the asset is not affected, and the costs of the refurbishment are regarded as operating expense in the statement of financial performance.

**8.10.1.2. Maintenance / Refurbishments**

**8.10.1.2.1.** Expenditure related to repairs or maintenance of property, plant and equipment are made to restore or maintain the future economic benefits or service potential that a municipality can expect from the asset.

**8.10.1.2.2.** Refurbishment of works does not extend functionality or the life of the asset, but are necessary for the planned life to be achieved. In such cases, the value of the asset is not affected, and the costs of the refurbishment are regarded as operating expense in the statement of financial performance.

**8.11. IMPAIRMENT OF ASSETS**

**8.11.1.** The Municipality shall assess at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality shall estimate the recoverable service amount of the asset

**8.11.2.** Irrespective of whether there is any indication of impairment, the Municipality shall also test an intangible asset with an indefinite life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

**8.11.3.** In assessing whether there is any indication that an asset may be impaired the Municipality shall consider as a minimum the following indications:

**8.11.4. External indicators**

**8.11.4.1.** Cessation or near cessation of the demand or need for services provided by the asset

**8.11.4.2.** Significant long term changes with an adverse effect on the on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment which the Municipality operates.

**8.11.5. Internal indicators**

**8.11.5.1.** Evidence is available of physical damage of an asset

**8.11.5.2.** Significant long term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future in the extent to which or manner in which the asset is used or expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs or plans to disposes of an asset before the previously expected date

**8.11.5.3.** A decision to halt the construction of the asset before it is complete or in a usable condition

**8.11.5.4.** Evidence is available from internal reporting that indicates that the service performance of an asset is or will be significantly worse than expected

**8.11.6.** The Chief Financial Officer shall amend the useful operating life assigned to any asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

- 8.11.7.** If the value of property plant and equipment has been diminished to such an extent that it has no or a negligible further useful operating life or value such asset shall be fully depreciated in the financial year in which such diminution in value occurs.
- 8.11.8.** Similarly, if an item of property, plant and equipment has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the asset has physically ceased to exist, it shall be written off the fixed asset register.
- 8.11.9.** Every General Manager shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the Department in question is promptly reported in writing to the Chief Financial Officer, to the Internal Auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.
- 8.11.10.** In all the foregoing instances, the additional depreciation expenses shall be debited to the Department or Vote controlling or using the asset in question.

### **8.12. Derecognition Of Assets**

- 8.12.1.** 23.1 The carrying amount of an item of property plant and equipment shall be derecognised:
- 8.12.1.1.** a) On disposal, or
  - 8.12.1.2.** b) When no future economic benefits or service potential are expected from its use or disposal
- 8.12.2.** The gain or loss arising from the derecognition of an item of property plant and equipment shall be included in surplus or deficit when the item is derecognised
- 8.12.3.** The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds if any and the carrying amount of an item.
- 8.12.4.** Every Head of Department shall report in writing to the Manager: Assets all assets controlled or used by the Department concerned which such Head of Department wishes to alienate by public auction. The Manager: Assets shall thereafter consolidate the requests received from the various Departments, and shall promptly report such consolidated information to the Disposal Committee of the Municipality, refer to Disposal Policy.
- 8.12.5.** Once the item of property, plant, and equipment is disposed, the Chief Financial Officer shall delete the relevant records from the fixed asset register.
- 8.12.6.** Transfer of assets to other Municipalities, Municipal Entities (whether or not under the Municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

### **8.13. Other write-offs of assets**

- 8.13.1.** The item of property, plant, and equipment even though fully depreciated shall be written off only on the recommendation of the Head of Department controlling or using the asset concerned, and with the approval of the Council of the Municipality.
- 8.13.2.** Every General Manager shall report to The Manager: Assets any items of property, plant, and equipment which such General Manager wishes to have written off, stating in full the reason for such recommendation. The Manager: Assets shall consolidate all such reports, and shall promptly submit a recommendation to the disposal committee on the assets to be written off.
- 8.13.3.** The only reasons for writing off property, plant and equipment other than the alienation of such assets, shall be the loss, theft, and destruction or material impairment of the asset in question.

- 8.13.4.** In every instance where a not fully depreciated asset is written off, the Chief Financial Officer shall immediately debit to such Department or Vote, as additional depreciation expenses, the full carrying value of the asset concerned

## **9. Financial Disclosure**

- 9.1.** The financial statements shall disclose, for each class of property, plant, and equipment recognised in the financial statements:
- 9.1.1.** the measurement bases used for determining the gross carrying amount,
  - 9.1.2.** the depreciation methods used,
  - 9.1.3.** the useful lives or the depreciation rates used,
  - 9.1.4.** the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period, and
  - 9.1.5.** a reconciliation of the carrying amount at the beginning and end of the period showing:
    - 9.1.5.1.** additions,
    - 9.1.5.2.** disposals,
    - 9.1.5.3.** acquisitions through business combinations,
    - 9.1.5.4.** increases or decreases resulting from revaluations and from impairment losses recognised or reversed directly in net assets under the Standard of GRAP on Impairment of Assets, impairment losses recognised in surplus or deficit in accordance with the Standard of GRAP on Impairment of Assets,
    - 9.1.5.5.** impairment losses reversed in surplus or deficit in accordance with the Standard of GRAP on Impairment of Assets,
    - 9.1.5.6.** depreciation,
- 9.2.** The financial statements shall also disclose for each class of property, plant, and equipment recognised in the financial statements:
- 9.2.1.** the existence and amounts of restrictions on title and property, plant and equipment pledged as securities for liabilities,
  - 9.2.2.** the amount of expenditures recognised in the carrying amount of an item of property, plant, and equipment in the course of its construction,
  - 9.2.3.** the amount of contractual commitments for the acquisition of property, plant, and equipment, and
  - 9.2.4.** If it is not disclosed separately on the face of the statement of financial performance, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in surplus or deficit.
  - 9.2.5.** If items of property, plant and equipment are stated at revalue amounts, the following shall be disclosed:
    - 9.2.5.1.** the effective date of the revaluation,
    - 9.2.5.2.** whether an independent valour was involved,
    - 9.2.5.3.** the methods and significant assumptions applied in estimating the items' fair values,
    - 9.2.5.4.** the extent to which the items' fair values were determined directly by
      - 9.2.5.4.1.** reference to observable prices in an active market or recent market
      - 9.2.5.4.2.** transactions on arm's length terms or were estimated using other
      - 9.2.5.4.3.** valuation techniques,
      - 9.2.5.4.4.** for each revalue class of property, plant, and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model, and
      - 9.2.5.4.5.** The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to owners of net assets.
  - 9.2.6.** Financial statements shall also disclose the following for each class of property, plant, and equipment:

- 9.2.6.1. The carrying amount of temporarily idle property, plant, and equipment,
  - 9.2.6.2. The gross carrying amount of any fully depreciated property, plant and equipment that is still in use, and
  - 9.2.6.3. The carrying amount of property, plant and equipment retired from active use and held for disposal.
- 9.2.7. The financial statement shall disclose the following for each class of intangible assets, distinguishing between the internally generated intangible assets and other intangibles assets:
- 9.2.7.1. Whether the useful lives are indefinite or finite and, if finite, the useful
  - 9.2.7.2. Lives or the amortisation rates used.
  - 9.2.7.3. The amortisation methods used for intangible assets with finite useful lives.
  - 9.2.7.4. The gross carrying amount and any accumulated amortisation
  - 9.2.7.5. (Aggregated with accumulated impairment losses) at the beginning and end of the period.
  - 9.2.7.6. The line item(s) of the statement of financial performance in which any amortisation of intangible assets is included.
  - 9.2.7.7. A reconciliation of the carrying amount at the beginning and end of the period showing:
    - 9.2.7.7.1. additions, indicating separately those from internal development and those acquired separately;
    - 9.2.7.7.2. disposals;
    - 9.2.7.7.3. assets classified as held for sale or included in a disposal group classified as held for sale in accordance with the Standard of GRAP on Non-Current Assets Held for Sale and Discontinued Operations;
    - 9.2.7.7.4. increases or decreases during the period resulting from revaluations under paragraphs .78, .88 and .89 and from impairment losses recognised or reversed directly in net assets in accordance (if any) with the Standards of GRAP on Impairment of Assets;
    - 9.2.7.7.5. impairment losses recognised in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets;
    - 9.2.7.7.6. impairment losses reversed in surplus or deficit during the period in accordance (if any) with the Standards of GRAP on Impairment of Assets);
    - 9.2.7.7.7. any amortisation recognised during the period; net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and
    - 9.2.7.7.8. Other changes in the carrying amount during the period.

## **10. MONITORING AND EVALUATION**

- 10.1. This Policy shall be monitored and evaluated by the General Manager: Budget Treasury Office and regular monitoring reports submitted to the Management Committee Meeting, Finance Portfolio Committee, Executive Committee, and Full Council Meetings.

## **11. COMMENCEMENT OF THE POLICY**

- 11.1. This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

## **12. AMENDMENT AND/OR ABOLITION**

- 12.1. This policy may be amended or repealed by the Municipality through a Council Resolution.

## **13. COMPLIANCE AND ENFORCEMENT**

**13.1.** Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

**14. POLICY REVIEW**

**14.1.** This Policy will be reviewed annually to ensure applicability and relevance.

**15. APPEAL PROCESS/ GRIEVANCE PROCEDURE**

**15.1.** The policy must also state what will happen if one of the users thereof is not satisfied or there is a violation with the implementation process.

**16. RECORDS OF APPROVAL**

**ANNEXURE A: ASSET USEFUL LIVES****1. INFRASTRUCTURE ASSETS**

The following is the list of infrastructure assets, with the estimated useful life in years indicated in brackets in each case.

<b>1.1. WATER</b>	
1.1.1. Mains	(20)
1.1.2. Supply and reticulation networks	(20)
1.1.3. Reservoirs and storage tanks	(20)
1.1.4. Meters	(15)
1.1.5. Rights (that is, the right to draw water from a particular source belonging to another party)	(20)
<b>1.2. SEWERAGE</b>	
1.2.1. Sewer mains	(20)
1.2.2. Outfall sewers	(20)
1.2.3. Sewage purification works	(20)
1.2.4. Sewerage pumps	(15)
1.2.5. Sludge machines	(15)
<b>1.3. PEDESTRIAN MALLS</b>	
1.3.1. Footways	(20)
1.3.2. Kerbing	(20)
1.3.3. Paving	(20)
<b>1.4. SECURITY MEASURES</b>	
1.4.1. Access control systems	(5)
1.4.2. Security systems	(5)
1.4.3. Security fencing	(3)

**2. INVESTMENT ASSETS**

2.1. It is not possible to provide an exhaustive list of investment assets, as the actual list will depend very much on the local circumstances of each municipality. However, the following will be among the most frequently encountered:

2.1.1. Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties)	(30)
2.1.2. Shopping centres (again developed along similar lines)	(30)
2.1.3. Housing developments (that is, developments financed and managed by the municipality itself, with the sole purpose of selling or letting such houses for profit)	(30)

**3. BUILDINGS**

3.1. The following is a list of buildings assets, again showing the estimated useful life in years in brackets:

3.1.1. Abattoirs	(30)
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3.1.2. Asphalt plant	(30)
3.1.3. Cable stations	(30)
3.1.4. Caravan parks	(30)
3.1.5. Compacting stations	(30)
3.1.6. Hostels used to accommodate the public or tourists	(30)
3.1.7. Hostels for municipal employees	(30)
3.1.8. Housing schemes	(30)
3.1.9. Kilns	(30)
3.1.10. Laboratories	(30)
3.1.11. Fresh produce and other markets	(30)
3.1.12. Nurseries	(30)
3.1.13. Office buildings	(30)
3.1.14. Old age homes	(30)
3.1.15. Quarries	(30)
3.1.16. Tip sites	(30)
3.1.17. Training centres	(30)
3.1.18. Transport facilities	(30)
3.1.19. Workshops and depots	(30)

#### 4. **OTHER ASSETS**

4.1. The following is a list of other assets, again showing the estimated useful life in years in brackets:

##### 4.1.1. **OFFICE EQUIPMENT**

4.1.1.1. Computer hardware	(5)
4.1.1.2. Computer software	(3-5)
4.1.1.3. Office machines	(3-5)
4.1.1.4. Air conditioners	(5-7)

##### 4.1.2. **FURNITURE AND FITTINGS**

4.1.2.1. Chairs	(7-10)
4.1.2.2. Tables and desks	(7-10)
4.1.2.3. Cabinets and cupboards	(7-10)
4.1.2.4. Bins and containers Household refuse bins	(5)
4.1.2.5. Bulk refuse containers	(10)
4.1.2.6. Emergency equipment Fire hoses	(5)
4.1.2.7. Other fire-fighting equipment	(15)
4.1.2.8. Emergency lights	(5)

##### 4.1.3. **MOTOR VEHICLES**

4.1.3.1. Ambulances	(5-10)
4.1.3.2. Fire engines	(20)
4.1.3.3. Buses	(15)
4.1.3.4. Trucks and light delivery vehicles	(5-7)
4.1.3.5. Ordinary motor vehicles	(5-7)
4.1.3.6. Motor cycles	(3)

##### 4.1.4. **PLANT AND EQUIPMENT**

4.1.4.1. Graders	(10-15)
4.1.4.2. Tractors	(10-15)
4.1.4.3. Mechanical horses	(10-15)
4.1.4.4. Farm equipment	(5)
4.1.4.5. Lawn mowers	(2)
4.1.4.6. Compressors	(5)
4.1.4.7. Laboratory equipment	(5)
4.1.4.8. Radio equipment	(5)
4.1.4.9. Firearms	(5)

4.1.4.10. Telecommunication equipment	(5)
4.1.4.11. Cable cars	(15)
4.1.4.12. Irrigation systems	(15)
4.1.4.13. Cremators	(15)
4.1.4.14. Lathes	(15)
4.1.4.15. Filling equipment	(15)
4.1.4.16. Conveyors	(15)
4.1.4.17. Feeders	(15)
4.1.4.18. Tippers	(15)
4.1.4.19. Pulverising mills	(15)
<b>4.1.5. OTHER</b>	
4.1.5.1. Aircraft	(15)
4.1.5.2. Watercraft	(15)



# **UGU DISTRICT MUNICIPALITY**

## **ASSETS DISPOSAL POLICY**

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## 15. INTRODUCTION

- 15.1.** 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.
- 15.2.** 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.
- 15.3.** A municipality may transfer ownership or otherwise dispose of an asset, other than an asset mentioned above, only after the disposal committee meeting:
- 15.3.1.** Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- 15.3.2.** Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

## 16. DEFINITIONS

- 2.1. Asset** means any resource controlled by the municipality, from which the municipality expects to derive economic benefits or use for service delivery to the general public over a period extending beyond one financial year.
- 2.2. 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.
- 2.3. Carrying amount** is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
- 2.4. Council** means the Municipal Council of the Ugu District Municipality, its legal successors in title.
- 2.5. Disposal** means the alienation of an asset no longer needed by the municipality by means of a sale, a lease or a donation.
- 2.6. 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.
- 2.7. Proceeds** are the sales value, trade-in value or proceeds received from insurance if the asset was damaged or stolen.
- 2.8. Profit on disposal:** when an asset is disposed for an amount higher than its carrying amount at the date of disposal.
- 2.9. Loss on disposal:** when an asset is disposed for an amount lower than its carrying amount at the date of disposal.

## **2.10. Obsolete or redundant assets** will mean and include :

- 2.10.1. assets which are not envisaged by the municipality to be required for the delivery of municipal Services;
- 2.10.2. assets which have become uneconomical to repair, maintain, or operate excluding assets of symbolic importance or cultural significance;
- 2.10.3. assets that have a negative impact on service delivery of the municipality, the environment, or the community,
- 2.10.4. assets that no longer support a directorate's service objective due to a change in type of service being delivered or the delivery method
- 2.10.5. assets where the use has become uneconomical to continue due to the limited availability of spares or the cost of replacement parts exceed the reasonable value of the item.
- 2.10.6. assets where the technology has been outdated and which can no longer be used for the purpose originally intended.

## **17. POLICY OBJECTIVES**

- 17.1. The objectives of the Asset Disposal Policy are to:
  - 17.1.1. Ensure that only assets that do not provide the minimum level of basic municipal services are disposed of.
  - 17.1.2. 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.
  - 17.1.3. 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.

## **18. PRESCRIPTIVE/LEGAL FRAMEWORK**

- 18.1. This policy must comply with all relevant legislative requirements including:
  - 18.1.1. The constitution of the republic of south Africa, 1996
  - 18.1.2. Municipal systems act, 2000
  - 18.1.3. Municipal Finance Management Act
- 18.2. This policy does not over rule the requirements to comply with other policies such as:
  - 18.2.1. Supply Chain Management Policy
  - 18.2.2. Asset Management Policy
  - 18.2.3. Fleet Management Policy
  - 18.2.4. Insurance Policy
  - 18.2.5. Security Policy
  - 18.2.6. Facilities Management Policy

## **19. POLICY APPLICATION**

- 19.1. This policy applies to all Ugu District Municipality's permanent and temporary employees: internal or external contractors who utilise the municipality's assets.

## 20. POLICY PRINCIPLES

### 20.1. PLANNING FOR AND IDENTIFICATION OF ASSETS TO BE DISPOSED

- 20.1.1. The assets unit within the Budget Treasury Office (in consultation with the user departments) are responsible for the strategic planning for the disposal of **surplus, redundant, or obsolete assets** that hinders the municipality from delivering services efficiently and effectively
- 20.1.2. Planning for disposals must be conducted by the assets unit within the Budget Treasury Office on an annual basis and revised on quarterly basis. The planning should involve a detailed assessment of assets identified as **surplus, redundant, or obsolete** by the assets unit within the Budget Treasury Office.
- 20.1.3. Planning for disposals of **surplus, redundant, or obsolete** by the assets unit within the Budget Treasury Office the means ensures that disruption to their service delivery is minimised and the returns from the assets is maximised by selecting the appropriate time in the assets life cycle to dispose.

### 20.2. ASSESSING ASSETS FOR DISPOSALS

- 20.2.1. The Disposal Committee is responsible for assessing the disposals proposed by the assets unit within the Budget Treasury Office. The Disposal Committee shall also consider the following factors:
  - 20.2.1.1. Whether there are net disposal benefits, either in financial or other forms.
  - 20.2.1.2. Whether there are secondary service obligations associated with the asset which dictates its retention.
  - 20.2.1.3. Whether a disposal can be carried out without adverse impacts on the physical environment.
- 20.2.2. In assessing the benefits of disposal, the advantages and disadvantages for the whole municipality must be considered.
- 20.2.3. Assets that have been identified as surplus may need to be retained due to heritage, social, environmental considerations, or any other requirements.
- 20.2.4. The symbolic importance and the cultural significance of assets should also be considered when assessing the disposal of the asset.
- 20.2.5. The Disposal Committee should consider the advantages of engaging experts where necessary.
- 20.2.6. When disposing of the asset, consideration must be given to the costs of continued ownership. Examples of cost of continued ownership include:
  - 20.2.6.1. Insurance
  - 20.2.6.2. Maintenance
  - 20.2.6.3. Storage costs
  - 20.2.6.4. Operating costs

#### 20.2.6.5. Staffing costs

20.2.7. Disposals need not always be for a financial gain. Other opportunities and gains should also be taken into consideration, for example:

20.2.7.1. Swapping one asset for another

20.2.7.2. Construction of a facility for the municipality in return for the asset.

### 20.3. RECOMMEND ASSETS FOR DISPOSAL

20.3.1. Disposal Committee shall be responsible to meet as and when necessary to assess and consider disposal lists/items submitted by proposed by the assets unit within the Budget Treasury Office.

20.3.2. Disposal Committee shall make recommendation for disposal, inclusive of disposal method, to Council for approval.

### 20.4. OBTAIN APPROVAL FOR DISPOSAL

20.4.1. The recommended by the Disposal Committee shall be presented to Council

20.4.2. Council upon consideration of the recommendation shall approve the disposal of the assets in the manner as recommended.

20.4.3. The final approval of the disposal shall be conducted at a meeting in terms of the Municipal Finance Management Act (Act No. 56, 2003) and decisions taken shall be documented for future reference by the assets unit within the Budget Treasury Office.

### 20.5. METHODS TO DISPOSE OF THE ASSET

20.5.1. Disposal of an asset should be performed in a manner which satisfies the following objectives:

20.5.1.1.1. The disposal, where being effected, through a sale, should take place on an equitable basis. There should be an equal opportunity for all to purchase the asset. The best possible return for the municipality must be achieved.

20.5.1.1.2. Any adverse environmental impacts should be avoided.

20.5.2. The following methods of disposal could be used to achieve the objectives mentioned above:

#### 20.5.2.1. AUCTION

20.5.2.1.1. The benefits of an auction are as follows:

20.5.2.1.1.1. Process is more straightforward.

20.5.2.1.1.2. Process is open to public scrutiny.

20.5.2.1.1.3. In some circumstances an auction may generate a higher price

#### 20.5.2.2. DIRECT NEGOTIATIONS

20.5.2.2.1. Disposal of assets by direct negotiations with one possible interested party should be the exception rather than the rule.

20.5.2.2.2. When the sale by auction has failed due to lack of demand or unacceptable offers being received; and it has been established that further efforts to dispose of the asset by

auction are unlikely to succeed, direct possible negotiations with one possible interested party shall be allowed.

### **20.5.2.3. DONATION**

**20.5.2.3.1.** The following types of organisations shall be considered for municipal assets to be donated to:

**20.5.2.3.1.1.** Registered welfare or Charitable Organisations

**20.5.2.3.1.2.** Schools catering for learners who are handicapped, or disabled, or are learners with special needs.

**20.5.2.3.1.3.** Schools within the jurisdiction of the District, as identified by the Office of the Mayor

**20.5.2.3.2.** Donation of municipal assets shall be applicable to the following assets:

**20.5.2.3.2.1.** Obsolete furniture and redundant equipment

**20.5.2.3.2.2.** Computer equipment

**20.5.2.3.2.3.** Motor vehicles

### **20.5.2.4. THEFT/LOSS/DAMAGE**

**20.5.2.4.1.** Involuntary disposal of an assets may take place such as theft, loss or damage.

**20.5.2.4.2.** All stolen/lost/damaged asset shall be regarded as disposed and shall be reported to the disposal committee for consideration.

**20.5.2.4.3.** In the event of a stolen/lost/damaged asset, the affected staff member should, in accordance with the insurance policy, report the incident to the insurance unit within the assets unit.

**20.5.2.4.4.** Any insurance pay-outs pertaining to the stolen/lost/damaged shall be treated as proceeds

### **20.5.2.5. DESTRUCTION**

**20.5.2.5.1.** Assets which cannot be disposed in any other method as stated above may be destroyed in any environmentally friendly method.

### **20.5.2.6. TRANSFER TO ANOTHER ORGAN OF STATE**

**20.5.2.6.1.** An asset may be transferred to another state organ as a result of newly established municipal boundaries as per the Municipal Demarcation Act 27 of 1998. The demarcation process can result in assets of the municipality no longer being within the newly set boundaries of the municipality thus necessitating transfer.

**20.5.2.6.2.** A decision endorsed by council may be taken to transfer an asset to another organ of state to assist it in executing its duty to deliver services to the public.

### **20.5.2.7. OTHER METHOD OF DISPOSAL**

**20.5.2.7.1.** Any other proposed method of disposal shall be communicated to the assets unit in the Budget Treasury

Office for submission to the disposal committee for approval.

## **20.6. ACCOUNTING FOR THE DISPOSED ASSET**

- 20.6.1.** When an asset is disposed of the cost of the asset and the accumulated depreciation recorded in the statement of financial position need to be reversed to the statement of financial performance a profit and loss on disposal of asset account. This will result in a debit in the statement of financial performance equal to the asset's carrying value.
- 20.6.2.** The total proceeds to be received from the disposal of the asset need to be credited to the profit and loss on disposal of asset account. The account will now reflect a debit or credit amount in the statement of financial performance equal to the profit and loss on disposal equal to the result of the calculation.
- 20.6.3.** Note that depreciation will need to be calculated up to the date of disposal. If the disposal date is during a financial year, the depreciation needs to be calculated on a pro rata basis based on completed months of ownership or use. No depreciation is calculated for the asset after the disposal date.
- 20.6.4.** At the disposal date the asset being disposed of needs to be derecognised from the fixed asset register of the municipality.
- 20.6.5.** Other accounting and disclosure matters discussed in the Asset Management Policy Document of the municipality also need to be adhered to.

## **20.7. CALCULATION OF THE PROFIT AND LOSS ON DISPOSAL**

- 20.7.1.** Profits and losses on the sale of property, plant and equipment are calculated as follows, and are disclosed in total in the financial statements:
  - 20.7.1.1. PROCEEDS** less **CARRYING VALUE** equals **PROFIT** (If proceeds greater than carrying value), or **LOSS** (If proceeds less than carrying value)

## **21. ROLES AND RESPONSIBILITIES**

### **21.1. ACCOUNTING OFFICER**

- 21.1.1.** Shall ensure that the municipality has and maintains a system of internal control of assets regarding the disposal of municipal assets; and
- 21.1.2.** Shall ensure that the General Managers and their departments comply with this policy
- 21.1.3.** Shall ensure that all items of property plant and equipment are insured immediately at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

### **21.2. GENERAL MANAGER (DEPARTMENTS)**



- 21.2.1. Shall ensure that employees in their departments adhere to the approved Asset Disposal Policy.
- 21.2.2. Shall ensure that the asset manager is notified of all assets needing disposal in writing.
- 21.2.3. Shall ensure that employees who contravenes the operational procedure or who use the municipal assets negligence and for their personal gain are disciplined accordingly.
- 21.2.4. shall be directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.
- 21.2.5. In exercising this responsibility, shall adhere to any written directives issued by the Municipal Manager to the Department in question, or generally to all Departments, regarding the disposal of the Municipality's assets.

### **21.3. ASSET MANAGER**

- 21.3.1. Shall ensure that quarterly physical verification for movable assets are conducted where assets in need of disposal identified.
- 21.3.2. Shall ensure that annual physical verification for immovable assets are conducted where assets in need of disposal identified.
- 21.3.3. Shall liaise with user departments constantly regarding assets that needs to be disposed.
- 21.3.4. Shall ensure that the disposal committee is notified in writing of all the assets that needs to be considered for disposal
- 21.3.5. Shall be responsible for facilitating the disposal of the assets upon approval by council.

### **21.4. DISPOSAL COMMITTEE**

- 21.4.1. The primary duties of the Committee include but are not limited to the following: -
  - 21.4.1.1. Assessing the disposals proposed by assets unit in the Budget Treasury Office. The Assets Disposal Committee shall consider the following factors in conducting its assessments:
    - 21.4.1.2. Whether the capital asset may be required for the municipality's own use at a later stage.
    - 21.4.1.3. Whether there are net disposal benefits, either in financial or other form.
    - 21.4.1.4. Whether there is secondary service obligations associated with the asset which dictates its retention.
    - 21.4.1.5. Whether a disposal can be carried out without adverse impacts on the physical environment.
    - 21.4.1.6. Whether any conditions/ limitations are attached to the asset and the consequences of non-compliance with those conditions.
    - 21.4.1.7. Consideration of the fair market value of the asset and the economic and community value.
- 21.4.2. Objectively evaluate the assets submitted for disposals and weigh disposal alternatives as per disposal procedure.
- 21.4.3. Review of the municipality's asset disposal process by
  - 21.4.3.1. Monitoring asset disposal decisions to verify compliance with procedures;
  - 21.4.3.2. Monitoring the implementation of asset disposal decisions

**21.4.3.3.** Making recommendations to Policy Review Committee on amendments to Asset Management and Asset Disposal Committee.

**21.5. ALL MUNICIPAL PERSONNEL:**

- 21.5.1.** Shall ensure that assets assigned to them are utilized effectively, efficiently, economically, and transparently
- 21.5.2.** Shall notify the assets coordinators and assets management section of all obsolete, damaged, and stolen assets, without delay.
- 21.5.3.** Shall make available the assets under their possession for verification by the assets management unit quarterly and annually.
- 21.5.4.** Shall ensure that they comply with the operational procedures.

**22. MONITORING AND EVALUATION**

**22.1.** This Policy shall be monitored and evaluated by the General Manager: Budget Treasury Office and regular monitoring reports submitted to the Management Committee Meeting, Finance Portfolio Committee, Executive Committee, and Full Council Meetings

**23. COMMENCEMENT OF THE POLICY**

**23.1.** This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

**24. AMENDMENT AND/OR ABOLITION**

**24.1.** This policy may be amended or repealed by the Municipality through a Council Resolution.

**25. COMPLIANCE AND ENFORCEMENT**

**25.1.** Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

**26. POLICY REVIEW**

**26.1.** This Policy will be reviewed annually to ensure applicability and relevance.

**27. RECORDS OF APPROVAL**

Meeting	Date	Resolution
Policy Review Committee	26 April 2017	Recommendation to MANCO
Finance Portfolio Committee		Recommended to EXCO
EXCO		Recommended to Council
Council		ADOPTED



*Ugu District Municipality*

# **INSURANCE POLICY**



## **1. PREAMBLE**

Whereas it is required of the accounting officer to take all reasonable steps to ensure that the Council has and implements crucial policies for effective financial and risk management.

And whereas the safeguarding of assets and the protection of Council against liabilities is very important and forms part of a proper assets management system as prescribed by Section 63 and needs annual revision in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act 56 of 2003. Now therefore the Municipal Council of the Ugu District Municipality adopts the following Policy for Insurance Management.

## **2. PURPOSE**

**2.1** This document indicates the policy of Ugu District Municipality for insuring of municipal assets, and for insuring the municipality, its employees and Councillors against public liability claims and other losses.

## **3. BACKGROUND**

- 3.1** Since 2004, when the Municipal Finance Management Act No 56 of 2003 (MFMA) was promulgated municipalities have been required to align the planning, management, reporting and auditing of their finances in accordance with the strict requirements of the MFMA and related legislation.
- 3.2** In terms of section 63 (1) of the Municipal Finance Management Act, the Municipal Manager is responsible for the safeguarding of municipal assets
- 3.3** It is the responsibility of the Accounting Officer or his/her delegates to ensure that all municipal assets are safeguarded against all risks that will result in loss. The Accounting Officer must take all reasonable steps to ensure that Ugu District Municipality has and implements budget related policies for effective financial and risk management.
- 3.4** Asset Management is one function in ensuring effective financial management. Section 63 of the Municipal Finance Management Act, Act 56 of 2003, places the responsibility of asset management on the Accounting Officer.

## **4. DEFINITIONS**

- 4.1 Assets** are resources controlled by an entity as the result of past events and from which future economic benefits or future service potential are expected to flow to the entity.
- 4.2 Asset Manager** is any official who has been delegated responsibility and

accountability for the control, usage, physical and financial management of the municipality's assets in accordance with the council's standards, policies, procedures, and guidelines

**4.3 Accident** is an event or occurrence which is unforeseen and unintended. Accidental is an important concept of risk for insurance. The more unlikely the accident or the occurrence, the less expensive it is to insure.

**4.4 Insurance Excess Amount** is insurance in which the underwriter's liability does not arise until the loss exceeds a stated amount and then only on the excess above that amount

**4.5 Book value or carrying value** is the net worth of an asset that is recorded on the balance sheet. Book value is calculated by subtracting any accumulated depreciation from an asset's purchase price or historical cost

**4.6 Insurability** is acceptability to the company of an applicant for insurance

**4.7 Insurance** is an arrangement under which individuals, businesses, and other organizations or entities, in exchange for payment of a premium, are guaranteed compensation for losses resulting from certain perils under specified conditions.

**4.8 Insured** is A person or organization covered by an insurance policy.

**4.9 Insurer** is the party to the insurance contract who promises to pay losses or benefits. Also, any corporation engaged primarily in the business of furnishing insurance to the public

**4.10 Insurance broker** is an independent person or company that is not employed by an insurance company, that finds the best policy for someone who wants insurance

## **5. POLICY OBJECTIVE**

**5.1** The objectives of this policy are to set out a legislative framework in order to comply with asset management requirements, especially regarding the safe guarding and risk management thereof; Ensuring that the general public's rights and obligations when lodging a public liability claim is spelled-out; and Set out the role and responsibilities of Councillors and officials regarding safeguarding of assets and insurance processes.

**5.2** In general, the object of this policy is to ensure sound and sustainable financial management within Ugu District Municipality.

## **6. PRESCRIPTIVE/LEGAL FRAMEWORK**

6.1 This policy must comply with all relevant legislative requirements including:

6.1.1 The Constitution of the Republic of South Africa, 1996

6.1.2 Municipal Systems Act, 2000

6.1.3 Municipal Finance Management Act

## **7. POLICY APPLICATION**

7.1 This policy applies to all Ugu District Municipality's permanent and temporary employees: internal or external contractors who utilise the Municipality's assets and are affected by the use of the municipality's assets.

## **8. RESPONSIBILITY FOR INSURANCE**

### **4.1. APPOINTMENT OF INSURANCE BROKERS**

4.1.1. There will be a call for bids to appoint a service provider to provide short term insurance services at least once every three years. The appointment of an insurance broker must be performed via the normal supply chain management processes and regulations of the Municipality.

4.1.2. Should circumstances change during the year, amendments, additions or deletions should be made to the Finance portfolio with the Insurance Company/Insurance Broker.

## **9. ASSETS TO BE INSURED**

When considering the insurance of assets all movable and immovable assets should be considered. All assets to be insured should be comprehensively insured against perils such as theft, malicious damage, fire, storm, water damage etc. as well as community action, riots and public disorder.

9.1 It is the responsibility of the Assets Management Unit to ensure that all assets are disclosed at correct "book value" at reporting periods.

9.2 The insurance section within the Asset Management Unit will use such book values as replacement values, unless a different replacement value is determined by the insurer and the municipality.

9.3 Assets are to be insured at replacement value. Should it be considered necessary, a valuer should be used to arrive at a replacement value for each asset.

9.4 The following assets and risks should, after consideration of risk, be insured: -

9.4.1 Movable Assets such as Vehicles, plant and equipment, computer equipment, office equipment, cash in transit,

9.4.2 Immovable assets such as Buildings (as well as contents)

9.4.3 Infrastructure assets such as pump stations, treatment works, reservoirs etc

9.4.4 Liability: Public, Employer and Employees

9.5 The decision whether to insure an asset or not should be at the discretion of the Municipal Manager in consultation with the Chief Financial Officer.

**10. ADDITIONS DURING THE YEAR**

- 10.1** When new vehicles are purchased, buildings or structures erected or expanded which has an influence on the Finance portfolio of Council; each Department involved should send the information of new assets to be insured within 48 hours after the plant/property/equipment is recognised as an asset of the municipality.
- 10.2** New vehicles cannot be utilized during the period when the asset is acquired and an insurance confirmation is pending.

**11. RECOVERY OF LOSS**

- 11.1** Insurance Committee should be established in terms of to investigate losses. The Insurance Committee shall not institute or carry out duties of a disciplinary committee but should only advise on the outcomes of its investigations.
- 11.2** The decision of the committee should be escalated to Human Resources department for disciplinary action and recovery of the loss where applicable.
- 11.3** The decision of the insurance committee shall determine the party liable for the payment of excess:
- 11.3.1** If an employee has been found to be liable for the loss/damage, the **excess and value** of the property loss/damage shall be recoverable from the said employee
- 11.3.2** If the third party is liable for the loss/damage, the **excess and value** of the property loss/damage shall be recoverable from the said third party
- 11.3.3** In any other circumstances, the Municipality shall be liable to pay the excess to ensure that the insurance broker settles the value of the property loss/damage
- 11.3.4** If an employee has been found to be liable for a claim being repudiated by the insurance company due to non-submission or late submission of required information, the **excess and value** of the property loss/damage shall be recoverable from the said employee

**12. INSURANCE CLAIM PROCEDURES**

- 12.1** The Municipal Manager or his/her delegate, shall develop such processes to ensure that insurance claims are submitted timeously, and in a format required by the Insurance Company/Insurance Broker
- 12.2** Head of departments must ensure that these processes are implemented

**13. POLICY ON PERSONAL EFFECTS**

- 13.1** It is expected that employees, in their own interests, will ensure that any valuable items of jewellery (including wrist watches) worn on duty, and/or personal equipment are adequately insured against loss or theft on their personal policies.
- 13.2** The carrying of unreasonably large amounts of cash, credit cards or other



easily stolen and rapidly convertible items should be avoided during working hours as far as is practicable.

**13.3** No compensation will be paid for loss or damage to the following items:

- 13.3.1** Private cellular phone
- 13.3.2** Private Vehicle
- 13.3.3** Private Laptop
- 13.3.4** Any other private asset

#### **14. PAYMENT OF EXCESSES BY EMPLOYEES**

**14.1** Where in the opinion of the General Manager and the Municipal Manager an employee's negligence led to the damage to, or loss of, an asset the excess and the value of the said property payable may be claimed from the employee concerned in terms of the Disciplinary Procedures.

#### **15. MONITORING AND OVERSIGHT**

- 15.1** The insurance clerk shall on request supply a claim register to the user departments
- 15.2** The Manager: Assets shall submit a claims report to the MANCO and Portfolio Committee on Finance and other leadership or oversight structures as and when directed to do so.

#### **16. COMMENCEMENT OF THE POLICY**

**16.1** This Policy shall come into effect on the date of the adoption by the Ugu District Municipality Council.

#### **17. POLICY IMPLEMENTATION**

**17.1** The Municipal Manager, in consultation with the CFO and General Managers will give effect to this policy.

#### **18. POLICY AMENDMENT**

**18.1** This policy may be amended or repealed by the Municipality through a Council Resolution.

#### **19. COMPLIANCE AND ENFORCEMENT**

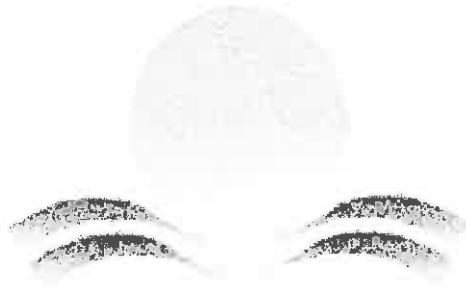
**19.1** Violation or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

#### **20. POLICY REVIEW**

**20.1** This Policy will be reviewed annually to ensure applicability and relevance.

# **UGU DISTRICT MUNICIPALITY**

**“The Municipality”**



## **VIREMENT POLICY**

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**Annexure: Virement Request Form**

**1. DEFINITIONS**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act, has the same meaning as in that Act.

**“Accounting Officer”** means the Municipal Manger of Ugu District Municipality,

**“Chief Financial Officer”** means the Chief Financial Officer of Ugu District Municipality

**“Financial year”** means a twelve months period commencing on 1 July and ending on 30 June each year;

**“Identified Savings”**, the original budget less all the expenditure incurred and committed orders on that account.

**“Virement”**, means “a regulated transfer or re-allocation of money from one line item account to another, within the same vote especially public funds.”

**“Vote”** means

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## 2. OBJECTIVES OF THE POLICY

To introduce a Framework by which departmental budgets can be managed by Heads Of Department's to ensure effective financial management.

A virement represents a flexible mechanism to effect budgetary amendments within a municipal financial year.

## 3. LEGISLATIVE FRAMEWORK

- a. Chapter 4 of the Municipal Finance Management Act.
- b. The Municipal Budget and Reporting Regulations published in terms of Section 168 of the MFMA.
- c. All relevant budget related Circulars and notices issued by the National Treasury.

## 4. DETERMINATION OF VOTE

Chief Financial Officer shall determine the number and type of votes to be used and line items to be shown under each vote. In so doing, the Chief Financial Officer shall consider and properly reflect the organisational structure and shall comply with the prescribed budget format of National Treasury. The operating expenditure shall be classified as per the Government Financial Statistics classifications used in the prescribed National Treasury format.

## 5. AUTHORISATION OF VIREMENTS

- 5.1 A transfer of funds from one line item to another under this Policy may, subject to the provisions of this Policy, be authorised as follows:
  - a) If the amount does not exceed R1 000 000.00 the transfer may be authorised by the Chief Financial Officer of the Municipality or the Accounting Officer of the Municipality after consultation with the Chief Financial Officer;
  - b) If the amount exceeds R1 000 000.00 but does not exceed R5 000 000.00 the transfer may be authorised by the Accounting Officer after consultation with the Chief Financial Officer;
  - c) The Mayor may authorise expenses in an emergency or other exceptional circumstances and the adjustment budget must be passed during the adjustment period after the expenses were incurred.

- d) Notwithstanding the provisions of 5.1.a, a transfer of funds between cost or functional centres within a particular Vote/Department may not be authorised by the Chief Financial Officer but may only be authorised by:
- a) The Accounting Officer, if the amount does not exceed the amount of R5 000 000.00

## **6. RESTRICTIONS ON AMOUNT OF VIREMENTS**

- 6.1 Notwithstanding the provisions of section 5:
- 6.1.1 The total amount transferred from and to line items within a particular vote in any financial year may not exceed 40 % of the amount allocated to that vote;
- 6.1.2 The total amount transferred from and to line items in the entire budget in any financial year may not exceed 25 % of the total operating budget for that year;
- 6.2 A transfer which exceeds, or which would result in the exceeding of any of the limits referred to in 6.1 above may, however, be performed if the Council by resolution approves thereof.
- 6.3 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Municipality, or the avoidance by the Municipality of any obligation imposed upon it by contract or any other cause.

## **7. MANAGEABLE GROUPS OF REVENUE**

All manageable revenue which is budgeted for under a department is the responsibility of each Head Of Department to ensure that it is collected.

Must report to the Chief Financial Officer and budget office any deviations that they become aware of which might affect the budgeted estimates.

Head Of Department's are responsible for all grants and donations which are budgeted for under their departments. They must report any deviations to the Chief Financial Officer or the budget office in writing. They must seek reasons for deviations from the responsible donor or the transferring sector departments.

If Head Of Department's become aware that budgeted revenue will not materialise or will not be collected, they must inform the Chief Financial Officer or the Budget Office to ensure that revenue will be adjusted downwards in the Adjustments Budget.

**8. NON-MANAGEABLE GROUPS OF REVENUE AND EXPENDITURE**

No funds Transfers can be made on these groups:-

- a) Depreciation,
- b) Finance Charges,
- c) Departmental Charges,
- d) Investment Income and
- e) Employee Related Costs

**9. OPERATING BUDGET VIREMENTS**

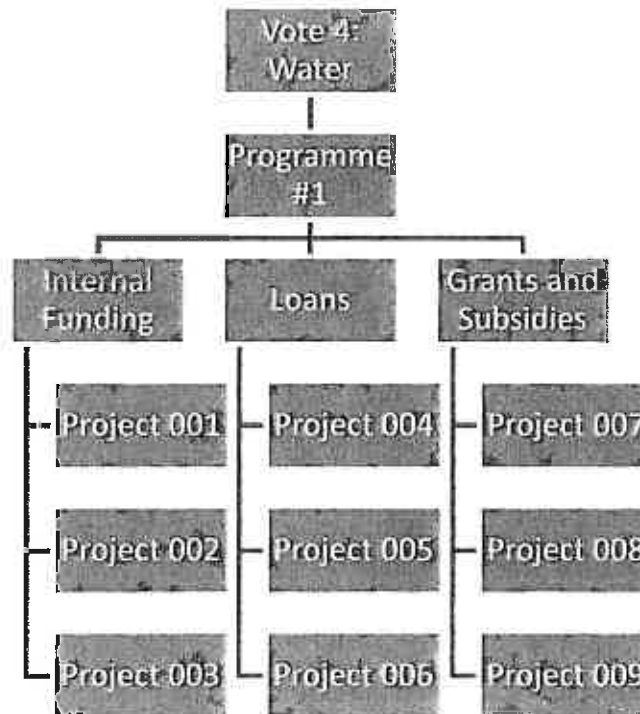
- 9.1 Operating budget virements can only be done on General Expenses, Contracted Services and Repairs and Maintenance items.

Funds transfer can take place within these groups provided the total approved budget allocation per vote is not exceeded. In order for an account to transfer funds from one item to another, there must be identified savings within the limitations of the approved budget for that group. These must be clearly stated in the formal funding requests submitted to the Chief Financial Officer and the Budget Office. Funds may not be transferred to new line items of the operating budget.

- 9.2 All requests for the transfer of funds must be in writing using the prescribed request forms in Appendix A and B, and must be properly authorised by the Manager and General Manager responsible for that vote and the Chief Financial Officer as per the set limits.
- 9.3 The prescribed request form shall include, but not limited to, provisions for the following:
- a) The name of the department concerned;
  - b) Descriptions of the line items from and to which the transfer is to be made;
  - c) The amount of the proposed transfer;
  - d) The cause of the saving in the line item from which the transfer is to be made;
  - e) The justification for the transfer;
  - f) A description of any consequences that such transfer may have for the Integrated Development Plan or the Service Delivery and Budget Implementation Plan.
- 9.4 Each Head Of Department is responsible for his/her own operational budget and must ensure that all expenditure is contained to the approved allocations by Council.

- 9.5 Movement of funds from different sectors and categories will be attended to in the normal Adjustments Budget process annually in February.

## 10. CAPITAL BUDGET VIREMENTS



- 10.1 Virements on the Capital budget allocations can be done from one project to another within the same vote and source of funding, i.e. from Water, CRR to Water CRR. Virements cannot be done to a new project which was not part of the approved capital budget. Any other transfer of funds or requests for new allocations must be done through an adjustments budget and approved by Council.
- 10.2 Virements can be done on conditional grant funded projects; provided that there is a written agreement by the said funder.
- 10.3 All requests must be in writing on the prescribed form in Appendix B and must be properly authorised by the responsible Manager, General Manager and the Chief Financial Officer.

## 11. REVIEW OF POLICY

This Policy will be reviewed once annually during the Annual Budget Process.

## 12. COMPLIANCE AND ENFORCEMENT

- a. Violation of or non-compliance with this Policy may give a just cause of disciplinary steps to be taken.



b. It will be the responsibility of Accounting Officer to enforce compliance with this Policy.

**13. EFFECTIVE DATE**

This Policy shall come to effect upon approval by Council of Ugu District Municipality.

**14. POLICY ADOPTION**

This Policy has been considered and approved by the **COUNCIL OF UGU DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....

UGU DISTRICT MUNICIPALITY

OTHER DEPARTMENTS - DRAFT CAPITAL BUDGET 2017/2018

Capital Item	Department	Total Amount	SOURCE OF FUNDING	
			Internal Funds	Other Grants
<b>COMPUTER EQUIPMENT</b>				
mSCOA System Implementation (Phase 2)	020-060-000-000-000	R 3 000 000	3 000 000	
Generators x 2 (Connor, Harding)	ICT - CS	R 1 100 000	1 100 000	
Tape Library for Production Environment	ICT - CS	R 350 000	350 000	
Disaster Recovery Storage	ICT - CS	R 500 000	500 000	
Odometre for noise pollution	IED: Environmental Manag	R 300 000	300 000	
PM10 monitor	IED: Environmental Manag	R 350 000	350 000	
Replacement of assets from insurance pay outs	020-060-000-000-000	R 1 008 975	1 008 975	
<b>FURNITURE AND EQUIPMENT</b>				
Furniture (Beds, cupboards, chairs, equipment) for Disaster Fire tender building	DM - CS	R 200 000	200 000	
OHS Safety Equipment	HR - CS	R 200 000	200 000	
Chairs	AUX - CS	R 200 000	200 000	
Office desks	AUX - CS	R 150 000	150 000	
<b>MOTOR VEHICLES</b>				
Vehicle Fleet Replacement	FLEET - CS	R 10 000 000	10 000 000	
1 TLB's	FLEET - CS	R 1 250 000	1 250 000	
2 X WATER TANKER TRUCKS (1 x roll back)	FLEET - CS	R 3 500 000	3 500 000	
<b>BUILDINGS AND STRUCTURES</b>				
Property Transfers Project	010-010-000-000-000	R 1 000 000	1 000 000	
Disaster Management Building	DM - CS	R 8 000 000	8 000 000	
Oslo Beach Phase 3	AUX - CS	R 10 000 000	10 000 000	
Canteen & Toilet for Connor Street and ground floor	AUX - CS	R 500 000	500 000	
Fleet workshop & garage earthworks	AUX - CS	R 1 700 000	1 700 000	
Improvement various areas (including stores)	AUX - CS	R 8 500 000	8 500 000	
<b>Total</b>		<b>R 51 808 975</b>	<b>51 808 975</b>	<b>0</b>

**UGU DISTRICT MUNICIPALITY**  
**WATER - DRAFT CAPITAL BUDGET 2017/2018**

Capital Item	Total Amount	OLD OR NEW PROJECTS	SOURCE OF FUNDING		
			Internal Funds	Other Grants	MIG Grant
<b>MOTOR VEHICLES (5)</b>					
1 x mini excavators with trailers area south	1 000 000		1 000 000		
<b>WATER INFRASTRUCTURE</b>					
M&E Replacement of aged infrastructure	7 000 000		7 000 000		
Static tanks and stands	1 000 000		1 000 000		
Safety Equipment water plants	1 500 000		1 500 000		
Equipment for Cleaning of Reservoirs	900 000		900 000		
<b>WATER INFRASTRUCTURE (RBIG)</b>					
<b>WATER INFRASTRUCTURE (WSIG)</b>					
Gamalakhe	5 000 000	Old		5 000 000	
Maphumulo C	15 000 000	Old		15 000 000	
NFW	30 372 000	Old		30 372 000	
<b>WATER INFRASTRUCTURE (MIG)</b>					
Kwaxolo Water Supply: Reticulation	R4 000 000	Old			4 000 000
KwaXolo bulk water supply project	R3 000 000	Old			3 000 000
Mhlabatshane Regional Water Supply Scheme	R10 000 000	Old			10 000 000
Umtamvuna Water Works Raw Water Upgrade	R20 000 000	Old			20 000 000
Harding Weza Regional Bulk Water Supply Planning (Dam)	R35 000 000	Old			35 000 000
Harding Weza Regional Bulk Water Supply Planning (Bulk)	R7 500 000	Old			7 500 000
Umzimkhulu Bulk Water Augmentation Scheme Stage	R10 500 000	Old			10 500 000
Masinenge Bulk Water and Sanitation Project	R5 500 000	Old			5 500 000
Msikaba and Surrounds Water Supply Scheme	R5 000 000	Old			5 000 000
Unzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sa	R10 000 000	Old			10 000 000
Water Pipeline Replacements	R33 500 000	Old			33 500 000
Mistake Farm Supply Scheme	R11 479 000	Old			11 479 000
Bulk Water and Sewer Infrastructure for Mazakhele, Harding	R1 500 000	Old			1 500 000
Vulamehlo Cross-Border Water Scheme	R5 000 000	Old			5 000 000
KwaLembe Bulk Water Extension	R2 500 000	Old			2 500 000
KwaNyuswa	R2 500 000	Old			2 500 000
<b>Total</b>	<b>228 751 000</b>		<b>11 400 000</b>	<b>50 372 000</b>	<b>166 979 000</b>

**UGU DISTRICT MUNICIPALITY**  
**SANITATION - DRAFT CAPITAL BUDGET 2017/2018**

	Total Amount	OLD OR NEW PROJECTS	SOURCE OF FUNDING		
			Internal Funds	Other Grants	MIG Grant
<b>SANITATION INFRASTRUCTURE</b>					
M&E Replacement of aged infrastructure	R 7 500 000		7 500 000		
Safety Equipment sanitation plants	R 500 000		500 000		
Umbango WWTW ultrasonic flow meter	R 200 000		200 000		
Umbango WWTW Aerators	R 1 400 000		1 400 000		
Umbango WWTW dissolved oxygen probe	R 200 000		200 000		
Umbango WWTW Sludge wasting unit	R 800 000		800 000		
Umbango WWTW chlorine dosing system replacement	R 600 000		600 000		
Umbango WWTW Choline contact tank	R 1 200 000		1 200 000		
Umbango WWTW Upgrade scum removal system	R 200 000		200 000		
Margate WWTW Air blowers	R 1 200 000		1 200 000		
Margate WWTW dissolved oxygen probe	R 50 000		50 000		
Margate WWTW additional scum drying beds	R 200 000		200 000		
Margate WWTW standby chlorination system	R 150 000		150 000		
Margate WWTW weight balance scale	R 15 000		15 000		
Margate sewer pump station ventilation systems	R 200 000		200 000		
Shelly Beach WWTW Mechanical bar screens	R 300 000		300 000		
Shelly Beach WWTW Phase 1 aerator	R 500 000		500 000		
Shelly Beach WWTW dissolved oxygen probe	R 20 000		20 000		
Gamalakhe WWTW storm attenuation pond return pumps	R 200 000		200 000		
Gamalakhe WWTW scum board	R 500 000		500 000		
Gamalakhe WWTW humus pipeline replacement	R 200 000		200 000		
Ramsgate WWTW dissolved oxygen probe	R 50 000		50 000		
Ramsgate WWTW Axonic zone mixer	R 200 000		200 000		
Ramsgate WWTW Chlorination system	R 300 000		300 000		
Palm Beach WWTW replacement of aged handrails	R 100 000		100 000		
Palm Beach WWTW dissolved oxygen probes	R 50 000		50 000		
Red Desert WWTW replacement of aged handrails	R 20 000		20 000		
Red Desert WWTW dissolved oxygen probes	R 50 000		50 000		
Red Desert WWTW Sodium Hypo dosing facility	R 60 000		60 000		
Melville WWTW sodium hypo disinfection system	R 50 000		50 000		
Pennington WWTW mechanical cleaned screens	R 400 000		400 000		
Pennington WWTW Screen wash launder	R 20 000		20 000		
Pennington WWTW dissolved oxygen probes	R 20 000		20 000		
Pennington WWTW sodium hypo dosing unit	R 20 000		20 000		
Scottburgh WWTW PST 1 bridge	R 635 000		635 000		
Scottburgh WWTW penstock gates and sleeves	R 60 000		60 000		



**UGU DISTRICT MUNICIPALITY**  
**MUNICIPAL INFRASTRUCTURE GRANT 2017/2018 ALLOCATION**

<b>DETAILS</b>	<b>2017/2018</b>	<b>% Increase</b>
National MIG Allocation	245 479 000	4.96%
Vat Recovered MIG		
Less : Allocated Expenditure	245 479 000	-1.54%
<b>Capital – Sanitation</b>		
Infrastructure Projects	61 500 000	15.45%
<b>Capital – Water</b>		
Infrastructure Projects	166 979 000	-12.02%
	166 979 000	-12.02%
<b>Operational – Grants</b>	17 000 000	172.15%
Vulamehlo VIP's		#DIV/0!
Umzumbe VIP's		#DIV/0!
Ezingoleni VIP's		#DIV/0!
uMuziwabantu VIP's		#DIV/0!
Hibiscus Coast VIP's	15 000 000	200.00%
General Operational Expenditure ( Prog. Mgt Costs )	2 000 000	60.44%
<b>AVAILABLE</b>	<b>0</b>	<b>0.00%</b>



UGU DISTRICT MUNICIPALITY  
EQUITABLE SHARE 2017/2018 ALLOCATION

105% 106%

DETAILS	Revised 2015/2016	Draft 2016/2017	Draft 2017/2018	% Increase
National Equitable Share Allocation	-303 885 000	-320 856 000	-342 776 000	6.8%
Less : Allocated Expenditure	303 327 949	320 856 000	342 776 000	6.8%
<i>Cost of Supplying Free Basic Metered Water</i>	22 206 747	23 317 084	24 716 109	6.0%
<i>Free Basic Water - Standpipes</i>	42 118 204	42 840 966	42 840 966	0.0%
<i>Equitable Share 2015/2016 - Water</i>	98 464 532	105 887 779	110 980 919	4.8%
Water Tariff Subsidization	69 438 080	72 909 984	77 284 583	6.0%
Indigent Support	24 435 163	25 656 921	27 196 336	6.0%
Drought Relief and Emergency Water Supply	4 591 309	7 320 875	6 500 000	-11.2%
Water				
<i>Equitable Share 2015/2016 - Sanitation</i>	6 212 451	6 523 073	6 914 458	6.0%
Sanitation Service Subsidization	6 212 451	6 523 073	6 914 458	6.0%
<i>Equitable Share 2015/2016 - Grants</i>	134 325 995	142 287 097	157 323 548	10.6%
Tourism Marketing - Single Tourism Body	6 442 183	6 764 292	7 102 507	5.0%
Tourism Development	5 153 747	5 411 434	5 682 006	5.0%
Development Agency	5 250 000	5 512 500	5 788 125	5.0%
Disaster Management	3 761 856	5 463 948	5 791 785	6.0%
Fire Fighting	3 000 000	1 636 000	1 734 160	6.0%
Environmental Services	16 466 655	17 289 987	18 327 386	6.0%
Local Economic Development Projects	1 671 155	1 754 713	2 104 949	20.0%
Other Operational Expenditure	92 580 400	98 454 223	110 792 630	12.5%
AVAILABLE	-557 051	0	-0	-190%

# UGU DISTRICT MUNICIPALITY

## **TARIFF OF CHARGES 2017/2018 WITH EFFECT FROM 1 JULY 2017 (EXCLUDING VAT)**

### 1. COUNCIL'S CHARGES FOR WATER SUPPLIED TO CONSUMERS

- (a) All consumers with a private water connection will be liable for the payment of a basic cost irrespective if water is supplied or not. The basic cost shall be calculated by multiplying the quota of a consumer by the amount of the basic cost.
- (b) Charges for water supplied shall be calculated by multiplying the consumption of the consumer by the applicable tariff code, by category of consumer.
- (c) The following tariff and basic costs will be implemented on all accounts submitted on or after **1 July 2017** based on the quota as allocated to the meter.

### CONSUMPTION CHARGE

#### 1. Properties zoned as Special and General Residential -Category A AND E

	2017/2018	2016/2017	
0 to 6 Kl	Free	Free	
0 – 39kl	12.27	11.47	7.00%
39 – 51kl	19.57	18.29	7.00%
>51kl	22.05	20.61	7.00%

#### 2. Multi unit residential - Estates AND OTHER bulk users

##### Total Monthly Quota as per Service Level Agreement- Category B

	2017/2018	2017/2017	
For water consumption	8.69	8.12	7.00%
For water drawn in excess of quota	22.10	20.65	7.00%

#### 3. Commercial, Industrial or other- Category C

For water consumption up to quota	12.27	11.47	7.00%
For water drawn in excess of quota	24.52	22.94	7.00%

#### 4. Special Category - Category D

Basic to be determined as per Service Level Agreement
Water Consumption determined as per Service Level Agreement



**BASIC CHARGE****Category A to D**

- (d) A monthly basic charge per kilolitre quota (or part thereof) per day which cost shall be paid at Council's option by the consumer and/or legal owner of the property serviced by the meter – R156.81 (R **146.55** (2016/2017))  
Consumers residing in areas currently categorised as rural areas by the municipality will receive a 75% rebate on the basic charge.

**Category E**

- (e) A monthly basic charge per kilolitre quota of **0.71 kilolitres** per day, which cost shall be paid at Council's option by the consumers residing in areas currently categorised as sub-economic by the municipality – **R105.41**(2016/2017: **R98.51**)

- (f) **Water and Sanitation Basic Charges- other**

Category	Adjusted billing to
Schools	One Basic per meter + Charge per Kilolitre
Religious institutions & non-profit organisations	One Basic per meter + Charge per Kilolitre
Industrial	Calculated Quota
Category E	Sub-economic
Category F	Indigent

2. **COUNCIL'S CHARGE FOR A NEW WATER AND SANITATION CONNECTION**

**2.1 WATER**

SIZE	2018/2017	2016/2017	% Increase
15 mm [Other]	3,011.26	2,814.26	7.00%
20 mm	5,454.71	5,097.86	7.00%
25 mm	7,073.93	6,611.15	7.00%
40 mm	11,064.66	10,340.80	7.00%
<b>SIZE</b>		Deposit Required	
50mm	Cost plus 10%	12000.00	
75mm	Cost plus 10%	13000.00	
100mm	Cost plus 10%	14000.00	
50mm combination	Cost plus 10%	16000.00	

**2.2 SANITATION**

SIZE	2017/2018	2016/2017	% Increase
110mm standard connection, 6m from the boundary of the property to be connected	1,919.27	1,793.71	7.00%
160mm Standard connection 6m from the boundary of the property to be connected	2,468.74	2,307.23	7.00%
SIZE	2017/2018	2016/2017	
110mm under gravel, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
160mm under gravel, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
110mm under tarmac road, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	
160mm under tarmac road, situated more than 6m from boundary of the property to be connected	Cost plus 10%	Cost plus 10%	

**3. COUNCIL'S CHARGES FOR MISCELLANEOUS SERVICES**

	SERVICE	2017/2018	2016/2017	% INCREASE
1.	Testing water meters 15 mm and 20 mm	1,237.79	1,156.81	7.00%
2.	Reconnection/Requested Disconnection of supply	261.23	244.14	7.00%
3.	Reconnection of supply outside working hours	1,139.30	1,064.77	7.00%
4.	Restriction (Credit control)	267.59	250.08	7.00%
5.	Disconnection (Credit control)	624.37	583.52	7.00%
6.	Special meter readings	891.93	833.58	7.00%
7.	Inspection of leaks in terms of Section 23(c)	1,190.56	1,112.67	7.00%
8.	Any other service			
9.	For water drawn from an unmetered point of supply per hour or part thereof	909.79	850.27	7.00%
10.	For water drawn from a hydrant standpipe	12.27/kl	11.47/kl	7.00%
11.	Availability charge per fire hydrant standpipe	94.01 per month per fire hydrant	87.86 per month per fire hydrant	7.00%

12.	Water supplied by tanker less/equal to 6kl	1,286.61	1,202.44	7.00%
13.	Plan approval fee	283.06	264.54	7.00%
14.	Inspection Fee per visit	576.08	538.39	7.00%
15.	Clearance Certificates	297.51	278.05	7.00%
16.	Drainage Certificate Fee	233.93	218.63	7.00%
17.	Application in terms of New Planning Act	2,909.50	2,719.16	7.00%
18.	Town Planning Applications	283.06	264.54	7.00%
19.	Miscellaneous charges	Cost + 10%	Cost + 10%	7.00%
20.	Administration fee/ Town Planning related matters	229.15	214.16	7.00%
21.	Administration fee/ Town Planning related matters	576.08	538.39	7.00%

4. **WATER AVAILABILITY CHARGE** for the year 2017/2018 raised in terms of Section 10G(7) of the Local Government Transitional Act, and the regulations framed in terms of Section 47 of the Ordinance 27/63, the Council levy a uniform **WATER RATE** as set out hereunder, on all land subject to such rate, within local authority areas and townships within the defined areas of the former Lower South Coast and Umzinto Regional Water Services Corporations, for the financial year ending **30 June 2018**:

**A UNIFORM CHARGE OF R1,881.78 (2016/2017: R1,758.67) PER YEAR PER RATED LOT IRRESPECTIVE OF AREA**

The final date for payment of such charge shall be **30 NOVEMBER 2017**.

5. **COUNCIL'S CHARGES FOR SANITATION SERVICES**

		2017/2018	2016/2017	% INCREASE (DECREASE)
5.1	<b>Waterborne Sanitation ( All Areas)</b>			
	Residential			
	Basic Charge (per unit / per property)	269.16	269.16	0.00%
	Charge per kilolitre (water consumption)	3.82	3.57	7.00%
	Conservancy with a Main line facility to Pay 2 x basic fee	538.30	538.30	0.00%
	<b>Industrial/ Commercial</b>			
	Basic Charge (per quota)	269.16	269.16	0.00%
	Charge per kilolitre	3.82	3.57	7.00%
	For any sewage effluent delivered to the sewerage works for processing, per kilolitre or part thereof	28.67	26.79	7.00%
5.3	<b>Conservancy Tank Clearances (All Ugu)</b>			
	Residential			
	Basic Charge (per unit/ per property)	269.16	269.16	0.00%
	Charge per kilolitre(water consumption)	3.82	3.57	7.00%
	<b>SINGLE RESIDENTIAL UNITS</b>			
	▪ FIRST LOAD 100% OF APPROVED TARIFF -	398.49	372.42	7.00%
	▪ SECOND LOAD 70% OF APPROVED			

		2017/2018	2016/2017	% INCREASE (DECREASE)
	TARIFF-	278.94	260.69	7.00%
	▪ THIRD LOAD AND MORE 50% OF APPROVED	199.24	186.21	7.00%
	ON CONDITION THAT THERE IS A SPLIT OF GREY AND BLACK WATER As approved by a municipal inspector			
	<b>Industrial/Commercial</b> Basic Charge(per quota)			
	Charge per kilolitre	269.16	269.16	0.00%
	<i>Conservancy tank customers will receive one load per month included in the basic charge tariff</i>	3.82	3.57	7.00%
5.4	<b>Adhoc Vacuum tanker services (All Ugu)</b> For each draw requested	543.78	508.21	7.00%
5.5	Removal of conservancy tank effluent: -  - For the removal of conservancy effluent per load or part thereof after normal office hours (Monday to Friday).  An applicant for the supply of a conservancy service shall pay a deposit equivalent to the rand value of the number of estimated additional monthly draws anticipated.	2,254.65	2,107.15	7.00%
5.6	1) Conservancy tank additional draws are performed on a cash basis, unless there is a consumer account reflecting an appropriate deposit. 2) Conservancy tank draws shall be performed within 48 hours of request and/or confirmation of receipt of monies. 3) It is the responsibility of the person requesting a draw to get a reference number for follow-up queries.	546.34	510.60	7.00%
		382.44	357.42	7.00%
		273.18	255.31	7.00%
5.7	Septic Tank Charge: - Umdoni Municipality - Per Draw Provided: i) The septic tank must be located and exposed by the owner. ii) The effluent in the septic tank must be liquefied by the owner. iii) The septic tank must be accessible for removal. This service is performed on a cash basis only.	1,433.12	1,339.36	7.00%
5.8	Leachate Removal Charge: - Umdoni Municipality - Per Draw	257.26	240.43	7.00%

**6. Tariff of charges for GIS Copies of Maps – all prices excl vat**

Size	Colour Copy		Black and White Copy		Standard photo Copy		% Increase / (Decrease)
	2017 / 2018	2016 / 2017	2017 / 2018	2016 / 2017	2017 / 2018	2016 / 2017	
<b>AO</b>	292.31	273.19	146.15	136.59		-	7.00%
<b>A1</b>	219.23	204.89	109.61	102.44		-	7.00%
<b>A2</b>	146.15	136.59	68.29	68.29		-	7.00%
<b>A3</b>	86.86	81.18	43.84	40.97	7.30	6.82	7.00%
<b>A4</b>	73.07	68.29	36.53	34.14	2.92	2.73	7.00%
<b>Electronic Soft copy on CD</b>	73.07	68.29				-	7.00%
<b>Images (per MB)</b>	59.66	55.76	36.53	34.14			7.00%

**7. 1 CAPITAL CONTRIBUTIONS FOR 2017/2018**

Capital contribution shall be based on the actual demand and actual current cost that each development requires as calculated by a registered Civil Engineer and agreed to by Ugu Water Services Authority. The design shall be in terms of the Guidelines for Engineering Services and the National Building Regulations (SANS 0400).  
Failing to submit an Engineers report the following will apply:

SANITATION

COST PER QUOTA

OUTFALL SEWER/PUMPING MAIN		R 7 884.00
WASTE WATER TREATMENT WORKS		R 7 489.80
<b>TOTAL</b>		<b>R 15 373.80</b>
<b>ONE QUOTA = 1000 LITERS</b>		
<b>WATER</b>		<b>COST PER QUOTA</b>
<b>NETWORK</b>		
DAM		R 2 299.50
SUPPLY PIPELINE		R 2 089.26
PUMPSATION		R 2 969.64
RESERVOIR		R 2 233.80
WATER PURIFICATION WORKS		R 2 759.40
<b>TOTAL</b>		<b>R 12 351.60</b>
<b>ONE QUOTA = 1000 LITERS</b>		

CONTRIBUTIONS		WATER QUOTA		SANITATION QUOTA	
<b>RESIDENTIAL 1</b>					
400)	SUB ECONOMIC (250 TO 400)		0.25		0.20
	LOW (401 TO 700M <sup>2</sup> )		0.60		0.50
	MIDDLE (701 TO 900 M <sup>2</sup> )		0.80		0.65
	HIGH (901 TO 2000)		1.00		1.00
	GRANNY FLAT		0.50		0.40
<b>RESIDENTIAL 2 AND 3</b>					
	LOW (30 TO 60 M <sup>2</sup> )		0.60		0.50
	MIDDLE (61 TO 200 M <sup>2</sup> )		0.80		0.65
	HIGH (201 TO 500)		1.00		1.00
<b>RESIDENTIAL 4 (HIGH RISE)</b>			1.00		1.00
	LOW (30 TO 50 M <sup>2</sup> )		0.45		0.40
	MIDDLE (51 TO 80 M <sup>2</sup> )		0.60		0.50
	HIGH (81 TO 200 M <sup>2</sup> )		0.75		0.70
	<b>OFFICE /100M<sup>2</sup></b>		0.40		0.40
	<b>SHOPS/100M<sup>2</sup></b>		0.40		0.40
			<b>WATER QUOTA</b>		<b>SANITATION QUOTA</b>
	<b>CLINIC/BED</b>		0.25		0.25
<b>RETIREMENT VILLAGE/PERSON</b>					
	FRAIL CARE/PERSON		0.25		0.25
	BEDSITTER/PERSON		0.25		0.25
	UNITS/UNIT		0.50		0.50
	<b>HOSTELS/PUPIL</b>		0.15		0.15
	<b>CRECHE/PUPIL</b>		0.02		0.02
	<b>SCHOOLS/PUPIL</b>		0.02		0.02
	<b>HOSPITAL/BED</b>		0.25		0.25
	<b>RESTAURANT/SEAT</b>		0.09		0.09
	<b>WAREHOUSE/ VEHICLE SHOWROOM(EXCL. OFFICE ) /100 M<sup>2</sup></b>		0.20		0.20
	<b>INDUSTRIAL(EXCL.OFFICE) /100M<sup>2</sup></b>		0.40		0.40
	<b>CARAVAN PARK/SITE</b>		0.60		0.5
	<b>CONFERENCE CENTRE/HALL / PER SEAT</b>		0.09		0.09
	<b>GOLF ESTATE /HECTARE</b>		5.00		0.00
	<b>SERVICE STATION/WORKSHOP/100M<sup>2</sup></b>		0.40		0.40
	<b>B&amp;B AND GUESTHOUSE/LODGE/ROOM</b>		0.60		0.50
	<b>HOTEL/ROOM</b>		0.60		0.60
	<b>CHURCH/RELIGIOUS INSTITUTIONS</b>		1.00		1.00
	<b>HALLS AND CLUB HOUSES</b>		1.00		1.00
	<b>CAR WASH</b>		7.68		7.68

QUOTA		WATER QUOTA	SANITATION QUOTA
<b>RESIDENTIAL 1</b>			
SUB ECONOMIC (250 TO 400)		0.20	0.20
LOW (401 TO 700M <sup>2</sup> )		0.5	0.40
MIDDLE (701 TO 900 M <sup>2</sup> )		0.7	0.6
HIGH (901 TO 2000)		1.0	1.0
GRANNY FLAT		0.5	0.4
<b>RESIDENTIAL 2 AND 3</b>			
LOW (30 TO 60 M <sup>2</sup> )		0.6	0.50
MIDDLE (61 TO 200 M <sup>2</sup> )		0.8	0.6
HIGH (201 TO 500)		1.00	1.00
<b>RESIDENTIAL 4 (HIGH RISE)</b>			
LOW (30 TO 50 M <sup>2</sup> )		0.4	0.40
MIDDLE( 51 TO 80 M <sup>2</sup> )		0.6	0.50
HIGH (81 TO 200 M <sup>2</sup> )		0.80	0.70
<b>OFFICE /100M<sup>2</sup></b>		0.4	0.40
<b>SHOPS/100M<sup>2</sup></b>		0.4	0.40
			<b>SANITATION QUOTA</b>
<b>CLINIC/BED</b>		0.2	0.2
<b>RETIREMENT VILLAGE/PERSON</b>			
FRAIL CARE/PERSON		0.2	0.2
BEDSITTER/PERSON		0.2	0.2
UNITS/UNIT		0.5	0.50
<b>HOSTELS/PUPIL</b>		0.16	0.15
<b>CRECHE/PUPIL</b>		0.02	0.02
<b>SCHOOLS/PUPIL</b>		0.02	0.02
<b>HOSPITAL/BED</b>		0.2	0.2
<b>RESTAURANT/SEAT</b>		0.10	0.09
<b>WAREHOUSE(EXCL. OFFICE ) /100 M<sup>2</sup></b>		0.1	0.10
<b>INDUSTRIAL(EXCL.OFFICE) /100M<sup>2</sup></b>		0.3	0.20
<b>CARAVAN PARK/SITE</b>		0.4	0.4
<b>CONFERENCE CENTRE/SEAT</b>		0.10	0.09
<b>GOLF ESTATE /HECTARE</b>		5.35	0.00
<b>SERVICE STATION/WORKSHOP/100M<sup>2</sup></b>		0.2	0.2
<b>B&amp;B AND GUESTHOUSE/LODGE/ROOM</b>		0.5	0.4
<b>HOTEL/ROOM</b>		0.5	0.4
<b>CHURCH/RELIGIOUS INSTITUTIONS</b>		1.0	1.00

**7.2 QUOTA**

Quota can be bought at the rate (tariff) applicable when the development was constructed.

**7.3 NUMBER OF BASIC CHARGES**

Number of Basic charges shall be based on the actual number of units for each property. The number of basic charges shall be calculated as per the Guidelines for Engineering Services and based on the number of units, unit size and consumption per unit.

**8. INDUSTRIAL EFFLUENT CHARGES**

- The charges payable by the owner or occupier, as the case may be, of the manufacturing premises for the use of the Council's sewers in respect of the discharge and conveyance therein of trade effluent from the manufacturing premises, including the use of the Council's sewage purification works for purification of the trade effluent, shall be determined in accordance with the provisions of this by-law. Accounts will be rendered as soon as possible after each period of six months ending on 31<sup>st</sup> December, or 30<sup>th</sup> June of each year and shall apply to such periods. Where during any such six monthly period there has been a change of ownership or occupancy necessitating an apportionment of the amount due to the Council, the Council will apportion the amount between the parties concerned in a manner proportionate to the quantity of trade effluent discharged during the relevant respective periods of ownership or occupancy. Nothing herein shall be construed as preventing the Council from submitting accounts on a monthly basis should such practice be considered more expedient by the Council.

The General Manager: Water Services may base the trade effluent charge as described in paragraph (p) section (a), on the highest COD of one, or more samples collected from the trade effluent sampling point.

The charge to be levied by the General Manager: Water Services in respect to trade effluent discharged into its sewers from manufacturing premises shall be assessed in accordance with the following formula: -

$$R = A + ((\text{COD}/1000) \times B)$$

WHERE

- R is the rate in cents per kilolitre due to the Council.
- A is the basic carriage tariff expressed in cents per kilolitre, determined annually in advance by the Council. The value of A is R 6.05 (7.00%)
- B is the basic treatment tariff expressed in cents per kilogram of COD, determined annually in advance by the Council. The value of B is R0.57 (7.00%)
- COD is the chemical oxygen demand value expressed in milligram of COD per litre of effluent recorded in snap samples of effluent collected as and when deemed fit by the General Manager: Water Services.

The charges payable by the owner or occupier will also include any other charges as may be applicable.

- A copy of the methods of chemical analysis and testing procedures used to determine the COD for the purpose of calculating the charge equation described above shall be kept available by the General Manager: Water Services for inspection by the owner or occupier of any premises concerned. The method of chemical



analysis will in all respects follow the STANDARD METHODS FOR WATER ANALYSES published by the SOUTH AFRICAN BUREAU OF STANDARDS being SABS METHOD 1048 – CHEMICAL OXYGEN DEMAND OF WATER.

- In the absence of any direct measurement, the quality of trade effluent discharged into the Council's sewers from any particular manufacturing premises during any period shall be estimated and determined by the General Manager: Water Services by reference to the quantity of water consumed on such premises during such period. The quantity of water consumed on such premises shall be determined by reference to the Council's water meters in the case of water obtained from the Council and by meter or by calculation in the case of water obtained from any other source, including water emerging from material processed on the premises. In determining the quantity of trade effluent so discharged, due allowance shall be made for the quality of water which it is estimated is used for domestic purposes including gardening on such premises or any other purpose not resulting in the discharge of trade effluent and for water lost by reaction or evaporation during any processes on the manufacturing premises concerned and for water present in the final products or materials produced on such premises and, generally, the District Municipality shall take into consideration such matters as will enable it to estimate for the purpose of the by-laws the quantity of trade effluent discharged as aforesaid during any given period.

Industries linked to water borne sewer will be liable for the sanitation basic fee and charges per kilolitre as per charges set, over and above the industrial effluent charge, based on the calculated quota.

#### 9. **ACCEPTANCE OF SEWAGE DELIVERED BY ROAD HAULAGE**

<b>Description</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>R</b>	<b>R</b>
The charges for any sewage delivered for disposal to any Council facilities shall be assessed by an authorised officer in accordance with the prescribed tariff of charges:		
(a) Disposal of trade effluent from within the Council's area of jurisdiction delivered by private road tanker to Council facilities		
Per tanker load	R630.01	R588.79
(b) Disposal of trade effluent from without the Council's area of jurisdiction delivered by private road tanker to Council facilities		
Per tanker load	R1,130.31	R1,056.36
(c) Disposal of domestic effluent from within or without the Council's area of jurisdiction to Council facilities		
(i) delivered by private road tanker per kilolitre, measured as the nominal carrying capacity, of the tanker	R188.38	R176.06
(ii) delivered by private road haulage in drums per drum of capacity not exceeding 150 litres	R37.67	R35.21

#### 10. **TARIFFS FOR INSTALLATION OF BASE TELECOMMUNICATION STATIONS**

The MONTHLY tariffs for the new installation and the renewal of existing leases of base telecommunication stations on municipal property shall be as per the below mentioned tariff of charges:

- R6,039.33 (R5,644.23) on property with an existing structure.  
*Tower erected on Municipal land (a Greenfield site)*
- R3,019.66 (R2,822.11) for Co-Locators (Sub-leases)

*Billed to the main lessee, applicable to new leases signed or renewed after 1 July 2012*

-R1,207.87 (R1,128.85) for antennae's with no base stations  
*Dependant on technical criteria, frequency emissions and site size being no greater than 5m2*

It should be noted that for a single installation, a lease agreement will be entered into with one service provider. In the event of co-use of telecommunications masts by cellular network providers, the primary service provider with whom the municipality entered into lease agreement will be responsible for the account.

## 11. **OFFENCES AND PENALTIES**

Any offences and/or penalties raised by the municipality shall be affected as per Part 7 (General Provisions), clause 34, of the Gazetted Water Services Bylaws, as adopted in terms of Section 21 of the Water Services Act, Act No. 108 of 1997.

## 12. **SPORTFIELDS AND MULTI – COURTS TARIFFS 2016/2017**

The municipal has leased out the Ugu Sports and Leisure Centre to Cyassound Holdings for a period of 5 years ending 28 February 2020. The tariffs for the use of the facility will be determined by the lessor until the expiry of the lease contract.

## 13. **PROMOTION OF ACCESS TO INFORMATION ACT (PAIA) SCHEDULE OF FEES**

(Act No. 2 of 2000)[Regulation 6]

A request for access to a record, as contemplated in Section 18(1) of the Act, must be made in the form of Form A – PAIA REQUEST FOR ACCESS TO RECORD.

### 1. FEE STRUCTURE

Fees chargeable for the records of Ugu District Municipality;

A.	REPRODUCTION FEES	
1.	For every photocopy of an A4 Size page or part thereof	R0.88
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R0.62
3.	For a copy in a computer readable form on;	
3.1	Compact Disc (CD)	R57.93
3.2	Digital Video Disk (DVD)	R57.93
4.		
4.1	For transcription of visual images for an A4 size page or part thereof	R31.86
4.2	For a copy of visual images	R91.70
5.		
5.1	For a transcription of an audio record, for an A4 size page or part thereof	R18.33
5.2	For a copy of an audio record	R24.62
6.	The request fee payable by every requested, other than a personal requestor referred to in	R50.66

	section 22(1) of the Act	
<b>B.</b>	<b>ACCESS FEES</b>	
	Access fees payable by a requester referred to in section 22(7) of the Act, unless exempted under section 22(8) of the Act	
1.	For every photocopy of an A4 Size page or part thereof	R0.88
2.	For every printed copy of an A4 size page or part thereof held on a computer in electronic or machine readable form	R0.62
3.	For a copy in a computer readable form on;	
3.1	Compact Disc (CD)	R57.93
3.2	Digital Video Disk (DVD)	R57.93
4.		
4.1	For transcription of visual images for an A4 size page or part thereof	R31.86
4.2	For a copy of visual images	R86.87
5.		
5.1	For a transcription of an audio record, for an A4 size page or part thereof	R17.38
5.2	For a copy of an audio record	R24.62
6.	To search for the record for disclosure, excluding the first hour, reasonably required time for such a search.	R21.71 per hour or part of an hour

### **COUNCIL'S TARIFF OF CHARGES FOR ATMOSPHERIC EMISSIONS LICENCE PROCESSING**

- (a) All activities listed in terms of section 21 of the NEM-Air Quality Management Act (Act no. 39 of 2004) and Section 6 of Ugu District Municipality Air Quality Management by-law will be subject to the payment of an AEL processing fee.
- (b) The cost shall be calculated by using the AEL processing fee calculator which is prescribed by Ugu District Municipality with due consideration given to a myriad of factors.
- (c) The fee shall be implemented on all AEL applications submitted to the Air Quality Officer (AQO) for scrutiny and approval.

#### **EXISTING AEL FEE BANDS**

<b>APPLICATION BANDS</b>	<b>BAND SIZE</b>		<b>FEE SCHEDULE (R)/YEAR</b>
Band 1	0	13	4,808.90
Band 2	14	21	12,022.25
Band 3	22	40	19,235.60
Band 4	41	60	26,448.96
Band 5	61	80	72,133.52
Band 6	81	100	96,178.02

**UGU DISTRICT MUNICIPALITY  
NEW ATMOSPHERIC EMISSIONS LICENCE (AEL) FEES 2017/18 FOR POST 2013 (NEW) AELS**


<b>Number of 21 listed activities</b>	<b>New application</b>	<b>Review</b>	<b>Renewal</b>	<b>Transfer</b>	<b>Service fee (consideration of annual reports)</b>	<b>Penalty for late submission of annual report</b>
1 unit of listed activities	20 000	10 000	10 000	10 000	5 000	10% of the outstanding amount
2 to 5 units of listed activities	50 000	25 000	10 000	10 000	12,500	10% of the outstanding amount
6 to 10 units of listed activities	100 000	50 000	10 000	10 000	25 000	10% of the outstanding amount
11 and more units of listed activities	400 000	200 000	10 000	10 000	200 000	10% of the outstanding amount

# Ugu District Municipality

## Quality Certificate

I **Dhanpalan Devaraj Naidoo, Municipal Manager of Ugu District Municipality** hereby certify that the annual budget 2017/2018 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality

Name: DHANPALAN DEVARAJ NAIDOO  
Municipal Manager of Ugu District Municipality- DC21

Signature: 

Date: 25/5/17

**UGU DISTRICT MUNICIPALITY**

**EXTRACT FROM THE DRAFT MINUTES OF THE MEETING OF THE  
UGU DISTRICT MUNICIPAL COUNCIL HELD ON 25 MAY 2017**

**9.4 Ugu South Coast Tourism Entity: Draft Budget 2017/18**

Ms Ludick took members through the item.

Following which,

It was

**RESOLVED:**

That the Draft Budget of the Ugu South Coast Tourism Entity for the financial year 2017/2018 be and is hereby **APPROVED**, as set out in the following schedules;

- Table D1 – Budget Summary;
- Table D2 – Budget Financial Performance;
- Table D3 - Capital Budget by Vote and Funding;
- Table D4 – Budget Financial Position;
- Table D5 – Budget Cash Flow; and
- Other Supporting Table (Table SD4-SD11).

**CERTIFIED A TRUE COPY OF THE ORIGINAL**



**VP TSAKO**

**GENERAL MANAGER: CORPORATE SERVICES**

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# Municipal annual budgets and MTREF & supporting tables

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Ugu South Coast Tourism (Pty) Ltd - Table D1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	118	342	480	468	613	613	613	643	676
Transfers recognised - operational	11 680	12 963	13 981	15 307	19 588	19 588	19 145	16 778	17 617
Other own revenue	878	937	772	2 975	4 268	4 268	1 775	3 542	2 345
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>12 675</b>	<b>14 242</b>	<b>15 233</b>	<b>18 750</b>	<b>24 469</b>	<b>24 469</b>	<b>21 534</b>	<b>21 064</b>	<b>20 637</b>
Employee costs	3 593	3 819	4 087	5 342	5 311	5 311	6 963	7 381	7 823
Remuneration of Board Members	108	154	156	234	234	234	638	676	717
Depreciation and debt impairment	230	26	18	50	-	-	-	-	-
Finance charges	-	-	-	2	1	1	1	1	1
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	7 380	7 521	7 870	12 583	18 669	18 669	14 767	12 833	11 914
<b>Total Expenditure</b>	<b>11 312</b>	<b>11 520</b>	<b>12 130</b>	<b>18 210</b>	<b>24 214</b>	<b>24 214</b>	<b>22 368</b>	<b>20 890</b>	<b>20 455</b>
<b>Surplus/(Deficit)</b>	<b>1 363</b>	<b>2 722</b>	<b>3 103</b>	<b>540</b>	<b>255</b>	<b>255</b>	<b>(835)</b>	<b>174</b>	<b>182</b>
Transfers recognised - capital	(73)	(209)	(57)	(540)	(255)	(255)	(165)	(174)	(182)
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1 291</b>	<b>2 513</b>	<b>3 046</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>(1 000)</b>	<b>0</b>	<b>(0)</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>1 291</b>	<b>2 513</b>	<b>3 046</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>(1 000)</b>	<b>0</b>	<b>(0)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>143</b>	<b>209</b>	<b>41</b>	<b>540</b>	<b>255</b>	<b>255</b>	<b>165</b>	<b>174</b>	<b>182</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	143	209	41	540	255	255	165	174	182
<b>Total sources of capital funds</b>	<b>143</b>	<b>209</b>	<b>41</b>	<b>540</b>	<b>255</b>	<b>255</b>	<b>165</b>	<b>174</b>	<b>182</b>
<b>Financial position</b>									
Total current assets	5 383	12 581	15 390	11 243	11 078	11 078	6 205	9 805	9 315
Total non current assets	655	650	553	1 704	1 418	1 418	5 888	2 325	2 431
Total current liabilities	1 232	1 534	1 142	1 264	1 264	1 264	610	610	948
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	4 806	11 698	14 801	11 683	11 233	11 233	11 483	11 520	10 799
<b>Cash flows</b>									
Net cash from (used) operating	(456)	3 376	2 850	1 349	13 080	13 080	(610)	(9 339)	(4 260)
Net cash from (used) investing	(137)	(209)	(41)	(540)	(1 376)	(1 376)	(165)	(174)	(182)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>7 518</b>	<b>10 685</b>	<b>13 494</b>	<b>14 303</b>	<b>25 198</b>	<b>25 198</b>	<b>24 422</b>	<b>14 910</b>	<b>10 468</b>



Ugu South Coast Tourism (Pty) Ltd - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<b>Revenue by Source</b>										
Property rates	1									
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										
Interest earned - external investments		118	342	480	468	613	613	613	643	676
Interest earned - outstanding debtors					-	-	-	-	-	-
Dividends received					-	-	-	-	-	-
Fines					-	-	-	-	-	-
Licences and permits					-	-	-	-	-	-
Agency services					-	-	-	-	-	-
Transfers recognised - operational		11 680	13 172	14 039	15 847	19 843	19 843	19 311	16 951	17 799
Other revenue		878	727	715	2 435	4 013	4 013	1 610	3 469	2 162
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>12 675</b>	<b>14 242</b>	<b>15 233</b>	<b>18 750</b>	<b>24 469</b>	<b>24 469</b>	<b>21 534</b>	<b>21 064</b>	<b>20 637</b>
<b>Expenditure By Type</b>										
Employee related costs		3 593	3 819	4 087	5 342	5 311	5 311	6 963	7 381	7 823
Remuneration of Directors		108	154	156	234	234	234	638	676	717
Debt impairment	4	33	26	18	50	-	-	-	-	-
Collection costs					-	-	-	-	-	-
Depreciation & asset impairment		197	129	118	169	210	210	225	236	248
Finance charges					2	1	1	1	1	1
Bulk purchases	2				-	-	-	-	-	-
Other materials	5				-	-	-	-	-	-
Contracted services		62	31	33	39	41	41	43	45	47
Transfers and grants					-	-	-	-	-	-
Other expenditure	3	7 309	7 318	7 698	12 375	18 418	18 418	14 499	12 552	11 619
Loss on disposal of PPE		9	44	21	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>11 312</b>	<b>11 520</b>	<b>12 130</b>	<b>18 210</b>	<b>24 214</b>	<b>24 214</b>	<b>22 368</b>	<b>20 890</b>	<b>20 455</b>
<b>Surplus/(Deficit)</b>										
Transfers recognised - capital		1 363	2 722	3 103	540	255	255	(835)	174	182
Contributions recognised - capital		(73)	(209)	(57)	(540)	(255)	(255)	(165)	(174)	(182)
Contributions of PPE										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>1 291</b>	<b>2 513</b>	<b>3 046</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>(1 000)</b>	<b>0</b>	<b>(0)</b>
Taxation										
<b>Surplus/ (Deficit) for the year</b>		<b>1 291</b>	<b>2 513</b>	<b>3 046</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>(1 000)</b>	<b>0</b>	<b>(0)</b>
<b>References</b>										
1. Revenue includes sales of: (insert description)										
2. Bulk purchases - electricity										
2. Bulk purchases - water										
3. Expenditure includes repairs & maintenance of:										

Ugu South Coast Tourism (Pty) Ltd - Table D3 Capital Budget by vote and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
<b>Multi-Year expenditure</b>										
<i>Insert programme/projects description</i>										
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure</b>										
Intangibles		13	14	7	20	21	21	22	23	24
Computer Equipment		17	35	28	60	77	77	80	84	69
Office Furniture & Equipment		113	99	6	60	60	60	63	66	89
Vehicle					250	-	-			
Kiosks					150	97	97			
Container			61		-	-	-			
Signage										
Capital single-year expenditure sub-total	2	143	209	41	540	255	255	165	174	182
<b>Total Capital Expenditure</b>	4	143	209	41	540	255	255	165	174	182
<b>Funded by:</b>										
National Government										
Provincial Government										
Parent Municipality										
District Municipality										
Transfers recognised - capital		-	-	-	-	-	-	-	-	-
Public contributions & donations	6									
Borrowing	3									
Internally generated funds		143	209	41	540	255	255	165	174	182
<b>Total Capital Funding</b>	4	143	209	41	540	255	255	165	174	182

**References**

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment.
3. Include finance leases and PPP capital funding component of unitary payment
4. Total Capital Funding must balance with Total Capital Expenditure
6. Include contributions from Public Entities; e.g. Eskom

check

Ugu South Coast Tourism (Pty) Ltd - Table D4 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		1 767	7	13	2 619	3 189	3 189	3 200	2 800	2 715
Call investment deposits			11 290	13 481	7 688	6 952	6 952	3 000	7 000	6 595
Consumer debtors					-	-	-			-
Other debtors		3 616	1 284	1 896	937	937	937	5	5	5
Current portion of long-term receivables					-	-	-			-
Inventory					-	-	-			-
<b>Total current assets</b>		<b>5 383</b>	<b>12 581</b>	<b>15 390</b>	<b>11 243</b>	<b>11 078</b>	<b>11 078</b>	<b>6 205</b>	<b>9 805</b>	<b>9 315</b>
<b>Non current assets</b>										
Long-term receivables	3				55	55	55	37	37	42
Investments					-	-	-	4 000		
Investment property					-	-	-			
Property, plant and equipment	1	532	626	530	1 436	1 151	1 151	1 616	2 030	2 131
Agricultural assets					-	-	-			
Biological assets					-	-	-			
Intangible assets		123	24	23	213	213	213	235	258	258
<b>Total non current assets</b>		<b>655</b>	<b>650</b>	<b>553</b>	<b>1 704</b>	<b>1 418</b>	<b>1 418</b>	<b>5 888</b>	<b>2 325</b>	<b>2 431</b>
<b>TOTAL ASSETS</b>		<b>6 038</b>	<b>13 232</b>	<b>15 943</b>	<b>12 947</b>	<b>12 497</b>	<b>12 497</b>	<b>12 093</b>	<b>12 130</b>	<b>11 747</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables		1 204	1 191	860	1 190	1 190	1 190	500	500	832
Provisions	3	28	343	282	74	74	74	110	110	116
<b>Total current liabilities</b>		<b>1 232</b>	<b>1 534</b>	<b>1 142</b>	<b>1 264</b>	<b>1 264</b>	<b>1 264</b>	<b>610</b>	<b>610</b>	<b>948</b>
<b>Non current liabilities</b>										
Borrowing										
Provisions	3									
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1 232</b>	<b>1 534</b>	<b>1 142</b>	<b>1 264</b>	<b>1 264</b>	<b>1 264</b>	<b>610</b>	<b>610</b>	<b>948</b>
<b>NET ASSETS</b>	2	<b>4 806</b>	<b>11 698</b>	<b>14 801</b>	<b>11 683</b>	<b>11 233</b>	<b>11 233</b>	<b>11 483</b>	<b>11 520</b>	<b>10 799</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		4 806	11 697	14 801	11 683	11 233	11 233	11 483	11 520	10 799
Reserves		0	0	0	0	0	0			0
Share capital					0		0	0	0	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 806</b>	<b>11 698</b>	<b>14 801</b>	<b>11 683</b>	<b>11 233</b>	<b>11 233</b>	<b>11 483</b>	<b>11 520</b>	<b>10 799</b>

Ugu South Coast Tourism (Pty) Ltd - Table D5 Budgeted Cash Flow

Description	Ref	2013/14	2014/15	2015/16	Current Year: 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Ratepayers and other		981	727	715	940	2 518	2 518	1 610	1 636	1 679
Government - operating		11 190	13 172	14 039	15 847	19 843	19 843	19 311	18 785	17 799
Government - capital						-	-			
Interest		111	342	480	261	405	405	613	643	676
Dividends						-	-			
Payments										
Suppliers and employees	2	(12 738)	(10 866)	(12 383)	(15 697)	(9 684)	(9 684)	(22 144)	(23 251)	(24 413)
Finance charges		(0)	-	(0)	(2)	(2)	(2)	(1)	(7 151)	(1)
Dividends paid						-	-			
Transfers and Grants						-	-			
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(456)</b>	<b>3 376</b>	<b>2 850</b>	<b>1 345</b>	<b>13 080</b>	<b>13 080</b>	<b>(610)</b>	<b>(9 339)</b>	<b>(4 260)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE		6	-	-						
Decrease (increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets		(143)	(209)	(41)	(540)	(1 376)	(1 376)	(165)	(174)	(182)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(137)</b>	<b>(209)</b>	<b>(41)</b>	<b>(540)</b>	<b>(1 376)</b>	<b>(1 376)</b>	<b>(165)</b>	<b>(174)</b>	<b>(182)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	1	<b>(593)</b>	<b>3 167</b>	<b>2 809</b>	<b>809</b>	<b>11 704</b>	<b>11 704</b>	<b>(776)</b>	<b>(9 512)</b>	<b>(4 442)</b>
Cash/cash equivalents at the year begin:	2	8 111	7 518	10 685	13 494	13 494	13 494	25 198	24 422	14 910
Cash/cash equivalents at the year end:	2	7 518	10 685	13 494	14 303	25 198	25 198	24 422	14 910	10 468

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD1 Measurable performance targets

Performance target description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Percentage of AG / Internal Audit queries resolved per quarter	1							127 454	127 454	127 454
AFS adoption by deadline	2017/12/31							293 600	293 600	293 600
Percentage of annual Op. Task expenditure spent	90%							2 655 591	236555100%	236555100%
Percentage of annual capital expenditure spent	90%							165 329	165 329	165 329
Percentage of Grant Revenue received	100%							19 310 723	19 310 723	19 310 723
Percentage of Other revenue received	95%							2 222 917	2 222 917	2 222 917
Board fees paid on 25th of each month	12 monthly payments							638 100	638 100	638 100
MS7 Salaries paid on 25th of each month	12 monthly payments							3 510 657	3 510 657	3 510 657
Staff Salaries paid by 25th of each month	12 monthly payments							3 452 165	3 452 165	3 452 165
Number of training courses	5 courses							80 383		
Number of branded promotional tools	1							242 600		
Annual application by deadline	2018/04/30							266 007		
Number of images	100							50 000		
Number of videos	15							50 000		
Number of broadcasts								61 600		
Local community radio broadcasts per year	24							66 150		
Number of inserts or activations	33							369 600		
Number of inserts or activations	6							184 900		
Number of billboards utilised	6							79 000		
Number of events	17							405 993		
Number of apps	10							159 814		
Newsletters released with dates	4							27 720		
Report by deadline	End Dec 2017 and End June 2018									
Launch of new website by deadline	2016/8/30							450 000		
In Season Events	4							498 713		
International oriented events	4							4 888 667		
South African oriented events	12							448 000		
Ugu District Tourism oriented events	8							500 000		
Developmental events support	12							352 200		
Area Committee compliance	12							380 000		
Schools information Sessions	28							240 000		
Updated presentations to prospective tourism practitioners	10							100 000		
Emergent tourism practitioners	16							420 000		
Graduates for the tourism sector	12							342 500		
Emergent businesses within Southern Explorer	20							265 007		
Tourism Scholarship	1							30 000		
Umtzambe River Trails	4							500 000		
KwaXolo Caves	4							50 000		
Ntuzi Masati Heritage Project	4							50 000		
Implementation Plan: Kwa Nizimolwe Development Plan	2							50 000		
Implementation Plan: Nyandazulu Development Plan	2							50 000		
Implementation Plan: Oribi/Paddock/Ezing corridor Development Plan	1							50 000		
Implementation Plan: Gamelakhe	1							50 000		
Product Audit Umtzabweantu	2017/12/31							30 000		

## Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD2 Financial and non-financial indicators

Description of indicator	Basis of calculation	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		0%	0%	0%	0%	0%	0%	0%	0%	0%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provisioner / Funds & Reserves		25.1%	10.2%	5.8%	10.2%	10.6%	10.6%	4.4%	4.3%	7.7%
Gearing	Long Term Borrowing / Funds & Reserves		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Liquidity</b>											
Current Ratio	Current assets / current liabilities		4.37	8.20	13.47	8.89	8.76	8.76	10.17	16.07	9.83
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		4.37	8.20	13.47	8.89	8.76	8.76	10.17	16.07	9.83
Liquidity Ratio	Monetary Assets / Current Liabilities		1.43	7.36	11.81	8.15	8.02	8.02	10.16	16.07	9.82
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level: %)	Last 12 Mths Receipts / Last 12 Mths Billing			112%	100%	100%	39%	63%	63%	100%	47%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		29%	9%	12%	5%	4%	4%	0%	0%	0%
Longstanding Debtors Reduction Due To Recovery	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))										
<b>Funding of Provisions</b>											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
<b>Other Indicators</b>											
Electricity Distribution Losses	% Volume (Total units purchased + generated less total units sold)/Total units purchased + generated	1									
Water Distribution Losses	% Volume (Total units purchased + own source less total units sold)/Total units purchased + own source	2									
Employee costs	Employee costs/Total Revenue - capital revenue		26.3%	26.8%	26.8%	28%	22%	22%	32%	35%	36%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0.3%	0.2%	0.1%	0%	0%	0%	0%	0%	0%
<b>Financial viability Indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year			48 617.6	758.6	1 843.6	2 937.2	9 252.3	0.3	7 460.1	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		27%	1.7	1.9	1.0	0.7	0.7	0.5	0.8	0.8

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD3 Budgeted Investment Portfolio

Investments by maturity Name of institution & investment ID  R thousands	Ref	Budget Year 2017/18						
		Period of investment	Type of investment	Expiry date of investment	Market value		Interest	
		Months			Begin	End	Fully accrued	Yield %
	1				-	-	-	

## Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2013/14	2014/15	2015/16	Current Year: 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
R thousands										
<b>Remuneration</b>										
<b>Board Members of Entities</b>										
Basic Salaries		57			-	-	-			-
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance					25	25	25	-	-	-
Cell phone allowance										
Housing allowance										
Other benefits and allowances		1	2	2	2	2	2	40	43	45
In-kind benefits										
Board Fees			154	156	207	207	207	598	634	672
<b>Sub Total - Board Members of Entities</b>		<b>58</b>	<b>155</b>	<b>157</b>	<b>234</b>	<b>234</b>	<b>234</b>	<b>638</b>	<b>676</b>	<b>717</b>
<b>% increase</b>			0	0	0	0	0	0	0	6.0%
<b>Senior Managers of Entities</b>										
Basic Salaries		1 599	1 613	1 384	1 622	2 038	2 038	3 094	3 280	3 477
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowance		46	46	36	33	49	49	65	69	73
Housing allowance										
Performance Bonus		207			21	34	34	309	328	348
Other benefits or allowances		22	258	148	162	162	162	42	44	47
in-kind benefits										
<b>Sub Total - Senior Managers of Entities</b>		<b>1 875</b>	<b>1 917</b>	<b>1 568</b>	<b>1 839</b>	<b>2 282</b>	<b>2 282</b>	<b>3 511</b>	<b>3 721</b>	<b>3 945</b>
<b>% increase</b>			0	(0)	0	0	0	0	0	6.0%
<b>Other Staff of Entities</b>										
Basic Salaries		2 794	1 413	1 866	2 664	2 258	2 258	2 427	2 573	2 727
Pension Contributions		77	56	83	111	102	102	194	205	218
Medical Aid Contributions		144	129	171	200	207	207	293	311	329
Motor vehicle allowance										
Cell phone allowance					12	12	12	24	25	27
Housing allowance			19	23	32	15	15	23	24	26
Overtime		111	167	201	254	204	204	234	248	263
Performance Bonus			85	122	183	169	169	198	210	222
Other benefits or allowances		130	31	52	47	61	61	59	63	66
in-kind benefits										
<b>Sub Total - Other Staff of Entities</b>		<b>3 257</b>	<b>1 901</b>	<b>2 517</b>	<b>3 503</b>	<b>3 028</b>	<b>3 028</b>	<b>3 452</b>	<b>3 659</b>	<b>3 879</b>
<b>% increase</b>			(0)	0	0	0	0	0	0	6.0%
<b>Total Municipal Entities remuneration</b>		<b>5 489</b>	<b>3 973</b>	<b>4 243</b>	<b>5 576</b>	<b>5 545</b>	<b>5 545</b>	<b>7 601</b>	<b>8 057</b>	<b>8 540</b>



u South Coast Tourism (Pty) Ltd - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		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)										
Board Members of municipal entities	3	14		13	14		11	14		11
<b>Municipal entity employees</b>	4									
CEO and Senior Managers	2	4		2	3	-	3	4		4
Other Managers	6									
Professionals		-	-	-	-	-	-	-	-	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		-	-	-	-	-	-	-	-	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		13	13	11	15	15	-	15	15	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>Total Personnel Numbers</b>		<b>31</b>	<b>13</b>	<b>26</b>	<b>32</b>	<b>15</b>	<b>14</b>	<b>33</b>	<b>15</b>	<b>15</b>
<b>% increase</b>			(58.1%)	100.0%	23.1%	(42.3%)	(46.2%)	135.7%	(54.5%)	-
<b>Municipal entity employees headcount</b>	5									
Finance personnel headcount	7	1		1	3	2	1	3	2	1
Human Resources personnel headcount	7	1		1	1		1	2	1	1

References

Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.

Section 57 of the Systems Act

include only in Consolidated Statements

include municipal entity employees in Consolidated Statements

include headcount (number of persons, Not FTE) of managers and staff only (exclude councillors)

managers who provide the direction of a critical technical function

Total number of employees working on these functions

Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expend Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 20-	
<b>R thousands</b>																
<b>Revenue By Source</b>																
Service charges																
Rental of facilities and equipment	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	1 794	21 534	21 064		
Other revenue	0															
Gains on disposal of PPE																
<b>Total Revenue</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>1 794</b>	<b>21 534</b>	<b>21 064</b>		
<b>Expenditure By Type</b>																
Employee related costs	580	580	580	580	580	580	580	580	580	580	580	580	6 963	7 381		
Remuneration of Board Members	53	53	53	53	53	53	53	53	53	53	53	53	638	676		
Debt Impairment																
Collection costs																
Depreciation & asset impairment	19	19	19	19	19	19	19	19	19	19	19	19	225	236		
Finance charges	0	0	0	0	0	0	0	0	0	0	0	0	1	1		
Bulk purchases																
Other materials																
Contracted services	4	4	4	4	4	4	4	4	4	4	4	4	43	45		
Transfers and grants																
Other expenditure	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	1 208	14 469	12 552		
Loss on disposal of PPE																
<b>Total Expenditure</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>1 864</b>	<b>22 368</b>	<b>20 890</b>		
<b>Capital expenditure</b>																
Capital assets	14	14	14	14	14	14	14	14	14	14	14	14	165	174		
<b>Total capital expenditure</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>165</b>	<b>174</b>		
<b>Cash flow</b>																
Ratepayers and other	134	134	134	134	134	134	134	134	134	134	134	134	1 610	1 636		
Grants	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	1 609	19 311	18 785		
Interest	51	51	51	51	51	51	51	51	51	51	51	51	613	643		
Suppliers, employees and other	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(1 845)	(22 144)	(23 251)		
Finance charges	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(7 151)		
Dividends paid																
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(51)</b>	<b>(610)</b>	<b>(9 339)</b>		
Decrease (Increase) other non-current receivables																
Decrease (Increase) in non-current investments																
Proceeds on disposal of PPE																
Capital assets		(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(165)	(174)		
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b></b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(14)</b>	<b>(165)</b>	<b>(174)</b>		
Borrowing long term/refinancing/short term																
Repayment of borrowing																
Increase in consumer deposits																
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>		
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(51)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(65)</b>	<b>(78)</b>	<b>(776)</b>	<b>(9 512)</b>		



Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD7b Capital expenditure on renewal of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
<b>Capital expenditure on renewal of existing assets by asset category</b>										
<b>Infrastructure</b>										
Infrastructure - Road transport										
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity										
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water										
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation										
Reticulation										
Sewerage purification										
Infrastructure - Other										
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>										
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
<b>Heritage assets</b>										
Buildings										
Other										
<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>										
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 renewal of existing assets</b>	1									
<b>Specialised vehicles</b>										
Refuse										
Fire										
Conservancy										
Ambulances										

References

1. Total Capital Expenditure on renewal of existing assets by asset category must reconcile to total capital expenditure shown in capital budget less Total Capital Expenditure on new assets

check balance



## Ugu South Coast Tourism (Pty) Ltd - Supporting Table SD8 Future financial implications of the capital expenditure budget

Vote Description	Ref	Medium Term Revenue and Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousands								
<b>Capital expenditure</b>	1							
<b>Total capital expenditure</b>		-	-	-	-	-	-	-
<b>Future operational costs by vote</b> <i>Summarise future operational costs by program</i>	2							
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b> <i>Summarise future revenue implications by revenue source</i>	3							
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		-	-	-	-	-	-	-











## Quality Certificate

I Justin Mackrory, Chief Executive Officer of Ugu – South Coast Tourism (Pty) Ltd hereby certify that the Draft Annual Budget 2017 / 2018 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documentation are consistent with the Tourism Strategy of the company.

**JUSTIN MACKRORY**  
Chief Executive Officer

Date: 24 May 2017



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**UGU DISTRICT MUNICIPALITY**

**EXTRACT FROM THE DRAFT MINUTES OF THE MEETING OF THE  
UGU DISTRICT MUNICIPAL COUNCIL HELD ON 25 MAY 2017**

**5.4 Ugu South Coast Development Agency – Draft Budget 2017/2018**

Mr Duma took members through the item.

Following which,

It was

**RESOLVED:**

That the Ugu South Coast Development Agency – Draft Budget 2017/2018 be and is hereby **APPROVED**, as set out in the following schedules;

- Table D1 – Budget Summary;
- Table D2 – Budget Financial Performance;
- Table D3 - Capital Budget by Vote and Funding;
- Table D4 – Budget Financial Position;
- Table D5 – Budget Cash Flow; and
- Other Supporting Tables (Table SD4-SD11).

**CERTIFIED A TRUE COPY OF THE ORIGINAL**



**VP TSAKO**

**GENERAL MANAGER: CORPORATE SERVICES**

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Ugu South Coast Development Agency - Table D1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	194	65	-	50	100	100	200	212	225
Transfers recognised - operational	6 491	5 897	-	6 850	9 378	9 378	9 688	10 269	10 886
Other own revenue	4	21	-	-	15	15	3 550	3 763	3 989
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>6 689</b>	<b>5 984</b>	<b>-</b>	<b>6 900</b>	<b>9 493</b>	<b>9 493</b>	<b>13 438</b>	<b>14 244</b>	<b>15 099</b>
Employee costs	1 926	2 565	-	3 157	4 616	4 616	4 800	5 088	5 333
Remuneration of Board Members	227	316	-	265	409	409	856	907	961
Depreciation and debt impairment	24	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	1 759	5 934	-	2 736	4 404	4 404	7 552	8 005	8 485
<b>Total Expenditure</b>	<b>3 937</b>	<b>8 815</b>	<b>-</b>	<b>6 158</b>	<b>9 429</b>	<b>9 429</b>	<b>13 208</b>	<b>14 000</b>	<b>14 840</b>
<b>Surplus/(Deficit)</b>	<b>2 752</b>	<b>(2 831)</b>	<b>-</b>	<b>742</b>	<b>64</b>	<b>64</b>	<b>231</b>	<b>244</b>	<b>259</b>
Transfers recognised - capital	(109)	(103)	-	-	28	28	100	106	112
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2 643</b>	<b>(2 934)</b>	<b>-</b>	<b>742</b>	<b>92</b>	<b>92</b>	<b>331</b>	<b>350</b>	<b>371</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>2 643</b>	<b>(2 934)</b>	<b>-</b>	<b>742</b>	<b>92</b>	<b>92</b>	<b>331</b>	<b>350</b>	<b>371</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>109</b>	<b>103</b>	<b>-</b>	<b>30</b>	<b>133</b>	<b>133</b>	<b>100</b>	<b>106</b>	<b>112</b>
Transfers recognised - capital	109	103	-	30	133	133	100	106	112
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>109</b>	<b>103</b>	<b>-</b>	<b>30</b>	<b>133</b>	<b>133</b>	<b>100</b>	<b>106</b>	<b>112</b>
<b>Financial position</b>									
Total current assets	4 135	1 730	-	1 159	3 659	3 659	4 157	2 180	1 689
Total non current assets	147	226	-	219	352	352	331	348	365
Total current liabilities	-	222	-	227	227	227	423	250	263
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	4 282	1 733	-	1 151	3 784	3 784	4 065	2 277	1 791
<b>Cash flows</b>									
Net cash from (used) operating	2 872	(2 728)	-	742	36	36	(1 085)	(3 386)	(3 603)
Net cash from (used) investing	145	324	-	(30)	(133)	(133)	(100)	3 394	3 612
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>3 856</b>	<b>1 452</b>	<b>1 452</b>	<b>2 165</b>	<b>1 356</b>	<b>1 356</b>	<b>171</b>	<b>179</b>	<b>189</b>



Ugu South Coast Development Agency - Table D3 Capital Budget by vote and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
<b>Multi-Year expenditure</b>										
<i>Insert programme/projects description</i>										
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure</b>										
Computer Equipment		41	15		20	73	73	50	53	56
Office Furniture & Equipment		68	88		10	60	60	50	53	56
<b>Capital single-year expenditure sub-total</b>	2	109	103	-	30	133	133	100	106	112
<b>Total Capital Expenditure</b>	4	109	103	-	30	133	133	100	106	112
<b>Funded by:</b>										
National Government										
Provincial Government										
Parent Municipality		109	103		30	133	133	100	106	112
District Municipality										
Transfers recognised - capital		109	103	-	30	133	133	100	106	112
Public contributions & donations	6									
Borrowing	3									
internally generated funds										
<b>Total Capital Funding</b>	4	109	103	-	30	133	133	100	106	112

**References**

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. include capital component of PPP unitary payment.
3. include finance leases and PPP capital funding component of unitary payment
4. Total Capital Funding must balance with Total Capital Expenditure
6. include contributions from Public Entities; e.g. Eskom

check

Ugu South Coast Development Agency - Table D4 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		567	114		119	119	119	51	53	56
Call investment deposits		3 568	1 616		1 040	3 540	3 540	120	127	133
Consumer debtors										
Other debtors								3 986	2 000	1 500
Current portion of long-term receivables										
Inventory										
<b>Total current assets</b>		<b>4 135</b>	<b>1 730</b>	<b>-</b>	<b>1 159</b>	<b>3 659</b>	<b>3 659</b>	<b>4 157</b>	<b>2 180</b>	<b>1 689</b>
<b>Non current assets</b>										
Long-term receivables	3									
Investments										
Investment property										
Property, plant and equipment	1	143	198		197	329	329	308	324	340
Agricultural assets										
Biological assets										
Intangible assets		4	28		23	23	23	23	24	25
<b>Total non current assets</b>		<b>147</b>	<b>226</b>	<b>-</b>	<b>219</b>	<b>352</b>	<b>352</b>	<b>331</b>	<b>348</b>	<b>365</b>
<b>TOTAL ASSETS</b>		<b>4 282</b>	<b>1 956</b>	<b>-</b>	<b>1 378</b>	<b>4 011</b>	<b>4 011</b>	<b>4 488</b>	<b>2 527</b>	<b>2 054</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables		-	222		-	-	-	185		
Provisions	3				227	227	227	238	250	263
<b>Total current liabilities</b>		<b>-</b>	<b>222</b>	<b>-</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>423</b>	<b>250</b>	<b>263</b>
<b>Non current liabilities</b>										
Borrowing										
Provisions	3									
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>222</b>	<b>-</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>423</b>	<b>250</b>	<b>263</b>
<b>NET ASSETS</b>	2	<b>4 282</b>	<b>1 733</b>	<b>-</b>	<b>1 151</b>	<b>3 784</b>	<b>3 784</b>	<b>4 065</b>	<b>2 277</b>	<b>1 791</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		4 282	1 733		1 151	3 784	3 784	4 065	2 277	1 791
Reserves										
Share capital										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 282</b>	<b>1 733</b>	<b>-</b>	<b>1 151</b>	<b>3 784</b>	<b>3 784</b>	<b>4 065</b>	<b>2 277</b>	<b>1 791</b>



Ugu South Coast Development Agency - Table D4 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		567	114		119	119	119	51	53	56
Call investment deposits		3 568	1 616		1 040	3 540	3 540	120	127	133
Consumer debtors										
Other debtors								3 986	2 000	1 500
Current portion of long-term receivables										
Inventory										
<b>Total current assets</b>		<b>4 135</b>	<b>1 730</b>	<b>-</b>	<b>1 159</b>	<b>3 659</b>	<b>3 659</b>	<b>4 157</b>	<b>2 180</b>	<b>1 689</b>
<b>Non current assets</b>										
Long-term receivables	3									
Investments										
Investment property										
Property, plant and equipment	1	143	198		197	329	329	308	324	340
Agricultural assets										
Biological assets										
Intangible assets		4	28		23	23	23	23	24	25
<b>Total non current assets</b>		<b>147</b>	<b>226</b>	<b>-</b>	<b>219</b>	<b>352</b>	<b>352</b>	<b>331</b>	<b>348</b>	<b>365</b>
<b>TOTAL ASSETS</b>		<b>4 282</b>	<b>1 956</b>	<b>-</b>	<b>1 378</b>	<b>4 011</b>	<b>4 011</b>	<b>4 488</b>	<b>2 527</b>	<b>2 054</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables		-	222		-	-	-	185		
Provisions	3				227	227	227	238	250	263
<b>Total current liabilities</b>		<b>-</b>	<b>222</b>	<b>-</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>423</b>	<b>250</b>	<b>263</b>
<b>Non current liabilities</b>										
Borrowing										
Provisions	3									
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>222</b>	<b>-</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>423</b>	<b>250</b>	<b>263</b>
<b>NET ASSETS</b>	2	<b>4 282</b>	<b>1 733</b>	<b>-</b>	<b>1 151</b>	<b>3 784</b>	<b>3 784</b>	<b>4 065</b>	<b>2 277</b>	<b>1 791</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		4 282	1 733		1 151	3 784	3 784	4 065	2 277	1 791
Reserves										
Share capital										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 282</b>	<b>1 733</b>	<b>-</b>	<b>1 151</b>	<b>3 784</b>	<b>3 784</b>	<b>4 065</b>	<b>2 277</b>	<b>1 791</b>

Ugu South Coast Development Agency - Table D5 Budgeted Cash Flow

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Ratepayers and other		4	21		-	15	15	3 550	3 763	3 989
Government - operating		6 600	6 000		6 850	9 350	9 350	9 588	10 163	10 773
Government - capital						-	-			
Interest		194	65		50	100	100	200	212	225
Dividends						-	-			
Payments	2									
Suppliers and employees		(3 926)	(8 815)		(6 158)	(9 429)	(9 429)	(13 208)	(17 524)	(18 589)
Finance charges										
Dividends paid										
Transfers and Grants								(1 216)		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>2 872</b>	<b>(2 728)</b>	<b>-</b>	<b>742</b>	<b>36</b>	<b>36</b>	<b>(1 085)</b>	<b>(3 386)</b>	<b>(3 603)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE										
Decrease (increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments		254	427						3 500	3 500
Payments										
Capital assets		(109)	(103)		(30)	(133)	(133)	(100)	(106)	112
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>145</b>	<b>324</b>	<b>-</b>	<b>(30)</b>	<b>(133)</b>	<b>(133)</b>	<b>(100)</b>	<b>3 394</b>	<b>3 612</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	1	<b>3 017</b>	<b>(2 404)</b>	<b>-</b>	<b>712</b>	<b>(96)</b>	<b>(96)</b>	<b>(1 185)</b>	<b>8</b>	<b>10</b>
Cash/cash equivalents at the year begin:	2	840	3 856	1 452	1 452	1 452	1 452	1 356	171	179
Cash/cash equivalents at the year end:	2	3 856	1 452	1 452	2 165	1 356	1 356	171	179	189



Ugu South Coast Development Agency - Supporting Table SD2 Financial and non-financial indicators

Description of Indicator	Basis of calculation	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Borrowing to Asset Ratio	Total Long-term Borrowing / Total Assets		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		0%	0%	0%	0%	0%	0%	0%	0%	0%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves		0.0%	12.8%	0.0%	0.0%	0.0%	0.0%	4.5%	0.0%	0.0%
Gearing	Long Term Borrowing / Funds & Reserves		0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Liquidity</b>											
Current Ratio	Current assets / current liabilities		0.00	7.79	0.00	5.10	16.11	16.11	9.82	8.71	6.42
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		0.00	7.79	0.00	5.10	16.11	16.11	9.82	8.71	6.42
Liquidity Ratio	Monetary Assets / Current Liabilities		0.00	7.79	0.00	5.10	16.11	16.11	0.40	0.72	0.72
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing			100%	100%	0%	0%	100%	100%	100%	100%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		0%	0%	0%	0%	0%	0%	30%	14%	10%
Longstanding Debtors Reduction Due To Recovery	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))										
<b>Funding of Provisions</b>											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
<b>Other Indicators</b>											
Electricity Distribution Losses	% Volume (Total units purchased + generated less total units sold)/Total units purchased + generated	1									
Water Distribution Losses	% Volume (Total units purchased + own source less total units sold)/Total units purchased + own source	2									
Employee costs	Employee costs/Total Revenue - capital revenue		28.3%	42.1%	0.0%	46%	48%	49%	36%	36%	36%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
<b>Financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year										
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		0%	0.0%	0.0%	0%	0%	0%	0%	0%	0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		176%	0.3		0.3	0.7	0.7	0.0	0.0	0.0

Ugu South Coast Development Agency - Supporting Table SD3 Budgeted Investment Portfolio

Investments by maturity Name of institution & investment ID R thousands	Ref	Budget Year 2017/18						
		Period of investment	Type of investment	Expiry date of investment	Market value		Interest	
		Months			Begin	End	Fully accrued	Yield %
			Fixed deposit		3 540	3 717		
	1				3 540	3 717	-	

## Ugu South Coast Development Agency - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
<b>R thousands</b>										
<b>Remuneration</b>										
<b>Board Members of Entities</b>										
Basic Salaries										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowance										
Housing allowance										
Other benefits and allowances										
In-kind benefits										
Board Fees										
		227	316		265	410	410	856	907	961
<b>Sub Total - Board Members of Entities</b>		<b>227</b>	<b>316</b>	<b>-</b>	<b>265</b>	<b>410</b>	<b>410</b>	<b>856</b>	<b>907</b>	<b>961</b>
% Increase			0		#DIV/0!	#DIV/0!	#DIV/0!	0	0	6.0%
<b>Senior Managers of Entities</b>										
Basic Salaries		1 529	1 980		2 328	3 336	3 336	3 600	4 028	4 270
Pension Contributions						-	-			
Medical Aid Contributions						-	-			
Motor vehicle allowance						-	-			
Cell phone allowance						(0)	(0)			
Housing allowance						-	-			
Performance Bonus						-	-			
Other benefits or allowances						-	-			
In-kind benefits						-	-			
		1 529	1 980		2 328	3 335	3 335	3 600	4 028	4 270
<b>Sub Total - Senior Managers of Entities</b>		<b>1 529</b>	<b>1 980</b>	<b>-</b>	<b>2 328</b>	<b>3 335</b>	<b>3 335</b>	<b>3 600</b>	<b>4 028</b>	<b>4 270</b>
% Increase			0		#DIV/0!	#DIV/0!	#DIV/0!	0	0	6.0%
<b>Other Staff of Entities</b>										
Basic Salaries		397	585		830	877	877	800	848	899
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowance										
Housing allowance										
Overtime										
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
		397	585		830	877	877	800	848	899
<b>Sub Total - Other Staff of Entities</b>		<b>397</b>	<b>585</b>	<b>-</b>	<b>830</b>	<b>877</b>	<b>877</b>	<b>800</b>	<b>848</b>	<b>899</b>
% Increase			0		#DIV/0!	#DIV/0!	#DIV/0!	(0)	0	6.0%
<b>Total Municipal Entities remuneration</b>		<b>2 153</b>	<b>2 881</b>	<b>-</b>	<b>3 422</b>	<b>4 622</b>	<b>4 622</b>	<b>5 456</b>	<b>5 783</b>	<b>6 130</b>

Ugu South Coast Development Agency - Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		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)										
Board Members of municipal entities	3									
<b>Municipal entity employees</b>	4									
CEO and Senior Managers	2				5		3	5		3
Other Managers	6									
Professionals					3	2		3	2	
Finance					3	2		3	2	
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians										
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)					3	3		3	3	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>Total Personnel Numbers</b>					11	5	3	11	5	3
% Increase								266.7%	(54.5%)	(40.0%)
<b>Total entity employees headcount</b>	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

**References**

1. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
2. s57 of the Systems Act
3. Include only in Consolidated Statements
4. Include municipal entity employees in Consolidated Statements
5. Include headcount (number of persons, Not FTE) of managers and staff only (exclude councillors)
6. Managers who provide the direction of a critical technical function
7. Total number of employees working on these functions

Ugu South Coast Development Agency - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expend Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 20
<b>R thousands</b>															
<b>Revenue By Source</b>															
Service charges															
Rental of facilities and equipment															
Other revenue	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	13 338	14 138	
Grants on disposal of PPE															
<b>Total Revenue</b>	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	13 338	14 138	
<b>Expenditure By Type</b>															
Employee related costs	400	400	400	400	400	400	400	400	400	400	400	400	4 800	5 088	
Remuneration of Board Members	71	71	71	71	71	71	71	71	71	71	71	71	856	907	
Debt impairment															
Collection costs															
Depreciation & asset impairment	5	5	5	5	5	5	5	5	5	5	5	5	65	69	
Finance charges															
Bulk purchases															
Other materials															
Contracted services															
Transfers and grants	624	624	624	624	624	624	624	624	624	624	624	624	7 487	7 936	
Other expenditure															
Loss on disposal of PPE															
<b>Total Expenditure</b>	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	1 101	13 208	14 000	
<b>Capital expenditure</b>															
Capital assets													100	106	
<b>Total capital expenditure</b>													100	106	
<b>Cash flow</b>															
Ratepayers and other															
Grants	799	799	799	799	799	799	799	799	799	799	799	799	3 550	3 763	
Interest	17	17	17	17	17	17	17	17	17	17	17	17	9 588	10 163	
Suppliers, employees and other	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	(1 101)	200	212	
Finance charges													(13 208)	(17 524)	
Dividends paid															
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	131	(3 366)	
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Proceeds on disposal of PPE														3 500	
Capital assets													(100)	(106)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>													(100)	(106)	
Borrowing long term/refinancing/short term															
Repayment of borrowing															
Increase in consumer deposits															
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>															
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	(285)	31	8	





Ugu South Coast Development Agency - Supporting Table SD7b Capital expenditure on renewal of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	1									
<b>Capital expenditure on renewal of existing assets by asset category</b>										
<b>Infrastructure</b>										
Infrastructure - Road transport										
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity										
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water										
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation										
Reticulation										
Sewerage purification										
Infrastructure - Other										
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>										
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
<b>Heritage assets</b>										
Buildings										
Other										
<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>										
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 renewal of existing assets</b>	1									
<b>Specialised vehicles</b>										
Refuse										
Fire										
Consewency										
Ambulances										

References

1. Total Capital Expenditure on renewal of existing assets by asset category must reconcile to total capital expenditure shown in capital budget less Total Capital Expenditure on new assets

check balance



Ugu South Coast Development Agency - Supporting Table SD8 Future financial implications of the capital expenditure budget

Vote Description	Ref	Medium Term Revenue and Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
<b>R thousands</b>								
<b>Capital expenditure</b> <i>List program summary</i>	1							
<b>Total capital expenditure</b>		-	-	-	-	-	-	-
<b>Future operational costs by vote</b> <i>Summarise future operational costs by program</i>	2							
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b> <i>Summarise future revenue implications by revenue source</i>	3							
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		-	-	-	-	-	-	-





Ugu South Coast Development Agency - Supporting Table SD11 External mechanisms

External mechanism Name of organisation R thousands	Ref	Period of agreement 1	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2
		Years/months			



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**19 May 2017**

**Your Ref** : Ugu South Coast Development Agency

**Contact** : Finance Manager

**QUALITY CERTIFICATE**

I, Mandla Mabece, the Chief Executive Officer of the Ugu South Coast Development Agency, hereby certify that the Draft Budget for 2017/18 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act,

**M. Mabece**

A handwritten signature in black ink, appearing to be "M. Mabece", written over a horizontal line. The signature is stylized and somewhat cursive.

**CHIEF EXECUTIVE OFFICER OF UGU SOUTH COAST DEVELOPMENT AGENCY**