

BUDGET STEERING COMMITTEE

22 MARCH 2018

MAYORAL COMMITTEE

22 MARCH 2018

DISTRICT COUNCIL

22 MARCH 2018

**REPORT: DRAFT BUDGET 2018/2019 MRTREF (MEDIUM TERM  
REVENUE AND EXPENDITURE FRAMEWORK / *VERSLAG: KONSEP  
BEGROTING 2018/2019 MEDIUM TERM EN INKOMSTE EN UITGAWE  
RAAMWERK (MTIUR) | INGXELO: UYLO LOLWABIWO-MALI 2018/2019  
MRTREF(INGENISO YEXESHA ELIFUTSHANE KUNYE NENDLELA  
YENCITHO)***

(6/18/7)

14 March 2018

**REPORT FROM THE EXECUTIVE MAYOR (M BOOYSEN)**

**PURPOSE OF THE REPORT**

To table the draft budget 2018/19 MTREF of Eden District Municipality for consideration in terms of Section 16 (2) of the Municipal Finance Management Act 56 of 2003.

**BACKGROUND**

Municipal Finance Management Act 56 of 2003

**Section 16 (2)** *The mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.*

*Section 16 of the MFMA states:*

*“(1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year*

*(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.”*

Municipal Budget and Reporting Regulations dated April 2009

**Regulation (9)** *of the Municipal Budget and Reporting Regulations dated April 2009 states:*

*The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.*

**Regulation 14 (1) of the Municipal Budget and Reporting Regulations dated April 2009 states:**

*– an annual budget and supporting documentation tabled in a municipal council in terms of section 16(2) and 17(3) of the Act –*

*(a) Be in the format in which it will eventually be approved by council.*

*(b) Be credible and realistic such that it is capable of being approved and implemented as tabled.*

## **FINANCIAL IMPLICATIONS**

Financial implications as per the Report attached

## **RELEVANT LEGISLATION**

Municipal Finance Management Act, No 56 of 2003

Municipal Budget and Reporting Regulations, 17 April 2009

## **UITVOERENDE OPSOMMING**

Die burgemeester moet die jaarlikse begroting voor die munisipale raad voorlê vir oorweging 90 dae voor die aanvang van die nuwe finansiële jaar soos per Munisipale Finansiële Bestuurs Wet 56, 2003. Die meerjarige konsepbegroting vir 2018/2019, 2020/2021, 2021/22 word voorgele aan die raad. Die begroting moet in die voorgeskrewe formaat voorgele word, verwys na aanhangsel wat die uiteensetting van die konsep begroting bevat.

## **RECOMMENDATION**

That council take the following resolutions:

- 1) That the draft annual budget of Eden District Municipality for the financial year 2018/19 as set out in the schedules contained in Section 4 and Annexure A be noted:
  - (i) Table A1 Consolidated Budget Summary;
  - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
  - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
  - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
  - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
  - (vi) Table A6 Consolidated Budget Financial Position;

- (vii) Table A7 Consolidated Budget Cash Flows
  - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
  - (ix) Table A9 Consolidated Asset Management
  - (x) Table A10 Consolidated basic service delivery measurement
- 2) That council takes note of the Operating Revenue Budget of R 390,460,332.93.
  - 3) That council takes note of the Operating Expenditure budget of R 388,196,535.11.
  - 4) That council takes note of the Capital budget of R 9,273,379.24.
  - 5) That council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
  - 6) That council takes note of the tariffs for all services. (Annexure B)
  - 7) That council takes note of the new policy that will form part of the budget related policies, namely:
    - Preferential Procurement Policy (Annexure E)
  - 8) That council takes note of the amended budget related policy that have been reviewed and that have been amended, namely:
    - Supply Chain Management Policy (Annexure C)
  - 9) That council takes note of the following policies that have been reviewed and remained unchanged, namely:
    - Asset Management Policy (Annexure D)
    - Tariffs Policy (Annexure F)
    - Credit Control and Debt Collection Policy and Bylaw (Annexure G)
    - Longterm Financial Management Policy (Annexure H)
    - Budget policy (Annexure I)
    - Banking, Cash Management and Investment Policy (Annexure J)
    - Borrowing Policy (Annexure K)
    - Funds and Reserve Policy (Annexure L)
  - 10) That council takes note of the Draft Cost Containment Regulations, namely:
    - Draft Cost Containment Regulations (Annexure M)
  - 11) That council takes note of the following Budget Circulars, namely:
    - MFMA Circular No 89 (Annexure N)
    - MFMA Circular No 91 (Annexure O)

## **AANBEVELING**

Dat die raad die volgende aanbevelings aanvaar:

1. Dat die raad kennis neem van die meerjarige konsepbegroting vir Eden Distrik Munisipaliteit vir die finansiële jaar 2018/2019 soos uiteengesit in seksie 4 van die begrotingsverslag en Aanhangsel A:

- (i) Tabel A1 Gekonsolideerde begrotings opsomming;
- (ii) Tabel A2 Gekonsolideerde Begrotings Finansiële prestasie (volgens standard klassifikasie);
- (iii) Tabel A3 Gekonsolideerde Begrotings Finansiële Prestasie (volgens munisipale segment);
- (iv) Tabel A4 Gekonsolideerde Begrotings Finansiële Prestasie (Inkomste en Uitgawes)
- (v) Tabel A5 Gekonsolideerde Kapitale Begrotings uitgawes (volgens munisipale segment en befondsing bron)
- (vi) Tabel A6 Gekonsolideerde Begroting Finansiële
- (vii) Tabel A7 Gekonsolideerde Begroting Kontantvloei
- (viii) Tabel A8 Gekonsolideerde kontant gerugsteunde reserwes/opgehoopte surplus
- (ix) Tabel A9 Gekonsolideerde Bate Bestuur
- (x) Tabel A10 Gekonsolideerde Basiese dienslewering bepaling

2. Dat die raad kennis neem van die Bedryfsinkomste van R 390,460,332.93.

3. Dat die raad kennis neem van die Bedryfsuitgawes van R 388,196,535.11.

4. Dat die raad kennis neem van die Kapitale Begroting van R 9,273,379.24.

5. Dat die raad kennis neem dat R 145,000,000.00 bedryfsinkomste en bedryfsuitgawes van Departement van Publieke Vervoer vir die paaie agentskapsfunksie ingesluit is by die totale bedryfsbegroting soos per aanbeveling 1 – 4.

6. Dat die raad kennis neem van die tariewe vir alle dienste. (Aanhangsel B)

7. Dat die raad kennis neem van die nuwe beleid wat ontwikkel is en wat deel vorm van die begrotingsverwante beleide, naamlik:

- Voorkeur Verkrygings Beleid (Aanhangsel E)

8. Dat die raad kennis neem van die aangepaste begrotingsverwante beleid wat hersien en verander is, naamlik:

- Voorsienings Kanaal Beleid (Aanhangsel C)

9. Dat die raad kennis neem dat die volgende beleide hersien is en geen veranderinge is aangebring nie, naamlik:

- Bate Bestuurs Beleid (Aanhangsel D)
- Tariewe Beleid (Aanhangsel F)
- Krediet Beheer en Skuld Invorderings Beleid (Aanhangsel G)
- Langtermyn Finansiële Bestuurs Beleid (Aanhangsel H)
- Begrotings Beleid (Aanhangsel I)
- Bank, Kontantbestuur en beleggings Beleid (Aanhangsel J)
- Lenings Beleid (Aanhangsel K)
- Opgehoopte fondse en reserwe beleid (Aanhangsel L)



10. Dat die raad kennis neem van die konsep koste besparings regulasies, naamlik:

- Konsep Koste Besparings Regulasies (Aanhangsel M)

11. Dat kennis neem van die volgende begrotings omsendkrywes, naamlik:

- MFMA Omsendkrywe No 89 (Aanhangsel N)
- MFMA Omsendkrywe No 91 (Aanhangsel O)

## **ISINDULULO**

## **ANNEXURE**

Detailed Budget Report for financial year 2018/2018 MTREF.



# **EDEN DISTRICT MUNICIPALITY DRAFT ANNUAL BUDGET REPORT**

**2018/2019- 2020/2021 MTREF**

# Table of Contents

Glossary	9
Legislative Framework	11
<b>PART 1 – BUDGET</b>	
Section 1 – Mayoral Speech	12
Section 2 – Resolutions	23
Section 3- Executive Summary	25
3.1 Introduction	25
3.2 Proposed Annual Budget 2018/2019-2020/2021 MTREF	26
3.3 Provision of Basic Services	36
3.4 SDBIP and MTREF financial sustainability	36
Section 4- Annual Budget Tables	38
<b>PART 2 – SUPPORTING DOCUMENTATION</b>	51
Section 5 – Budget assumptions	51
Section 6- Budget funding	51
Section 7- Expenditure on allocations and grant programmes	51
Section 8- Grants made by the municipality	51
Section 9- Councilor Allowances and employee benefits	51
Section 10- Service delivery and budget implementation plan	51
Section 11- Capital Expenditure	51
Section 12 – Municipal Manager’s quality certificate	52
Annexure A - Supporting Budget Schedules	53
Annexure B - Tariffs	104
Annexure C - Supply Chain Management Policy	120
Annexure D – Asset Management Policy	216
Annexure E – Preferential Procurement Policy	254
Annexure F – Tariffs Policy	273
Annexure G – Credit Control and Debt Collection Policy	281
Annexure H - Long Term Financial Management Policy	298
Annexure I – Budget Policy	309
Annexure J - Banking Cash Management and Investment Policy	327

Annexure K - Borrowing Policy	347
Annexure L - Funding and Reserve Policy	361
Annexure M – Draft Cost Containment Regulations	370
Annexure N - MFMA Circular No 89	379
Annexure O – MFMA Circular No 91	397

## **Glossary**

**Annual budget** – Prescribed in Chapter 4 of the MFMA.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The financial plan of the Municipality.

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

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** – An unconditional grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Municipal budget and reporting regulations April 2009

**MFMA** – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

**mSCOA** – Municipal Standard Chart of Accounts

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations.

**Operating expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – Generally, spends without, or in excess of, an approved budget.

**Virement** – means transfer of funds between function/ votes within a budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be endorsed by Council through an Adjustments Budget.

**Vote** – One of the main segments into which a budget, in Eden District Municipality's case this means the different GFS classification the budget is divided into.

## **Legislative Framework**

This report has been prepared in terms of the following enabling legislation.

### **The Municipal Finance Management Act – No. 56 of 2003**

Section 16 & 17 Annual Budgets

### **Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations, April 2009**

Schedule A budget formats

## **PART 1 – BUDGET**

### **SECTION 1 – MAYORAL SPEECH**

Honourable Speaker, Deputy Mayor, Councillors, Municipal Manager, officials and members of the public, I want to welcome you at this stage of the agenda.

It is a privilege to be here and to table the 2018/19 MTREF Budget to council

The 2018 Budget Review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economic growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) growth increasing across all major economies

South Africa has experienced a period of prolonged economic weakness, which reduces private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. Eden District Municipality are currently addressing these challenges hands on. On 7 and 8 March 2018 Eden District Municipality hosted a very successful and robust Garden Route Investment Conference at the beautiful Oubaai Resort in George. The objectives of the Conference were to pursue business development and foster relations with prospective investors and partners and to ensure that measures are being developed for smooth and efficient planning processes, which would contribute to generating investment outcomes through ease of doing business and investment readiness.

At the centre of the conference was the message that the Garden Route District wants to grow the Region's economy in collaboration with the private sector (domestic and foreign) and all Municipalities in the District, as well as National and Provincial Government and State Owned Companies, in the pursuit of:

- Job Creation and Training
- Business and Skills Retention
- Increasing Quality of Life
- Industry Diversification
- Empowerment
- Food Security
- Adequate and diverse housing solutions
- Integrated and modern Transportation
- Sustainable Infrastructure and Natural Resource Management
- Protecting and enhancing our environmental and cultural heritage

The Draft 2018/19 MTREF Budget already addresses some the goals indicated above which is also in line with the municipality's IDP Strategic Objectives:



Expenditure per IDP objectives						
Objective	2018/19	%	2019/20	%	2020/21	%
Healthy and Socially Stable Communities	42,951,453	11%	45,967,825	11%	49,323,215	11%
A Skilled Workforce and Communities	15,800,354	4%	16,858,904	4%	17,978,417	4%
Bulk Infrastructure Co-ordination	155,539,582	40%	162,298,013	39%	169,015,997	39%
Environmental Management and Public Safety	62,181,267	16%	77,986,673	19%	82,745,176	19%
Good Governance	80,406,104	21%	79,332,119	19%	84,574,240	19%
Financial Viability	19,738,547	5%	20,293,604	5%	21,750,372	5%
An Inclusive District Economy	11,579,228	3%	11,441,304	3%	11,849,409	3%
<b>Total expenditure:</b>	<b>388,196,535</b>	<b>100%</b>	<b>414,178,442</b>	<b>100%</b>	<b>437,236,826</b>	<b>100%</b>

On the operational budget, R2m has been budgeted for the clearing of alien vegetation as part of the EPWP programme, funded from our council's cash reserves set aside for the clearing of alien vegetation. Annually a calculation is performed to calculate the cost of clearing alien vegetation on council properties, and this provision is cash backed.

R1m has been budgeted for District Economic Development projects, which include amongst others: SMME Export Development Programme (R200 000), South Cape Economic Partnership (R100 000), Kannaland Tourism Strategy (R130 000), World Travel Market Africa (R150 000) and Garden Route & Klein Karoo Festival and Events (R150 000). As the Executive Mayor, I also included the following projects to promote and enhance an environment for economic growth, upskilling of our youth and social outreach:

- Youth Development to the amount of R450 000;
- Donations and Grant in aid to the amount of R400 000;
- Youth Day to the amount of R50 000;
- Golf Day to the amount of R50 000;
- Mandela Day to the amount of R50 000;
- Womans Day to the amount of R50 000;
- Golden Games to the amount of R50 000;
- Worlds Aids Day to the amount of R50 000;
- Christmas Hampers to the amount of R50 000 to just mention a few.

On the capital budget, we have an exciting prospect to build a new fire station that will also serve as a fire fighting training academy as well as providing training to prospective traffic officers. R3m has been included for the first year of the budget for the new fire station and an additional R2m for the outer year 2019/20. The new fire station and specifically the training academy will be at the centre of the municipality's vision to rightfully take up our place as a leading, enabling and inclusive District Municipality.

Speaker, I would now like to present the draft budget and resolutions for Council's consideration. Chapter 4 of the MFMA (Municipal Finance Management Act no 56 of 2003) regulates the process and existence of a municipal budget. Section 16 gives specific meaning to an annual budget and regulates the process thereof:

Section 16(1) to (3) states that council must approve an annual budget for the municipality before the start of each financial year. The annual budget must be tabled at the council meeting at least 90 days before the start of the new financial year.

**The following 2018/19 Annual Budget is presented to Council for consideration:**

**1. HIGH LEVEL SUMMARY: BUDGET 2018/19**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Income	(374,579,945)	(390,460,333)	(417,030,321)	(438,284,752)
Expenditure	369,899,461	388,196,535	414,178,442	437,236,826
<b>(Surplus)/ Deficit before capital</b>	<b>(4,680,484)</b>	<b>(2,263,798)</b>	<b>(2,851,879)</b>	<b>(1,047,926)</b>
Capital budget	4,676,500	9,273,379	2,800,000	1,000,000
Less funded from CRR		(7,100,000)		
<b>(Surplus)/ Deficit after capital</b>	<b>(3,984)</b>	<b>(90,419)</b>	<b>(51,879)</b>	<b>(47,926)</b>

**2. SUMMARY: TOTAL EXPENDITURE**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Remuneration of Councillors	10,815,151	11,572,212	12,382,266	13,249,026
Employee Related Cost - Senior Management	6,120,457	7,812,466	8,286,792	8,929,019
Employee Related Cost - Municipal Staff	122,630,092	125,856,878	134,265,998	144,373,451
Operating expenditure	65,333,761	97,954,978	108,243,386	113,685,330
Roads Agency Services	165,000,000	145,000,000	151,000,000	157,000,000
<b>Total Expenditure</b>	<b>369,899,461</b>	<b>388,196,535</b>	<b>414,178,442</b>	<b>437,236,826</b>

**1. SALARY/REMUNERATION RELATED EXPENDITURE (EDEN):**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Remuneration of Councillors	10,815,151	11,572,212	12,382,266	13,249,026
Employee Related Cost - Senior Management	6,120,457	7,812,466	8,286,792	8,929,019
Employee Related Cost - Municipal Staff	122,630,092	125,856,878	134,265,998	144,373,451
<b>Total Remuneration/ Employee related costs</b>	<b>139,565,700</b>	<b>145,241,557</b>	<b>154,935,056</b>	<b>166,551,496</b>

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council, the municipality based our assumptions on a 7% wage increase + 1% notch increase and medical aid increased with 10%.

The employee related costs of Eden compared to the total expenditure budget represents 59.72%. The reason for the high rate is due to labour intensive service delivery for example fire fighters, environmental health practitioners,

Vacant positions were budgeted for 0 to 12 months, depending on whether the recruitment and selection process has commenced or not.

## 2. OTHER OPERATING EXPENDITURE

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Operating expenditure	65,333,761	97,954,978	108,243,386	113,685,330
Roads Agency Services	165,000,000	145,000,000	151,000,000	157,000,000
<b>Total:</b>	<b>230,333,761</b>	<b>242,954,978</b>	<b>259,243,386</b>	<b>270,685,330</b>

Original allocation for the Roads Agency Function are expected to be R145m MTREF (2018/19 – 2020/21), the admin fee was also adjusted accordingly.

Items included under other operating expenditure are as follow:

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Bad Debts Written Off	1,521,480	1,600,597	1,688,629.79	1,781,504
Contracted Services - Contractors	7,406,901	9,159,884	10,477,411.22	11,059,164
Contracted Services - Outsourced Service	10,479,030	15,485,052	11,837,983.55	12,087,012
Contracted Services - Consultants and Pr	13,284,145	31,486,265	45,794,181.30	48,421,185
Depreciation and Amortisation - Deprecia	2,015,548	2,174,066	2,304,714.91	2,459,036
Depreciation and Amortisation - Amortisa	1,044,609	1,097,483	1,157,844.80	1,221,526
Inventory Consumed - Consumables	858,458	1,118,185	1,279,966.25	1,349,972
Inventory Consumed - Materials and Suppl	115,984	185,056	202,765.51	213,547
Operational Cost - Advertising, Publicit	2,007,761	1,715,037	1,786,585.71	1,886,445
Operational Cost - Assets less than the	424,258	420,934	470,873.68	496,772
Operational Cost - Bank Charges, Facilit	143,543	142,395	159,312.63	168,075
Operational Cost - Bursaries (Employees)	1,239,032	1,774,767	2,458,862.94	2,617,100
Operational Cost - Cleaning Services	201,020	199,412	224,757.81	237,111
Operational Cost - Communication	3,301,412	3,184,414	3,463,025.14	3,652,983
Operational Cost - Contribution to Provi	448,592	471,919	497,874.32	525,257
Operational Cost - Courier and Delivery	7,838	8,775	9,754.08	10,291
Operational Cost - Deeds	3,798	3,768	4,215.25	4,447
Operational Cost - Entertainment	84,322	87,069	93,713.85	98,868
Operational Cost - External Audit Fees	3,048,830	3,201,272	3,383,774.46	3,569,882
Operational Cost - External Computer Ser	580,758	576,112	644,560.07	680,011
Operational Cost - Full Time Union Repre	121,064	120,095	134,364.09	141,754
Operational Cost - Hire Charges	76,064	111,167	118,268.98	124,774
Operational Cost - Insurance Underwritin	991,062	968,674	1,089,832.84	1,149,803
Operational Cost - Licences	138,518	147,410	172,303	181,727
Operational Cost - Management Fee	600,216	595,414	666,156	702,794
Operational Cost - Municipal Services	3,533,335	3,691,063	3,936,661	4,153,178
Operational Cost - Printing, Publication	1,359,127	1,386,579	1,628,733	1,718,298
Operational Cost - Professional Bodies,	1,257,181	1,253,244	1,702,026	1,479,096
Operational Cost - Registration Fees	199,614	207,466	243,524	256,853
Operational Cost - Rewards Incentives	48,000	70,000	73,850	77,912
Operational Cost - Samples and Specimens	707,623	1,300,000	1,404,575	1,481,661
Operational Cost - Skills Development Fu	1,368,421	924,359	982,108	1,058,221
Operational Cost - Travel and Subsistenc	1,793,473	2,309,588	2,555,881	2,695,095
Operational Cost - Uniform and Protectiv	657,119	662,339	688,982	726,795
Operational Cost - Wet Fuel	1,164,023	1,185,059	1,370,369	1,445,579
Operational Cost - Workmens Compensation	900,000	972,000	1,044,900	1,125,880
Operating Leases - Other Assets	751,409	7,002,862	1,399,427	1,475,120
Transfers and Subsidies - Operational	1,450,194	955,200	1,090,617	1,150,601
<b>Total operating expenditure:</b>	<b>65,333,761</b>	<b>97,954,978</b>	<b>108,243,386</b>	<b>113,685,330</b>

**Notes on the above items:**

- Operational expenditure has been classified and budgeted for according to the mSCOA Version 6.2 line segment.
- Non-cash items like bad debts, depreciation and amortisation were aligned to the 2016/17 audited financial figures.
- Other expenditure budgeted for was increased with 0-6%.
- The reason for the major increase in the contracted services was due to the Regional Landfill site that was budgeted for 6 months in 2018/19 and 12 months for the outer years, the income or recovery of cost from the participating local municipalities were also adjusted accordingly.

### 3. OPERATING REVENUE:

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Other revenue	(209,579,945)	(245,460,333)	(266,030,321)	(281,284,752)
Roads Agency Services	(165,000,000)	(145,000,000)	(151,000,000)	(157,000,000)
<b>Total revenue:</b>	<b>(374,579,945)</b>	<b>(390,460,333)</b>	<b>(417,030,321)</b>	<b>(438,284,752)</b>

Included under operating revenue, are the following items:

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Non-exchange Revenue - Transfers and Sub	(156,549,919)	(161,158,654)	(164,081,640)	(169,312,306)
Exchange Revenue - Sales of Goods and Re	(18,682,719)	(14,545,530)	(15,868,481)	(17,744,590)
Exchange Revenue - Operational Revenue	(2,302,975)	(24,490,708)	(43,322,288)	(48,741,372)
Exchange Revenue - Interest, Dividend an	(12,930,351)	(15,311,429)	(16,448,991)	(17,955,930)
Exchange Revenue - Rental from Fixed Ass	(5,819)	(2,717,361)	(3,940,402)	(4,176,826)
Exchange Revenue - Agency Services	(181,830,000)	(164,021,800)	(170,819,108)	(177,662,254)
Non-exchange Revenue - Licences or Permi	(313,700)	(332,522)	(352,473)	(373,622)
Exchange Revenue - IntercompanyParent-su	(1,964,462)	(2,082,330)	(2,196,936)	(2,317,851)
Exchange Revenue - Purchase of Land		(5,800,000)		
<b>Total other revenue:</b>	<b>(374,579,945)</b>	<b>(390,460,333)</b>	<b>(417,030,321)</b>	<b>(438,284,752)</b>

#### Notes on the above items:

- Transfers and Subsidies budgeted as per gazetted DoRA.
- A turn-around strategy for properties and resorts is currently being developed to maximise potential for properties and revenue from properties were increased significantly in the outer years as it is envisioned that revenue from properties will increase with the turnaround strategies
- There still remains a challenge with the recovery of outstanding debts especially with the firefighting fees and long outstanding councillors debt. A report relating to the write-off of councillors debt was tabled to council last year June but the write-offs was not approved. A second report will be tabled in due course to council for reconsideration of write-off of councillors debt.
- Additional funding are expected to be received for the roads agency function.
- The revenue for the regional landfill site has been budgeted for 6 months for 2018/2019, and 12 months for the outer years.
- It should be noted that the regional landfill site process is still in progress, National Treasury must issue the TBR2B, thereafter negotiations with the private partner can commence and MOU concluded with the private partner and participating local municipalities. Waste Management unit provided the figures based on assumptions, the final tariffs and costs can only be calculated once the negotiation phase has been concluded.

#### 4. CAPITAL BUDGET

The capital budget increased significantly from the previous year, with the majority of capital items apportioned to the firefighting services, which includes the building of a new fire station:

CAPITAL BUDGET 2018/19 MTREF				
Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Capital budget	4,676,500	9,273,379	2,800,000	1,000,000
<b>Total</b>	<b>4,676,500</b>	<b>9,273,379</b>	<b>2,800,000</b>	<b>1,000,000</b>
Funding: Own funds	(4,676,500)	(2,173,379)	(2,800,000)	(1,000,000)
Funding: Capital Replacement Reserve	-	(7,100,000)	-	-
	-	-	-	-

#### Notes on the above Capital Budget:

- Concern should be raised over the decrease in capital budget for the outer years due to limited funding available.
- It is not encouraged to utilize the full R30m balance of the Capital Replacement Reserve in year 1, as funding is needed for the outer years for capital expenditure and possible emergency replacements not budgeted for.
- In 2018/19, the following capital items will be funded from the Capital Replacement Reserve (CRR) that is fully cash funded (R30m balance):
  - New Fire Station/ Training Academy: R3 000 000
  - Water Tankers: R1 550 000
  - LDV – 1 x Skid Unit and 1 x Command Unit: R 550 000
  - Upgrading of Council buildings: R2 000 000
  - **Total funding from CRR: R7 100 000**

The detailed capital budget for the 2018/19 MTREF are listed below:

<b>Capital Budget: 2018/19 MTREF Budget</b>				
<b>Department/ Section:</b>	<b>Capital Item:</b>	<b>Draft Budget 2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b><u>Air Quality :</u></b>				
	Spare cells for mobile analyzer	30,000.00	-	-
	<b>Total</b>	<b>30,000.00</b>	-	-
<b><u>Fire Services: George</u></b>				
	New Fire Station/ Training Academy (CRR Funding)	3,000,000.00	2,000,000.00	-
	Water Tankers (CRR)	1,550,000.00	-	1,000,000.00
	LDV - 1 x Skid Unit & 1 x Command Unit (CRR)	550,000.00	-	-
	Hazmat suits - Level A	160,000.00	-	-
	Thermal Imaging Camera	80,000.00	-	-
	Hazmat Rescue & Fire Equipment Equipment	300,000.00	100,000.00	-
	Two Way Radio Repeater	50,000.00	-	-
	<b>Total</b>	<b>5,690,000.00</b>	<b>2,100,000.00</b>	<b>1,000,000.00</b>
<b><u>Disaster Management:</u></b>				
<b><u>JOC</u></b>				
	Water Cooler/Dispensers	5,000.00	-	-
	Conference Speaker / recording system with 12 mics	80,000.00	-	-
<b><u>Call Centre</u></b>				
	Chairs	12,000.00	-	-
<b><u>Mobile FCP (Caravan)</u></b>				
	Small fridge	3,000.00	-	-
	Kettle	200.00	-	-
	<b>Total</b>	<b>100,200.00</b>	-	-
<b><u>Waste Management:</u></b>				
	Home Composting Containers (Pilot Project) 100 x R 800.00	-	80,000.00	-
	Vermi-Composting Holders and Red Wiggler Worms (Pilot Project) 100 units X R410.00	-	40,000.00	-
	Recycling Mascot	-	30,000.00	-
	<b>Total</b>	-	<b>150,000.00</b>	-
<b><u>MHS: George</u></b>				
	3x Notice Boards	4,500.00	-	-
	<b>Total</b>	<b>4,500.00</b>	-	-
<b><u>MHS: Langeberg:</u></b>				
	3 Drawer Desk	4,300.00	-	-
<b><u>Hessequa Office</u></b>				
	Desk shell lockable top drawer	3,871.38	-	-
	Highback swivel chair	944.44	-	-
	2 x Saver Arm chair	1,183.48	-	-
	1 x Conference Table & 10 x Saver arm chair	24,175.94	-	-
	<b>Total</b>	<b>34,475.24</b>	-	-
<b><u>MHS: Klein Karoo:</u></b>				
	3 High back office desk chairs	4,104.00	-	-
	<b>Total</b>	<b>4,104.00</b>	-	-
<b><u>Recruitment and Selection:</u></b>				
	Office Chairs	10,000.00	-	-
	<b>Total</b>	<b>10,000.00</b>	-	-
<b><u>Executive Manager: Corporate Services</u></b>				
	Filing Cabinet	3,500.00	-	-
	Highback Chair Bonded Leather - Personal Assistant	5,000.00	-	-
	<b>Total</b>	<b>8,500.00</b>	-	-

<b>Manager Committee Services:</b>				
	Desk	3,000.00	-	-
	Highback Chair Bonded Leather	10,000.00	-	-
	Visitor Chairs Leather	5,000.00	-	-
	Filing Cabinet (4 Drawers)	3,500.00	-	-
	Portable Voice recorders	7,000.00	-	-
	<b>Total</b>	<b>28,500.00</b>	-	-
<b>Auxiliary Services:</b>				
	Steel Shelves	50,000.00	50,000.00	-
	Franking Machine	15,000.00	-	-
	<b>Total</b>	<b>65,000.00</b>	<b>50,000.00</b>	-
<b>Legal Services:</b>				
	Chair	5,000.00	-	-
	<b>Total</b>	<b>5,000.00</b>	-	-
<b>Political Administration:</b>				
	Office Chair	10,000.00	-	-
	Two Visitors chairs - PA of the Deputy Mayor	10,000.00	-	-
	<b>Total</b>	<b>20,000.00</b>	-	-
<b>ICT:</b>				
	Upgrading of Roads Link	25,000.00	-	-
	Risk Management System	500,000.00	-	-
	Replacing ICT Capital Equipment beyond economical r	50,000.00	-	-
	Insurance claims	50,000.00	-	-
	Laptop	180,000.00	-	-
	Loan Laptop	60,000.00	-	-
	Personal Computers	180,000.00	-	-
	ICT Technicians	3,000.00	-	-
	MS Office	140,000.00	-	-
	Printer HP Black\White	3,500.00	-	-
	Printer HP 4 in One	4,500.00	-	-
	Printer HP Colour	5,300.00	-	-
	<b>Total</b>	<b>1,201,300.00</b>	-	-
<b>Resorts:</b>				
	Upgrading of Council Buildings	2,000,000.00	-	-
	Security fencing Swartvlei Caravan Park		350,000.00	-
	Security Fencing Victoria Bay Caravan Park		150,000.00	-
	<b>Total</b>	<b>2,000,000.00</b>	<b>500,000.00</b>	-
<b>Financial Services</b>				
<b>Snr Accountant BTO &amp; AFS:</b>				
		15,000.00	-	-
	Chair	5,000.00	-	-
	Visitors Chairs	6,000.00	-	-
<b>Snr Accountant Income</b>				
	Desk	5,000.00	-	-
	Chair	5,000.00	-	-
	Visitors Chairs	6,000.00	-	-
	<b>Total</b>	<b>42,000.00</b>	-	-
<b>Communications Unit:</b>				
	CHAIRS	7,000.00		
	CANON BATTERIES	3,000.00		
	CANON CAMERA Canon 6D	17,000.00		
	LAMINATING MACHINE	2,800.00		
	<b>Total</b>	<b>29,800.00</b>	-	-
	<b>Grand Total Capital Budget</b>	<b>9,273,379.24</b>	<b>2,800,000.00</b>	<b>1,000,000.00</b>



I want to express my appreciation to the Budget Steering Committee, the Senior Managers and staff for their commitment and dedication.

Speaker, on this note, I would therefore like to recommend that council approve the following resolutions:

1. That the draft annual budget of Eden District Municipality for the financial year 2018/19 as set out in the schedules contained in Section 4 and Annexure A be noted:
  - (i) Table A1 Consolidated Budget Summary;
  - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
  - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
  - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
  - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
  - (vi) Table A6 Consolidated Budget Financial Position;
  - (vii) Table A7 Consolidated Budget Cash Flows
  - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
  - (ix) Table A9 Consolidated Asset Management
  - (x) Table A10 Consolidated basic service delivery measurement
2. That council takes note of the Operating Revenue Budget of R 390,460,332.93.
3. That council takes note of the Operating Expenditure budget of R 388,196,535.11.
4. That council takes note of the Capital budget of R 9,273,379.24.
5. That council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 3.
6. That council takes note of the tariffs for all services. (Annexure B)
7. That council takes note of the new policy that will form part of the budget related policies, namely:
  - Preferential Procurement Policy (Annexure E)
8. That council takes note of the amended budget related policy that have been reviewed and that have been amended, namely:
  - Supply Chain Management Policy (Annexure C)

9. That council takes note of the following policies that have been reviewed and remained unchanged, namely:

- Asset Management Policy (Annexure D)
- Tariffs Policy (Annexure F)
- Credit Control and Debt Collection Policy and Bylaw (Annexure G)
- Longterm Financial Management Policy (Annexure H)
- Budget policy (Annexure I)
- Banking, Cash Management and Investment Policy (Annexure J)
- Borrowing Policy (Annexure K)
- Funds and Reserve Policy (Annexure L)

(10) That council takes note of the Draft Cost Containment Regulations, namely:

- Draft Cost Containment Regulations (Annexure M)

(11) That council takes note of the following Budget Circulars, namely:

- MFMA Circular No 89 (Annexure N)
- MFMA Circular No 91 (Annexure O)

## **SECTION 2 – RESOLUTIONS**

### **Municipal Financial Management (Act, 56 of 2003) - SECTION 16 & 17 Municipal budgets.**

These are the resolutions being presented to Council in terms of Municipal Finance Management Act, in respect of the annual budget and related information.

- (1) That the draft annual budget of Eden District Municipality for the financial year 2018/19 as set out in the schedules contained in Section 4 and Annexure A be noted:
  - (i) Table A1 Consolidated Budget Summary;
  - (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);
  - (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);
  - (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and
  - (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)
  - (vi) Table A6 Consolidated Budget Financial Position;
  - (vii) Table A7 Consolidated Budget Cash Flows
  - (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus
  - (ix) Table A9 Consolidated Asset Management
  - (x) Table A10 Consolidated basic service delivery measurement
- (2) That council takes note of the Operating Revenue Budget of R 390,460,332.93.
- (3) That council takes note of the Operating Expenditure budget of R 388,196,535.11.
- (4) That council takes note of the Capital budget of R 9,273,379.24.
- (5) That council takes note that R 145,000,000.00 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.
- (6) That council takes note of the tariffs for all services. (Annexure B)
- (7) That council takes note of the new policy that will form part of the budget related policies, namely:
  - Preferential Procurement Policy (Annexure E)
- (8) That council takes note of the amended budget related policy that have been reviewed and that have been amended, namely:
  - Supply Chain Management Policy (Annexure C)

(9) That council takes note of the following policies that have been reviewed and remained unchanged, namely:

- Asset Management Policy (Annexure D)
- Tariffs Policy (Annexure F)
- Credit Control and Debt Collection Policy and Bylaw (Annexure G)
- Longterm Financial Management Policy (Annexure H)
- Budget policy (Annexure I)
- Banking, Cash Management and Investment Policy (Annexure J)
- Borrowing Policy (Annexure K)
- Funds and Reserve Policy (Annexure L)

(10) That council takes note of the Draft Cost Containment Regulations, namely:

- Draft Cost Containment Regulations (Annexure M)

(11) That council takes note of the following Budget Circulars, namely:

- MFMA Circular No 89 (Annexure N)
- MFMA Circular No 91 (Annexure O)

## **SECTION 3 – EXECUTIVE SUMMARY**

### **3.1 Introduction**

This budget report is tabled in terms of the Municipal Finance Management Act, 56 of 2003 and the Municipal Budget and Reporting Regulations, dated 17 April 2009.

#### **Municipal Finance Management Act, 56 of 2003**

***Article 16(1)** The council of a municipality must for each financial year approve an annual budget before the start of that financial year.*

***Article 16(2)** The annual budget must be tabled at the council meeting at least 90 days before the start of the new financial year.*

***Article 17(1)** An annual budget must be in a prescribed format.*

#### **Municipal Budget and Reporting Regulations, 17 April 2009**

##### **14) Tabling of annual budgets in municipal councils**

***14(1)** An annual budget and supporting documentation tabled in a municipal council in terms of sections 16(2) and 17 (3) of the Act must-*

- (a) Be in a format in which it will eventually be approved by the council; and*
- (b) Be credible and realistic such that it is capable of being approved and implemented as tabled*

##### **9) Tabling of annual budget**

*The annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.*

### 3.2 Proposed Annual Budget 2018/19 -2020/21 MTREF:

The annual operating budget for the financial year 2018/19 MTREF period are proposed:

#### **ANNUAL BUDGET 2018/19**

##### **MTREF TOTAL BEFORE CAPITAL:**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Income	(374,579,945)	(390,460,333)	(417,030,321)	(438,284,752)
Expenditure	369,899,461	388,196,535	414,178,442	437,236,826
<b>(Surplus)/ Deficit before capital</b>	<b>(4,680,484)</b>	<b>(2,263,798)</b>	<b>(2,851,879)</b>	<b>(1,047,926)</b>

##### **MTREF TOTAL AFTER CAPITAL:**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
<b>(Surplus)/ Deficit before capital</b>	<b>(4,680,484)</b>	<b>(2,263,798)</b>	<b>(2,851,879)</b>	<b>(1,047,926)</b>
Capital budget	4,676,500	9,273,379	2,800,000	1,000,000
Less funded from CRR		(7,100,000)		
<b>(Surplus)/ Deficit after capital</b>	<b>(3,984)</b>	<b>(90,419)</b>	<b>(51,879)</b>	<b>(47,926)</b>

##### **2018/19 MTREF: ROADS AGENCY FUNCTION**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Roads Agency Function - Income	(165,000,000.00)	(145,000,000.00)	(151,000,000.00)	(157,000,000.00)
Roads Agency Function - Expenditure	165,000,000.00	145,000,000.00	151,000,000.00	157,000,000.00
<b>Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

It should be noted in view of operation clean audit report (OPCAR), one of the prior audit queries raised was that the agency function performed by Eden DM for the roads agency function had to be included in the budget. Therefore, R 145,000,000 has been included in the operating revenue and operating expenditure thus increasing the total of the operating budget by these amounts, but the net effect on the budget is R0.

The Proposed Annual budget resulted in a surplus of R2.2m. It should be noted that items on the capital budget are funded from the surplus (2.2m) and the Capital Replacement Reserve (R7.1m), thus the actual surplus after deducting the capital items are R90 419.

## OPERATING EXPENDITURE:

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Remuneration of Councillors	10,815,151	11,572,212	12,382,266	13,249,026
Employee Related Cost - Senior Management	6,120,457	7,812,466	8,286,792	8,929,019
Employee Related Cost - Municipal Staff	122,630,092	125,856,878	134,265,998	144,373,451
Operating expenditure	65,333,761	97,954,978	108,243,386	113,685,330
Roads Agency Services	165,000,000	145,000,000	151,000,000	157,000,000
<b>Total Expenditure</b>	<b>369,899,461</b>	<b>388,196,535</b>	<b>414,178,442</b>	<b>437,236,826</b>

### **Employee related cost**

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council, the municipality based our assumptions on a 7% wage increase + 1% notch increase

The employee related costs of Eden compared to the total expenditure budget represents 59.72%. The reason for the high rate is due to labour intensive service delivery for example fire fighters, environmental health practitioners,

Vacant positions were budgeted for 0 to 12 months, depending on whether the recruitment and selection process has commenced or not.

### **Councillor Remuneration**

Councillor remuneration was budgeted on a grade 5 and adjusted with the ordinary annual increase.

### **Bad Debts**

Mainly due to firefighting accounts not being paid as debtors are disputing the origin of the fires.

### **Depreciation, contribution and actuarial losses**

These are GRAP related expenditure which must be provided annually for in the financial statements as per the relevant GRAP accounting standards. The amount was aligned to the audited annual financial statements of 2016/2017.

### **Repairs and Maintenance**

Maintenance for assets are been budgeted for to ensure that repairs and maintenance can be done timeously so that the useful life of the assets can be lengthen. The maintenance of council

equipment should be done regularly because replacement of the current assets with new purchases will be very costly for the municipality on the long term.

R2m was allocated on the capital budget for upgrading of buildings; GRAP requirements: if maintenance will increase the value of an asset and lengthen the useful life, the expenditure must be classified as capital.

It should be noted that repairs and maintenance represents 2.6% of the total Eden budget (excluding the Roads Agency Function) which is below the norm and is an area of concern. Repairs and maintenance are now classified under the respective nature of expenditure according to GRAP and mSCOA requirements: Employee related costs, other materials, contracted services and other expenditure.

The user department is in the process of compiling maintenance plans per asset. This will guide council on what the amount is for the backlog in maintenance as well what should be budgeted annually for repairs and maintenance.

### **Interest paid**

It is not envisioned that any new loans will be taken up.

### **Contracted Services**

Included under contracted services are the payments towards the PPP (Private Partner Partnership) for the regional landfill site, and the unbundled grant amounts. This is the reason for the steep increase in contracted services. Grant allocations must be included under the type of expenditure (e.g. employee related costs, contracted services) and not as a one-line item grant as per GRAP requirements.

Regional landfill site has been budgeted for 6 months in 2018/2019 and 12 months for the outer financial years.



**Other Operating Projects funded from own funds: (funded from own funds)**

Project requests per Departments: 2018/2019 MTREF Budget				
Department/ Section:	Project item:	Draft Budget 2018/19	2019/2020	2020/2021
<b>Department: Planning and Economic Development</b>				
	SMME Export Development Programme	200,000.00		
	Basic Film Training for Youth	-	150,000.00	
	South Cape Economic Partnership	100,000.00		
	LED/SCEP Forum	10,000.00		
	Kannaland Tourism Strategy	130,000.00		
	World Travel Market Africa	150,000.00		
	GR&KK Festival and Events	150,000.00		
	Marketing Collateral (Tourism Marketing Material)	250,000.00		
	LTO Forum Meetings	10,000.00		
	<b>Total</b>	<b>1,000,000.00</b>	<b>150,000.00</b>	<b>-</b>
<b>Auxiliary Services</b>				
	Annual Disposal Project	80,000.00		
	<b>Total</b>	<b>80,000.00</b>		
<b>Mayoral Projects</b>				
	State of District Address	50,000.00		
	Golf Day	50,000.00		
	Youth Day	50,000.00		
	Womans Day	50,000.00		
	Worlds Aids Day	50,000.00		
	Mandela Day	50,000.00		
	Golden Games	50,000.00		
	Christmas Hampers	50,000.00		
	Donations	200,000.00		
	Grant in Aid	200,000.00		
	Events	200,000.00		
	Projects for the Speaker	50,000.00		
	Projects for Deputy Mayor	50,000.00		
	Mayoral Corporate Gifts	30,000.00		
	Youth Development	450,000.00	495,000.00	544,500.00
	<b>Total</b>	<b>1,580,000.00</b>	<b>495,000.00</b>	<b>544,500.00</b>
<b>IDP</b>				
<b>IDP Activities</b>				
	IDP/Budget and PMS Representative Forums	200,000.00		
	IDP/Budget Roadshows			
	IDP/Budget and PMS Steering committee			
<b>Public Participation/IGR Activities</b>				
	Annual Report MPAC Roadshows	200,000.00		
	Service delivery weeks			
	Launching of projects			
	<b>Total</b>	<b>400,000.00</b>		
<b>Financial Services</b>				
	Financial Changes awareness Campaign	50,000.00		
	<b>Total</b>	<b>50,000.00</b>		
<b>Waste Management</b>				
	Intergrated Waste Management Plan Review	300,000.00		
	<b>Total</b>	<b>300,000.00</b>	<b>-</b>	<b>-</b>
<b>Air Quality Management</b>				
	Air Quality Services Renewal Project	70,000.00		
	<b>Total</b>	<b>70,000.00</b>	<b>-</b>	<b>-</b>
	<b>Grand Total Projects (Own Funding)</b>	<b>3,480,000.00</b>	<b>645,000.00</b>	<b>544,500.00</b>

## Grant Allocations

Unbundled into the relevant expenditure classification votes as per Auditor General's recommendation in prior years (as per GRAP Standards). Refer to the income section of the report for detail of the grants.

## Operating expenditure:

The breakdown of the operating expenditure are as follow:

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Bad Debts Written Off	1,521,480	1,600,597	1,688,629.79	1,781,504
Contracted Services - Contractors	7,406,901	9,159,884	10,477,411.22	11,059,164
Contracted Services - Outsourced Service	10,479,030	15,485,052	11,837,983.55	12,087,012
Contracted Services - Consultants and Pr	13,284,145	31,486,265	45,794,181.30	48,421,185
Depreciation and Amortisation - Deprecia	2,015,548	2,174,066	2,304,714.91	2,459,036
Depreciation and Amortisation - Amortisa	1,044,609	1,097,483	1,157,844.80	1,221,526
Inventory Consumed - Consumables	858,458	1,118,185	1,279,966.25	1,349,972
Inventory Consumed - Materials and Suppl	115,984	185,056	202,765.51	213,547
Operational Cost - Advertising, Publicit	2,007,761	1,715,037	1,786,585.71	1,886,445
Operational Cost - Assets less than the	424,258	420,934	470,873.68	496,772
Operational Cost - Bank Charges, Facilit	143,543	142,395	159,312.63	168,075
Operational Cost - Bursaries (Employees)	1,239,032	1,774,767	2,458,862.94	2,617,100
Operational Cost - Cleaning Services	201,020	199,412	224,757.81	237,111
Operational Cost - Communication	3,301,412	3,184,414	3,463,025.14	3,652,983
Operational Cost - Contribution to Provi	448,592	471,919	497,874.32	525,257
Operational Cost - Courier and Delivery	7,838	8,775	9,754.08	10,291
Operational Cost - Deeds	3,798	3,768	4,215.25	4,447
Operational Cost - Entertainment	84,322	87,069	93,713.85	98,868
Operational Cost - External Audit Fees	3,048,830	3,201,272	3,383,774.46	3,569,882
Operational Cost - External Computer Ser	580,758	576,112	644,560.07	680,011
Operational Cost - Full Time Union Repr	121,064	120,095	134,364.09	141,754
Operational Cost - Hire Charges	76,064	111,167	118,268.98	124,774
Operational Cost - Insurance Underwritin	991,062	968,674	1,089,832.84	1,149,803
Operational Cost - Licences	138,518	147,410	172,303	181,727
Operational Cost - Management Fee	600,216	595,414	666,156	702,794
Operational Cost - Municipal Services	3,533,335	3,691,063	3,936,661	4,153,178
Operational Cost - Printing, Publication	1,359,127	1,386,579	1,628,733	1,718,298
Operational Cost - Professional Bodies,	1,257,181	1,253,244	1,702,026	1,479,096
Operational Cost - Registration Fees	199,614	207,466	243,524	256,853
Operational Cost - Rewards Incentives	48,000	70,000	73,850	77,912
Operational Cost - Samples and Specimens	707,623	1,300,000	1,404,575	1,481,661
Operational Cost - Skills Development Fu	1,368,421	924,359	982,108	1,058,221
Operational Cost - Travel and Subsistenc	1,793,473	2,309,588	2,555,881	2,695,095
Operational Cost - Uniform and Protectiv	657,119	662,339	688,982	726,795
Operational Cost - Wet Fuel	1,164,023	1,185,059	1,370,369	1,445,579
Operational Cost - Workmens Compensation	900,000	972,000	1,044,900	1,125,880
Operating Leases - Other Assets	751,409	7,002,862	1,399,427	1,475,120
Transfers and Subsidies - Operational	1,450,194	955,200	1,090,617	1,150,601
<b>Total operating expenditure:</b>	<b>65,333,761</b>	<b>97,954,978</b>	<b>108,243,386</b>	<b>113,685,330</b>

### **Roads agency expenditure**

Refer to the previous section where this item was discussed in detail.

### **OPERATING REVENUE**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
Non-exchange Revenue - Transfers and Sub	(156,549,919)	(161,158,654)	(164,081,640)	(169,312,306)
Exchange Revenue - Sales of Goods and Re	(18,682,719)	(14,545,530)	(15,868,481)	(17,744,590)
Exchange Revenue - Operational Revenue	(2,302,975)	(24,490,708)	(43,322,288)	(48,741,372)
Exchange Revenue - Interest, Dividend an	(12,930,351)	(15,311,429)	(16,448,991)	(17,955,930)
Exchange Revenue - Rental from Fixed Ass	(5,819)	(2,717,361)	(3,940,402)	(4,176,826)
Exchange Revenue - Agency Services	(181,830,000)	(164,021,800)	(170,819,108)	(177,662,254)
Non-exchange Revenue - Licences or Permi	(313,700)	(332,522)	(352,473)	(373,622)
Exchange Revenue - IntercompanyParent-su	(1,964,462)	(2,082,330)	(2,196,936)	(2,317,851)
Exchange Revenue - Purchase of Land		(5,800,000)		
<b>Total other revenue:</b>	<b>(374,579,945)</b>	<b>(390,460,333)</b>	<b>(417,030,321)</b>	<b>(438,284,752)</b>

### **RSC Replacement Grant**

The equitable share over the MTREF period grows very slowly. The RSC levy replacement grant only increases with about 3% per year, which is not enough to ensure the financial sustainability of this municipality, as it is below the annual CPIX. Our limited revenue resources have compelled the municipality to pursue additional income sources in order to deliver the services in the region and this remains a challenge as we have limited own income sources. Turn around strategies are compiled for properties and resorts and alternative revenue enhancement strategies are being explored/ investigated for example becoming a water authority.

### **Regional landfill site**

The revenue for the regional landfill site has been budgeted for 6 months for 2018/2019, and 12 months for the outer years.

It should be noted that the regional landfill site process is still in progress, National Treasury must issue the TBR2B, thereafter negotiations with the private partner can commence and MOU concluded with the private partner and participating local municipalities. Waste Management unit provided the figures based on assumptions, the final tariffs and costs can only be calculated once the negotiation phase has been concluded.

### **Rental from properties**

It is envisioned with the turnaround strategy for properties and resorts, that additional funding can be generated from rental of properties. R2.7m has been budgeted for income from rental from properties.

### **Interest earned**

Interest earned was increased by 7-9% over the MTREF period.

### **Government Grants**

Budgeted as per DoRA.

### **Income from Agency services**

Included under this item is the administration fee at 12% of the total allocation received for performing the roads function on behalf of the Department of Transport. Three% is received for additional allocations during the financial year.

### **Sale of goods and services/ Operational revenue**

Included under this item is the income from resorts and firefighting income.

### **Roads Agency Function**

As mentioned previously, R 145,000,000.00 of the Roads agency function has been included in the operating revenue budget.

### **Operating Surplus:**

Description	Adjustment Budget 2017/18	Draft Budget 2018/19	Budget 2019/20	Budget 2020/21
(Surplus)/ Deficit after capital	(3,984)	(90,419)	(51,879)	(47,926)

This table indicates decreases in the surplus over the next three financial years. It is a concern that the budget is only just balancing and it is imperative that additional revenue sources must be identified for district municipalities.

Further moneys were included for the additional income from resorts, projects and catalytic projects, if these revenues are not realised, the budget will run into a deficit from 2019/2020. It is thus imperative that the turnaround strategies be compiled urgently and submitted to council for approval and implemented to ensure the additional revenues will be collected.

### **Tariffs**

#### *Fire tariffs:*

- Tariffs increased with 8% based on the 2017/18 tariffs

#### *Resorts tariffs:*

- Tariffs at Calitzdorp Spa was increased by +/-20%.
- Tariffs at De Hoek was increased by +/- 20%.

- Tariffs at Swartvlei was increased by +/- 10%.
- Tariffs at Victoria Bay was increased by +/- 10%

The reason for the 20% increase for Calitzdorp Spa and De Hoek is the backlog in maintenance that has to be addressed and these resorts are running at deficits. The proposal is that the day visitor tariffs are not increased, to give access to the public to visit the resorts during the day.

In 2017/2018 Swartvlei and Vicbay tariffs were increased with 20%, therefore the recommendation that these two resorts are increased with 10%, as the appetite from the public may possibly not accommodate another 20% increase two years in a row, and numbers of visitors to these resorts may decline.

*Other tariffs:*

- Increased between 6 – 8% for example printing and copying costs

## Capital Budget

The annual capital budget for the financial year 2018/19 MTREF period is as follow:

Capital Budget: 2018/19 MTREF Budget				
Department/ Section:	Capital Item:	Draft Budget 2018/19	2019/20	2020/21
<b>Air Quality :</b>				
	Spare cells for mobile analyzer	30,000.00	-	-
	<b>Total</b>	<b>30,000.00</b>	-	-
<b>Fire Services: George</b>				
	New Fire Station/ Training Academy (CRR Funding)	3,000,000.00	2,000,000.00	-
	Water Tankers (CRR)	1,550,000.00	-	1,000,000.00
	LDV - 1 x Skid Unit & 1 x Command Unit (CRR)	550,000.00	-	-
	Hazmat suits - Level A	160,000.00	-	-
	Thermal Imaging Camera	80,000.00	-	-
	Hazmat Rescue & Fire Equipment Equipment	300,000.00	100,000.00	-
	Two Way Radio Repeater	50,000.00	-	-
	<b>Total</b>	<b>5,690,000.00</b>	<b>2,100,000.00</b>	<b>1,000,000.00</b>
<b>Disaster Management:</b>				
<b>JOC</b>				
	Water Cooler/Dispensers	5,000.00	-	-
	Conference Speaker / recording system with 12 mics	80,000.00	-	-
<b>Call Centre</b>				
	Chairs	12,000.00	-	-
<b>Mobile FCP (Caravan)</b>				
	Small fridge	3,000.00	-	-
	Kettle	200.00	-	-
	<b>Total</b>	<b>100,200.00</b>	-	-
<b>Waste Management:</b>				
	Home Composting Containers (Pilot Project) 100 x R 800.00	-	80,000.00	-
	Vermi-Composting Holders and Red Wiggler Worms (Pilot Project) 100 units X R410.00	-	40,000.00	-
	Recycling Mascot	-	30,000.00	-
	<b>Total</b>	-	<b>150,000.00</b>	-
<b>MHS: George</b>				
	3x Notice Boards	4,500.00	-	-
	<b>Total</b>	<b>4,500.00</b>	-	-
<b>MHS: Langeberg:</b>				
	3 Drawer Desk	4,300.00	-	-
<b>Hessequa Office</b>				
	Desk shell lockable top drawer	3,871.38	-	-
	Highback swivel chair	944.44	-	-
	2 x Saver Arm chair	1,183.48	-	-
	1 x Conference Table & 10 x Saver arm chair	24,175.94	-	-
	<b>Total</b>	<b>34,475.24</b>	-	-
<b>MHS: Klein Karoo:</b>				
	3 High back office desk chairs	4,104.00	-	-
	<b>Total</b>	<b>4,104.00</b>	-	-
<b>Recruitment and Selection:</b>				
	Office Chairs	10,000.00	-	-
	<b>Total</b>	<b>10,000.00</b>	-	-
<b>Executive Manager: Corporate Services</b>				
	Filing Cabinet	3,500.00	-	-
	Highback Chair Bonded Leather - Personal Assistant	5,000.00	-	-
	<b>Total</b>	<b>8,500.00</b>	-	-

<b>Manager Committee Services:</b>				
	Desk	3,000.00	-	-
	Highback Chair Bonded Leather	10,000.00	-	-
	Visitor Chairs Leather	5,000.00	-	-
	Filing Cabinet (4 Drawers)	3,500.00	-	-
	Portable Voice recorders	7,000.00	-	-
	<b>Total</b>	<b>28,500.00</b>	-	-
<b>Auxiliary Services:</b>				
	Steel Shelves	50,000.00	50,000.00	-
	Franking Machine	15,000.00	-	-
	<b>Total</b>	<b>65,000.00</b>	<b>50,000.00</b>	-
<b>Legal Services:</b>				
	Chair	5,000.00	-	-
	<b>Total</b>	<b>5,000.00</b>	-	-
<b>Political Administration:</b>				
	Office Chair	10,000.00	-	-
	Two Visitors chairs - PA of the Deputy Mayor	10,000.00	-	-
	<b>Total</b>	<b>20,000.00</b>	-	-
<b>ICT:</b>				
	Upgrading of Roads Link	25,000.00	-	-
	Risk Management System	500,000.00	-	-
	Replacing ICT Capital Equipment beyond economical r	50,000.00	-	-
	Insurance claims	50,000.00	-	-
	Laptop	180,000.00	-	-
	Loan Laptop	60,000.00	-	-
	Personal Computers	180,000.00	-	-
	ICT Technicians	3,000.00	-	-
	MS Office	140,000.00	-	-
	Printer HP Black\White	3,500.00	-	-
	Printer HP 4 in One	4,500.00	-	-
	Printer HP Colour	5,300.00	-	-
	<b>Total</b>	<b>1,201,300.00</b>	-	-
<b>Resorts:</b>				
	Upgrading of Council Buildings	2,000,000.00	-	-
	Security fencing Swartvlei Caravan Park		350,000.00	-
	Security Fencing Victoria Bay Caravan Park		150,000.00	-
	<b>Total</b>	<b>2,000,000.00</b>	<b>500,000.00</b>	-
<b>Financial Services</b>				
<b>Snr Accountant BTO &amp; AFS:</b>				
		15,000.00	-	-
	Chair	5,000.00	-	-
	Visitors Chairs	6,000.00	-	-
<b>Snr Accountant Income</b>				
	Desk	5,000.00	-	-
	Chair	5,000.00	-	-
	Visitors Chairs	6,000.00	-	-
	<b>Total</b>	<b>42,000.00</b>	-	-
<b>Communications Unit:</b>				
	CHAIRS	7,000.00		
	CANON BATTERIES	3,000.00		
	CANON CAMERA Canon 6D	17,000.00		
	LAMINATING MACHINE	2,800.00		
	<b>Total</b>	<b>29,800.00</b>	-	-
	<b>Grand Total Capital Budget</b>	<b>9,273,379.24</b>	<b>2,800,000.00</b>	<b>1,000,000.00</b>

See comments included under the mayoral speech

### **3.3 Provision of basic services**

The municipality as a category C municipality do not deliver basic services in respect of the following:

- Provision of water services
- Provision of sanitation services
- Provision of refuse
- Provision of electricity

Service that is delivered by the municipality that is essential to the communities of the Eden region includes the following:

- Eden plays a critical role in the delivery of Fire services in the area. This is supported by the fact that a number of mutual aid agreements are in place with different local municipalities to ensure delivery of fire services within their areas. After a 'cost vs benefit' analysis, the municipality are exploring the possibility to adjust the service delivery agreements to ensure a more mutual beneficial agreement for all parties involved. Other alternatives for the fire section operations are being investigated and will be reported to MMF and DCF in due course.
- Eden has an Air Quality service level agreement with Hessequa Municipality.
- Disaster Management is also a key function performed by the municipality and strive to ensure that a collective effort is implemented in the region.
- Firefighting services are performed by the district municipality
- The provision of Environmental Health practitioners is another key function performed by the district. With the food scarcity crisis and the impact that drought has on the provision of food security the impact this function is performing is of critical importance.

The municipal budget is to ensure the provision of these services can continue on an uninterrupted basis within the Eden District.

### **3.4 SDBIP and MTREF financial sustainability**

The budget that's been tabled is a cash backed budget for the 2018/19 MTREF period and the municipality complies with the Municipal Management Finance Act (MFMA) 56, 2003. The financial sustainability for us as a district municipality is challenging due to the limited revenue sources but Council together with Provincial Government and other district municipalities in the Western Cape are investigating ways for extra revenue sources. After the abolishment of RSC levies, the main source of income for district municipalities are the RSC replacement grant which increases annually  $\pm 3\%$ .



A district municipality task team for the Western Cape was established. One of the main challenges is the service level agreement with Department of Transport that needs to be revised to clearly define each party's roles and responsibilities as well as the type of service (agency service). Accounting treatment of transactions is another issue that is being addressed by the task team. The issue of responsibility for roads employees was referred during August 2016 for a technical opinion from National Treasury/ Provincial Treasury and the Auditor General by Eden DM, up to date no response has been received with regards to the technical opinion.

The Municipal Service Delivery and Budget Implementation Plan (SDBIP) is complete to enhance council's ability to measure the impact of the budget on the municipal performance in terms of service delivery and to ensure that the municipality will deliver on its promise to ensure delivery of services to its communities.

# **Section 4 – Annual Budget Tables**

DC4 Eden - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	7,381	10,793	12,927	11,124	12,084	12,084	12,084	14,415	15,499	16,949
Transfers recognised - operational	167,753	160,337	147,547	152,945	153,325	153,325	153,325	158,885	161,879	166,995
Other own revenue	151,117	176,870	179,208	181,160	209,171	209,171	209,171	217,160	239,653	254,341
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>326,251</b>	<b>348,000</b>	<b>339,682</b>	<b>345,229</b>	<b>374,580</b>	<b>374,580</b>	<b>374,580</b>	<b>390,460</b>	<b>417,030</b>	<b>438,285</b>
Employee costs	155,509	166,822	173,047	118,903	128,751	128,751	128,751	133,669	142,553	153,302
Remuneration of councillors	7,525	7,702	9,421	10,815	10,815	10,815	10,815	11,572	12,382	13,249
Depreciation & asset impairment	247,611	3,290	3,106	3,070	3,060	3,060	3,060	3,272	3,463	3,681
Finance charges	1,189	200	8	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	185	234	246
Transfers and grants	-	825	1,315	-	-	-	-	-	-	-
Other expenditure	136,840	141,239	139,832	209,976	227,270	227,270	227,270	239,498	255,547	266,759
<b>Total Expenditure</b>	<b>548,673</b>	<b>320,078</b>	<b>326,729</b>	<b>342,764</b>	<b>369,896</b>	<b>369,896</b>	<b>369,896</b>	<b>388,197</b>	<b>414,178</b>	<b>437,237</b>
<b>Surplus/(Deficit)</b>	<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>
Transfers and subsidies - capital (monetary allocated)	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>8,824</b>	<b>2,017</b>	<b>6,181</b>	<b>2,459</b>	<b>4,677</b>	<b>4,677</b>	<b>4,677</b>	<b>9,273</b>	<b>2,800</b>	<b>1,000</b>
Transfers recognised - capital	143	544	-	-	-	-	-	-	-	-
Public contributions & donations	-	29	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	8,699	1,444	6,181	2,459	4,677	4,677	4,677	9,273	2,800	1,000
<b>Total sources of capital funds</b>	<b>8,842</b>	<b>2,017</b>	<b>6,181</b>	<b>2,459</b>	<b>4,677</b>	<b>4,677</b>	<b>4,677</b>	<b>9,273</b>	<b>2,800</b>	<b>1,000</b>
<b>Financial position</b>										
Total current assets	138,505	167,631	164,766	171,993	178,609	178,609	178,609	180,762	193,975	205,890
Total non current assets	284,494	286,478	288,842	288,424	293,385	293,385	293,385	301,077	301,142	301,813
Total current liabilities	62,240	58,162	44,578	67,306	72,878	72,878	72,878	70,705	73,076	76,735
Total non current liabilities	132,297	139,752	139,882	141,267	153,943	153,943	153,943	163,153	171,310	179,876
Community wealth/Equity	228,461	256,194	269,148	297,090	245,172	245,172	245,172	247,981	250,731	251,092
<b>Cash flows</b>										
Net cash from (used) operating	48,083	50,474	(6,329)	6,657	19,110	19,110	19,110	3,083	3,723	1,973
Net cash from (used) investing	(14,765)	(5,478)	(6,350)	(2,459)	(4,677)	(4,677)	(4,677)	(7,908)	(1,316)	(1,905)
Net cash from (used) financing	(1,979)	(682)	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>111,083</b>	<b>155,397</b>	<b>142,719</b>	<b>159,532</b>	<b>169,768</b>	<b>169,768</b>	<b>169,768</b>	<b>164,943</b>	<b>167,349</b>	<b>167,417</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	111,109	155,423	142,745	159,558	169,794	169,794	169,794	164,969	167,375	167,443
Application of cash and investments	(42,792)	(38,409)	2,704	(26,206)	(17,070)	(17,070)	(17,070)	(28,832)	(39,394)	(53,472)
<b>Balance - surplus (shortfall)</b>	<b>153,901</b>	<b>193,832</b>	<b>140,041</b>	<b>185,764</b>	<b>186,863</b>	<b>186,863</b>	<b>186,863</b>	<b>193,800</b>	<b>206,770</b>	<b>220,916</b>
<b>Asset management</b>										
Asset register summary (WDV)	229,800	228,474	231,280	-	-	-	-	9,273	2,800	1,000
Depreciation	247,611	3,283	-	3,070	3,060	3,054	3,061	3,061	3,272	3,463
Renewal of Existing Assets	-	-	-	470	470	-	-	-	-	-
Repairs and Maintenance	-	-	-	4,935	5,235	5,235	6,330	6,353	6,702	6,702
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

DC4 Eden - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		184,824	180,320	187,736	192,572	220,395	220,395	209,096	217,514	229,705
Executive and council		183,803	180,320	187,567	192,041	219,070	219,070	207,691	216,025	228,126
Finance and administration		1,021	-	169	532	1,326	1,326	1,405	1,490	1,579
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		5,844	6,815	7,234	6,921	7,130	6,921	8,237	8,377	9,043
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		5,629	6,573	7,000	6,713	6,713	6,713	8,016	8,143	8,795
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		215	242	234	208	417	208	221	234	248
<b>Economic and environmental services</b>		135,583	160,865	144,713	145,314	145,314	145,314	145,333	151,352	157,374
Planning and development		-	10	-	-	-	-	-	-	-
Road transport		135,416	160,733	144,498	145,000	145,000	145,000	145,000	151,000	157,000
Environmental protection		167	122	215	314	314	314	333	352	374
<b>Trading services</b>		-	-	-	422	1,950	1,950	27,795	39,787	42,163
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	422	1,950	1,950	27,795	39,787	42,163
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	326,251	348,000	339,683	345,229	374,788	374,580	390,460	417,030	438,285
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		328,191	85,143	99,354	112,150	114,375	114,375	121,485	123,501	131,857
Executive and council		282,868	37,165	50,378	43,977	44,720	44,720	50,476	48,551	51,628
Finance and administration		45,323	47,978	48,976	65,711	67,115	67,115	68,641	72,387	77,476
Internal audit		-	-	-	2,463	2,540	2,540	2,368	2,563	2,752
<b>Community and public safety</b>		85,483	75,072	66,398	69,838	72,407	72,407	79,676	84,548	90,527
Community and social services		-	-	-	6,358	9,727	9,727	10,521	10,013	10,682
Sport and recreation		10,342	9,718	10,905	12,640	12,640	12,640	13,677	14,237	15,232
Public safety		47,188	37,211	29,053	26,478	25,678	25,678	28,526	31,081	33,220
Housing		-	-	-	-	-	-	-	-	-
Health		27,953	28,143	26,440	24,362	24,362	24,362	26,953	29,217	31,393
<b>Economic and environmental services</b>		130,372	156,608	157,715	155,630	176,412	176,412	161,323	167,414	174,093
Planning and development		6,867	8,069	9,775	5,030	5,630	5,630	9,236	8,950	9,170
Road transport		121,631	146,333	146,218	148,320	168,320	168,320	148,493	154,685	160,887
Environmental protection		1,874	2,206	1,721	2,280	2,462	2,462	3,595	3,780	4,036
<b>Trading services</b>		4,627	3,255	3,263	2,281	3,839	3,839	24,398	37,294	39,234
Energy sources		-	-	-	-	-	-	-	-	-
Water management		420	823	344	18	18	18	18	20	21
Waste water management		1,918	-	-	-	-	-	-	-	-
Waste management		2,289	2,431	2,919	2,263	3,821	3,821	24,381	37,274	39,213
<b>Other</b>	4	-	-	-	2,866	2,866	2,866	1,314	1,422	1,526
<b>Total Expenditure - Functional</b>	3	548,673	320,078	326,729	342,764	369,899	369,899	388,197	414,178	437,237
<b>Surplus/(Deficit) for the year</b>		(222,422)	27,922	12,954	2,465	4,889	4,681	2,264	2,852	1,048

DC4 Eden - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		183,803	180,320	187,567	192,391	219,515	219,515	208,164	216,526	228,657
Vote 2 - Budget and Treasury Office		-	-	2	-	-	-	-	-	-
Vote 3 - Corporate Services		1,021	-	166	182	880	880	933	989	1,048
Vote 4 - Planning and Development		-	10	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Health		215	242	234	208	208	208	221	234	248
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		5,629	6,573	7,000	6,713	6,713	6,713	8,016	8,143	8,795
Vote 9 - Waste Management		-	-	-	422	1,950	1,950	27,795	39,787	42,163
Vote 10 - Roads Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 12 - Water		-	-	-	-	-	-	-	-	-
Vote 13 - Environment Protection		167	122	215	314	314	314	333	352	374
Vote 14 - Roads Agency Function		135,416	160,733	144,498	145,000	145,000	145,000	145,000	151,000	157,000
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>326,251</b>	<b>348,000</b>	<b>339,683</b>	<b>345,229</b>	<b>374,580</b>	<b>374,580</b>	<b>390,460</b>	<b>417,030</b>	<b>438,285</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council		282,868	37,165	50,378	46,560	67,274	67,274	48,575	46,475	49,413
Vote 2 - Budget and Treasury Office		17,662	19,908	19,297	20,172	20,362	20,362	19,739	20,294	21,750
Vote 3 - Corporate Services		27,662	28,071	29,679	38,523	39,345	39,345	42,779	45,553	48,732
Vote 4 - Planning and Development		6,867	8,069	9,775	12,419	16,688	16,688	21,282	20,886	21,909
Vote 5 - Public Safety		47,188	37,211	29,053	31,990	31,190	31,190	34,206	36,933	39,496
Vote 6 - Health		27,953	28,143	26,440	27,579	27,779	27,779	31,454	34,043	36,548
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		10,342	9,719	10,905	12,640	12,640	12,640	13,677	14,237	15,232
Vote 9 - Waste Management		2,289	2,431	2,919	2,263	3,821	3,821	24,381	37,274	39,213
Vote 10 - Roads Transport		-	1,134	1,720	3,320	3,320	3,320	3,493	3,685	3,887
Vote 11 - Waste Water Management		1,918	-	-	-	-	-	18	20	21
Vote 12 - Water		420	823	344	18	18	18	-	-	-
Vote 13 - Environment Protection		1,874	2,206	1,721	2,279	2,461	2,461	3,595	3,780	4,036
Vote 14 - Roads Agency Function		121,631	145,199	144,498	145,000	145,000	145,000	145,000	151,000	157,000
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>548,673</b>	<b>320,078</b>	<b>326,729</b>	<b>342,764</b>	<b>369,899</b>	<b>369,899</b>	<b>388,197</b>	<b>414,178</b>	<b>437,237</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(222,422)</b>	<b>27,922</b>	<b>12,954</b>	<b>2,465</b>	<b>4,681</b>	<b>4,681</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>

DC4 Eden - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	
Service charges - other		-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		810	1,283	650	3,507	3,507	3,507	3,507	2,717	3,940	4,177
Interest earned - external investments		7,381	10,793	12,927	11,124	12,084	12,084	12,084	14,415	15,499	16,949
Interest earned - outstanding debtors		772	1,106	1,177	846	846	846	846	897	950	1,007
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		167	122	215	314	314	314	314	333	352	374
Agency services		-	15,534	15,162	15,300	15,300	15,300	15,300	19,022	19,819	20,662
Transfers and subsidies		167,753	160,337	147,547	152,945	153,325	153,325	153,325	158,885	161,879	166,995
Other revenue	2	149,368	158,825	162,005	161,194	189,204	189,204	189,204	191,036	211,261	224,591
Gains on disposal of PPE		-	-	-	-	-	-	-	3,156	3,330	3,529
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>326,251</b>	<b>348,000</b>	<b>339,682</b>	<b>345,229</b>	<b>374,580</b>	<b>374,580</b>	<b>374,580</b>	<b>390,460</b>	<b>417,030</b>	<b>438,285</b>
<b>Expenditure By Type</b>											
Employee related costs	2	155,509	166,822	173,047	118,903	128,751	128,751	128,751	133,669	142,553	153,302
Remuneration of councillors		7,525	7,702	9,421	10,815	10,815	10,815	10,815	11,572	12,382	13,249
Debt impairment	3	-	7,347	4,376	1,122	1,522	1,522	1,522	1,601	1,689	1,782
Depreciation & asset impairment	2	247,611	3,290	3,106	3,070	3,060	3,060	3,060	3,272	3,463	3,681
Finance charges		1,189	200	8	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	185	234	246
Contracted services		12,372	27,150	30,348	15,896	19,510	19,510	19,510	60,302	70,136	73,963
Transfers and subsidies		-	825	1,315	-	-	-	-	-	-	-
Other expenditure	4, 5	124,162	106,609	104,839	192,958	206,239	206,239	206,239	177,595	183,722	191,014
Loss on disposal of PPE		305	133	269	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>548,673</b>	<b>320,078</b>	<b>326,729</b>	<b>342,764</b>	<b>369,896</b>	<b>369,896</b>	<b>369,896</b>	<b>388,197</b>	<b>414,178</b>	<b>437,237</b>
<b>Surplus/(Deficit)</b>		<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>(222,422)</b>	<b>27,922</b>	<b>12,953</b>	<b>2,465</b>	<b>4,684</b>	<b>4,684</b>	<b>4,684</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>

DC4 Eden - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure - to be appropriated</b>	2										
Vote 1 - Executive and Council		243	7	3,198	350	421	421	421	30	-	-
Vote 2 - Budget and Treasury Office		5,833	113	69	-	-	-	-	42	-	-
Vote 3 - Corporate Services		600	973	1,277	350	1,633	1,633	1,633	1,338	-	-
Vote 4 - Planning and Development		43	-	12	-	64	64	64	-	-	-
Vote 5 - Public Safety		1,741	734	507	519	1,319	1,319	1,319	5,790	2,000	1,000
Vote 6 - Health		69	62	253	31	31	31	31	43	-	-
Vote 7 - Community and Social Services		24	25	2	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		288	103	489	1,100	1,100	1,100	1,100	2,000	800	-
Vote 9 - Waste Management		-	-	374	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water		-	-	-	-	-	-	-	-	-	-
Vote 13 - Environment Protection		-	-	-	109	109	109	109	30	-	-
Vote 14 - Roads Agency Function		-	-	-	-	-	-	-	-	-	-
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>8,842</b>	<b>2,017</b>	<b>6,181</b>	<b>2,459</b>	<b>4,677</b>	<b>4,677</b>	<b>4,677</b>	<b>9,273</b>	<b>2,800</b>	<b>1,000</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Health		-	-	-	-	-	-	-	-	-	-
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water		-	-	-	-	-	-	-	-	-	-
Vote 13 - Environment Protection		-	-	-	-	-	-	-	-	-	-
Vote 14 - Roads Agency Function		-	-	-	-	-	-	-	-	-	-
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>											
<b>Total Capital Expenditure - Vote</b>		<b>8,842</b>	<b>2,017</b>	<b>6,181</b>	<b>2,459</b>	<b>4,677</b>	<b>4,677</b>	<b>4,677</b>	<b>9,273</b>	<b>2,800</b>	<b>1,000</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>6,659</b>	<b>1,093</b>	<b>4,544</b>	<b>700</b>	<b>2,054</b>	<b>2,054</b>	<b>2,054</b>	<b>1,410</b>	<b>-</b>	<b>-</b>
Executive and council		226	7	3,199	350	398	398	398	1,368	-	-
Finance and administration		6,433	1,086	1,345	350	1,633	1,633	1,633	42	-	-
Internal audit		-	-	-	-	24	24	24	-	-	-
<b>Community and public safety</b>		<b>2,122</b>	<b>924</b>	<b>1,251</b>	<b>1,650</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>7,833</b>	<b>2,800</b>	<b>1,000</b>
Community and social services		25	25	2	-	-	-	-	-	-	-
Sport and recreation		287	103	489	1,100	1,100	1,100	1,100	2,000	800	-
Public safety		1,742	734	507	519	1,319	1,319	1,319	5,790	2,000	1,000
Housing		-	-	-	-	-	-	-	-	-	-
Health		69	62	253	31	31	31	31	43	-	-
<b>Economic and environmental services</b>		<b>43</b>	<b>-</b>	<b>12</b>	<b>109</b>	<b>173</b>	<b>173</b>	<b>173</b>	<b>30</b>	<b>-</b>	<b>-</b>
Planning and development		43	-	12	-	64	64	64	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	109	109	109	109	30	-	-
<b>Trading services</b>		<b>-</b>	<b>-</b>	<b>374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	374	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>8,824</b>	<b>2,017</b>	<b>6,181</b>	<b>2,459</b>	<b>4,677</b>	<b>4,677</b>	<b>4,677</b>	<b>9,273</b>	<b>2,800</b>	<b>1,000</b>
<b>Funded by:</b>											
National Government		143	544	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>143</b>	<b>544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Public contributions &amp; donations</b>	5		29								
<b>Borrowing</b>	6										
Internally generated funds		8,699	1,444	6,181	2,459	4,677	4,677	4,677	9,273	2,800	1,000
<b>Total Capital Funding</b>	7	<b>8,842</b>	<b>2,017</b>	<b>6,181</b>	<b>2,459</b>	<b>4,677</b>	<b>4,677</b>	<b>4,677</b>	<b>9,273</b>	<b>2,800</b>	<b>1,000</b>

DC4 Eden - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		111,083	155,397	142,719	159,532	169,768	169,768	169,768	164,943	167,349	167,417
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	15,571	3,415	5,488	3,620	-	-	-	-	-	-
Other debtors		5,338	2,259	9,622	2,181	2,181	2,181	2,181	8,630	18,864	30,089
Current portion of long-term receivables		3,014	3,195	3,805	3,227	3,227	3,227	3,227	3,550	3,905	4,295
Inventory	2	3,500	3,365	3,131	3,433	3,433	3,433	3,433	3,639	3,857	4,089
<b>Total current assets</b>		<b>138,505</b>	<b>167,631</b>	<b>164,766</b>	<b>171,993</b>	<b>178,609</b>	<b>178,609</b>	<b>178,609</b>	<b>180,762</b>	<b>193,975</b>	<b>205,890</b>
<b>Non current assets</b>											
Long-term receivables		54,667	57,978	-	59,717	59,717	59,717	59,717	61,508	63,354	67,789
Investments		26	26	26	26	26	26	26	26	26	26
Investment property		85,761	85,645	85,533	85,712	85,712	85,712	85,712	84,677	83,831	82,992
Investment in Associate											
Property, plant and equipment	3	141,738	140,978	143,928	141,185	146,146	146,146	146,146	152,148	151,486	148,805
Agricultural											
Biological											
Intangible		2,301	1,851	1,819	1,784	1,784	1,784	1,784	2,717	2,445	2,201
Other non-current assets		-	-	57,536	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>284,494</b>	<b>286,478</b>	<b>288,842</b>	<b>288,424</b>	<b>293,385</b>	<b>293,385</b>	<b>293,385</b>	<b>301,077</b>	<b>301,142</b>	<b>301,813</b>
<b>TOTAL ASSETS</b>		<b>422,999</b>	<b>454,109</b>	<b>453,608</b>	<b>460,417</b>	<b>471,994</b>	<b>471,994</b>	<b>471,994</b>	<b>481,839</b>	<b>495,117</b>	<b>507,703</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	703	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	34,650	30,143	15,751	39,006	44,578	44,578	44,578	41,012	42,493	44,012
Provisions		26,887	28,019	28,827	28,300	28,300	28,300	28,300	29,692	30,583	32,724
<b>Total current liabilities</b>		<b>62,240</b>	<b>58,162</b>	<b>44,578</b>	<b>67,306</b>	<b>72,878</b>	<b>72,878</b>	<b>72,878</b>	<b>70,705</b>	<b>73,076</b>	<b>76,735</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		132,297	139,752	139,882	141,267	153,943	153,943	153,943	163,153	171,310	179,876
<b>Total non current liabilities</b>		<b>132,297</b>	<b>139,752</b>	<b>139,882</b>	<b>141,267</b>	<b>153,943</b>	<b>153,943</b>	<b>153,943</b>	<b>163,153</b>	<b>171,310</b>	<b>179,876</b>
<b>TOTAL LIABILITIES</b>		<b>194,537</b>	<b>197,914</b>	<b>184,460</b>	<b>208,573</b>	<b>226,822</b>	<b>226,822</b>	<b>226,822</b>	<b>233,857</b>	<b>244,386</b>	<b>256,611</b>
<b>NET ASSETS</b>	5	<b>228,462</b>	<b>256,195</b>	<b>269,148</b>	<b>251,844</b>	<b>245,172</b>	<b>245,172</b>	<b>245,172</b>	<b>247,981</b>	<b>250,731</b>	<b>251,092</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)	4	207,091	231,518	241,420	268,744	216,826	216,826	216,826	223,463	222,751	219,431
Reserves	4	21,370	24,676	27,728	28,346	28,346	28,346	28,346	24,518	27,980	31,661
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>228,461</b>	<b>256,194</b>	<b>269,148</b>	<b>297,090</b>	<b>245,172</b>	<b>245,172</b>	<b>245,172</b>	<b>247,981</b>	<b>250,731</b>	<b>251,092</b>



DC4 Eden - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates									-	-	-
Service charges									-	-	-
Other revenue		154,849	190,486	154,746	180,314	208,325	208,325	208,325	213,108	235,373	249,804
Government - operating	1	167,611	159,793	147,547	152,945	153,325	153,325	153,325	158,885	161,879	166,995
Government - capital	1	143	544	-	-	-	-	-	-	-	-
Interest		8,153	11,899	14,103	11,970	12,930	12,930	12,930	14,415	15,499	16,949
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(281,483)	(312,048)	(322,716)	(338,572)	(355,470)	(355,470)	(355,470)	(383,324)	(409,027)	(431,775)
Finance charges		(1,189)	(200)	(8)					-	-	-
Transfers and Grants	1								-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>48,083</b>	<b>50,474</b>	<b>(6,329)</b>	<b>6,657</b>	<b>19,110</b>	<b>19,110</b>	<b>19,110</b>	<b>3,083</b>	<b>3,723</b>	<b>1,973</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		50	1	-					3,156	3,330	3,529
Decrease (increase) in non-current debtors		(74)	(29)	-					-	-	-
Decrease (increase) other non-current receivables		(5,988)	(3,491)	(169)					(1,791)	(1,846)	(4,435)
Decrease (increase) in non-current investments		15	-	-					-	-	-
<b>Payments</b>											
Capital assets		(8,767)	(1,959)	(6,181)	(2,459)	(4,677)	(4,677)	(4,677)	(9,273)	(2,800)	(1,000)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(14,765)</b>	<b>(5,478)</b>	<b>(6,350)</b>	<b>(2,459)</b>	<b>(4,677)</b>	<b>(4,677)</b>	<b>(4,677)</b>	<b>(7,908)</b>	<b>(1,316)</b>	<b>(1,905)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing		(1,979)	(682)	-					-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1,979)</b>	<b>(682)</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>31,339</b>	<b>44,314</b>	<b>(12,678)</b>	<b>4,198</b>	<b>14,434</b>	<b>14,434</b>	<b>14,434</b>	<b>(4,825)</b>	<b>2,407</b>	<b>68</b>
Cash/cash equivalents at the year begin:	2	79,744	111,083	155,397	155,334	155,334	155,334	155,334	169,768	164,943	167,349
Cash/cash equivalents at the year end:	2	111,083	155,397	142,719	159,532	169,768	169,768	169,768	164,943	167,349	167,417

DC4 Eden - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	111,083	155,397	142,719	159,532	169,768	169,768	169,768	164,943	167,349	167,417
Other current investments > 90 days		-	-	0	-	-	-	-	-	-	-
Non current assets - Investments	1	26	26	26	26	26	26	26	26	26	26
<b>Cash and investments available:</b>		<b>111,109</b>	<b>155,423</b>	<b>142,745</b>	<b>159,558</b>	<b>169,794</b>	<b>169,794</b>	<b>169,794</b>	<b>164,969</b>	<b>167,375</b>	<b>167,443</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		11,458	17,489	4,535	-	4,535	4,535	4,535	969	1,248	1,117
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(54,250)	(55,898)	(1,831)	(26,206)	(21,605)	(21,605)	(21,605)	(29,801)	(40,642)	(54,589)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>(42,792)</b>	<b>(38,409)</b>	<b>2,704</b>	<b>(26,206)</b>	<b>(17,070)</b>	<b>(17,070)</b>	<b>(17,070)</b>	<b>(28,832)</b>	<b>(39,394)</b>	<b>(53,472)</b>
<b>Surplus(shortfall)</b>		<b>153,901</b>	<b>193,832</b>	<b>140,041</b>	<b>185,764</b>	<b>186,863</b>	<b>186,863</b>	<b>186,863</b>	<b>193,800</b>	<b>206,770</b>	<b>220,916</b>

DC4 Eden - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	8,842	8,851	4,199	1,139	3,357	-	7,273	2,800	1,000
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	250	250	-	-	-	-
<i>Solid Waste Infrastructure</i>		5,711	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		5,711	-	-	250	250	-	-	-	-
Community Facilities		-	8,851	454	310	310	-	3,000	2,000	-
Sport and Recreation Facilities		96	-	-	-	-	-	-	-	-
<b>Community Assets</b>		96	8,851	454	310	310	-	3,000	2,000	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		53	-	3,160	300	300	-	30	800	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		53	-	3,160	300	300	-	30	800	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		74	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		74	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	125	727	-	1,201	-	-
<b>Furniture and Office Equipment</b>		678	-	105	45	182	-	231	-	-
<b>Machinery and Equipment</b>		995	-	480	109	138	-	711	-	-
<b>Transport Assets</b>		1,235	-	-	-	1,450	-	2,100	-	1,000
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	470	470	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	150	150	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	150	150	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	125	125	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	30	30	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	165	165	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

<b>Total Upgrading of Existing Assets</b>	6	-	-	-	850	850	-	2,000	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	2,000	-	-
Sport and Recreation Facilities		-	-	-	850	850	-	-	-	-
<b>Community Assets</b>		-	-	-	850	850	-	2,000	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	250	250	-	-	-	-
<i>Solid Waste Infrastructure</i>		5,711	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		5,711	-	-	250	250	-	-	-	-
Community Facilities		-	8,851	454	310	310	-	5,000	2,000	-
Sport and Recreation Facilities		96	-	-	850	850	-	-	-	-
<b>Community Assets</b>		96	8,851	454	1,160	1,160	-	5,000	2,000	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		53	-	3,160	450	450	-	30	800	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		53	-	3,160	450	450	-	30	800	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		74	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		74	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	250	852	-	1,201	-	-
<b>Furniture and Office Equipment</b>		678	-	105	75	212	-	231	-	-
<b>Machinery and Equipment</b>		995	-	480	109	138	-	711	-	-
<b>Transport Assets</b>		1,235	-	-	165	1,615	-	2,100	-	1,000
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		8,842	8,851	4,199	2,459	4,677	-	9,273	2,800	1,000

ASSET REGISTER SUMMARY - PPE (WDV)										
Roads Infrastructure	5	70	65	61						
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure		5,711								
<b>Infrastructure</b>		<b>5,781</b>	<b>65</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Facilities		829	813	824			5,000	2,000		
Sport and Recreation Facilities										
<b>Community Assets</b>		<b>829</b>	<b>813</b>	<b>824</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>2,000</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>										
Revenue Generating		85,761	85,645	85,533						
Non-revenue Generating										
<b>Investment properties</b>		<b>85,761</b>	<b>85,645</b>	<b>85,533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		135,128	140,100	143,044			30	800		
Housing										
<b>Other Assets</b>		<b>135,128</b>	<b>140,100</b>	<b>143,044</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>800</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights		2,301	1,851	1,819						
<b>Intangible Assets</b>		<b>2,301</b>	<b>1,851</b>	<b>1,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>							1,201	-	-	-
<b>Furniture and Office Equipment</b>							231	-	-	-
<b>Machinery and Equipment</b>							711	-	-	-
<b>Transport Assets</b>							2,100	-	1,000	-
<b>Libraries</b>										
<b>Zoo's, Marine and Non-biological Animals</b>										
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>229,800</b>	<b>228,474</b>	<b>231,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,273</b>	<b>2,800</b>	<b>1,000</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	<b>7</b>	<b>247,611</b>	<b>3,283</b>	<b>-</b>	<b>3,070</b>	<b>3,060</b>	<b>3,054</b>	<b>3,061</b>	<b>3,272</b>	<b>3,463</b>
<b>Repairs and Maintenance by Asset Class</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,935</b>	<b>5,235</b>	<b>5,235</b>	<b>6,330</b>	<b>6,353</b>	<b>6,702</b>
Roads Infrastructure										
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
<b>Infrastructure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Facilities					1,455	1,455	1,455	3,643	6,353	-
Sport and Recreation Facilities					1,035	1,035	1,035	-	-	-
<b>Community Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,491</b>	<b>2,491</b>	<b>2,491</b>	<b>3,643</b>	<b>6,353</b>	<b>-</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating										
Non-revenue Generating										
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings					1,267	1,567	1,567	19	-	-
Housing										
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,267</b>	<b>1,567</b>	<b>1,567</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes										
Licences and Rights										
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,178</b>	<b>1,178</b>	<b>1,178</b>	<b>755</b>	<b>-</b>	<b>-</b>
<b>Furniture and Office Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>-</b>	<b>-</b>
<b>Machinery and Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447</b>	<b>-</b>	<b>-</b>
<b>Transport Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,320</b>	<b>-</b>	<b>6,702</b>
<b>Libraries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Zoo's, Marine and Non-biological Animals</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>247,611</b>	<b>3,283</b>	<b>-</b>	<b>8,005</b>	<b>8,296</b>	<b>8,289</b>	<b>9,390</b>	<b>9,625</b>	<b>10,165</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>53.7%</i>	<i>28.2%</i>	<i>0.0%</i>	<i>21.6%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>43.0%</i>	<i>43.1%</i>	<i>0.0%</i>	<i>65.3%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>R&amp;M as a % of PPE</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>3.5%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>4.2%</i>	<i>4.2%</i>	<i>4.5%</i>
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>90.0%</i>	<i>227.0%</i>	<i>670.0%</i>

DC4 Eden - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped w ater inside dwelling		-	-	-	-	-	-	-	-	-
Piped w ater inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other w ater supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No w ater supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (v entilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<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>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	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>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	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)		-	-	-	-	-	-	-	-	-
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>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA										
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
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	6									
Other										
<b>Total revenue cost of subsidised services provided</b>		-	-	-	-	-	-	-	-	-

## **PART 2 SUPPORTING DOCUMENTATION**

### **Section 5 - Budget assumptions**

The municipality implemented the following in the compilation of the annual budget in collaboration with circular 89 and 91, issued by National Treasury.

The salary related budget was increased with an increment of 8% (7% increase + 1% notch increase) for the 2018/19 MTREF period in the absence of a new salary and wage agreement.

The percentage increases used for the 2018/19 and outer years for other expenditure budget items were between 0-6%.

### **Section 6 – Budget Funding**

The draft budget is funded with realistically anticipated income as well as the government grants as promulgated in the Division of Revenue Bill of 2018, National – and Provincial gazettes and R7.1m of the capital budget will be funded from the Capital Replacement Reserve which is a cash backed reserve.

### **Section 7 – Expenditure on allocations and grant programmes**

All grant allocations as promulgated in the Division of Revenue Bill, 2018, National – and Provincial gazettes was included in the budget for the MTREF period 2017/18 -2019/20.

### **Section 8 – Grants made by the municipality**

The municipality (due to its financial position) no grants are made.

### **Section 9 – Councillor Allowances and employee benefits**

The remuneration of councillors was done in accordance with the gazetted limits and provisions have been set out in the Remuneration of Public Office Bearers, Act 20 of 1998. The municipality was upgraded from a Grade 4 municipality to a Grade 5 municipality. Refer to previous section in report on employee related costs.

### **Section 10 – Service delivery and budget implementation plan**

The draft service delivery plan are drawn up .

### **Section 11 – Capital expenditure**

Capital projects as per capital list

**Section 12- Municipal Manager's Quality Certificate**



**Quality Certificate**

I **Monde Stratu**, municipal manager of **Eden District Municipality**, hereby certify that the **DRAFT Budget 2018/2019 MTREF** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: MONDE GIVEN STRATU

Municipal manager of **Eden District Municipality (DC4)**

Signature:  \_\_\_\_\_

Date: 14 | 03 | 2018



# **ANNEXURE A**

# **SUPPORTING BUDGET**

# **TABLES**

DC4 Eden - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>											
Total Property Rates	6										
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>											
<b>Net Property Rates</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - electricity revenue</b>											
Total Service charges - electricity revenue	6										
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - electricity revenue</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - water revenue</b>											
Total Service charges - water revenue	6										
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - water revenue</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - sanitation revenue</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - refuse revenue</b>											
Total refuse removal revenue	6										
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - refuse revenue</b>		-	-	-	-	-	-	-	-	-	-
<b>Other Revenue by source</b>											
WCFMCG + Integrated Transport Planning											
Other Revenue		13,701	-	5,933	4,074	4,074	4,074	4,074	-	-	-
Roads Agency Function		135,416	145,199	144,498	145,000	165,000	165,000	165,000	145,000	151,000	157,000
Resorts		-	6,197	6,919	6,713	6,713	6,713	6,713	8,010	8,136	8,788
Health / Fire Levy		-	-	4,291	213	3,213	3,213	3,213	3,447	4,474	5,502
Contributions Municipalities and products		-	632	7	1,826	1,826	1,826	1,826	6,538	783	830
Sundry Income		251	6,092	222	2,682	5,369	5,369	5,369	4,495	5,438	8,566
Public Contributions and Donated PPE		-	574	-	17	17	17	17	-	-	-
Landfill site		-	-	-	-	1,528	1,528	1,528	21,995	39,787	42,163
Task Contributions: Municipalities		-	-	5	350	446	446	446	473	501	531
Sets: Reimbursements		-	-	-	182	880	880	880	933	989	1,048
Greenest Municipality Awards	3	-	130	130	138	138	138	138	146	155	164
<b>Total 'Other' Revenue</b>	1	<b>149,368</b>	<b>158,825</b>	<b>162,005</b>	<b>161,194</b>	<b>189,204</b>	<b>189,204</b>	<b>189,204</b>	<b>191,036</b>	<b>211,261</b>	<b>224,591</b>
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	114,658	125,816	128,612	73,864	75,454	75,454	75,454	58,243	61,977	66,739
Pension and UIF Contributions		11,427	9,563	10,562	15,761	15,776	15,776	15,776	40,488	43,335	46,691
Medical Aid Contributions		7,104	8,316	9,022	10,206	10,206	10,206	10,206	8,991	9,781	10,539
Overtime		1,367	1,391	2,631	2,390	2,590	2,590	2,590	2,630	2,817	3,035
Performance Bonus		336	453	479	554	554	554	554	419	451	486
Motor Vehicle Allowance		8,058	6,465	6,167	5,567	5,567	5,567	5,567	3,924	4,218	4,545
Cellphone Allowance		138	5	6	174	174	174	174	121	130	140
Housing Allowances		644	797	803	969	969	969	969	574	607	654
Other benefits and allowances		2,650	2,092	2,652	3,557	3,557	3,557	3,557	7,603	7,975	8,593
Payments in lieu of leave		4,184	6,110	6,127	5,335	5,335	5,335	5,335	-	-	-
Long service awards		513	901	1,125	525	525	525	525	-	-	-
Post-retirement benefit obligations		4,430	4,913	4,863	8,043	8,043	8,043	8,043	10,675	11,263	11,882
<b>sub-total</b>	5	<b>155,509</b>	<b>166,822</b>	<b>173,047</b>	<b>118,903</b>	<b>128,751</b>	<b>128,751</b>	<b>128,751</b>	<b>133,669</b>	<b>142,553</b>	<b>153,302</b>
<i>Less: Employees costs capitalised to PPE</i>											
<b>Total Employee related costs</b>	1	<b>155,509</b>	<b>166,822</b>	<b>173,047</b>	<b>118,903</b>	<b>128,751</b>	<b>128,751</b>	<b>128,751</b>	<b>133,669</b>	<b>142,553</b>	<b>153,302</b>
<b>Contributions recognised - capital</b>											
<i>List contributions by contract</i>											
<b>Total Contributions recognised - capital</b>		-	-	-	-	-	-	-	-	-	-
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		247,611	3,290	3,106	3,070	3,060	3,060	3,060	3,272	3,463	3,681
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	10	-	-	-	-	-	-	-	-	-	-
<b>Total Depreciation &amp; asset impairment</b>	1	<b>247,611</b>	<b>3,290</b>	<b>3,106</b>	<b>3,070</b>	<b>3,060</b>	<b>3,060</b>	<b>3,060</b>	<b>3,272</b>	<b>3,463</b>	<b>3,681</b>
<b>Bulk purchases</b>											
Electricity Bulk Purchases											
Water Bulk Purchases											
<b>Total bulk purchases</b>	1	-	-	-	-	-	-	-	-	-	-
<b>Transfers and grants</b>											
Cash transfers and grants		-	825	1,315	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	1	-	<b>825</b>	<b>1,315</b>	-	-	-	-	-	-	-

<b>Contracted services</b>											
List services provided by contract		12,372	27,150								
Executive and Council				15,767	694	694	694	694	7,148	3,348	3,498
Finance and Administration				3,361	3,528	4,733	4,733	4,733	13,943	13,980	14,749
Community and Social Services					2,007	3,488	3,488	3,488	2,543	2,772	2,923
Road Transport				1,700	3,320	3,320	3,320	3,320	3,493	3,685	3,887
Internal Audit					50	50	50	50	228	258	272
Planning and Development				1,850	1,006	1,156	1,156	1,156	22	175	26
Other					-	-	-	-	73	82	87
Public Safety				4,799	3,899	3,099	3,099	3,099	6,801	7,435	7,844
Health				291	393	393	393	393	679	1,012	1,063
Sport and Recreation				1,204	522	522	522	522	2,486	2,118	2,235
Waste Management				1,251	421	1,950	1,950	1,950	21,996	34,331	36,391
Water Management					-	-	-	-	-	-	-
Environmental Protection				126	105	105	105	105	890	941	989
<b>sub-total</b>	<b>1</b>	<b>12,372</b>	<b>27,150</b>	<b>30,348</b>	<b>15,896</b>	<b>19,510</b>	<b>19,510</b>	<b>19,510</b>	<b>60,302</b>	<b>70,136</b>	<b>73,963</b>
<b>Allocations to organs of state:</b>											
Electricity											
Water											
Sanitation											
Other											
<b>Total contracted services</b>		<b>12,372</b>	<b>27,150</b>	<b>30,348</b>	<b>15,896</b>	<b>19,510</b>	<b>19,510</b>	<b>19,510</b>	<b>60,302</b>	<b>70,136</b>	<b>73,963</b>
<b>Other Expenditure By Type</b>											
Collection costs											
Contributions to 'other' provisions				10,796	2,753	2,753	2,753	-	-	-	-
Consultant fees					-	-	-	-	-	-	-
Audit fees				3,049	3,049	3,049	3,049	3,201	3,384	3,570	
General expenses	3	39,735	10,077	155	7,443	7,443	7,443	7,443	-	-	-
Advertisements		484	595	853	852	852	852	403	440	464	
Bank Costs		146	177	242	-	-	-	142	159	168	
Domestic Expenses		290		286	398	398	398	398	1,212	1,351	1,425
Entertainment		36	32	20	-	-	-	87	94	99	
Full Time Union Representative			32	-	-	-	-	120	134	142	
Insurance		1,015	686	395	991	991	991	991	917	1,032	1,089
Laboratory Tests		677	863	809	819	819	819	819	1,300	1,405	1,482
Licenses and Registrations		65	109	1,604	-	-	-	762	857	904	
Legal Fees		1,252		1,028	1,058	1,058	1,058	-	-	-	
Membership Fees		1,083	1,092	1,150	1,253	1,257	1,257	1,461	1,946	1,736	
Plant: Fuel and Oil		1,159		918	1,104	1,164	1,164	1,185	1,370	1,446	
Printing and Stationery		1,023	902	1,155	1,324	1,408	1,408	1,494	1,750	1,847	
Service Accounts: Municipalities		2,852	3,541	3,508	2,699	2,699	2,699	1,158	1,265	1,334	
Skills Development Levy		727	744	792	-	-	-	924	982	1,058	
Subsistence and Travel		1,206	1,121	1,138	1,629	1,793	1,793	2,310	2,556	2,695	
Telephone and Data Lines		2,914		2,878	3,253	3,073	3,073	3,073	3,037	3,299	3,480
Training		722		441	857	1,154	1,154	1,154	2,092	3,239	3,440
Property Tax		462		827	834	834	834	-	-	-	
Rental Disaster Centre Equipment		319		56	67	67	67	97	102	107	
Pers: Contribution Stres Mission Street (20%)		557		-	600	600	600	595	666	703	
Roads Agency Function		64,197	84,759	81,432	145,000	165,000	165,000	165,000	145,000	151,000	157,000
Purchase Linen and Cutlery		50		537	423	423	423	421	471	497	
Own Funded Projects		2,434	1,878	4,614	6,872	7,644	7,644	7,644	7,291	3,572	3,511
Rent		465	410	704	751	751	751	745	909	959	
Protective Clothing		291	244	242	535	657	657	662	689	727	
Plant: Tyres and Blades				158	350	350	350	-	-	-	
Workmen Compensation		460	460	857	-	-	-	978	1,051	1,132	
<b>Total 'Other' Expenditure</b>	<b>1</b>	<b>124,162</b>	<b>106,609</b>	<b>104,839</b>	<b>192,958</b>	<b>206,239</b>	<b>206,239</b>	<b>206,239</b>	<b>177,595</b>	<b>183,722</b>	<b>191,014</b>
<b>Repairs and Maintenance</b>											
Employee related costs	8										
Other materials											
Contracted Services					4,935	4,935	4,935	6,330	6,353	6,702	
Other Expenditure											
<b>Total Repairs and Maintenance Expenditure</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,935</b>	<b>5,235</b>	<b>5,235</b>	<b>-</b>	<b>6,330</b>	<b>6,353</b>	<b>6,702</b>

DC4 Eden - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury Office	Vote 3 - Corporate Services	Vote 4 - Planning and Development	Vote 5 - Public Safety	Vote 6 - Health	Vote 7 - Community and Social Services	Vote 8 - Sport and Recreation	Vote 9 - Waste Management	Vote 10 - Roads Transport	Vote 11 - Waste Water Management	Vote 12 - Water	Vote 13 - Environment Protection	Vote 14 - Roads Agency Function	Vote 15 - Electricity	Total
<b>R thousand</b>	1																
<b>Revenue By Source</b>																	
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		2,711	-	-	-	-	-	-	6	-	-	-	-	-	-	-	2,717
Interest earned - external investments		14,415	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,415
Interest earned - outstanding debtors		897	-	-	-	-	-	-	-	-	-	-	-	-	-	-	897
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	333	-	-	333
Agency services		19,022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,022
Other revenue		9,078	-	933	-	-	221	-	8,010	27,795	-	-	-	-	145,000	-	191,036
Transfers and subsidies		158,885	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158,885
Gains on disposal of PPE		3,156	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,156
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>208,164</b>	<b>-</b>	<b>933</b>	<b>-</b>	<b>-</b>	<b>221</b>	<b>-</b>	<b>8,016</b>	<b>27,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>333</b>	<b>145,000</b>	<b>-</b>	<b>390,460</b>
<b>Expenditure By Type</b>																	
Employee related costs		22,535	14,073	22,153	13,985	21,845	26,406	-	8,701	1,838	-	-	-	2,134	-	-	133,669
Remuneration of councillors		6,470	-	5,102	-	-	-	-	-	-	-	-	-	-	-	-	11,572
Debt impairment		1,601	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,601
Depreciation & asset impairment		526	179	950	248	926	182	-	210	50	-	-	-	-	-	-	3,272
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	13	76	-	-	44	-	-	-	53	-	-	185
Contracted services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		17,444	5,486	14,574	7,049	11,423	4,789	-	4,766	22,450	3,493	18	-	1,408	145,000	-	237,898
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>48,575</b>	<b>19,739</b>	<b>42,779</b>	<b>21,282</b>	<b>34,206</b>	<b>31,454</b>	<b>-</b>	<b>13,677</b>	<b>24,381</b>	<b>3,493</b>	<b>18</b>	<b>-</b>	<b>3,595</b>	<b>145,000</b>	<b>-</b>	<b>388,197</b>
<b>Surplus/(Deficit)</b>		<b>159,589</b>	<b>(19,739)</b>	<b>(41,846)</b>	<b>(21,282)</b>	<b>(34,206)</b>	<b>(31,233)</b>	<b>-</b>	<b>(5,661)</b>	<b>3,414</b>	<b>(3,493)</b>	<b>(18)</b>	<b>-</b>	<b>(3,262)</b>	<b>-</b>	<b>-</b>	<b>2,264</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)																	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>159,589</b>	<b>(19,739)</b>	<b>(41,846)</b>	<b>(21,282)</b>	<b>(34,206)</b>	<b>(31,233)</b>	<b>-</b>	<b>(5,661)</b>	<b>3,414</b>	<b>(3,493)</b>	<b>(18)</b>	<b>-</b>	<b>(3,262)</b>	<b>-</b>	<b>-</b>	<b>2,264</b>

DC4 Eden - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits											
Other current investments											
<b>Total Call investment deposits</b>	2	-	-	-	-	-	-	-	-	-	-
<b>Consumer debtors</b>											
Consumer debtors		15,571	3,415	5,488	3,620	-	-	-	-	-	-
Less: Provision for debt impairment											
<b>Total Consumer debtors</b>	2	15,571	3,415	5,488	3,620	-	-	-	-	-	-
<b>Debt impairment provision</b>											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
<b>Balance at end of year</b>		-	-	-	-	-	-	-	-	-	-
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		141,738	140,978	143,928	342,366	344,280	344,280	344,280	353,553	356,353	357,353
Leases recognised as PPE	3										
Less: Accumulated depreciation					201,181	198,134	198,134	198,134	201,405	204,868	208,548
<b>Total Property, plant and equipment (PPE)</b>	2	141,738	140,978	143,928	141,185	146,146	146,146	146,146	152,148	151,486	148,805
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		703	-	-							
<b>Total Current liabilities - Borrowing</b>		703	-	-	-	-	-	-	-	-	-
<b>Trade and other payables</b>											
Trade and other creditors		23,192	12,654	11,216	39,006	40,043	40,043	40,043	40,043	41,245	42,895
Unspent conditional transfers		11,458	17,489	4,535		4,535	4,535	4,535	969	1,248	1,117
VAT											
<b>Total Trade and other payables</b>	2	34,650	30,143	15,751	39,006	44,578	44,578	44,578	41,012	42,493	44,012
<b>Non current liabilities - Borrowing</b>											
Borrowing	4										
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<b>Provisions - non-current</b>											
Retirement benefits		132,297	139,752	139,882	141,267	153,943	153,943	153,943	163,153	171,310	179,876
List other major provision items											
Refuse landfill site rehabilitation											
Other											
<b>Total Provisions - non-current</b>		132,297	139,752	139,882	141,267	153,943	153,943	153,943	163,153	171,310	179,876
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		429,513	203,597	228,467	266,279	214,361	214,361	214,361	219,045	223,463	222,751
GRAP adjustments											
Restated balance		429,513	203,597	228,467	266,279	214,361	214,361	214,361	219,045	223,463	222,751
Surplus/(Deficit)		(222,422)	27,922	12,953	2,465	4,684	4,684	4,684	2,264	2,852	1,048
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments								2,154	(3,564)	(4,368)	
<b>Accumulated Surplus/(Deficit)</b>	1	207,091	231,519	241,420	268,744	219,045	219,045	219,045	223,463	222,751	219,431
<b>Reserves</b>											
Housing Development Fund											
Capital replacement		21,370	24,676	27,728	28,346	28,346	28,346	28,346	24,518	27,980	31,661
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	21,370	24,676	27,728	28,346	28,346	28,346	28,346	24,518	27,980	31,661
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	228,461	256,195	269,148	297,090	247,391	247,391	247,391	247,981	250,731	251,092

DC4 Eden - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Community - Environmental Services, Disaster Management, Fire Fighting Community Services	Promoting sustainable environmental management and public safety	SG4		382	158,845	-						
	Creating healthy and socially stable communities	SG1		5,519	364	3,520						
Corporate/ Strategic Services- Development, Employment Equity, Recruitment and Selection, HR Support Services	Building a capacitated workforce and communities	SG2		1,021	6,573	1,136						
Roads- Community Services- Roads Agency, Bulk Services, Properties, Regional Spacial	Conducting regional bulk infrastructure planning and implement projects, roads maintenance and public transport, manage and develop council's fixed assets	SG3		135,416	-	150,288						
Financial Services- Financial Management, Asset Management, Stores, Data Capturing, SCM, Revenue, BTO, Salaries, Expenditure Municipality Manager,	Ensuring financial viability of the Eden District Municipality	SG6		-	182,208	-						
Corporate/ Strategic Services- Internal Audit, Performance Management, Risk Management, Support Services, IDP/GR/Public Participation, Communication, ICT, HR, Legal Services	Promoting good governance	SG5		183,913	10	184,738						
Corporate/ Strategic Services- LED, Tourism, Community Services (EPWP)	Growing the district economy	SG7										
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	326,251	348,000	339,682	-	-	-	-	-	-

DC4 Eden - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Community - Environmental Services, Disaster Management, Fire Fighting	Promoting sustainable environmental management and public safety	SG4		47,225	183,585	30,499						
Community Services	Creating healthy and socially stable communities	SG1		34,454	33,530	32,727						
Corporate/ Strategic Services- Development, Employment Equity, Recruitment and	Building a capacitated workforce and communities	SG2		10,084	27,832	9,659						
Roads- Community Services- Roads Agency, Bulk Services, Properties, Regional	Conducting regional bulk infrastructure planning and implement projects, roads	SG3		121,628	9,601	162,050						
Financial Services- Financial Management, Asset	Ensuring financial viability of the Eden District Municipality	SG6		17,661	19,728	19,128						
Management, Stores, Data Centre, SCM, Revenue Municipality Manager, Corporate/ Strategic Services- Internal Audit, Performance	Promoting good governance	SG5		310,754	37,865	68,490						
Corporate/ Strategic Services- LED, Tourism, Community Services (EPWP)	Growing the district economy	SG7		6,867	7,936	4,176						
Allocations to other priorities												
<b>Total Expenditure</b>				1	548,673	320,077	326,729	-	-	-	-	-

DC4 Eden - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
		A										
		B										
		C										
		D										
		E										
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
<b>Total Capital Expenditure</b>			1	-	-	-	-	-	-	-	-	-



DC4 Eden - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Vote 1 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
<b>Vote 2 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
<b>Vote 3 - vote name</b>										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
<b>And so on for the rest of the Votes</b>										

DC4 Eden - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.6%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. 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	2.2	2.9	3.7	2.6	2.5	2.5	2.5	2.6	2.7	2.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.2	2.9	3.7	2.6	2.5	2.5	2.5	2.6	2.7	2.7
Liquidity Ratio	Monetary Assets/Current Liabilities	1.8	2.7	3.2	2.4	2.3	2.3	2.3	2.3	2.3	2.2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	24.1%	19.2%	5.6%	19.9%	17.4%	17.4%	17.4%	18.9%	20.7%	23.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		20.9%	8.1%	7.9%	24.5%	23.6%	23.6%	23.6%	24.3%	24.6%	25.6%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	47.7%	47.9%	50.9%	34.4%	34.4%	34.4%	34.4%	34.2%	34.2%	35.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32.2%	32.8%	35.2%	37.6%	37.3%	0.0%		37.2%	37.2%	38.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	1.4%	1.4%	1.4%		1.6%	1.5%	1.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	76.3%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.6	13.3	16.1	14.9	14.9	14.9	15.3	14.9	15.1	16.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	2952.3%	691.3%	2909.4%	257.4%	154.2%	154.2%	154.2%	448.2%	577.8%	823.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.9	7.4	6.6	8.5	8.4	8.4	8.4	7.1	6.7	6.3

DC4 Eden - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year	2018/19 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population												
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
<b>Monthly household income (no. of households)</b>	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
<b>Housing statistics</b>	3											
Formal												
Informal												
<b>Total number of households</b>			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
<b>Total new housing dwellings</b>			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

DC4 Eden Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	111,083	155,397	142,719	159,532	169,788	169,768	169,768	164,943	167,349	167,417
Cash + investments at the yr end less applications - R'000	18(1)b	2	153,901	193,832	140,041	185,764	186,863	186,863	186,863	193,800	206,770	220,916
Cash year end/monthly employee/supplier payments	18(1)b	3	5.9	7.4	6.6	8.5	8.4	8.4	8.4	7.1	6.7	6.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(222,422)	27,922	12,953	2,465	4,684	4,684	4,684	2,264	2,852	1,048
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	102.5%	107.7%	86.3%	99.5%	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	99.2%	97.1%	100.0%	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.	(62.9%)	113.3%	(52.3%)	(40.1%)	0.0%	0.0%	125.2%	86.9%	51.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	6.1%	(100.0%)	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%	7.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	3.5%	3.6%	3.6%	4.3%	4.2%	4.2%	4.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	19.1%	10.1%	0.0%	0.0%	0.0%	0.0%	0.0%

DC4 Eden - Supporting Table SA11 Property rates summary

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Valuation:</b>										
Date of valuation:	1									
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2									
Municipal/assistant valuer appointed? (Y/N)										
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)										
No. of properties	5									
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5									
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6									
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)										
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
<b>Total rebates,exemptns,reductns,discs (R'000)</b>		-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2017/18</b>																	
<b>Valuation:</b>																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>																	

DC4 Eden - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ls	Public benefit organs.	Mining Props.
<b>Budget Year 2018/19</b>																	
<b>Valuation:</b>																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
<b>Total rebates,exemptns,eductns,discs (R'000)</b>																	

DC4 Eden - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Property rates (rate in the Rand)</b>	1								
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
<b>Exemptions, reductions and rebates (Rands)</b>									
<b>Residential properties</b>									
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									
<b>Other rebates or exemptions</b>	2								
<b>Water tariffs</b>									
<b>Domestic</b>									
Basic charge/fix ed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/kl)									
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/kl)		(fill in thresholds)							
Water usage - Block 2 (c/kl)		(fill in thresholds)							
Water usage - Block 3 (c/kl)		(fill in thresholds)							
Water usage - Block 4 (c/kl)		(fill in thresholds)							
<b>Other</b>	2								
<b>Waste water tariffs</b>									
<b>Domestic</b>									
Basic charge/fix ed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/kl)									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							
Volumetric charge - Block 4 (c/kl)		(fill in structure)							
<b>Other</b>	2								
<b>Electricity tariffs</b>									
<b>Domestic</b>									
Basic charge/fix ed 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/kwh)									
Flat rate tariff - prepaid(c/kwh)									
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)							
<b>Other</b>	2								
<b>Waste management tariffs</b>									
<b>Domestic</b>									
Street cleaning charge									
Basic charge/fix ed fee									
80l bin - once a week									
250l bin - once a week									



DC4 Eden - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Exemptions, reductions and rebates (Rands)</b> <i>[Insert lines as applicable]</i>									
<b>Water tariffs</b> <i>[Insert blocks as applicable]</i>		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							
<b>Waste water tariffs</b> <i>[Insert blocks as applicable]</i>		(fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure)							
<b>Electricity tariffs</b> <i>[Insert blocks as applicable]</i>		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							

DC4 Eden - Supporting Table SA14 Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic lev y											
Electricity: Consumption											
Water: Basic lev y											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total large household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/-decrease</b>			-	-	-	-	-	-	-	-	-
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic lev y											
Electricity: Consumption											
Water: Basic lev y											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/-decrease</b>			-	-	-	-	-	-	-	-	-
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic lev y											
Electricity: Consumption											
Water: Basic lev y											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/-decrease</b>			-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		26	26	26	26	26	26	26	26	26
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	26	26	26	26	26	26	26	26	26
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		26	26	26	26	26	26	26	26	26

DC4 Eden - 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	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														-
														-
														-
														-
Municipality sub-total										-				-
Entities														-
														-
														-
														-
Entities sub-total										-				-
TOTAL INVESTMENTS AND INTEREST	1									-				-

DC4 Eden - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Parent municipality</b>										
Annuity and Bullet Loans										
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>Entities</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	-	-	-	-	-	-	-	-	-
<b>Unspent Borrowing - Categorised by type</b>										
<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>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		137,277	142,087	146,708	151,805	151,805	151,805	157,166	160,509	165,894
Local Government Equitable Share		134,097	138,902	142,094	146,055	146,055	146,055	151,237	156,941	162,177
Finance Management	###	1,250	1,250	1,250	1,250	1,250	1,250	1,000	1,000	1,000
Municipal Systems Improvement		930	930	-	-	-	-	-	-	-
EPWP Incentive		1,000	1,005	1,000	1,280	1,280	1,280	1,021	-	-
NT - Rural Roads Asset Management System				2,364	2,420	2,420	2,420	2,425	2,568	2,717
Fire Service Capacity Building Grant					800	800	800	1,483		
Other transfers and grants [insert description]										
<b>Provincial Government:</b>		-	-	-	1,140	3,520	3,520	1,540	1,180	900
PT - Integrated Transport Plan					900	900	900	900	900	900
PT - WC Support Grant					240	620	620	280	280	-
PT - Disaster Management Grant					-	2,000	2,000	-	-	-
PT - WC Support Grant								360		
Other transfers and grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	137,277	142,087	146,708	152,945	155,325	155,325	158,706	161,689	166,794
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	-	-	-	-	-	-	-
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		137,277	142,087	146,708	152,945	155,325	155,325	158,706	161,689	166,794

DC4 Eden - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		137,277	142,087	146,708	151,805	151,805	-	157,166	160,509	165,894
Local Government Equitable Share		134,097	138,902	142,094	146,055	146,055		151,237	156,941	162,177
Finance Management		1,250	1,250	1,250	1,250	1,250		1,000	1,000	1,000
Municipal Systems Improvement		930	930	-	-	-		-	-	-
EPWP Incentive		1,000	1,005	1,000	1,280	1,280		1,021	-	-
NT - Rural Roads Asset Management Systems				2,364	2,420	2,420		2,425	2,568	2,717
Fire Service Capacity Building Grant					800	800		1,483	-	-
Other transfers and grants [insert description]										
<b>Provincial Government:</b>		-	-	-	1,140	3,520	-	1,540	1,180	900
PT - Integrated Transport Plan					900	900		900	900	900
PT - WC Support Grant					240	620		280	280	-
PT - Disaster Management Grant						2,000		-	-	-
PT - WC Support Grant								360	-	-
Other transfers and grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants</b>		137,277	142,087	146,708	152,945	155,325	-	158,706	161,689	166,794
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		137,277	142,087	146,708	152,945	155,325	-	158,706	161,689	166,794

DC4 Eden - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		163,473	160,317	146,708	151,805	151,805	157,166	160,509	165,894	
<b>Conditions met - transferred to revenue</b>		163,473	160,317	146,708	151,805	151,805	157,166	160,509	165,894	
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		500	-	-						
Current year receipts		3,780	-	-	1,140	1,520	1,540	1,180	900	
<b>Conditions met - transferred to revenue</b>		4,280	-	-	1,140	1,520	1,540	1,180	900	
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		167,753	160,317	146,708	152,945	153,325	158,706	161,689	166,794	
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	-	-	-	-	-	-	
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		167,753	160,317	146,708	152,945	153,325	158,706	161,689	166,794	
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	



DC4 Eden - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
Private Enterprises			106	219							
Public enterprises			0	670							
<b>Total Cash Transfers To Other Organs Of State:</b>		-	106	889	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>											
NGO			608	300							
<b>Total Cash Transfers To Organisations</b>		-	608	300	-	-	-	-	-	-	-
<b>Cash Transfers to Groups of Individuals</b>											
<i>Insert description</i>											
Households			111	126							
<b>Total Cash Transfers To Groups Of Individuals:</b>		-	111	126	-	-	-	-	-	-	-
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	-	825	1,315	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Non-Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Non-Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b>											
<i>Insert description</i>	4										
<b>Total Non-Cash Grants To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Groups of Individuals</b>											
<i>Insert description</i>	5										
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	6	-	825	1,315	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration										
R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
	1	5,335	5,478	7,655	6,908	6,908		8,947	9,574	10,244
		129	133	263	261	261		247	264	283
		211	260	-	142	142		52	56	60
		1,536	1,520	1,022	2,312	2,312		1,020	1,091	1,168
		313	311	-	325	325		664	710	760
					367	367		642	687	735
				480	500	500				
		7,525	7,702	9,421	10,815	10,815	-	11,572	12,382	13,249
	4		2.4%	22.3%	14.8%	-	(100.0%)	-	7.0%	7.0%
<b>Senior Managers of the Municipality</b>										
	2	3,915	4,088	3,716	4,014	4,014		5,277	5,673	6,112
		712	758	687	551	551		359	386	416
			-	63	139	139		161	173	187
		364	419	554	554	554		777	835	900
	3	619	733	507	628	628		772	830	894
	3	46	39	33	59	59		83	89	96
	3	87	90	84	90	90		285	307	330
	3			200				100	108	116
		63	150	62	70	70		77	82	89
	6									
		5,806	6,277	5,906	6,104	6,104	-	7,890	8,482	9,140
	4		8.1%	(5.9%)	3.4%	-	(100.0%)	-	7.5%	7.7%
<b>Other Municipal Staff</b>										
		59,404	61,288	62,509	69,850	71,440		79,891	84,741	91,009
		10,788	9,952	13,199	15,210	15,225		10,474	11,260	12,132
		7,104	8,316	9,348	10,067	10,067		9,132	9,816	10,577
		1,367	1,391	2,627	2,390	2,590		2,985	3,209	3,458
	3	7,438	6,441	6,720	4,940	4,940		6,539	7,030	7,574
	3				115	115		174	187	202
	3	558	708	719	879	879		1,397	1,502	1,618
	3		3,558	2,321	3,557	3,557		3,424	3,681	3,967
		333	2,638	652	5,265	5,265		6,064	6,519	7,024
		248	901	1,125	525	525				
	6	4,430	4,913	4,903		8,043		5,698	6,125	6,600
		91,670	100,105	104,123	112,799	122,646	-	125,779	134,070	144,162
	4		9.2%	4.0%	8.3%	8.7%	(100.0%)	-	6.6%	7.5%
<b>Total Parent Municipality</b>										
		105,001	114,084	119,450	129,718	139,566	-	145,242	154,935	166,551
			8.7%	4.7%	8.6%	7.6%	(100.0%)	-	6.7%	7.5%



DC4 Eden - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
		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	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3									
Other Managers	7	21	16	5	21	16	5	21	16	5
Professionals		36	23	2	36	23	2	36	23	2
Finance		12	9		12	9		12	9	
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		24	14	2	24	14	2	24	14	2
Technicians		69	61	-	69	61	-	69	61	-
Finance		11	11		11	11		11	11	
Spatial/town planning										
Information Technology		8	8		8	8		8	8	
Roads		50	42		50	42		50	42	
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		53	53		53	53		53	53	
Service and sales workers		50	46	31	50	46	31	50	46	31
Skilled agricultural and fishery workers		49	48	24	49	48	24	49	48	24
Craft and related trades										
Plant and Machine Operators		58	53	16	58	53	16	58	53	16
Elementary Occupations		232	220	121	232	220	121	232	220	121
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>568</b>	<b>520</b>	<b>199</b>	<b>568</b>	<b>520</b>	<b>199</b>	<b>568</b>	<b>520</b>	<b>199</b>
% increase		9.2%	23.2%	226.2%	-	-	-	-	-	-
<b>Total municipal employees headcount</b>	6, 10	<b>568</b>	<b>520</b>	<b>204</b>	<b>568</b>	<b>520</b>	<b>199</b>	<b>568</b>	<b>520</b>	<b>199</b>
Finance personnel headcount	8, 10	40	35	5	40	35	5	40	35	5
Human Resources personnel headcount	8, 10	15	12	2	15	12	2	15	12	2

DC4 Eden - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Revenue By Source</b>																	
Property rates																	
Service charges - electricity revenue																	
Service charges - water revenue																	
Service charges - sanitation revenue																	
Service charges - refuse revenue																	
Service charges - other																	
Rental of facilities and equipment		226	226	226	226	226	226	226	226	226	226	226	227	2,717	3,940	4,177	
Interest earned - external investments		-	800	900	2,800	700	500	3,000		2,200		600	2,915	14,415	15,499	16,949	
Interest earned - outstanding debtors		75	75	75	75	75	75	75	75	75	75	75	74	897	950	1,007	
Dividends received																	
Fines, penalties and forfeits																	
Licences and permits			50	45	65	20			40	80		15	18	333	352	374	
Agency services		1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	19,022	19,819	20,662	
Transfers and subsidies		43,362	640		1,483	75,600				37,800			0	158,885	161,879	166,995	
Other revenue		4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	145,000	191,036	211,261	224,591	
Gains on disposal of PPE												3,156		3,156	3,330	3,529	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>49,433</b>	<b>7,561</b>	<b>7,016</b>	<b>10,419</b>	<b>82,391</b>	<b>6,571</b>	<b>9,071</b>	<b>6,111</b>	<b>46,151</b>	<b>6,071</b>	<b>9,842</b>	<b>149,819</b>	<b>390,460</b>	<b>417,030</b>	<b>438,285</b>	
<b>Expenditure By Type</b>																	
Employee related costs		10,126	10,126	10,126	10,126	22,278	10,126	10,126	10,126	10,126	10,126	10,126	10,131	133,669	142,553	153,302	
Remuneration of councillors		876	876	876	876	1,928	876	876	876	876	876	876	884	11,572	12,382	13,249	
Debt impairment		133	133	133	133	133	133	133	133	133	133	133	133	1,601	1,689	1,782	
Depreciation & asset impairment		273	273	273	273	273	273	273	273	273	273	273	272	3,272	3,463	3,681	
Finance charges																	
Bulk purchases																	
Other materials		15	15	15	15	15	15	15	15	15	15	15	15	185	234	246	
Contracted services		5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	60,302	70,136	73,963	
Transfers and subsidies																	
Other expenditure		2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	145,000	177,595	183,722	191,014	
Loss on disposal of PPE																	
<b>Total Expenditure</b>		<b>19,412</b>	<b>19,412</b>	<b>19,412</b>	<b>19,412</b>	<b>32,616</b>	<b>19,412</b>	<b>19,412</b>	<b>19,412</b>	<b>19,412</b>	<b>19,412</b>	<b>19,412</b>	<b>161,462</b>	<b>388,197</b>	<b>414,178</b>	<b>437,237</b>	
<b>Surplus/(Deficit)</b>																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		30,022	(11,850)	(12,395)	(8,992)	49,776	(12,840)	(10,340)	(13,300)	26,740	(13,340)	(9,569)	(11,644)	2,264	2,852	1,048	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	
Transfers and subsidies - capital (in-kind - all)																	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>30,022</b>	<b>(11,850)</b>	<b>(12,395)</b>	<b>(8,992)</b>	<b>49,776</b>	<b>(12,840)</b>	<b>(10,340)</b>	<b>(13,300)</b>	<b>26,740</b>	<b>(13,340)</b>	<b>(9,569)</b>	<b>(11,644)</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>	
Taxation																	
Attributable to minorities																	
Share of surplus/ (deficit) of associate																	
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>30,022</b>	<b>(11,850)</b>	<b>(12,395)</b>	<b>(8,992)</b>	<b>49,776</b>	<b>(12,840)</b>	<b>(10,340)</b>	<b>(13,300)</b>	<b>26,740</b>	<b>(13,340)</b>	<b>(9,569)</b>	<b>(11,644)</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>	

DC4 Eden - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Revenue by Vote</b>																	
Vote 1 - Executive and Council		26,354	-	118	-	-	28	-	1,015	3,519	-	-	177,130	208,164	216,526	228,657	
Vote 2 - Budget and Treasury Office													-	-	-	-	
Vote 3 - Corporate Services		78	78	78	78	78	78	78	78	78	78	78	78	933	989	1,048	
Vote 4 - Planning and Development													-	-	-	-	
Vote 5 - Public Safety													-	-	-	-	
Vote 6 - Health		18	18	18	18	18	18	18	18	18	18	18	18	221	234	248	
Vote 7 - Community and Social Services													-	-	-	-	
Vote 8 - Sport and Recreation		668	668	668	668	668	668	668	668	668	668	668	668	8,016	8,143	8,795	
Vote 9 - Waste Management		2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	27,795	39,787	42,163	
Vote 10 - Roads Transport													-	-	-	-	
Vote 11 - Waste Water Management													-	-	-	-	
Vote 12 - Water													-	-	-	-	
Vote 13 - Environment Protection													333	333	352	374	
Vote 14 - Roads Agency Function		-	-	-	-	-	-	-	-	-	-	-	145,000	145,000	151,000	157,000	
Vote 15 - Electricity													-	-	-	-	
<b>Total Revenue by Vote</b>		<b>29,435</b>	<b>3,080</b>	<b>3,198</b>	<b>3,080</b>	<b>3,080</b>	<b>3,108</b>	<b>3,080</b>	<b>4,095</b>	<b>6,599</b>	<b>3,080</b>	<b>3,080</b>	<b>325,542</b>	<b>390,460</b>	<b>417,030</b>	<b>438,285</b>	
<b>Expenditure by Vote to be appropriated</b>																	
Vote 1 - Executive and Council		4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	48,575	46,475	49,413	
Vote 2 - Budget and Treasury Office		1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,645	1,644	19,739	20,294	21,750	
Vote 3 - Corporate Services		3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	42,779	45,553	48,732	
Vote 4 - Planning and Development		1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	21,282	20,886	21,909	
Vote 5 - Public Safety		2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,850	34,206	36,933	39,496	
Vote 6 - Health		2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	31,454	34,043	36,548	
Vote 7 - Community and Social Services													-	-	-	-	
Vote 8 - Sport and Recreation		1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,139	13,677	14,237	15,232	
Vote 9 - Waste Management		2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	24,381	37,274	39,213	
Vote 10 - Roads Transport		291	291	291	291	291	291	291	291	291	291	291	291	3,493	3,685	3,887	
Vote 11 - Waste Water Management		2	2	2	2	2	2	2	2	2	2	2	1	18	20	21	
Vote 12 - Water													-	-	-	-	
Vote 13 - Environment Protection		300	300	300	300	300	300	300	300	300	300	299	299	3,595	3,780	4,036	
Vote 14 - Roads Agency Function		-	-	-	-	-	-	-	-	-	-	-	145,000	145,000	151,000	157,000	
Vote 15 - Electricity													-	-	-	-	
<b>Total Expenditure by Vote</b>		<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>20,267</b>	<b>165,264</b>	<b>388,197</b>	<b>414,178</b>	<b>437,237</b>	
<b>Surplus/(Deficit) before assoc.</b>		<b>9,168</b>	<b>(17,186)</b>	<b>(17,068)</b>	<b>(17,186)</b>	<b>(17,186)</b>	<b>(17,158)</b>	<b>(17,186)</b>	<b>(16,171)</b>	<b>(13,667)</b>	<b>(17,186)</b>	<b>(17,186)</b>	<b>160,278</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>	
Taxation													-	-	-	-	
Attributable to minorities													-	-	-	-	
Share of surplus/ (deficit) of associate													-	-	-	-	
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>9,168</b>	<b>(17,186)</b>	<b>(17,068)</b>	<b>(17,186)</b>	<b>(17,186)</b>	<b>(17,158)</b>	<b>(17,186)</b>	<b>(16,171)</b>	<b>(13,667)</b>	<b>(17,186)</b>	<b>(17,186)</b>	<b>160,278</b>	<b>2,264</b>	<b>2,852</b>	<b>1,048</b>	

DC4 Eden - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>																
<b>Governance and administration</b>		26,432	78	196	78	78	106	78	1,093	3,597	78	78	177,207	209,096	217,514	229,705
Executive and council		26,354		118			28		1,015	3,519			176,657	207,691	216,025	228,126
Finance and administration		78	78	78	78	78	78	78	78	78	78	78	550	1,405	1,490	1,579
Internal audit													-	-	-	-
<b>Community and public safety</b>		686	686	686	686	686	686	686	686	686	686	686	-	8,237	8,377	9,043
Community and social services													-	-	-	-
Sport and recreation		668	668	668	668	668	668	668	668	668	668	668	668	8,016	8,143	8,795
Public safety													-	-	-	-
Housing													-	-	-	-
Health		18	18	18	18	18	18	18	18	18	18	18	18	221	234	248
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-	-	-	145,333	145,333	151,352	157,374
Planning and development													-	-	-	-
Road transport													145,000	145,000	151,000	157,000
Environmental protection													333	333	352	374
<b>Trading services</b>		2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	27,795	39,787	42,163
Energy sources													-	-	-	-
Water management													-	-	-	-
Waste water management													-	-	-	-
Waste management		2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	27,795	39,787	42,163
<b>Other</b>													-	-	-	-
<b>Total Revenue - Functional</b>		29,435	3,080	3,198	3,080	3,080	3,108	3,080	4,095	6,599	3,080	3,080	325,542	390,460	417,030	438,285
<b>Expenditure - Functional</b>																
<b>Governance and administration</b>		9,258	9,258	9,258	9,258	9,258	9,258	9,258	9,258	9,258	9,258	9,258	19,650	121,485	123,501	131,857
Executive and council		4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	5,949	50,476	48,551	51,628
Finance and administration		5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	11,333	68,641	72,387	77,476
Internal audit													2,368	2,368	2,563	2,752
<b>Community and public safety</b>		6,611	6,611	6,611	6,611	6,611	6,611	6,611	6,611	6,611	6,611	6,611	6,951	79,676	84,548	90,527
Community and social services													10,521	10,521	10,013	10,682
Sport and recreation		1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,139	13,677	14,237	15,232
Public safety		2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	(2,830)	28,526	31,081	33,220
Housing													-	-	-	-
Health		2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	(1,880)	26,953	29,217	31,393
<b>Economic and environmental services</b>		2,356	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	138,322	161,323	167,414	174,093
Planning and development		1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	(10,273)	9,236	8,950	9,170
Road transport		582	291	291	291	291	291	291	291	291	291	291	145,000	148,493	154,685	160,887
Environmental protection													3,595	3,595	3,780	4,036
<b>Trading services</b>		2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,049	24,398	37,294	39,234
Energy sources													-	-	-	-
Water management													18	18	20	21
Waste water management													-	-	-	-
Waste management		2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	2,032	24,381	37,274	39,213
<b>Other</b>													1,314	1,314	1,422	1,526
<b>Total Expenditure - Functional</b>		20,257	19,966	19,966	19,966	19,966	19,966	19,966	19,966	19,966	19,966	19,966	168,285	388,197	414,178	437,237
<b>Surplus/(Deficit) before assoc.</b>		9,178	(16,885)	(16,767)	(16,885)	(16,885)	(16,857)	(16,885)	(15,870)	(13,366)	(16,885)	(16,885)	157,257	2,264	2,852	1,048
Share of surplus/ (deficit) of associate													-	-	-	-
<b>Surplus/(Deficit)</b>	1	9,178	(16,885)	(16,767)	(16,885)	(16,885)	(16,857)	(16,885)	(15,870)	(13,366)	(16,885)	(16,885)	157,257	2,264	2,852	1,048

DC4 Eden - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Multi-year expenditure to be appropriated</b>	1																
Vote 1 - Executive and Council			30										(0)	30	-	-	
Vote 2 - Budget and Treasury Office				42									-	42	-	-	
Vote 3 - Corporate Services				500			800		38				0	1,338	-	-	
Vote 4 - Planning and Development													-	-	-	-	
Vote 5 - Public Safety		50		150		250		1,300		500	1,200	2,340	5,790	2,000	1,000		
Vote 6 - Health				43								0	43	-	-		
Vote 7 - Community and Social Services													-	-	-	-	
Vote 8 - Sport and Recreation				150	400	1,250		200					-	2,000	800	-	
Vote 9 - Waste Management													-	-	-	-	
Vote 10 - Roads Transport													-	-	-	-	
Vote 11 - Waste Water Management													-	-	-	-	
Vote 12 - Water													-	-	-	-	
Vote 13 - Environment Protection				30									-	30	-	-	
Vote 14 - Roads Agency Function													-	-	-	-	
Vote 15 - Electricity													-	-	-	-	
<b>Capital multi-year expenditure sub-total</b>	2	50	30	915	400	1,500	-	800	1,500	38	500	1,200	2,340	9,273	2,800	1,000	
<b>Single-year expenditure to be appropriated</b>																	
Vote 1 - Executive and Council													-	-	-	-	
Vote 2 - Budget and Treasury Office													-	-	-	-	
Vote 3 - Corporate Services													-	-	-	-	
Vote 4 - Planning and Development													-	-	-	-	
Vote 5 - Public Safety													-	-	-	-	
Vote 6 - Health													-	-	-	-	
Vote 7 - Community and Social Services													-	-	-	-	
Vote 8 - Sport and Recreation													-	-	-	-	
Vote 9 - Waste Management													-	-	-	-	
Vote 10 - Roads Transport													-	-	-	-	
Vote 11 - Waste Water Management													-	-	-	-	
Vote 12 - Water													-	-	-	-	
Vote 13 - Environment Protection													-	-	-	-	
Vote 14 - Roads Agency Function													-	-	-	-	
Vote 15 - Electricity													-	-	-	-	
<b>Capital single-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure</b>	2	50	30	915	400	1,500	-	800	1,500	38	500	1,200	2,340	9,273	2,800	1,000	



DC4 Eden - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		-	30	542	-	-	-	800	-	38	-	-	0	1,410	-	-
Executive and council			30	500				800		38			0	1,368	-	-
Finance and administration				42									-	42	-	-
Internal audit													-	-	-	-
<b>Community and public safety</b>		50	-	343	400	1,500	-	-	1,500	-	500	1,200	2,340	7,833	2,800	1,000
Community and social services													-	-	-	-
Sport and recreation				150	400	1,250			200				-	2,000	800	-
Public safety		50		150		250			1,300		500	1,200	2,340	5,790	2,000	1,000
Housing													-	-	-	-
Health				43									0	43	-	-
<b>Economic and environmental services</b>		-	-	30	-	-	-	-	-	-	-	-	-	30	-	-
Planning and development													-	-	-	-
Road transport													-	-	-	-
Environmental protection				30									-	30	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy sources													-	-	-	-
Water management													-	-	-	-
Waste water management													-	-	-	-
Waste management													-	-	-	-
<b>Other</b>													-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	50	30	915	400	1,500	-	800	1,500	38	500	1,200	2,340	9,273	2,800	1,000
<b>Funded by:</b>																
National Government													-	-	-	-
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													9,273	9,273	2,800	1,000
<b>Total Capital Funding</b>		-	-	-	-	-	-	-	-	-	-	-	9,273	9,273	2,800	1,000

DC4 Eden - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash Receipts By Source</b>														1		
Property rates																
Service charges - electricity revenue																
Service charges - water revenue																
Service charges - sanitation revenue																
Service charges - refuse revenue																
Service charges - other																
Rental of facilities and equipment	226	226	226	226	226	226	226	226	226	226	226	226	227	2,717	3,940	4,177
Interest earned - external investments	-	800	900	2,800	700	500	3,000	-	2,200	-	600	2,915	2,915	14,415	15,499	16,949
Interest earned - outstanding debtors																
Dividends received																
Fines, penalties and forfeits																
Licences and permits	-	50	45	65	20	-	-	40	80	-	15	18	18	333	352	374
Agency services	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	1,585	19,022	19,819	20,662
Transfer receipts - operational	43,362	640	-	1,483	75,600	-	-	-	37,800	-	-	0	0	158,885	161,879	166,995
Other revenue	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	145,000	145,000	191,036	211,261	224,591
<b>Cash Receipts by Source</b>	<b>49,359</b>	<b>7,487</b>	<b>6,942</b>	<b>10,345</b>	<b>82,317</b>	<b>6,497</b>	<b>8,997</b>	<b>6,037</b>	<b>46,077</b>	<b>5,997</b>	<b>6,612</b>	<b>149,744</b>	<b>149,744</b>	<b>386,408</b>	<b>412,750</b>	<b>433,748</b>
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital																
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)																
Proceeds on disposal of PPE												3,156	-	3,156	3,330	3,529
Short term loans																
Borrowing long term/refinancing																
Increase (decrease) in consumer deposits																
Decrease (increase) in non-current debtors																
Decrease (increase) other non-current receivables													(1,791)	(1,791)	(1,846)	(4,435)
Decrease (increase) in non-current investments																
<b>Total Cash Receipts by Source</b>	<b>49,359</b>	<b>7,487</b>	<b>6,942</b>	<b>10,345</b>	<b>82,317</b>	<b>6,497</b>	<b>8,997</b>	<b>6,037</b>	<b>46,077</b>	<b>5,997</b>	<b>9,768</b>	<b>147,953</b>	<b>147,953</b>	<b>387,773</b>	<b>414,234</b>	<b>432,843</b>
<b>Cash Payments by Type</b>																
Employee related costs	10,126	10,126	10,126	10,126	22,278	10,126	10,126	10,126	10,126	10,126	10,126	10,131	10,131	133,669	142,553	153,302
Remuneration of councillors	876	876	876	876	1,928	876	876	876	876	876	876	876	876	884	11,572	12,382
Finance charges																
Bulk purchases - Electricity																
Bulk purchases - Water & Sewer																
Other materials	15	15	15	15	15	15	15	15	15	15	15	15	15	185	234	246
Contracted services	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	60,302	70,136	73,963
Transfers and grants - other municipalities																
Transfers and grants - other																
Other expenditure	2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	2,963	145,000	145,000	177,595	183,722	191,014
<b>Cash Payments by Type</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>32,210</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>161,057</b>	<b>161,057</b>	<b>383,324</b>	<b>409,027</b>	<b>431,775</b>
<b>Other Cash Flows/Payments by Type</b>																
Capital assets													9,273	9,273	2,800	1,000
Repayment of borrowing																
Other Cash Flow s/Payments																
<b>Total Cash Payments by Type</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>32,210</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>19,006</b>	<b>170,330</b>	<b>170,330</b>	<b>392,598</b>	<b>411,827</b>	<b>432,775</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>30,353</b>	<b>(11,519)</b>	<b>(12,064)</b>	<b>(8,661)</b>	<b>50,107</b>	<b>(12,509)</b>	<b>(10,009)</b>	<b>(12,969)</b>	<b>27,071</b>	<b>(13,009)</b>	<b>(9,238)</b>	<b>(22,377)</b>	<b>(22,377)</b>	<b>(4,825)</b>	<b>2,407</b>	<b>68</b>
Cash/cash equivalents at the monthly year begin:	169,768	200,121	188,602	176,538	167,876	217,983	205,474	195,465	182,496	209,567	196,558	187,320	169,768	169,768	164,943	167,349
Cash/cash equivalents at the monthly year end:	200,121	188,602	176,538	167,876	217,983	205,474	195,465	182,496	209,567	196,558	187,320	169,768	169,768	164,943	167,349	167,417

DC4 Eden - NOT REQUIRED - municipality does not have entities

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R million</b>										
<b>Financial Performance</b>										
Property rates										
Service charges										
Investment revenue										
Transfers recognised - operational										
Other own revenue										
Contributions recognised - capital & contributed assets										
<b>Total Revenue (excluding capital transfers and contri</b>		-	-	-	-	-	-	-	-	-
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment										
Finance charges										
Materials and bulk purchases										
Transfers and grants										
Other expenditure										
<b>Total Expenditure</b>		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>		-	-	-	-	-	-	-	-	-
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>										
Transfers recognised - operational										
Public contributions & donations										
Borrowing										
Internally generated funds										
<b>Total sources</b>		-	-	-	-	-	-	-	-	-
<b>Financial position</b>										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
<b>Cash flows</b>										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
<b>Cash/cash equivalents at the year end</b>										

**DC4 Eden - Supporting Table SA32 List of external mechanisms**

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand

DC4 Eden - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding	Current Year	2018/19 Medium Term Revenue & Expenditure Framework			Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		Years	2017/18	Budget Year	Budget Year	Budget Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Contract Value
R thousand	1,3	Total	Original Budget	2018/19	+1 2019/20	+2 2020/21	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Parent Municipality:</b>														
<b>Revenue Obligation By Contract</b>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Revenue Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenditure Obligation By Contract</b>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Expenditure Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital Expenditure Obligation By Contract</b>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Capital Expenditure Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Parent Expenditure Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Entities:</b>														
<b>Revenue Obligation By Contract</b>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Revenue Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenditure Obligation By Contract</b>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Operating Expenditure Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital Expenditure Obligation By Contract</b>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
<b>Total Capital Expenditure Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Entity Expenditure Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-	-

DC4 Eden - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		5,711	-	-	250	250	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	250	250	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities					250	250				
Capital Spares										
Solid Waste Infrastructure		5,711	-	-	-	-	-	-	-	-
Landfill Sites		5,711								
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>		96	8,851	454	310	310	-	3,000	2,000	-
Community Facilities		-	8,851	454	310	310	-	3,000	2,000	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations					310	310		3,000	2,000	-
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares		-	8,851	454	-	-	-	-	-	-
Sport and Recreation Facilities		96	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares		96								

<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-	
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-	
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
<b>Other assets</b>	53	-	3,160	300	300	-	30	800	-	
Operational Buildings	53	-	3,160	300	300	-	30	800	-	
Municipal Offices	53		3,160	300	300					
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories							30			
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares								800		
Housing										
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets										
<b>Intangible Assets</b>	74	-	-	-	-	-	-	-	-	
Servitudes										
Licences and Rights	74									
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified	74									
<b>Computer Equipment</b>	-	-	-	125	727	-	1,201	-	-	
Computer Equipment				125	727		1,201			
<b>Furniture and Office Equipment</b>	678	-	105	45	182	-	231	-	-	
Furniture and Office Equipment	678		105	45	182		231			
<b>Machinery and Equipment</b>	995	-	480	109	138	-	711	-	-	
Machinery and Equipment	995		480	109	138		711			
<b>Transport Assets</b>	1,235	-	-	-	1,450	-	2,100	-	1,000	
Transport Assets	1,235				1,450		2,100		1,000	
<b>Libraries</b>	-	-	-	-	-	-	-	-	-	
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals										
<b>Total Capital Expenditure on new assets</b>	1	8,842	8,851	4,199	1,139	3,357	-	7,273	2,800	1,000

DC4 Eden - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>	1									
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										



<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
<b>Other assets</b>	-	-	-	150	150	-	-	-	-
Operational Buildings	-	-	-	150	150	-	-	-	-
Municipal Offices				150	150				
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
<b>Computer Equipment</b>	-	-	-	125	125	-	-	-	-
Computer Equipment				125	125				
<b>Furniture and Office Equipment</b>	-	-	-	30	30	-	-	-	-
Furniture and Office Equipment				30	30				
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
<b>Transport Assets</b>	-	-	-	165	165	-	-	-	-
Transport Assets				165	165				
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Capital Expenditure on renewal of existing</b>	1	-	-	-	470	470	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	19.1%	10.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprechn"</b>		0.0%	0.0%	0.0%	15.3%	15.4%	0.0%	0.0%	0.0%

DC4 Eden - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>		-	-	-	2,491	2,491	2,491	3,643	6,353	-
Community Facilities		-	-	-	1,455	1,455	1,455	3,643	6,353	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations					1,455	1,455	1,455	1,886	4,538	-
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares								1,757	1,815	-
Sport and Recreation Facilities		-	-	-	1,035	1,035	1,035	-	-	-
Indoor Facilities					1,035	1,035	1,035			
Outdoor Facilities										
Capital Spares										

<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
<b>Other assets</b>		-	-	-	1,267	1,567	1,567	19	-	-
Operational Buildings		-	-	-	1,267	1,567	1,567	19	-	-
Municipal Offices					1,267	1,567	1,567	-	-	-
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories							19	-	-	
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
<b>Computer Equipment</b>		-	-	-	1,178	1,178	1,178	755	-	-
Computer Equipment					1,178	1,178	1,178	755	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	145	-	-
Furniture and Office Equipment								145	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	447	-	-
Machinery and Equipment								447	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	1,320	-	6,702
Transport Assets								1,320	-	6,702
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
<b>Total Repairs and Maintenance Expenditure</b>	1	-	-	-	4,935	5,235	5,235	6,330	6,353	6,702
<b>R&amp;M as a % of PPE</b>		0.0%	0.0%	0.0%	3.5%	3.6%	3.6%	4.3%	4.2%	4.4%
<b>R&amp;M as % Operating Expenditure</b>		0.0%	0.0%	0.0%	1.4%	1.4%	1.4%	1.7%	1.6%	1.6%

DC4 Eden - Supporting Table SA34d Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Depreciation by Asset Class/Sub-class</b>	1									
<b>Infrastructure</b>		5	5	-	-	6	-	-	-	-
Roads Infrastructure		-	-	-	-	6	-	-	-	-
Roads										
Road Structures										
Road Furniture										
Capital Spares						6				
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		5	5	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares		5	5							
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>		<b>159,007</b>	<b>217</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>49</b>	<b>1,118</b>	<b>2,188</b>	<b>-</b>
Community Facilities		158,967	177	-	-	49	49	1,118	2,188	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations		177	177					671	1,563	-
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares		158,790				49	49	447	625	-
Sport and Recreation Facilities		40	40	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares		40	40							

<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-	
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>	<b>85,634</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>129</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Revenue Generating	85,634	134	-	-	129	129	-	-	-	
Improved Property										
Unimproved Property	85,634	134			129	129				
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property										
Unimproved Property										
<b>Other assets</b>	<b>823</b>	<b>823</b>	<b>-</b>	<b>3,070</b>	<b>1,280</b>	<b>1,280</b>	<b>994</b>	<b>1,084</b>	<b>1,155</b>	
Operational Buildings	823	823	-	3,070	1,280	1,280	994	1,084	1,155	
Municipal Offices	779	779			829	829	987	1,084	1,155	
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories							7	-	-	
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares	44	44		3,070	451	451				
Housing	-	-	-	-	-	-	-	-	-	
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Biological or Cultivated Assets										
<b>Intangible Assets</b>	<b>597</b>	<b>597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Servitudes										
Licences and Rights	597	597	-	-	-	-	-	-	-	
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified	597	597								
<b>Computer Equipment</b>	<b>597</b>	<b>559</b>	<b>-</b>	<b>-</b>	<b>767</b>	<b>767</b>	<b>269</b>	<b>-</b>	<b>-</b>	
Computer Equipment	597	559	-	-	767	767	269	-	-	
<b>Furniture and Office Equipment</b>	<b>384</b>	<b>384</b>	<b>-</b>	<b>-</b>	<b>430</b>	<b>430</b>	<b>52</b>	<b>-</b>	<b>-</b>	
Furniture and Office Equipment	384	384	-	-	430	430	52	-	-	
<b>Machinery and Equipment</b>	<b>114</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>215</b>	<b>215</b>	<b>159</b>	<b>-</b>	<b>-</b>	
Machinery and Equipment	114	114	-	-	215	215	159	-	-	
<b>Transport Assets</b>	<b>450</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>184</b>	<b>184</b>	<b>470</b>	<b>-</b>	<b>2,308</b>	
Transport Assets	450	450	-	-	184	184	470	-	2,308	
<b>Libraries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Zoo's, Marine and Non-biological Animals										
<b>Total Depreciation</b>	<b>1</b>	<b>247,611</b>	<b>3,283</b>	<b>-</b>	<b>3,070</b>	<b>3,060</b>	<b>3,054</b>	<b>3,061</b>	<b>3,272</b>	<b>3,463</b>

DC4 Eden - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>	1									
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Roads Infrastructure										
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>		-	-	-	850	850	-	2,000	-	-
Community Facilities		-	-	-	-	-	-	2,000	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals								2,000	-	-
Capital Spares										
Sport and Recreation Facilities		-	-	-	850	850	-	-	-	-
Indoor Facilities					425	425				
Outdoor Facilities					425	425				
Capital Spares										

<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Revenue Generating									
Improved Property									
Unimproved Property									
Non-revenue Generating									
Improved Property									
Unimproved Property									
<b>Other assets</b>	-	-	-	-	-	-	-	-	-
Operational Buildings									
Municipal Offices									
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing									
Staff Housing									
Social Housing									
Capital Spares									
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights									
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
Transport Assets									
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Capital Expenditure on upgrading of existing a</b>	1	-	-	-	850	850	-	2,000	-
<b>Upgrading of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	34.6%	18.2%	0.0%	21.6%	0.0%
<b>Upgrading of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	27.7%	27.8%	0.0%	65.3%	0.0%

**DC4 Eden - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Executive and Council		30	-	-				
Vote 2 - Budget and Treasury Office		42	-	-				
Vote 3 - Corporate Services		1,338	-	-				
Vote 4 - Planning and Development		-	-	-				
Vote 5 - Public Safety		5,790	2,000	1,000				
Vote 6 - Health		43	-	-				
Vote 7 - Community and Social Services		-	-	-				
Vote 8 - Sport and Recreation		2,000	800	-				
Vote 9 - Waste Management		-	-	-				
Vote 10 - Roads Transport		-	-	-				
Vote 11 - Waste Water Management		-	-	-				
Vote 12 - Water		-	-	-				
Vote 13 - Environment Protection		30	-	-				
Vote 14 - Roads Agency Function		-	-	-				
Vote 15 - Electricity		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>9,273</b>	<b>2,800</b>	<b>1,000</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and Council								
Vote 2 - Budget and Treasury Office								
Vote 3 - Corporate Services								
Vote 4 - Planning and Development								
Vote 5 - Public Safety								
Vote 6 - Health								
Vote 7 - Community and Social Services								
Vote 8 - Sport and Recreation								
Vote 9 - Waste Management								
Vote 10 - Roads Transport								
Vote 11 - Waste Water Management								
Vote 12 - Water								
Vote 13 - Environment Protection								
Vote 14 - Roads Agency Function								
Vote 15 - Electricity								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>9,273</b>	<b>2,800</b>	<b>1,000</b>	-	-	-	-



DC4 Eden - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
R thousand	4				6	3	3	5								
<b>Parent municipality:</b>																
<i>List all capital projects grouped by Municipal Vote</i>																
Vote 1 - Executive and Council		Communication Unit: CHAIRS										7	-	-		
Vote 1 - Executive and Council		Communication Unit: CANON BATTERIES										3	-	-		
Vote 1 - Executive and Council		Communication Unit: CANON CAMERA Canon 6D										17	-	-		
Vote 1 - Executive and Council		Communication Unit: LAMINATING MACHINE										3	-	-		
Vote 2 - Budget and Treasury Office		BTO & AFS: Laptop										15	-	-		
Vote 2 - Budget and Treasury Office		BTO & AFS: Chair										5	-	-		
Vote 2 - Budget and Treasury Office		BTO & AFS: Visitors Chairs										6	-	-		
Vote 2 - Budget and Treasury Office		Income & Bank Recon: Desk										5	-	-		
Vote 2 - Budget and Treasury Office		Income & Bank Recon: Chair										5	-	-		
Vote 2 - Budget and Treasury Office		Income & Bank Recon: Visitors Chairs										6	-	-		
Vote 3 - Corporate Services		Executive Manager: Filing Cabinet										4	-	-		
Vote 3 - Corporate Services		Executive Manager: Highback Chair Bonded Leather - Personal Assistant										5	-	-		
Vote 3 - Corporate Services		Political Administration: Office Chair										10	-	-		
Vote 3 - Corporate Services		Political Administration: Two Visitors chairs - PA of the Deputy Mayor										10	-	-		
Vote 3 - Corporate Services		Section Committee: Desk										3	-	-		
Vote 3 - Corporate Services		Section Committee: Highback Chair Bonded Leather										10	-	-		
Vote 3 - Corporate Services		Visitor Chairs: Leather										5	-	-		
Vote 3 - Corporate Services		Section Committee: Filing Cabinet (4 Drawers)										4	-	-		
Vote 3 - Corporate Services		Section Committee: Portable Voice recorders										7	-	-		
Vote 3 - Corporate Services		Legal Services: Chair										5	-	-		
Vote 3 - Corporate Services		HR: Office Chairs										10	-	-		
Vote 3 - Corporate Services		Support Services: Steel Shelves										50	50	-		
Vote 3 - Corporate Services		Support Services: Framing Machine										15	-	-		
Vote 3 - Corporate Services		ICT: Upgrading of Roads Link										25	-	-		
Vote 3 - Corporate Services		ICT: Risk Management System										500	-	-		
Vote 3 - Corporate Services		ICT: Replacing ICT Capital Equipment beyond economical repairs										50	-	-		
Vote 3 - Corporate Services		ICT: Insurance claims										50	-	-		
Vote 3 - Corporate Services		ICT: Laptop										180	-	-		
Vote 3 - Corporate Services		ICT: Loan Laptop										60	-	-		
Vote 3 - Corporate Services		ICT: Personal Computers										180	-	-		
Vote 3 - Corporate Services		ICT: Technicians										3	-	-		
Vote 3 - Corporate Services		ICT: MS Office										140	-	-		
Vote 3 - Corporate Services		ICT: Printer HP Black/White										4	-	-		
Vote 3 - Corporate Services		ICT: Printer HP 4 in One										5	-	-		
Vote 3 - Corporate Services		ICT: Printer HP Colour										5	-	-		
Vote 5 - Public Safety		Fire Fighting: New Fire Station/ Training Academy (CRR Funding)										3,000	2,000	-		
Vote 5 - Public Safety		Fire Fighting: Water Tankers (CRR)										1,550	-	1,000		
Vote 5 - Public Safety		Fire Fighting: LDV - 1 x Skid Unit & 1 x Command Unit (CRR)										550	-	-		
Vote 5 - Public Safety		Fire Fighting: Hazmat suits - Level A										160	-	-		
Vote 5 - Public Safety		Fire Fighting: Thermal Imaging Camera										80	-	-		
Vote 5 - Public Safety		Fire Fighting: Hazmat Rescue & Fire Equipment Equipment										300	100	-		
Vote 5 - Public Safety		Fire Fighting: Two Way Radio Repeater										50	-	-		
Vote 5 - Public Safety		Disaster Management: Water Cooler/Dispensers										5	-	-		
Vote 5 - Public Safety		Disaster Management: Conference Speaker / recording system with 12 microphones										80	-	-		
Vote 5 - Public Safety		Disaster Management: Chairs										12	-	-		
Vote 5 - Public Safety		Disaster Management: Small fridge										3	-	-		
Vote 6 - Health		MHS George: 3x Notice Boards										5	-	-		
Vote 6 - Health		MHS Klein Karoo: 3 High back office desk chairs										4	-	-		
Vote 6 - Health		MHS Langeberg: 3 Drawer Desk										4	-	-		
Vote 6 - Health		MHS Langeberg: Desk shell lockable top drawer										4	-	-		
Vote 6 - Health		MHS Langeberg: Highback swivel chair										1	-	-		
Vote 6 - Health		MHS Langeberg: 2 x Saver Arm chair										1	-	-		
Vote 6 - Health		MHS Langeberg: 1 x Conference Table & 10 x Saver arm chair										24	-	-		
Vote 8 - Sport and Recreation		Calitzdorp: Upgrading of Council Buildings -CSPA 70%										1,400	350	-		
Vote 8 - Sport and Recreation		De Hoek: Upgrading of Council Buildings :De Hoek 30%										600	150	-		
Vote 9 - Waste Management		Home Composting Containers (Pilot Project) 100 x R 800.00										-	80	-		
Vote 9 - Waste Management		Vermi-Composting Holders and Red Wiggler Worms (Pilot Project) 100 units X R410.00										-	40	-		
Vote 9 - Waste Management		Recycling Mascot										-	30	-		
Vote 13 - Environment Protection		Spare cells for mobile analyzer										30	-	-		
<b>Parent Capital expenditure</b>	<b>1</b>											<b>9,273</b>	<b>2,800</b>	<b>1,000</b>		

DC4 Eden - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
								<b>R thousand</b>				
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
<b>Entities:</b> <i>List all capital projects grouped by Municipal Entity</i>												
<b>Entity Name</b> <i>Project name</i>												

DC4 Eden - Supporting Table SA38 Consolidated detailed operational projects

Municipal Vote/Operational project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location
R thousand	4				6			5							
<b>Parent municipality:</b>															
<i>List all operational projects grouped by Municipal Vote</i>															
Vote 2 - Budget and Treasury Office		Financial Changes awareness Campaign										50	-	-	
Vote 3 - Corporate Services		Annual Disposal Project									80	-	-	-	
Vote 3 - Corporate Services		Computers to be transferred to ICT									-	-	-	-	
Vote 3 - Corporate Services		Desks to be transferred to ICT									-	-	-	-	
Vote 3 - Corporate Services		Burglar Bars to be transferred to Maintenance									-	-	-	-	
Vote 3 - Corporate Services		Tint Windows to be transferred to Maintenance									-	-	-	-	
Vote 3 - Corporate Services		Electronic Boom gate									-	-	-	-	
Vote 3 - Corporate Services		State of District Address									50	-	-	-	
Vote 3 - Corporate Services		Golf Day									50	-	-	-	
Vote 3 - Corporate Services		Youth Day									50	-	-	-	
Vote 3 - Corporate Services		Womans Day									50	-	-	-	
Vote 3 - Corporate Services		Worlds Aids Day									50	-	-	-	
Vote 3 - Corporate Services		Mandela Day									50	-	-	-	
Vote 3 - Corporate Services		Golden Games									50	-	-	-	
Vote 3 - Corporate Services		Christmas Hampers									50	-	-	-	
Vote 3 - Corporate Services		Donations									200	-	-	-	
Vote 3 - Corporate Services		Grant in Aid									200	-	-	-	
Vote 3 - Corporate Services		Events									200	-	-	-	
Vote 3 - Corporate Services		Projects for the Speaker									50	-	-	-	
Vote 3 - Corporate Services		Projects for Deputy Mayor									50	-	-	-	
Vote 3 - Corporate Services		Mayoral Corporate Gifts									30	-	-	-	
Vote 3 - Corporate Services		Youth Development									450	495	545		
Vote 4 - Planning and Development		SMME Export Development Programme			No						200	-	-	-	
Vote 4 - Planning and Development		Basic Film Training for Youth									-	150	-	-	
Vote 4 - Planning and Development		Investment Prospectus									-	-	-	-	
Vote 4 - Planning and Development		South Cape Economic Partnership									100	-	-	-	
Vote 4 - Planning and Development		LED/SCEP Forum									10	-	-	-	
Vote 4 - Planning and Development		N12 Treasure Route									-	-	-	-	
Vote 4 - Planning and Development		Assistant Chef Training									-	-	-	-	
Vote 4 - Planning and Development		Kannaland Tourism Strategy									130	-	-	-	
Vote 4 - Planning and Development		Annual Tourism Indaba									-	-	-	-	
Vote 4 - Planning and Development		World Travel Market Africa									150	-	-	-	
Vote 4 - Planning and Development		GR&KK Festival and Events									150	-	-	-	
Vote 4 - Planning and Development		Marketing Collateral (Tourism Marketing Material)									250	-	-	-	
Vote 4 - Planning and Development		LTO Forum Meetings									10	-	-	-	
Vote 4 - Planning and Development		IDP/Budget and PMS Representative Forums									200	-	-	-	
Vote 4 - Planning and Development		IDP/Budget Roadshows									-	-	-	-	
Vote 4 - Planning and Development		IDP/Budget and PMS Steering committee									-	-	-	-	
Vote 4 - Planning and Development		Annual Report MPAC Roadshows									200	-	-	-	
Vote 4 - Planning and Development		Service delivery weeks									-	-	-	-	
Vote 4 - Planning and Development		Launching of projects									-	-	-	-	
Vote 4 - Planning and Development		District Growth and Development Strategy									-	-	-	-	
Vote 9 - Waste Management		Integrated Waste Management Plan Review									300	-	-	-	
Vote 9 - Waste Management		Regional Waste Minimisation Action Plan									-	-	-	-	
Vote 13 - Environment Protection		Renewal Project									70	-	-	-	
<b>Parent operational expenditure</b>	<b>1</b>											<b>3,480</b>	<b>645</b>	<b>545</b>	

# **ANNEXURE B**

## **TARIFFS**

# **AIR QUALITY**

AIR QUALITY		2018/2019	
<b>TARRIF LIST/ STRUCTURE</b>			
Registration of Controlled Emitters: Registration fees will be charged in line with Eden Air Quality by-Laws and tariff structure.			
<b>R5000 per application</b>			
REVIEW OF ATMOSPHERIC EMISSION LICENCE: included in above Processing fee calculator			
SPOT FINES IN TERMS OF EDEN AIR QUALITY BY-LAW- see attached			
<b>SMOKE CHECK OF VEHICLES</b>			
R424.00 per test (excl. VAT)	R	424.00	
<b>IN STACK EMISSION MONITORING (TESTO 350)</b>			
Combustion Efficiency	R	424.00	
CO	R	477.00	
CO2	R	477.00	
NOX	R	477.00	
SO2	R	477.00	
H2S	R	477.00	
Flow rate	R	477.00	
CO2	R	477.00	
NOX	R	477.00	
SO2	R	477.00	
H2S	R	477.00	
Flow rate	R	424.00	
<b>TARRIF LIST/ STRUCTURE</b>			
<b>ATMOSPHERIC EMISSION LICENCE PROCESSING FEES:</b>			
Processing fees for Atmospheric Emission Licence (AEL) applications will be charged in terms of Annexure A, contained in the Regulations prescribing the atmospheric emission licence processing fee, 2016 as per Government Notice 250 published 11 March 2016.			
<b>Annexure A:</b>			
<b>Application for new AEL</b>	<b>Application for AEL review</b>	<b>Application for AEL renewal</b>	<b>Application for AEL transfer</b>
R10 000 per listed activity	R10 000 per listed activity under review	R5 000 per listed activity	R2000
<b>ADMINISTRATIVE FINES</b>			
Administrative fines in terms of Section 22A of the National Environmental Management, Air Quality Act, 2004, (Act 39 of 2004).			
Administrative fines will be charges in terms of Annexure 1 of The Regulations for the Procedure and Criteria to be followed in the Determination of an Administrative Fine in terms of section 22A of the Act, 2016 as per Government Notice 332 of 18 March 2016.			
<b>Annexure 1</b>			
<b>Minimum fine</b>	<b>Yes/No</b>	<b>Amount</b>	
For operating illegally		R200 000	
<b>Aggreivating factors/ criteria</b>	<b>Yes/No</b>	<b>Additional amount to the minimum fine (if yes)</b>	
Each year in which the facility has operated without a licence.		R200 000 per year, i.e. each 12 month cycle.	
The facility for which the application is submitted is in a declared Priority Area in terms of section 18 of the Act		R1000 000	
<b>Maximum fine may not exceed R5 million in terms of Section 22A.</b>			

# **FIRE SERVICES**

EDEN DISTRICT MUNICIPALITY			
Fire Services Charges			
VAT Inclusive			
2018/19			
			Tariff
<b>1. SPECIALIZED FIRE FIGHTING SERVICES:</b>			
1.1	This will include all Fire vehicles, all manpower, water supplies and pump attendance during actual rendering of a specialized fire fighting services (Per hour or part thereof) (Excluding travelling times)		R 4,558.00
1.2	Humanitarian Assistance		---Free---
1.3	Contracted services		<i>3rd party invoice amount plus 10% handling fee</i>
1.4	Additional Consumables:		<i>Purchase price plus 10% handling fee</i>
1.5	Standby:	(Per hour or part thereof) (Excluding travelling time)	R 1,545.00
1.6	Air Support Services		<i>Purchase price plus 10% handling fee</i>
1.7	Assistance requested outside Eden DM boundary:	(Per hour or part thereof)	R 5,670.00
1.8	Fire Safety/Fire Prevention Inspection:	<b>Per kilometer tariff</b>	
		LDV:	R 6.00
		Sedan Type:	R 5.00
		Per inspection: (all inclusive tariff)	R 648.00
1.9	Fire Permit	<b>Per kilometer tariff</b>	
		LDV:	R 6.00
		Sedan Type:	R 5.00
		Per inspection: (all inclusive tariff)	R 648.00
1.10	Certified copy of incident report	Per Copy	R 108.00
1.11	Public Education		---Free---
1.12	Water Delivery Add: Price of Water as per supplier invoice plus 10% handling fee	<b>Per kilometer tariff</b>	R 15.00
<b>2. RENT</b>			
2.1	Rent Income of Tents	<b>Per Day</b>	
		5x5 Army Tent	R 432.00
		10x20 Marque Tent	R 8,100.00
2.2	Rent Income of Generators	<b>Per Day</b>	
		70KVA	R 692.00
		40KVA	R 670.00
		6KVA	R 216.00
<b>3. SPECIAL SERVICES:</b>			
3.1	First Aid or Army Safety Assistance	Per event per official	R 540.00
3.2	Travelling or Equipment use	<b>Per kilometer tariff</b>	
		10 Seater or Minibus	R 7.00
		Sedan Vehicle	R 5.00
		Light Delivery Vehicle	R 6.00
		Medium Tanker	R 10.00
		Major Tanker	R 13.00
		Consumables actual cost	Plus 10%



# COMMUNICATION

<b>EDEN DISTRICT MUNICIPALITY</b>			
<b>PROPOSED TARIFFS 2018/2019</b>			
<b>SENDING OF FAXES</b>	<b>Tariff 2018/2019</b>	<b>Tariff 2019/2020</b>	<b>Tariff 2020/2021</b>
<i>Sending</i>			
LOCAL	R 1.30 1st Page R0,50 per page thereafter	R 1.40 1st Page R0,50 per page thereafter	R 1.50 1st Page R0,50 per page thereafter
NATIONAL	R 4.80 1st Page R2,00 per page thereafter	R 5.00 1st Page R2,00 per page thereafter	R 5.50 1st Page R2,00 per page thereafter
068	R 7.60 1st Page R 3,00 per page thereafter	R 8.00 1st Page R 3,00 per page thereafter	R 8.50 1st Page R 3,00 per page thereafter
<b>ITEM</b>	<b>Tariff 2018/2019</b>	<b>Tariff 2019/2020</b>	<b>Tariff 2020/2021</b>
<b>PHOTOCOPIES</b>	<b>R</b>	<b>R</b>	<b>R</b>
A0			
A1	17.20	18.40	20.00
A2	9.10	9.70	10.50
A3	0.75	0.80	0.85
A4	0.75	0.80	0.85

EDEN DISTRICT MUNICIPALITY				
PROPOSED TARIFFS 2018/2019				
GIS OFFICE				
ITEM		Tariff 2018/2019	Tariff 2019/2020	Tariff 2019/2020
<b>PHOTOCOPIES</b>		R	R	R
A0		R 32.00	33.20	35.00
A1		R 17.10	18.20	19.50
A2		R 8.60	9.20	10.00
A3		R 0.80	0.90	1.00
A4		R 0.60	0.70	0.80
<b>NORMAL PLOT</b>			-	-
A0		172.00	183.20	195.00
A1		R 86.00	91.60	97.00
A2		R 51.00	54.30	58.00
A3		R 29.50	31.40	31.40
A4		R 21.50	22.90	24.40
<b>FLOOD PLOT</b>			-	-
A0		R 341.30	363.50	387.00
A1		R 172.00	183.20	195.00
A2		R 86.00	91.60	97.00
A3		R 51.00	54.30	58.00
A4		R 35.00	37.30	39.00
<b>OTHER</b>				
AKTEX / enquiry		R 17.50	18.60	20.00
CD		R 24.90	26.50	28.20
LABELS & CARDBOARD / sheet (INK excl.)		R 2.00	2.10	2.30
DATA / Block		R 75.20	80.00	85.00
A4 LAZER PRINT BLACK (INT)		R 2.50	2.70	3.00
A4 LAZER PRINT COLOUR (INT)		R 0.00	-	-
A4 LAZER PRINT BLACK		R 3.20	3.40	3.60
A4 LAZER PRINT COLOUR (INT)		R 7.10	7.10	7.50
A0 PHOTO PAPER		R 113.10	120.45	128.00
A1 PHOTO PAPER		R 62.80	62.80	66.00
A2 PHOTO PAPER		R 37.70	40.15	42.75
A3 PHOTO PAPER		R 25.10	26.70	28.50
<b>LAMINATING</b>				
ID CARD INTERNAL		R 9.80	10.50	11.50
<b>RENTAL OF CAR PORTS</b>		2018/2019	2019/2020	2020/2021
Carports 1		R 30.00	R 30.00	R 30.00
Carports 2		R 20.00	R 20.00	R 20.00
Op Oudshoorn is tandem carports indien die gebruik voortgaan met die verhuur		R 25.00	R 25.00	R 25.00
<b>PROVIDING INFORMATION TO THE PUBLIC</b>		1.06		
(VAT included)		2018/2019	2019/2020	2020/2021
Issuing of a duplicate account (per account)	(a)	R 5.00	R 5.30	R 5.60
Tracking fees: Plan/documentation (p/property)	(b)	R 47.60	R 50.50	R 54.00
Tracking fees: GIS(p/property)	(c)	R 93.90	R 99.50	R 105.00

# **HEALTH SERVICES**

EDEN DISTRIKSMUNISIPALITEIT TARIEWE LYS/TARIFF LIST MUNISIPALE GESONDHEID/MUNICIPAL HEALTH	2018/19 BEGROTING/ BUDGET (VAT INCL)	2019/20 BEGROTING/ BUDGET (VAT INCL)	2020/2021 BEGROTING/ BUDGET (VAT INCL)
1. Uittrekking van 'n Gesondheidsertifikaat bv. vir creches, skole, skoonheidsalonne ens.: Geldigheidstydperk is een jaartissuing of a Health certificate e.g. for creches, schools, beauty salons etc.: Validity period is one year.	R190.00	R200.00	R215.00
2. Gesondheidsmonitering met die opgrawing en herbegrawing van lyke/Health monitoring at the exhumation and reburial of human remains.	R550.00	R585.00	R620.00
3. Waterkwaliteitmonitering/ Water Quality Monitoring:	R190.00	R200.00	R 215.00
3.1 Alle monsters geneem op versoek is R189.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ All samples taken on request is R189 per sampling session plus laboratory costs of laboratory contracted by Eden DM.			
3.2 Waar daar na aanleiding van 3.1 opvolgmonsters geneem moet word, nadat daar nie aan die SANS 241 Kode vir Waterkwaliteit voldoen is nie: R189.00 per monsternemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./ Where within reference to follow-up sample(s) needs to be taken in cases where samples did not comply to SANS 241 code for water quality: R189 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R190.00	R200.00	R215.00
3.3 Alle daaropvolgende roetine monsternemings vir bakteriologiese en/of chemiese analise by persele wat oor 'n Geskiktheidsertifikaat beskik./ All subsequent routine bacteriological and/or chemical sampling on premises in possession of a COA.	GRATIS	GRATIS	GRATIS
4. Melkmonitering op versoek van verskaffers van melk en melk-produkte/ Sampling of milk and milk products of purveyors			
4.1 Alle monsternemings vir bakteriologiese of chemiese analise: R189.00 per monster - nemingsessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM./All bacteriological and chemical sampling. R189 per sampling session plus laboratory costs of laboratory contracted by Eden DM.	R190.00	R200.00	R215.00
4.2 Opvolgmonsters geneem op versoek in gevalle waar daar nie voldoen is aan die bepalings van die Wet op Voedingsmiddels,	R190.00	R200.00	R215.00

<p>Sikoonheidsmiddels &amp; Ontsmettingsmiddels 1972 (Wet 54 van 1972) nie:R189.00 per monsternemingssessie, plus laboratoriumkoste van laboratorium gekontrakteer deur Eden DM/ Follow up samples taken on request in cases where samples did not comply to the precision of the Foodstuffs, Cosmetics &amp; Disinfectant Act, 1972 (Act 54 of 1972) R189.00 per sampling sessions plus laboratory costs of laboratory contracted by Eden DM.</p>			
<p>5. Kommentaar ten opsigte van melkuitvoersertifikate/ Commentary reports in respect of milk export certificates.</p>	R190.00	R200.00	R215.00
<p>6. Uittreking van Geskiktheidsertifikate vir voedselpersone Ingevolge die Regulasies met betrekking tot die algemene higiëniese vereistes vir voedselpersone en die vervoer van voedsel: R962 en Regulasies betreffende melkstalle en die vervoer van melk: R961/ Issuing of Certificates of Acceptability for food premises in terms of General hygiene requirements for food premises and the transport of food: R962 and Regulations for milking sheds and transport of milk R961</p>			
<p>6.1 R189.00 per aansoek (eenmalige betaling). / First application (once off payment)</p>	R190.00	R200.00	R215.00
<p>6.2 Inspeksie uitgevoer kragtens artikel 4.5 van R962 na aan-leiding van 'n versoek vir die opheffing van 'n verbod op die gebruik van 'n perseel of fasiliteit./ An inspection carried out in terms of Section 4.5 of R962 with reference to an application for the lifting of a ban on the use of a premises or facility.</p>	R635.00	R670.00	R710.00
<p>6.3 Die vervanging van 'n Geskiktheidsertifikaat/ Replacement of a COA.</p>	R190.00	R200.00	R215.00
<p>7. Gesondheidsinspeksie by persone, anders as voedselpersone, waar daar Ingevolge die Wet op Besighede 'n lisensie uitgereik moet word/Health Inspections at premises excluding food premises, for the issuing of a health report in respect of an application for trading licenses in terms of the Businesses Act.</p> <p>Aansoek om die uittreking van 'n Gesondheidsertifikaat ten opsigte van die lisensie/ Issuing of a Health Report.</p>	R190.00	R200.00	R215.00
<p>8. Uittrek van sertifikaat vir die verwydering /of vernietiging van voedselprodukte ongeskik vir menslike verbruik/The issuing of certificate for the removal/destruction of foodstuffs, unfit for human consumption.</p>	R305.00	R320.00	R340.00
<p>9. Uittrek van 'n begrafnisondernemings perseel Ingevolge R237 van 1985/ Issuing of a Funeral undertakers premises registered in terms of R237 of 1985</p>	R190.00	R 200.00	R 215.00

# RESORTS

<b>CALITZDORP SPA</b>				
<b>2017/2018 + 2018/2019 + 2019/2020 + 2020/2021</b>				
<b>Facility</b>		<b>Financial Year</b>	<b>OUT OF SEASON</b>	<b>IN SEASON</b>
<b>Swimming Pool Chalets 1-20</b>	<b>Per unit 4-sleeper</b>	2017/2018	R 770.00	R 935.00
		2017/2018 April 15% VAT	R 776.75	R 943.20
		2018/2019	R 930.00	R 1,130.00
		2019/2020	R 1,115.00	R 1,355.00
		2020/2021	R 1,340.00	R 1,625.00
<b>Mountain Chalets 22 &amp; 24</b>	<b>Per unit 4-sleeper</b>	2017/2018	R 550.00	R 825.00
		2017/2018 April 15% VAT	R 554.82	R 832.24
		2018/2019	R 665.00	R 1,000.00
		2019/2020	R 800.00	R 1,200.00
		2020/2021	R 960.00	R 1,440.00
<b>Mountain Chalets 21, 23, 25</b>	<b>per unit 6-sleeper</b>	2017/2018	R 770.00	R 880.00
		2017/2018 April 15% VAT	R 776.75	R 887.72
		2018/2019	R 935.00	R 1,065.00
		2019/2020	R 1,125.00	R 1,280.00
		2020/2021	R 1,350.00	R 1,535.00
<b>Mountain Chalets</b>	<b>Per unit 4-sleeper</b>	2017/2018	R 495.00	R 715.00
		2017/2018 April 15% VAT	R 499.34	R 721.27
		2018/2019	R 600.00	R 865.00
		2019/2020	R 720.00	R 1,160.00
		2020/2021	R 865.00	R 1,395.00
<b>Mountain Chalets</b>	<b>Per unit 6-sleeper</b>	2017/2018	R 660.00	R 750.00
		2017/2018 April 15% VAT	R 665.79	R 756.58
		2018/2019	R 800.00	R 910.00
		2019/2020	R 950.00	R 1,090.00
		2020/2021	R 1,055.00	R 1,200.00
<b>Day Visitors</b>	<b>Per</b>	2017/2018		
		2017/2018 April 15% VAT		
		2018/2019		
		2019/2020	R 25.00 per Person	
		2020/2021	R 40.00 per Vehicle	
<b>Caravan &amp; Tent Site With Electricity</b>	<b>See notes</b>	2017/2018	R 270.00	R 360.00
		2017/2018 April 15% VAT	R 272.37	R 363.16
		2018/2019	R 330.00	R 435.00
		2019/2020	R 400.00	R 520.00
		2020/2021	R 480.00	R 625.00
<b>Caravan &amp; Tent Site Without Electricity</b>	<b>See notes</b>	2017/2018	R 200.00	R 210.00
		2017/2018 April 15% VAT	R 201.75	R 211.84
		2018/2019	R 245.00	R 255.00
		2019/2020	R 295.00	R 305.00
		2020/2021	R 355.00	R 365.00
<b>Conferences (Hall &amp; Restaurants)</b>	<b>per day</b>	2017/2018	R 1,035.00	
		2017/2018 April 15% VAT	R 1,044.68	
		2018/2019	R 1,255.00	
		2019/2020	R 1,510.00	
		2020/2021	R 1,815.00	
<b>Kitchen without crockery and cutlery</b>	<b>per day</b>	2017/2018	R 670.00	
		2017/2018 April 15% VAT	R 675.88	
		2018/2019	R 810.00	
		2019/2020	R 975.00	
		2020/2021	R 1,170.00	



<b>DE HOEK MOUNTAIN RESORT</b>					
<b>2017/2018 + 2018/2019 + 2019/2020 + 2020/2021</b>					
<b>Facility</b>		<b>Financial Year</b>	<b>OUT OF SEASON</b>		<b>IN SEASON</b>
<b>4-sleeper Chalet</b>	<b>Per unit</b>	2017/2018	R	520.00	R 715.00
		2017/2018 April 15% Vat	R	524.56	R 721.27
		<b>2018/2019</b>	R	<b>630.00</b>	<b>R 865.00</b>
		2019/2020	R	755.00	R 1,040.00
		2019/2021	R	905.00	R 1,250.00
<b>6-sleeper Chalet</b>	<b>Per unit</b>	2017/2018	R	615.00	R 810.00
		2017/2018 April 15% Vat	R	620.39	R 817.11
		<b>2018/2019</b>	R	<b>745.00</b>	<b>R 980.00</b>
		2019/2020	R	895.00	R 1,175.00
		2019/2021	R	1,075.00	R 1,410.00
<b>Dormitories</b>	<b>Per person</b>	2017/2018	R	55.00	R 55.00
		2017/2018 April 15% Vat	R	55.48	R 55.48
		<b>2018/2019</b>	R	<b>65.00</b>	<b>R 65.00</b>
		2019/2020	R	80.00	R 80.00
		2019/2021	R	95.00	R 95.00
<b>Caravan Site With Electricity</b>	<b>Refer to notes</b>	2017/2018	R	250.00	R 275.00
		2017/2018 April 15% Vat	R	252.19	R 277.41
		<b>2018/2019</b>	R	<b>305.00</b>	<b>R 335.00</b>
		2019/2020	R	365.00	R 400.00
		2019/2021	R	440.00	R 480.00
<b>Tent Site Without Electricity</b>	<b>Refer to notes</b>	2017/2018	R	210.00	R 255.00
		2017/2018 April 15% Vat	R	211.84	R 257.24
		<b>2018/2019</b>	R	<b>255.00</b>	<b>R 310.00</b>
		2019/2020	R	305.00	R 375.00
		2019/2021	R	365.00	R 450.00
<b>Day Visitors</b>	<b>Per person/</b>	2017/2018			
		2017/2018 April 15% Vat			
		<b>2018/2019</b>	<b>R 25.00 Per Person</b>		
		2019/2020	<b>R 40.00 per Vehicle</b>		
		2019/2021			
<b>Conferences</b>	<b>Per day</b>	2017/2018	R	670.00	
		2017/2018 April 15% Vat	R	675.88	
		<b>2018/2019</b>	R	<b>810.00</b>	
		2019/2020	R	975.00	
		2019/2021	R	1,170.00	

SWARTVLEI						
2017/2018 + 2018/2019 + 2019/2020 + 2020/2021						
Detail	Rate 2017/2017	Rate April 2017/2018 15% VAT	Rate 2018/2019	Rate 2019/2020	Rate 2020/2021	
<b>IN SEASON</b>						
<b>WESTERN CAPE SCHOOL HOLIDAYS</b>						
SITES WITHOUT ELECTRICITY	R 370	R 373.25	R 410	R 450	R 495	
SITES WITH ELECTRICITY	R 430	R 433.77	R 480	R 530	R 585	
<b>OUT OF SEASON</b>						
<b>WESTERN CAPE SCHOOL HOLIDAYS</b>						
SITES WITHOUT ELECTRICITY	R 205	R 206.80	R 230	R 255	R 280	
SITES WITH ELECTRICITY	R 250	R 252.19	R 280	R 310	R 340	
<b>DAY VISITORS</b>						
Per vehicle	R 80	R 80.00	R 80	R 80	R 80	
Per person	R 30	R 30.00	R 30	R 30	R 30	

<b>VICTORIA BAY</b>						
<b>2017/2018 + 2018/2019 + 2019/2020 + 2020/2021</b>						
<b>Detail</b>	<b>Rate 2017/2018</b>	<b>Rate April 2017/2018 15% VAT</b>	<b>Rate 2018/2019</b>	<b>Rate 2019/2020</b>	<b>Rate 2020/2021</b>	
<b>SITES WITH COMMUNAL ABLUTION FACILITIES</b>						
<b>IN SEASON</b>						
<b>WESTERN CAPE SCHOOL HOLIDAYS</b>						
SEA BREEZE	R 455	R 458.99	R 505	R 555	R 610	
RAILWAY TERRACE	R 500	R 504.99	R 555	R 610	R 670	
<b>OUT OF SEASON</b>						
<b>WESTERN CAPE SCHOOL HOLIDAYS</b>						
SEA BREEZE	R 260	R 262.98	R 290	R 320	R 355	
RAILWAY TERRACE	R 260	R 262.98	R 290	R 320	R 355	
<b>SITES WITH INDIVIDUAL ABLUTION FACILITIES</b>						
<b>IN SEASON</b>						
<b>WESTERN CAPE SCHOOL HOLIDAYS</b>						
WESTERN TERRACE	R 525	R 529.61	R 585	R 645	R 680	
<b>OUT OF SEASON</b>						
WESTERN TERRACE	R 330	R 332.89	R 370	R 410	R 450	

**ANNEXURE C**  
**SCM POLICY**  
*(Reviewed and Amended)*



## **EDM'S SUPPLY CHAIN MANAGEMENT POLICY**

*Adopted by Council: 29/05/17 COUNCIL RESOLUTION DC 563/05/17*

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**  
**Date of adoption: [29/05/17]**

**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 municipality**

## TABLE OF CONTENTS

1. Definitions	6
<b>CHAPTER 1</b>	
<b>IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY</b>	
2. Supply chain management policy	8
3. Adoption & Amendment of supply chain management policy	9
4. Delegation of supply chain management powers and duties	10
5. Sub-delegations	11
6. Oversight role of council	12
7. Supply chain management units	13
8. Training of supply chain management officials	14
<b>CHAPTER 2</b>	
<b>SUPPLY CHAIN MANAGEMENT SYSTEM</b>	
9. Format of supply chain management system	15
<i>Part 1: Demand management</i>	
10. Demand management system	15
<i>Part 2: Acquisition management</i>	
11. Acquisition management system	17
12. Range of procurement processes	17
13. General preconditions for consideration of written quotations or bids	19
14. Lists of accredited prospective providers	21
15. Petty cash purchase	21
16. Written or verbal quotations	22
17. Formal written price quotations	23
18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations	23
19. Competitive bidding process	24

20.	Process for competitive bidding	25
21.	Bid documentation for competitive bids	26
22.	Public invitation for competitive bids	27
23.	Procedure for handling, opening and recording of bids	29
24.	Negotiations with preferred bidders	30
25.	Two-stage bidding process	30
26.	Committee system for competitive bids	30
27.	Bid specification committees	31
28.	Bid evaluation committees	32
29.	Bid adjudication committees	33
30.	Asset Disposal committee	35
31.	Procurement of banking services	36
32.	Procurement of IT related goods or services	32
33.	Procurement of goods and services under contracts secured by other organs of state	33
34.	Procurement of goods necessitating special safety Arrangements	34
35.	Proudly SA Campaign / Proudly Garden Route	34
36.	Appointment of consultants	34
37.	Deviation from and ratification of minor breaches of, Procurement processes	35
38.	Transversal Bids	37
39.	Unsolicited bids	38
40.	Combating of abuse of supply chain management system	39
40B.	Contract management	41
 <i>Part 3: Logistics, Disposal, Risk and Performance Management</i>		
41.	Logistics management	43
42.	Disposal management	46

43.	Risk management	45
44.	Performance management	45
<b>Part 4: Other matters</b>		
45.	Prohibition on awards to persons whose tax matters are not in order	48
46.	Prohibition on awards to persons in the service of the state	48
47.	Awards to close family members of persons in the service of the state	49
48.	Ethical standards	49
49.	Inducements, rewards, gifts and favours	49
50.	Sponsorships	50
51.	Objections and complaints	50
52.	Resolution of disputes, objections, complaints and queries	50
53.	Contracts providing for compensation based on turnover	51
54.	The Construction Industry Development Board (CIDB) has been established by Government to promote uniform application of policy to the construction industry	51
55.	Commencement	51
<b>Annexure A: Supply Chain Management Processes</b>		<b>57</b>
<b>Annexure B: Municipal Code of Conduct for Supply Chain Management – Officials and other role players within Supply Chain Management process</b>		<b>63</b>
<b>Annexure C: Standard for Infrastructure Procurement and Delivery Management</b>		<b>68</b>



## 1. Definitions

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

**"Central Supplier Database (CSD):** means National Treasury's web based Vendor Management Database established as per MFMA circular No. 81, Municipal Finance Management Act No. 53 of 2003. [www.csd.gov.za](http://www.csd.gov.za) effective as 01 July 2003

**"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;

**"emergency"** means is a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to lack of planning, if left unattended will cause a serious health/life threatening risk or adverse financial ramifications.

**"e-Tender publication portal"** means National Treasury's central web based publication platform to ensure goods, services and works are procured in a manner that is fair, equitable, transparent, competitive and cost effective by advertising centrally as an invitation to prospective bidders to submit bids. [www.etenders.gov.za](http://www.etenders.gov.za)

**"final 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) an executive member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature;

**“contract of long term nature”** means a contract with a duration period exceeding the three year MTRF period as per section 33 of the MFMA;

**“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; or Central Supplier Database

**“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);

**“PPPFA”** means the preferential Procurement policy framework Act, no 5 of 2000

**“Manager reporting directly to the Accounting Officer”** means a manager in the employment of the Eden District

Municipality who heads a department and reports to the Municipal Manager

**“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 or verbal quotations”** means quotations referred to in paragraph 12(1) (b) of this Policy.

## CHAPTER 1

### IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

#### 2. 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 Regulatory framework prescribed in chapter 2 of the regulations; and
  - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- d. is consistent with other applicable legislation:
  - (i) The Preferential Procurement Policy Framework Act
  - (ii) **The Preferential Procurement Regulation, 2017**
  - (iii) The Broad Based Black Economic Empowerment Act
  - (iv) The Construction Industry Development Board Act
  - (v) The Local Government: Municipal Systems Act
  - (vi) The Promotion of Administrative Justice Act
  - (vii) The Promotion of Access to Information Act
- 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.
- g. assigns the responsibility for the implementation of policy to the Accounting Officer of the Municipality.

(2) The Municipality may not act otherwise than in accordance with the supply chain management policy when –

- (i) Procuring goods or services

- (ii) Disposing of goods no longer needed or which have become redundant
  - (iii) Disposing or letting of fixed assets, including land needed have proven commercial value no longer required for basic municipal service
  - (iv) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
  - (v) Selecting external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act
- (3) 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.

### 3. Adoption and amendment of the supply chain management policy

- (1) The accounting officer must
- a) at least annually review the implementation of this Policy; and
  - b) review compliance to norms and standards cost efficiency of the supply chain management process
  - c) when the accounting officer considers it necessary submit proposals for the amendment of this Policy to the council.
- (2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
- a) ensure that such proposed amendments comply with the Regulations; and
  - b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

(4) The desired outcome of the policy is to provide mechanism to ensure sound, sustainable and accountable Supply Chain Management with the Eden District Municipality while promoting the following LED objectives:

- (i) to stimulate and promote local economic development in a targeted and focused manner as per Regional Economic Development Strategy and Regional Economic Policy;
- (ii) to promote resource efficiency and reduce the negative environmental impact of daily operations of the Eden District;
- (iii) to facilitate creation of employment and business opportunities for the people of the Eden District with particular reference to Preferential Procurement Policy Framework Act, 2000, Preferential Procurement Regulations, 2017, and setting specific B-BBEE rating targets for all procurement above a range as determined by council over a period of the contract.
- (iv) to promote the competitiveness of regional businesses within approved Regional Economic Development Strategy in line with relevant framework;

#### 4. 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) (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism 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 sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

#### 5. 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.

(2) The power to make a final award –

- a) above R 10 million (VAT included) may not be sub-delegated by the accounting officer;
- b) above R 2 million (VAT included), but not exceeding R 10 Million (VAT included), may be sub-delegated but only to –
  - (i) the chief financial officer;
  - (ii) a Head of Department; or
  - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member, or
- c) not exceeding R 2 million (VAT included) may be sub-delegated but only to –
  - (i) the chief financial officer;
  - (ii) a Manager directly accountable to Accounting Officer
  - (iii) a manager directly accountable to the Chief Financial Officer or a Senior Manager; or
  - (iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph 5(2) must within five days of the end of each month submit to the accounting officer a written report containing particulars of

each final award made by such official or committee during that month, including-

- (i) the amount of the award;
- (ii) the name of the person to whom the award was made; and
- (iii) the reason why the award was made to that person.

(4) A written report referred to in subparagraph 5(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 5(3) and 5(4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(7) 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 share control of the municipality, to the council of the municipality;

(ii) and whenever there are serious and material problems in the implementation of this Policy, immediately submit a report 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.

5. Section 117 of the MFMA prohibits a municipal councillor from being a member of a bid committee or attend any other committee evaluating or approving quotations or bids nor may a Municipal Councillor attend any such meeting as an observer.

6. In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Eden District Municipality involved in supply chain activities shall act with integrity and in accordance with the highest ethical standards

7. All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards

#### 7. 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.

3) The supply chain management unit shall operate as a centralised supply chain management function to administer and co-ordinate all the Supply Chain



Management activities and functions of the municipality as described in this Policy unless a function or activity is specifically excluded by the accounting officer from the unit's term of reference.

- 4) All Eden District officials shall act with integrity and adhere to the code of conduct of municipal staff contained in Annexure B of the Policy (Systems Act, schedule 2)

#### **8. Training of supply chain management officials**

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training. The Skills development Officer (HR) to facilitate the necessary training for the SCM officials to achieve the Minimum Competency Levels as required. Work based skills plan facilitated by Human Resources to form the basis for training of SCM officials.

### **CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM**

#### **8. 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;
- (vi) performance management.

##### **Part 1: Demand management**

#### **10. Demand Management System**

- 1) The accounting officer must establish, through operational procedures, 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 as outlined in the Integrated Development Plan.

2)The Municipality's Integrated Development Plan (IDP) is a comprehensive strategic document setting out how the Municipality intends to tackle its development challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.

3)The demand management system to ensure that each Head of the Department has a yearly plan that will include the following:

- a) include timely planning and management processes to ensure that all goods and services required by the municipality / respective departments are quantified and budgeted for. Timely and effectively planning is executed to ensure they are delivered at the right location, at the critical delivery date, and are of the appropriate quality and quantity at a fair cost. (All Executive / Senior Managers to oversee the Yearly Planning for their respective departments)
- b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- 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.
- e) In dealing with suppliers and potential suppliers, the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

#### (4) Major Activities

- a) Demand management to be executed following the tabling of the draft Integrated Development Plan (IDP) and draft budget by council or approval of the Adjustment budget by council, spending of funds subject to final approval of the budget by council and funds are available on the financial system.
- b) Establishing requirements
- c) Determining the needs
- d) Deciding on appropriate procurement strategy
- e) All procurement to be directly linked to the Demand Management Plan that will entail all envisaged planning for financial year ahead.
- f) Demand Management Plan of the respective departments to be reviewed by the Accounting Officer or Delegated Official and submitted to Supply Chain Management Unit for planning and execution.

Comment (DOL): IDP is policy based

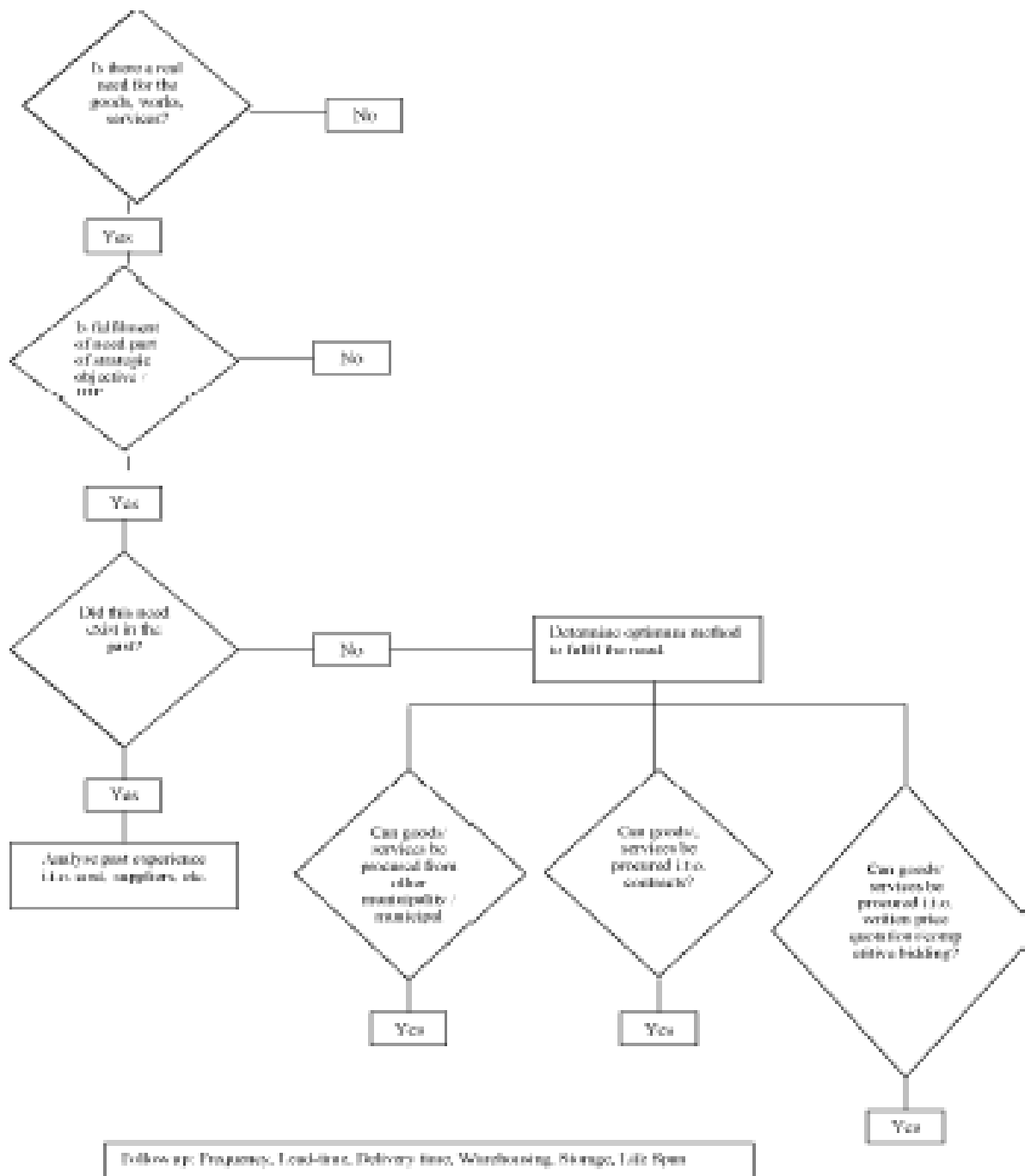
- g) All deviations to be interrogated by the Accounting Officer against the Demand Management Plan and the Accounting officer to oversee the appropriate remedial steps to be implemented by the relevant executive / senior managers to prevent poor or lack of planning by departments

(5) Demand Management Plan to entail the following:

- a) establishing requirements and needs for the year ahead
- b) deciding on appropriate procurement strategies, use of quotations or bidding
- c) understanding the future needs;
- d) Identifying critical delivery dates;
- e) Identifying the frequency of the need;
- f) linking the requirement to the budget;
- g) conducting expenditure analyses based on past expenditure;
- h) determining requirements (including the internal capacity to implement);
- i) conducting commodity analyses in order to check for alternatives; and
- j) conducting industry analyses to establish market prices and strategic industry role players

**Annexure:**

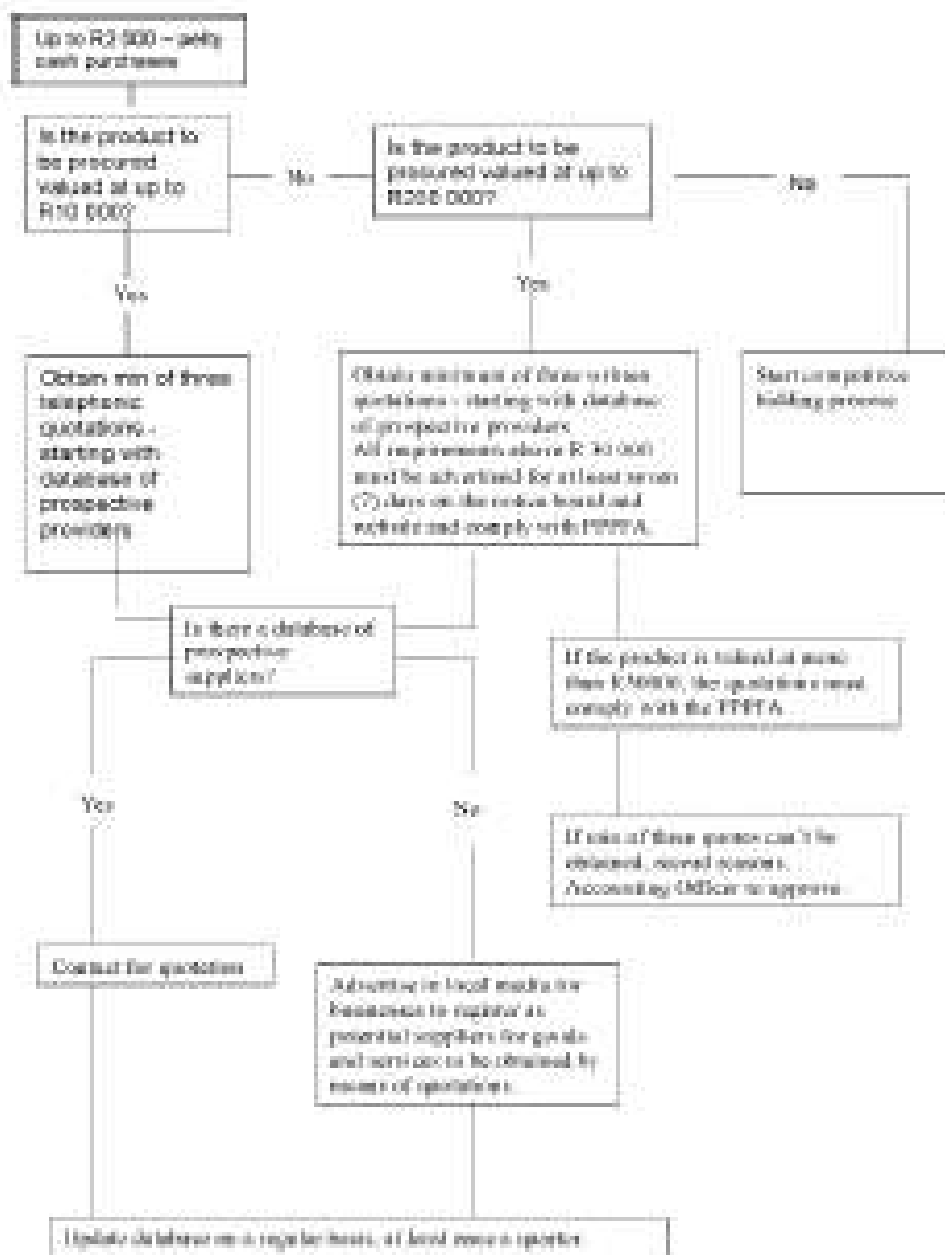
Flowchart of the Demand Management Process



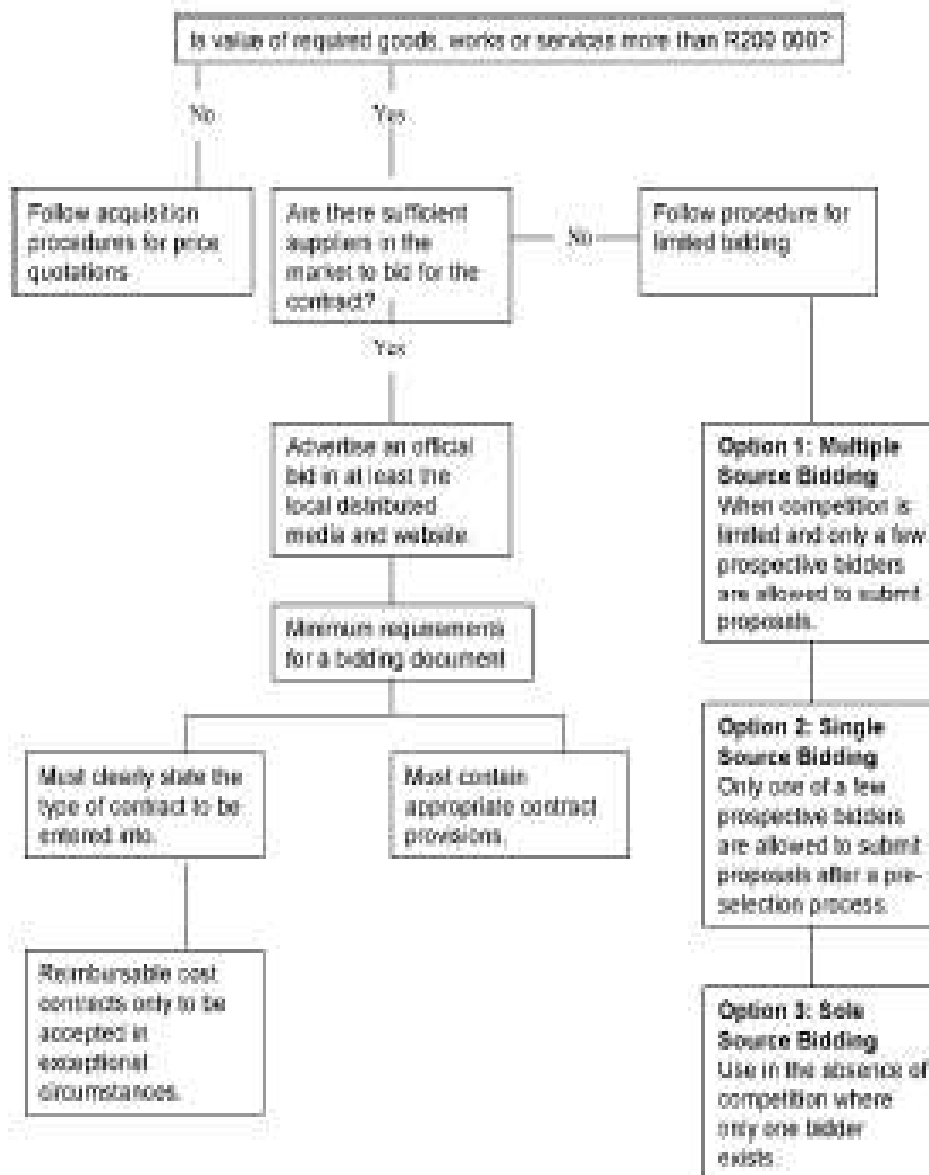
## Part 2: Acquisition management

### 11. Acquisition management System

- (1) The Objective of the System of Acquisition Management is to ensure –
- a) that goods and services are procured by the municipality in accordance with authorised processes only;
  - b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 16 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 contract are in accordance with any applicable legislation including PPPFA, and any condition of the CIDBA; and
  - e) That any Treasury guidelines / circulars on acquisition management are properly taken into account during the review of the SGM Policy.
- (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.



**Flow Chart for Acquisition Management:**



**Strategic sourcing flow chart for competitive bidding for items above R200 000 (The Municipal Manager)**

## 12. 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) written quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
  - c) formal written price quotation over R10 000 and less than R30 000 (VAT Inclusive) – (Preferential Procurement – Price & B-BBEE Points)
  - d) informal tender for price quotations for procurements of a transaction value over R 30 000 and less than R200 000 (VAT included); and
  - e) formal tender process, for competitive bidding process for:
    - (i) procurement above a transaction value of R 200 000 (VAT included); and
    - (ii) the procurement of long term contracts.
      - a) Detail of procurement process is as per Annexure A, Supply Chain Management Process. The Municipality subscribes to the Preferential Procurement Policy framework Act No. 5 of 2000 as commenced on 03 February, 2000 & Amended Preferential procurement Regulations, 2017, came into effect 01 April 2017, and all its provisions. (Assessment of bids and Point allocation for BBEE to be allotted as per provisions of the act for services providers that have submitted valid BBEE certificates.)
      - b) The Tender Documents have been amended and subscribe to the PPPF regulation.
- (2) The accounting officer may, in writing-
- a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
  - b) direct that -
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R250;
    - (ii) formal written price quotations / informal tender be obtained for any specific procurement of a transaction value lower than R30 000; or
    - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining



transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

### 13. 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 -

- a. full name;
- b. identification number or company or other registration number; and
- c. tax reference number and VAT registration number, if vat vendor;

(b) in the case of transactions exceeding R 30 000, including VAT:

(i) A valid Tax clearance certificate or service provider tax verification details (SARS Pin number for e-filing independent verification) must accompany the bid documents unless the bidder is registered on the accredited Central Supplier Database of National Treasury, [www.csd.gov.za](http://www.csd.gov.za) or municipality has a valid original tax clearance certificate for the bidder on record already.  
*(The onus is for the bidder to ensure that their tax matters are in order.)*

(ii) If the bid of the preferred bidder is not supported by a valid TAX Clearance Certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the Central Supplier Database of the National Treasury, the municipality reserves the right to request the Bidder to supply the municipality with a valid SARS pin for independent verification on SARS e-filing within a prescribed period, failure of which will result in a disqualified bid.  
*(Within seven days of being notified by Supply Chain Management Office)*

(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, 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 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.

- (d) The Municipality is aware that not all service providers in the region are registered on the Central Supplier Database of National Treasury; although it's preferable and the intention of Government to limit transactions to registered suppliers on the National Treasury Central Supplier Database, the following is applicable to acquiring goods or services from service providers not registered on the database with regards goods and services below R30 000, the following is applicable:
- I. Where less than 3 services providers have been identified on the Central Supplier Database, alternative service providers not registered on the database maybe requested for additional quote(s) provided their tax matter are in order and can be independently verified on SARS e-filing. (Such service providers must be encouraged and assisted subsequently to register on the Central Supplier Database)
  - II. Where quotations provided are not market related, prices quoted are significantly material above market price, an alternative quotation should be requested from an alternative vendor rendering the same goods and services even if not on the system vendor management system, provided their tax matters are in order and can be independently verified on SARS e-filing)
  - III. A declaration form to be attached to the requisition sent to the service provider not listed on the database requesting declaration of not being in the service of the state.
  - IV. Supplier to be provided with the Municipal Declaration form for regulation 44 vetting and SARS compliance
- (e) Where the chosen vendor to render services or supply goods is in accordance to section 13(d) of the Eden District Municipality's Supply Chain Management System, the following must take place
- I. Request for direct payment must be given by the Chief Financial Officer before an order is made out to the Service Provider,
  - II. User department to inform the CFO if the services of the service provider requested is a once off or if similar services or delivery of goods will be required again in the future.
    - a) Where services or goods delivered are once off the CFO to provide authorisation for direct payment,
    - b) Where it is likely that the similar service or goods requested will be required in the future, then DATA Unit to be approached to engage with the service provider and facilitate the process of the vendor registering on the Central Supplier database
  - III. The user department and must inform Data Unit in Finance Department of such a service provider and request that assistance be provided to the service provider to be registered on the Central Supplier Database.

#### 14. Lists of accredited prospective providers

(1) The accounting officer must -

- a) 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 on the National Treasury's Central Supplier Database and the updated Municipal Supplier Database
- b) The National Treasury Central Supplier Database is the database which lists the detail of all suppliers who have been registered and vetted in order to do business with the Municipality and Government
- c) Prospective suppliers to be assisted with registering on the National Treasury's Central Supplier Database at any time, [www.csd.gov.za](http://www.csd.gov.za)
- d) Minimum criteria for prospective suppliers is to be registered and approved on the National Treasury Central Supplier's Database
- e) The Municipal Manager shall disallow the registration of any prospective supplier whose name appears on the National Treasury's Database of Restricted Suppliers and/or Register for Tender Defaulters and who is therefore prohibited from doing business with the public sector.
- f) Vendors bidding for Informal/Formal tenders that are not registered on the National Treasury's Central Supplier Database are not precluded from submitting bids, but must however be registered and approved by the time the Bid is evaluated, failing which their bid may be declared non-responsive.
- g) All persons forming part of a Joint Venture or Consortium must be registered as such on the National Treasury's supplier Database and have obtained a joint venture or partnership BB-BEE certificate of the new entity.
- h) Council to review the approved date on which only supplier listed on the National Treasury's approved database will be used. – 31 December 2017.

#### 16. Petty cash purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1)(a) of this Policy, are as follows –

1. a manager may delegate responsibility for petty cash to an official reporting to the

manager on the following terms:

- a) Only a manager may approve or authorize the petty cash voucher.
- b) The authorized petty cash voucher with the slip must be filed and recorded in a petty cash register.
- c) The petty cash box must be always locked in a safe when it is not in use.
- d) The accountant will verify the petty cash reconciliation every time it is replenished.
- e) The manager will make surprise inspections of the petty cash as he/she deems fit, but at least once a month.

2. each manager may make petty cash purchases not exceeding an amount of R2 000 in each month;

3. a monthly reconciliation report from each manager must be provided to the chief financial officer, including –
  - (i) the total amount of petty cash purchases for that month; and
  - (ii) receipts and appropriate documents for each purchase.
4. the following types of expenditure may not be made from petty cash: all Labour or salary related expenditure

#### Written or verbal quotations:

The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- a) Quotations must be obtained from at least three different providers preferably from National Treasury's Central Supplier Database, but not limited to, providers whose names appear on the list of accredited prospective providers, provided that if quotations are obtained from providers who are not listed, such providers can be requested to provide an e-SARS e-filing pin for independent verification.
- b) to the extent feasible, providers must be requested to submit such quotations in writing;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or official designated by the accounting officer;
- d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

## 17. 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 and the National Treasury's central supplier database.
  - b) quotations may be obtained from providers who are not listed, provided that such providers are not listed on the national treasury's list prohibited suppliers;
  - c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
  - d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1)(c) must within three 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.

## 18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows, 1:

- a. when using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting all relevant providers to submit quotations. Rotation basis to be considered where pricing is competitive between bidders otherwise normal SCM process to be followed for an award.
- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations / informal tender must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website, an official notice board of the municipality and e-tender publication portal
- c) offers received must be evaluated on a comparative basis taking into account unconditional

25

discounts;

- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
- e) offers below R10 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- f) Quotations up to R10 000 (VAT included) should be obtained and allocated on a rotation basis to ensure a fair distribution of work and deter unfair preference of certain service providers and promote fairness in allocation of work;
- g) offers below R30 000 (VAT included) and above R10 000 must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services on highest total points taking into account the preference (B-BBEE level) and points on price; (Effective from 1 July 2018)
- h) acceptable offers, Transactions above R10 000 (VAT inclusive), which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
- i) requirements for proper record keeping must be adhered to, such as:
  - I. completion of documents for audit purposes;
  - II. ensuring the correctness of documents;
  - III. before awards are made, proper review of documents must be undertaken . . .

- 2. The accounting officer may determine a closure date for the submission formal written quotation which is less than the 7 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. (Reasons must be justifiable and recorded and not seen to favour any one bidder and prejudice competitive bidding). This control measure is specifically to mitigate the use of deviations and is aligned to section 22(2) of the regulations.

## 18. Competitive bidding process

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.
3. Verification by the Chief Financial Officer prior to advertisement of bids above R10 million. The following information must be submitted by the executive/senior manager responsible for the vote to the CFO prior to the public advertisement of any bids in excess of R10 million (all applicable Taxes included):
  - (i) Proof that the budgetary provision exists for procurement of the goods and services and/or infrastructure projects;
  - (ii) Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance cost relating to the asset, administration costs and rehabilitation/renewal costs;
  - (iii) Any Multi-years budgetary implications, for example, if the project will take more than one financial year, the estimated expenditure per financial year
  - (iv) Goods, service and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project
  - (v) Requirements may not be deliberately split into part or items of lesser value merely to avoid the information being submitted
  - (vi) Contracts above the value of R10 million(all applicable taxes included) may only be awarded to the preferred bidder after Chief Financial Officer has verified in writing that the budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Integrated Development Plan.
  - (vii) Requirements of MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 to are applicable with regards to Tenders above R10 million

## 20. 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 21;
- (b) Public invitation of bids as detailed in paragraph 22;

- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (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
- (ii) Original/ legal copies of written contracts agreements should be kept in a secure place for reference purposes.

## 21. Bid documentation for competitive bids

The criteria with 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:
    - (aa) for the past three years; or
    - (bb) since their establishment if established during the past three years;
  - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a

28



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.

(f) compel bidders to declare their previous supply chain management practices and state whether or not they:

a. have been found guilty by a court of law or a structure established by council or the accounting officer for handling alleged abuses of the Municipality or the municipal entity's supply chain management system or committed any improper conduct in relation to such a system

b. have been convicted of fraud or corruption during the past five years

c. have wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years

d. have been listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt activities Act 12 of 2004.

## 22. 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, e-Tender Publication Portal of National Treasury 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) date, time and venue of any proposed site meetings or briefing sessions.;
    - (iv) In accordance with MFMA circular B3, advertisement of bids and the publication of notices in respect of awarded bids, unsuccessful bids, cancelled bids, deviations, variations and extensions of existing contracts of a municipality to be published on the e-Tender publication Portal from date of approval of the policy.
    - (v) Notices of cancelled bids must be published on the same day, or at least the day after a municipality decided to cancel a bid on e-Tender Publications Portal.
    - (vi) Notices of all awards to suppliers through deviations from competitive bidding, Awards through variations and extensions of existing contracts; must be published on the e-Tender Publications Portal within seven working days after the award was made
    - (vii) Bid documentation obtained from the municipality in hard copy to be disbursed at a nominal charge as set in the approved tariff structure of council; alternatively a soft copy may be obtained from the website at no cost.

- (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. (Reasons must be justifiable and recorded and not seen to favour any one bidder and prejudice competitive bidding)

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

### 23. 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;
- III. and received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

(c) 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 publish the entries in the register and the bid results on the website.
- (iii) Publish names of bidders in respect of advertised competitive bids above thresholds value of R. 200 000 (Formal Bids – all applicable taxes included).
- (iv) After the closure of any advertised competitive Bid, Eden DM must publish information in terms of section 75 of the MFMA; on the municipality's website.

### 24. 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 –

- I. does not allow any preferred bidder a second or unfair opportunity;
- II. is not to the detriment of any other bidder; and
- III. 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.

#### **28. 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; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with -

- (a) paragraph 27, 28 and 29 of this Policy; and
  - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

## 27. Bid specification committee

(1) A bid specification committee should only review specifications compiled by the user department only after being signed off by the head of the user department.

- a) Head of the Department should satisfy themselves that all tenders initiated in the department, formal or informal are aligned or included in the Department's Demand management plan and provided for in the approved budget or adjustment budget.
- b) Every tender, formal or informal, before being submitted to the Supply Chain Management Unit must have the following:
  - a) User Department to identify the appropriate person(s) to compile the relevant specification
  - b) Ensure that the relevant technical expertise would be available in assessing the Technical requirements
  - c) The Risk officer to be invited to all Bid Specification Committee meeting as part of the risk assessment process. Risk assessment may include the content below or alternative as the risk officer may deem appropriate:
    - a) –
    - I. **Legislative/legal requirements** – prescripts that govern process and legislative requirements
    - II. **Deliverables** – pre define the deliverables and parameters, no open ended contracts with specific reference to use of consultants
    - III. **Time frames** – critical deadlines to be defined, realistic time frames set
    - IV. **Municipal resources** – funding of the project is provided in the approved budget, either as own resources or alternative funding sources
    - V. **Costs** – project roll out cost to give a realistic indication of market conditions (basis for assessing value for money)
    - VI. **Political Risk** – item linked to Integrated Development Plan of the municipality

- (2) Final specifications –
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
  - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
  - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
  - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
  - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
  - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
  - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved if not a member of the Bid Adjudication Committee, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (5) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Specification Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be.
- (6) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Specification Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise.

## 28. Bid evaluation committee

- (1) A bid evaluation committee must -
  - (a) evaluate bids (formal & informal) in accordance with -
    - (i) the specifications for a specific procurement; and
    - (ii) the points system set out in terms of paragraph 27(2)(f);
  - (b) evaluate each bidder's ability to execute the contract;
  - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
  - (d) submit to the Bid Adjudication Committee a report and recommendations regarding the award of the bid or any other related matter.
  
- (2) A bid evaluation committee must as far as possible be composed of-
  - (a) officials from departments requiring the goods or services; and
  - (b) at least one supply chain management practitioner of the municipality.
  - (c) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Evaluation Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be
  - (d) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Evaluation Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

## 29. Bid adjudication committee

- (1) A bid adjudication committee must -
  - (a) consider the report and recommendations of the bid evaluation committee; and
  - (b) either -
    - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
    - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

- (2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include -
  - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
  - (b) at least one senior supply chain management practitioner who is an official of the municipality; and
  - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
  - (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -
    - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
    - (ii) notify the accounting officer.
  - (b) The accounting officer may -
    - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
    - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.



(6) Should an award be made to a bidder not recommended by the Bid Evaluation Committee on justifiable grounds, the decision must be noted and made available to the Auditor general for audit purposes. The Audit Committee and the Municipal Manager should ensure that such a deviation from the recommendation is defensible in a court of Law.

(7) The accounting officer must comply with section 114 of the Act within 10 working days.

(8) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Adjudication Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

### 30. Asset Disposal committee

- 1) The accounting officer or delegated authority will implement a mechanism to dispose of movable and immovable assets.
- 2) The accounting officer to establish an Asset Disposal Committee / Property Task Team, composed of line managers and on ad hoc basis may co-opt additional members with specific expertise
  - a) Line manager are regarded as asset managers
  - b) The nominated Asset Disposal Committee/ Property Task Team to oversee the asset disposal process of the municipality
- 3) Asset Disposal Committee / Property Task Team to meet as needs be in the financial year and assess any formal requests for Asset Disposals
- 4) Asset disposal dates to be determined by the committee following an assessment of the assets to be disposed
- 5) Detailed records of the committee, for reporting purposes, must be kept of all activities and should consist of at least, but not limited to,
  - a) Disposal verification schedule
  - b) Disposal schedule
- 6) Asset Disposal Committee / Property task team to establish a Disposal Management Standard operating procedure in accordance to the Supply Chain Management policy and aligned to the Asset Management Policy.
- 7) The committee to assess and ensure adequate insurance cover for Council Properties within the risk appetite of council

### Specialised Forms of Procurement

### 31. Procurement of banking services

- (1) Subject to section 33 of the MFMA, any contract for banking services –
  - (a) shall be procured through competitive bids;
  - (b) shall 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).
- (4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

### 32. Procurement of IT related goods or services

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
  - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

### 33. Procurement of goods and services under contracts secured by other organs of state (piggy banking)

(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;
- d. that other organ of state and the provider have consented to such procurement in writing;
- e. the initial contract agreement needs to be valid and binding at the time "of piggy backing "; once the contract is terminated there is no longer a contract to "piggy back" from
- f. where a contract is not linked to a period with a particular end date, the contract will terminate once the obligation outlined in the contract are completed or the final object is received and accepted.
- g. any other organ of state wishing to "piggy back" from contracts as mentioned in subsection (1)(f) can only be granted permission while current contract with Eden District Municipality is active. (if contract has lapsed section 32 application may not be granted)

(2) Subparagraphs (1)(c) and (d) do not apply if -

- a. a municipal entity procures goods or services through a contract secured by its parent municipality; or
- b. a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

#### 34. 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.

#### 35. Proudly South African Campaign / Proudly Garden Route Campaign

(1)The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- a) Preferential procurement framework Policy Act, 2000; Preferential Procurement Regulations, 2017, Regulation 8, Local production and Content and any subsequent circulars relating to designated sectors and local content thresholds
- b) In the absence of designated sector for a particular commodity by the Department of Trade and Industry or National Treasury, Eden District may include as a specific condition of tender , that locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered
- c) Any prequalification criteria in the acquisition of goods or services that seeks to address localisation and empowerment local entities; must be in accordance with an approved Local Economic Development Strategy or Policy of Council that is in line with relevant regulatory framework or statute.

(2) The district to develop and support Proudly Garden Route Brand and products to the extent , that all things being equal, preference is given to procuring local goods and services in accordance to section 35(1)(b) and Section 35(1)(c); in alignment to section 3(4) of the Policy. The aim is in support of the regional economic strategy and developing a vibrant economy in the Garden Route economic corridor.

## 8. 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 procurement is made.
- (2) Consultancy services must be procured through competitive bids if
  - (a) the value of the contract exceeds R 30 000 (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.

- (5) Should the Municipality have a Policy with regards to the appointment of consultants that aligned to Treasury Guidelines, such policy would override this section of the Supply Chain Management Policy.

### 37. 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 and subsequently the department to review their Demand Management Plan and submit to the Accounting officer
  - 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 e.g. any purchase on behalf of the District Municipality at a public auction sale; and

(b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs 37(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

(4) In the case of emergencies, the following procedures should be followed:

- (i) Follow the guidelines as per Disaster Management Act or Disaster Management Policy of Eden DM

(B) Record of Incident to be documented on Document Management system, as per SCM process within 3 working days by the Initiator (user department) with the relevant documents.

(5) Emergency Dispensation – Conditions warranting Emergency dispensation include the existence of one or more of the following

- I. The possibility of human injury or death
- II. The prevalence of human suffering or deprivation of rights
- III. The possibility of damage to property, or suffering and death of livestock and animals
- IV. The interruption of essential services, including transportations and communication facilities or support services critical to the effective functioning of the District or the B Municipalities within the District
- V. The possibility of serious damage occurring to the natural environment
- VI. The possibility that the security of the state could be compromised

(6) Single Source selection – Justification for single source selection must be examined in the context of the overall interest of the Eden District Municipality and the project

- I. Single source selection may be appropriate only if it represents a clear advantage over competition for services that represent a natural continuation of previous work carried by the consultant, and continuity of downstream work is considered essential.
- II. The reasons for single source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract.
- III. Detailed specification with defined scope and details of deliverables must be set before work can commence guiding the consultants and providing set the parameters to which they may operate with. No contract may be open ended without addressing specific needs analysis approved by the Accounting Officer or delegated authority beforehand.

### 38. Transversal bids

- 1) Accounting officer or delegated authority to approve initiation (shared services) or participation of transversal bids by Eden District Municipality
- 2) Transversal bids will only be relevant when the municipality wishes to invite a tender/bid itself and other municipalities or wishes to participate in a tender together with other municipalities or organs of state from the initial phase or it is prescribed through a circular by the National Treasury.

- 3) This form of bidding is different than when participating in a tender invited by another organ of state as referred to in SCM Treasury regulation 32 or section 33 of the Eden District Supply Chain Management Policy
- 4) Chief Financial Officer to arrange and provide advice, assist and guide the transversal procurement process and ensure that technical and governance requirements are met but will not actively participate in either the evaluation or adjudication process
- 5) Arrange implies drawing up a the business case, obtaining formal approval from affected municipalities and the Accounting Officer to proceed, the planning, organising, logistical and bid administration requirements by the custodian Municipality
- 6) Where transversal bids are contemplated, it should result in lower unit cost or economies of scale or other corporate advantage as demonstrated by the required business case.
- 7) Where the custodian municipality other than Eden District Municipality has identified the need for transversal tender, it must ensure that the procurement of goods or services or both is procured in terms of the section 217 of the constitution of the Republic of South Africa and any other relevant legislation and prescripts
- 8) Formal written consent must be obtained by the participating municipalities or other organs of state before the tender process is initiated.
- 9) When Eden District Municipality initiates the transversal tender written consent obtained from the accounting officers of other municipalities or organs of state must mention a review and consensus of needs analysis, specification, risk assessment and, defined desired outcomes
- 10) The Custodian Municipality will take full responsibility for the arrangement and conclusion of the bid process, inclusive of the formalisation of the contracting arrangements noting that each participating municipality, depending on the requirements and the nature of the contract, may have to sign a separate service level agreement with the selected service provider.
- 11) Provision in the agreement amongst participating municipalities or organs of state should make provision for participating entities to second their own official with the relevant expertise to participate, observe or offer advice to the initiating entity.

### **38. Unsolicited bids**

- 1) In accordance with section 113 of the Act, Eden Council is under 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 party or entity that has made the unsolicited 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 and justifiable by the accounting officer subject to relevant consultation.
- 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 may consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, with comments from Provincial and National Treasury
- 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.

#### 40. 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, favouritism, 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 bidder if they are listed as non-compliant on the National Treasury's Central Supplier Database
  - e) 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;
  - f) 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;
  - g) 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
- h) 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 wilfully 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.
- (3) The Municipality takes cognisance of the provisions of Chapter 2 of the Competition Act no. 89 of 1998
- PART A - Restrictive practices;
  - PART B - Abusive of a Dominant position; and
  - PART C - Exemption from application of chapter 2.
- (4) The accounting officer must also provide measures for the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendation or decisions that were made, taken or in any way influenced by:
- I. Councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors in schedule 1 of the Systems Act; or
  - II. Municipal officials in contravention of item 4 or 5 of the Code of Conduct for the Municipal Staff member set out in schedule 2 of the Systems Act
- (5) The Bid Adjudication and Evaluation Committee to ensure that none of the provisions of the Competition Act no 89 of 1998 has been transgressed during the evaluation and award of the tender.
- (6) Accounting Officer or any other delegated personnel of Eden DM, is prohibited from deliberately placing order for goods, service and /or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and

arranging with suppliers for such goods, services and/or infrastructure projects to be invoiced and paid for in another financial year

- (7) The above prohibition does not apply to multi-year contracts and projects adopted over multi-years in terms of the MFMA sections 19 and 33.

#### 40 (B). CONTRACT MANAGEMENT

- (1) All contracts entered into by the municipality in the tender process referred to in paragraph 19 of this Policy must:
- a. Be in writing
  - b. Stipulate the terms and conditions of the contract or agreement which must include provisions for providing for:
    - I. The termination of the contract or agreement in the case of non or under performance
    - II. Dispute resolution mechanisms to settle disputes between parties
    - III. A periodic review of contract or agreement
    - IV. Any other matters as maybe prescribed
  - c. Include General conditions of contract as prescribed by national treasury
  - d. Specify the duration of the contract
  - e. Specify the repayments terms in respect of the goods or services supplied
  - f. Be monitored by the Directorate of the municipality which requested the goods and services to ensure that all the contracts requirements are met.
- (2) Unauthorised or breaches of the contract as in paragraph 40(B) above by the supplier or service provider must be reported to the Legal Department for initiating appropriate action as well as to the SCM Unit which must record the details of such deviation and breaches.
- (3) Departmental Heads shall be responsible for ensuring that contract managers:
- a. Assigned to all contracts within the department Head's area of responsibility
  - b. Are adequately trained so that they can exercise the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
  - c. Ensure that contracts related to the procurement of goods and services are captured on the Municipality's record management system
  - d. Ensure that all original contract documentation is lodged at registrar
  - e. Manage all contract variations and ensure any variations are administered in accordance with any treasury guidelines or relevant statute
  - f. Manage any contract disputes and lodge with the relevant authority and the legal department where disputes could not be resolved
  - g. Ensure suppliers performance review is undertaken against the project deliverables

47

- h. Maintain appropriate formal records and correspondence regarding the project and contract for reference point.
  - i. Act with care and diligence and observe all accounting and legal requirements.
- (4) Management of expansion or variation of order against the original contract: The expansion or variation of contracts against the original contract and prevention of contract manipulation.
  - a) Contracts may be expanded or varied by not more than 20% for Construction related goods, services and/ or infrastructure projects.
  - b) Contracts for all other goods and/or services may be varied by not more than 15% of the original value of the contract.
  - c) Any expansion or variation in excess of the above mentioned thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA, which will be regarded as an amendment to the contract.
  - d) The above is not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of Municipalities and specific term contracts. The latter refers to contracts where required quantities are not specified or are unknown and the award is based on creating a facility.

**Part 3: Logistics, Disposal, Risk and Performance Management**

**41. Logistics management**

- (1) 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

48

ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

- f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

#### General Logistics

##### (2) Placing Orders

- a) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations on Eden District Document Management System or financial system.
- b) Purchase order approval will be system based and authorised by the delegated authority (No manual process to be followed unless in exceptional circumstances, financial system is not accessible for unreasonable prolonged periods without clear indication when the system malfunction would be restored or there is power shortages or there is no power back up in place, however approval in writing to be obtained from the Chief financial officer authorising such process and giving guidance on the ratification process)
- c) All purchases orders will be captured on Eden District's Financial and or Document Management System at stores, and ensure that proper audit trail exist. (no one may issue an order apart from a delegated officials)
- d) In respect of goods and services (with exception of professional services where there are other mechanisms place for accepting a bid), no work shall commence or goods be delivered before an official order has been placed with the vendor.
- e) Eden District Municipality shall not be held liable for payment of any goods delivered or services rendered in contravention of clause (40)(2)(d) of the Eden District Municipality

##### (3) Receiving of Goods

- 1) Goods received note (GRV) will be completed for all goods and services received by the municipality in the following manner:
  - I. Goods delivered or services rendered to be received by the user department that issued the requisition at the location indicated in the requisition and the purchase order unless if it's a store item that should be delivered at the municipality's respective stores.
  - II. The official receiving the goods must inspect and agree the content of service provider's delivery note to Eden District Municipality's official order placed and agree to the following:
    - a) Delivery note to indicate Eden District Official Order number and the official to confirm the order number to be legitimate
    - b) Description of the type of goods on the delivery note, brand, the quantity of goods and the total cost of the goods or service to be agreed to the official order before any acceptance of goods and signing off of any delivery document
  - III. Deliveries where no official orders can be matched to an official order may not be accepted by the municipality, acceptance of such is seen as exposure of Council to Financial Risk
  - IV. On matching of the delivery note to the purchase order, the receiving official to inspect the goods or service being delivered against the content of the delivery note and the following to be agreed as faithful representation at hand:
    - a) The description of goods and services being delivered or rendered to the municipality
    - b) The quantity of goods being delivered
    - c) The quality of the goods or service being delivered or rendered to the municipality (damaged goods or goods with past expiry period may not be accepted)
  - V. Any discrepancies, shortfalls against the order, damaged goods, incorrect goods or any other discrepancy to be recorded in permanent marking and signed off by both the Municipality's receiving official and the supplier and delivering agent.
  - VI. Goods exceeding the quantities ordered or deviating from the description or quality should not be accepted and should be noted and communicated to the supplier formally and communicated to Finance Department (Creditors Unit)
  - VII. On acceptance of the Goods or services subsequent to the above mentioned process, an internally generated Good Received Note should be generated recording the goods or services received and their quantity and total cost and signed off.
  - VIII. All relevant documentation (original documentation) related to any delivery of goods

or receipt of service from external service providers to be sent to Finance Department (Creditors unit immediately)

- IX. Failure to record crucial information and omission of discrepancies that result in the municipality incurring a financial loss will be dealt with in accordance with municipality's disciplinary code of conduct or the equivalent.
- X. Failure to forward all the relevant documentation to creditors department timeously can result in appropriate actions against the responsible official

#### (4) Stock Logistics

- I. Stock or inventory to be valued as per accounting policy of the Municipality in line with the relevant accounting practise
- II. Input VAT to be claimed upon purchase and output VAT is accounted for at the time of issue according to the accounting policy
- III. Stock items shall be systematically replenished using the re-order point or minimum level as set in the financial system
- IV. Issuing of stock shall be systematically administered through the financial system against internal orders or requisitions that are duly authorised
- V. Stores function is centralised and managed through the 3 stores of the municipality, George, Oudstroom and Riversdale. (Fuel through the stores and fuel depots)

#### 42. Disposal management

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets are as provided in sections 14 and 80 of the **Municipal Finance Management Act**, and the Municipal Asset Transfer Regulations, 2008.
- (2) Assets may be disposed of by -
  - i. transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
  - ii. transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - iii. selling the asset; or
  - iv. destroying the asset.
  - v. **In terms of the donations policy**
- (3) The accounting officer must ensure that –

- a) Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- d) Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- e) all fees, charges, rates, tariffs, scales of fees or other charge relating to the letting of immovable property are annually reviewed;
- f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

#### 43. Risk management

- a) Risk Management unit, to be serve as part of the Bid Specification Committee and Bid Evaluation Committee in facilitating and evaluation of risk identified in the procurement of goods and services.
- b) Risk management assessment will guided by the risk assessment process in line with Risk Management guidelines and standards. The process may include the following:
  - I. The identification of risks on a case by case basis
  - II. The allocation of risks to the party best suited to manage such risks;
  - III. Acceptance of the cost of the risk where the cost of transferring the risk is higher than that of retaining it
  - IV. The management of risk in a pro-active manner and the provision of adequate cover for the residual risk; and
  - V. The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation
- c) Risk management will duly assess corporate risk and identify mitigating controls

#### 44. 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.

44 (A).

- 1) The official that receives goods or services on behalf of the Council, or manages the contract which was entered into as a result of a competitive bidding process, to ensure that the goods or services have been delivered in accordance with the service level agreement governing the contractual relationship.
- 2) In the case of non-performance or unsatisfactory performance by a supplier, the user department concerned, in consultation with contracts management unit, must issue a notice to the supplier or service provider in writing notifying them of terms contravened and requesting immediate remedial action to comply with the contract terms; failing which:
  - a) Legal Services / contracts management unit to be consulted for appropriate action.
- (3) In the case of goods and services supplied in response to a quotation invited by the municipality, the official that initiated the requisition or received the goods or services on behalf of council, should complete a goods received voucher (GRV) and note any discrepancies that may require the attention of the service provider if any.
- (4) In the case of goods or services procured through a tender process as specified in terms of the policy, paragraph 18(b) and 19, the contract manager or designated person must ensure that goods or services requested have been provided in accordance with service level agreement before the final payment is settled.
- (5) Final review should consider the following:
  - a) Satisfactory element of the quality and standard of the goods and services received and quality of workmanship.
  - b) Include details, supported by formal written notifications to the supplier regarding non-performance or poor service delivery.
  - c) Include recommendation on any further actions to be taken against the supplier in terms of paragraph 40 B of the policy.

*Part 4: Other matters*

**Prohibition on awards to persons whose tax matters are not in order**

45.

- (1) No award above R30 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.
- (4) In cases of uncertainty on Tax affairs of the service provider, Service provider to provide the municipality with SARS e-filing pin code for independent verification by the municipality.
- (5) That **Eden Council** adopt MFMA circular No. 90, Tax Compliance Status, in the finalisation of awards made for transaction from R30 000 and above on Tax related matters.

#### **Prohibition on awards to persons in the service of the state**

48. 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 executive 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.

#### **Awards to close family members of persons in the service of the state**

47. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 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.

#### **48. Ethical standards**

- (1) The code of ethical standards as set out in the "National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management" is hereby established for officials and

other role players in the supply chain management system of the Municipality in order to promote -

- a. mutual trust and respect; and
- b. an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) A breach of the code of ethics must be dealt with as follows -

- a) In the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 57(1)(h) of the Municipal Systems Act;
- b) In the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

#### **49. Inducements, rewards, gifts and favours to municipalities, officials and other role players**

(1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant -

- a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- b) any reward, gift, favour or hospitality to -
  - I. any official; or
  - II. any other role player involved in the implementation of this Policy.

(2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

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

#### **50. 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.

#### **51. 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, a written objection or complaint against the decision or action.

#### **52. Resolution of disputes, objections, complaints and queries**

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes -
  - a) to assist in the resolution of disputes between the municipality and other persons regarding -
    - (i) any decisions or actions taken in the implementation of the supply chain management system; or
    - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
  - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must -
  - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
  - b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -
  - (a) the dispute, objection, complaint or query is not resolved within 60 days; or

58

- (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

### **53. 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
- b) that such compensation must be performance based.

### **54. Construction Industry Development Board (CIDB)**

The Construction Industry Development Board (CIDB) has been established by government to promote uniform application of policy to the construction industry.

#### **a) When calling for construction related bids:**

- I. The prescribed CIDB (uniformity bid documents) must be utilised
- II. Only contractors registered with CIDB may be used
- III. All projects must be advertised on the I-tender and e-tender system
- IV. Consultants used in the procurement process must adhere to the CIDB legislation
- V. Consultants used in the procurement process are prohibited to provide goods, works or service related to the project; and
- VI. Subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements.

#### **b) When evaluating construction related bids:**

- I. The validity of the contractor's registration on the CIDB website must be verified
- II. The bidders documents must be assessed against the prescribed CIDB contractor

requirements

III. Calculations for joint venture grading must be done according to the CIDB prescriptions

c) All construction related procurement and projects above minimum threshold R50 million should be undertaken in accordance with the Standard for Infrastructure Procurement Delivery Management (SIPDM) – Refer to Annexure C

d) Other matters

- I. all projects approved by the municipality must be registered with the CIDB
- II. contracts registered on the Hender systems must be update and completed
- III. non-performance and non-compliance of contractors must be reported to the CIDB as per CIDB guidelines

#### 55. Commencement

This Policy takes effect on (25 May 2010) and reviewed annually.

## ANNEXURE A

### PROCESS FOR THE OBTAINING OF GOODS AND SERVICES

The following process must be followed in terms of the Municipal Finance Management Act, Act 56 2003, Eden Supply Chain Management Policy and the Supply Chain Regulations to obtain goods and services.

#### 1. PURCHASES

##### 1.1. Purchase of all goods/services (capital and non-capital)

Value of Goods and Services	Procurement Method	Delegated Approval Authority	SCM Policy
> R0 – R250	Petty Cash if supplier is not a creditor	Divisional Head / Manager	Supply Chain Management Policy S12(1)(a)
> R250 but less than R 10 000 (VAT Inc)	Minimum of 3 x written quotations preferably selected from supplier database or central supplier database.	As per delegation register	Supply Chain Management Policy S12(1)(b)
> R10 000 but less than R30 000 (VAT Inc)	Minimum 3 quotations, suppliers appointed in accordance with preferential procurement regulation (B-BBEE Point & Pricing)	As per Delegations system	Supply Chain Management Policy S12(g)
> R 30 000 but below R 200 000 (Informal Tenders)	Informal Tender process, (successful bidder must be registered on the National Treasury's Central supplier Database)	As per delegation register	Supply Chain Management Policy S12(1)(c)
> R200 000 or Long Term Contracts (Formal Tenders)	Formal Tender process to be followed, (Successful Bidder – COO Registered)	As per delegation through the appointed Supply Chain Management Bid Committee	Supply Chain Management Policy S12(1)(d)
Deviations below 10%	Through procurement system of the municipality	Final approval by the Executive Manager of the Department	Supply Chain Management Policy
Deviations above R10 000	Through procurement system of the municipality (Tax Clearance is still not in	Final approval by the Municipal Manager	Supply Chain Management Policy

58

2. **REQUISITIONS**

Requisitions must be approved in terms of the relevant delegation register as approved by the Accounting Officer or delegated authority.

3. **ORDERS**

I. **Capital purchases**

Requisitions are verified by the Asset Management Section.

II. **Non capital purchases**

All orders are issued through Stores.

4. **SUPPLY CHAIN MANAGEMENT POLICY**

A. **>R 0 – R30 000: 3 x Written Quotations**

- I. User department or initiator to put in requisition to the Buyers to obtain a minimum of three quotations. Preference to be given to suppliers listed on the National Treasury's Central Supplier Database, however if there is less than three suppliers identified on the database, potential additional suppliers not listed on the database to be identified and requests for quotation obtained.
- II. If the preferred supplier is not listed on the Database the following to occur:
  - a) Procurement to take place through a deviation and approval by the CFO for direct payment to be obtained. Minimum supplier listing criteria to be fulfilled, i.e. Tax Clearance Certificate, regulation 44 declarations etc.
  - b) User departments to identify Key service providers within their operations and urge them to register on the National Treasury's Central Supplier Database
  - c) Deviations below Quotation R 10 000 to be approved by the Executive Manager of the relevant department.
  - d) The order number will be generated by the chief clerk at stores and forwarded to User department for action

B. **R30 000 – R200 000: 3 x Informal tenders**

- I. User department to initiate the procurement process by compiling specifications and forwarding them to Supply Chain Management via the electronic procurement system.



- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

*Procurement Life Cycle to involve the following:*

- a) Specifications to serve before the specification committee
- b) Approved specifications will be advertised on the website, e-tender, notice board and send to potential suppliers registered on the accredited supplier database.
- c) On submission, informal tenders must be placed in the tender box and will be opened on the closing date as per time specified on the advertisement.
- d) Summary of informal tenders will be compiled by Supply Chain Management Officer.
- e) User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive
- f) bidders and submit through to the Bid Evaluation committee for adjudication and final award. Service Level Agreements must be compiled and signed by both parties before goods and services may be procured in excess of R30 000

**C. -R200 00: Formal Tenders & Long Term Contracts**

- i. User department sends a request for a formal tender through to SCM Unit via Collaborator with the specifications.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

*Procurement Life Cycle to involve the following:*

- iii. Specifications to serve before the specification committee
- iv. Reviewed and approved specifications to be approved by the accounting officer before advertising
- v. Approved specifications will be advertised on the municipal website, e tender, notice board and send to potential suppliers registered on the accredited supplier database
- vi. The Tender number and closing date will be allocated by the SCM Unit.
- vii. Tender advertisement will be compiled and placed by the SCM Unit.
- viii. Standard tender documents will be provided to prospective tenderers by the SCM Unit.
- ix. Tenders will be opened on the date and time as specified in the advertisement.
- x. Summary of tenders will be compiled by Supply Chain Management Officer.
- xi. User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive bidders in accordance with the Supply Chain Management Regulations.
- xii. The Bid Evaluation Committee to evaluate and make recommendations to the Bid Adjudication committee.

- xiii. The Bid Adjudication Committee can only adjudicate and on contracts below 10 million.
- xiv. Tenders greater than R10 million will be awarded by the Accounting Officer after recommendations by the Bid Adjudication Committee
- xv. Service Level Agreements must be compiled and signed by both parties before goods and services may be procured in excess of R30 000
- xvi. Successful / unsuccessful tenderers will be notified of the Bid Adjudication Committee's decision.
- xvii. After awarding the formal tender, the User Department will be informed of the outcome and they are to complete a Service Level agreement before any requisition can be generated

### **SERVICE LEVEL AGREEMENTS**

User department to liaise with Legal Services (contract management unit) on the compilation of service level agreements for all tenders (formal and informal). Process guidance for compilation to be sought from Legal Services department.

### **Performance Management:**

- (i) Each department to monitor the performance of each supplier to whom tenders have been issued under. The process flow for monitoring performance of service providers to be undertaken on the collaborator system and all the relevant compulsory review comments is completed.
- (ii) It is important that all communication with the service provider regarding the dissatisfaction of the work performed or goods delivered be documented and the service provider be afforded the opportunity to rectify it and respond accordingly. Where the final assessment of the service provider or supplier remains substandard after engaging with the service provider, legal services to facilitate the process going forth with the legal remedies available

### **STANDARD OPERATING PROCEDURES FOR PROCURING ACCOMMODATION AND FLIGHTS**

#### **7.1 Accommodation**

- L. Out of town trip form to be duly completed and approved by the designated authority.
- L. The Official concerned is to provide the designated central co-ordinator for the department with the supporting documentation indicating the reason for accommodation.
- L. The secretary to source a minimum of three quotations from the internet or any other available resource, identify the lowest quote and request the service

provider to forward a pro-forma invoice as a provisional confirmation of the booking.

- iv. The designated personnel in a particular department to initiate a requisition on collaborator, uploading all the relevant documentation, and route the requisition to the relevant official for approval.(Request CSD Number)
- v. The approved requisition will be routed via collaborator to the Chief Accountant at Stores, who will inspect the documentation. Item to follow the procurement process as per the electronic procurement system.
- vi. Once the payment has been processed, proof of payment to be forwarded by DATA office to the designated personnel that initiated the requisition/booking. (GRV to be generated by departments before payment)
- vii. The designated personnel to forward the proof of payment to both the service provider (Bed & Breakfast or Hotel) and the official for whom accommodation has been reserved for.
- viii. The official to request the original invoice preferably stamped this invoice to be submitted to creditors department once they return.

*Provision made in the Travel and Subsistence policy to serve as the guideline:*

#### **7.2 Compensation**

##### **7.2.1 Accommodation:**

- I. Travel and subsistence policy to serve as a guideline regarding the type of Accommodation and rating that is appropriate as approved by council.
- II. Where such accommodation is available, the rate for a single room will be payable.
- III. If a representative stays with a relative or friend, Subsistence and travel policy of Council to serve as a guideline
- iv. The payments for overnight accommodation will be paid directly through Creditors Department to the authorised place of accommodation.
- v. Request for payment of reservation must be submitted within reasonable period before departure to enable the administration to process the reservation.
- vi. Tax/invoices for accommodation to be submitted to creditors department for completeness of documentation

**7.2.2** *Personnel of council may not circumvent procurement process and place their own preferred booking and claim reimbursement. Any emergency cases where accommodation is sort outside the procurement*

*process, permission to be obtained prior from the executive manager of the department or the alternative relevant authority.*

### **7.3 Booking of Airline Tickets**

- a) Designated personnel in the department should be provided with the following document or invitation for workshop/meeting/conference to be attended with the following details:
  - I. Where the event will take place
  - II. Date and Starting time
  - III. Date of closure and time of finish
- b) Arrangements for flights to be centralised around the designated personnel in the department, i.e. PA to the Executive Manager
- c) Deviations for items costing below R10,000 can be approved by the Executive Manager of the relevant department, Final approval for Deviations above R10 000 to be approved by the Municipal Manager.
- d) Payments of flights to follow due process as approved.
- e) When bookings are made, the following information is required by the designated personnel:
  - I. Approval from Municipal Manager for attendance of the meeting
  - II. Copy of ID of the passenger
  - III. Passenger's cell-phone number, which will be used to forward a confirmation e-mail with flight details from the chosen airline
  - IV. Vote from which expenditure will be paid

### **7.4 For rental vehicle hire:**

- I. Designated personnel in the department to make the necessary arrangement subject to availability of the vehicles. The class of the vehicle to be guided by the Travel and Subsistence Policy of Council

### **7.5 Catering**

Refer to the catering policy as approved by council.

## Annexure B



### CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

*In accordance with regulation 48(4) and 48(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.*

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.

#### General Principles

Eden District 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.

- 1.1 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.
  - 1.2 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.
- 2 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 or as may be set by council;
- (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.

**3 Accountability**

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.

- 3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- 3.4 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.
- 3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- 3.6 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.
- 3.7 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 Eden District Council who must ensure that such declaration is recorded in the register.

#### **4 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.

#### **5 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 / contractor's 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.

#### **Bid Specification / Evaluation / Adjudication Committees**

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the council in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2 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.
- 6.3 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.
- 6.4 No person should-
  - 6.4.1 Interfere with the supply chain management system of the council; or
  - 6.4.2 amend or tamper with any price quotation / bid after its submission.

**8 Combative Practices**

- a) Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
  - (i) Suggestions to fictitious lower quotations;
  - (ii) Reference to non-existent competition;
  - (iii) Exploiting errors in price quotations / bids;
  - (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

I ....., an employee of Eden District Municipality , hereby acknowledges the Eden District Municipality's Code of Conduct for Supply Chain Management and commits to abide by it in the spirit to which it is intended for.

- I acknowledge that my integrity can only be affirmed by how I am deemed by others and therefor will uphold the Supply Chain Management Policy of the Municipality to the letter and spirit to which it is intended for.
- I will refrain from any conduct which may be deemed to be fraudulent in nature or could be seen as bringing disrepute to the Image of Council.
- I acknowledge my responsibility for continuous professional development in familiarising myself with the changes in the relevant and applicable legislation of Supply Chain Management and any other relevant procurement legislation.

Signature .....



Name of Official .....  
Date of Signature .....

**ANNEXURE C**

**Supply Chain Process for Infrastructure Procurement and Delivery Management**

The Council resolves in terms of section 168 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), in reference to SCM Regulation 3(2), this Policy prescribes the standards and gateways system requirements and principles which municipalities must adhere to when

procuring infrastructure related services linking to CIDB and ISO standards and ethos, therefore to adopt the following proposal as the SCM Framework for Infrastructure Procurement and Delivery Management of the Eden District Municipality.

## Infrastructure Procurement and Delivery Management

### Contents

1	Scope	1
2	Terms, definitions and abbreviations	1
	2.1 Terms and definitions	1
	2.2 Abbreviations	2
3	General requirements	3
	3.1 Delegations	3
	3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management	3
	3.3 Supervision of the infrastructure delivery management unit	3
	3.4 Objections and complaints	3
	3.5 Resolution of disputes, objections, complaints and queries	4
4	Control framework for infrastructure delivery management	4
	4.1 Assignment of responsibilities for approving or accepting end of stage deliverables	4
	4.2 Additional gates	4
	4.3 Additional requirements	5
	4.4 Gateway reviews	5
	4.4.1 Gateway reviews for major capital projects above a threshold	5
0.01	Control framework for infrastructure procurement	6
	Infrastructure delivery management requirements	6
	6.1 Institutional arrangements	6
	6.1.1 Committee system for procurement	6
	6.1.2 Actions of an authorised person relating to the award of a contract or an order	12
	6.1.3 Conduct of those engaged in infrastructure delivery	13
	6.1.4 Measures to prevent abuse of the infrastructure delivery system	16
	6.1.5 Awards to persons in the service of the state	16
	6.1.6 Collusive tendering	17
	6.1.7 Placing of contractors under restrictions	17
	6.1.8 Complaints	18
	6.2 Acquisition management	18
	6.2.1 Unsolicited proposal	18
	6.2.2 Tax and rates compliance	19
	6.2.3 Declarations of interest	20
	6.2.4 Invitations to submit expressions of interest or tender offers	20
	6.2.5 Publication of submissions received and the award of contracts	20
	6.2.6 Disposal committees	21
	6.3 Reporting of infrastructure delivery management information	21
	Infrastructure procurement	21
	7.1 Usage of procurement procedures	22
	7.2 Procurement documents	22
	7.3 Developmental procurement policy	22
	7.4 Payment of contractors	22
	7.5 Approval to utilise specific procurement procedures	22
	7.6 Receipt and safeguarding of submissions	23
	7.7 Opening of submissions	23
	7.8 Use of another organ of state's framework agreement	24

7.9	Insurances	24
7.9.1	Contractors shall be required to take out all insurances required in terms of the contract.	24
7.10	Written reasons for actions taken	25
7.11	Request for access to information	25

## 1 Scope

This annexure establishes the Eden District Municipality's framework for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Eden District Municipality which are stored and issued to contractors or to employees,
- b) the disposal or letting of land,
- c) the conclusion of any form of land availability agreement,
- d) the leasing or rental of moveable assets, and
- e) public private partnerships.

## 2 Terms, definitions and abbreviations

### 2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

**agent:** person or organization that is not an employee of the Eden District Municipality that acts on the Eden District Municipality's behalf in the application of this document.

**authorized person:** the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

**conflict of interest:** any situation in which:

- a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

**contract manager:** person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

**family member:** a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

**framework agreement:** an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

**gate:** a control point at the end of a process where a decision is required before proceeding to the next process or activity

**gateway review:** an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

**graftification:** an inducement to perform an improper act

**infrastructure delivery:** the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

**infrastructure procurement:** the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

**maintenance:** the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

**operation:** combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

**order:** an instruction to provide goods, services or any combination thereof under a framework agreement

**organ of state:** an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

**procurement document:** documentation used to initiate or conclude (or both) a contract or the issuing of an order

**principal:** a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

**standard:** the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

**working day:** any day of a week on which is not a Sunday, Saturday or public holiday

## 2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

## 3 General requirements

### 3.1 Delegations

3.1.1 The Eden District Municipality hereby delegates all powers and duties to the municipal manager which are necessary to enable the municipal manager to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document, and

- d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the municipal manager of Eden District Municipality.

3.1.3 The municipal manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this policy, to the council of the Eden District Municipality;
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council of Eden District Municipality;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the mayor, and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

### 3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

Any deviation to the provisions of this standard must be reported to National Treasury and the relevant treasury.

3.2.2 Pre-feasibility and feasibility reports are required as end – of – stage deliverables for stages 3 and 4, respectively, where one or more of the following applies:

- a) The major capital projects is required for:
  - 1) a major public enterprise where the total expenditure exceeds R 1.5 billion, or
  - 2) an organ of state to the Municipal Finance Management Act other than a major public enterprise where the total project capital expenditure exceeds R1.0 billion including VAT, or where the expenditure per year for a minimum of three years exceeds R 250 million per annum including VAT;
- b) The project is not:
  - 1) a building project with or without related site works, or
  - 2) a process – based, somewhat repetitive or relatively standardised project where the risk of failing to achieve time, cost and quality objectives is relatively low;

3.2.3 Stage 3 to 6 are required for where the works does not involve the provision of new infrastructure or the rehabilitation, refurbishment, alteration of existing infrastructure. Stages 5 and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable.

### 3.3 Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the chief financial officer / person delegated in terms of section 82 of the MFMA.

### 3.4 Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

### 3.5 Resolution of disputes, objections, complaints and queries

3.5.1 The municipal manager shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the Eden District Municipality and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the Eden District Municipality's infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 All relevant personnel as and when required so shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the municipal manager on all disputes, objections, complaints or queries received, attended to or resolved;

3.5.4 A dispute, objection, complaint or query may be referred to the Western Cape Provincial Treasury if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

3.5.5 If the Western Cape Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

#### **4 Control framework for infrastructure delivery management**

##### **4.1 Assignment of responsibilities for approving or accepting end of stage deliverables**

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

##### **4.2 Additional gates**

Additional gates may be added only on approval by the municipal manager.

##### **4.3 Additional requirements**

Additional requirements may be added only on approval by the municipal manager as the need arises.

##### **4.4 Gateway reviews**

###### **4.4.1 Gateway reviews for major capital projects above R 50 million (VAT inclusive)**

4.4.1.1 The municipal manager shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects above R 50 million (VAT inclusive) for review of the stage 4 deliverable (concept report or feasibility report) prior to acceptance of the deliverable;

4.4.1.2 The review teams shall comprise of not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with the various aspects of the subject matter of the deliverable at the end of the stage

under review.

4.4.1.3 The review team shall be led by a person who has at least relevant experience and track record in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team should have relevant expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.4.1.4 The relevant treasury may nominate additional persons to serve on the review team.

**Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery**

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables	
No	Name		
0	Project initiation	Council accepts the initiation report.	
1	Infrastructure planning	Council / Municipal Manager approves the infrastructure plan.	
2	Strategic resourcing	Municipal Manager and the relevant Executive Manager approves the delivery and/or procurement strategy.	
3	Pre-feasibility	Executive Manager and Project Manager of the responsible division accepts the pre-feasibility report.	
	Preparation and briefing	Executive Manager and Project Manager of the responsible division accepts the strategic brief.	
4	Feasibility	Municipal Manager and the relevant Executive Manager accepts the feasibility report.	
	Concept and viability	Executive Manager and Project Manager of the responsible division accepts the concept report.	
5	Design development	Executive Manager and Project Manager of the responsible division accepts the design development report.	
6	Design documentation	GA Production information	Executive Manager and Project Manager of the responsible division (professional) accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance.
		BB Manufacture, fabrication and construction information	The project manager accepts the manufacture, fabrication and construction information.
7	Works	The project manager certifies completion of the works or the delivery of goods and associated services.	
8	Handover	The owner or end user accepts liability for the works.	
9	Package completion / Close out	The project manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract.	
		The project manager certifies final completion in accordance with the provisions of the contract.	
		Project manager accepts the close out report.	

## 5 Control framework for infrastructure procurement

5.1 The responsibilities for taking the key actions associated with the formation and conclusion of

76



contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:

- a) Procurement documentation committee shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard.
- b) The Bid Adjudication Committee may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

## **6 Infrastructure delivery management requirements**

### **6.1 Institutional arrangements**

#### **6.1.1 Committee system for procurement**

##### **6.1.1.1 General**

6.1.1.1.1 A committee system comprising the Specification committee, Bid Evaluation Committee and Bid Adjudication committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

6.1.1.1.2 The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

6.1.1.1.3 The persons appointed in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councillor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than 50% plus 1 of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

##### **6.1.1.2 Procurement documentation committee**

6.1.1.2.1 The Various Supply Chain Management Committees and the user department may request the Municipal Manager to appoint a transaction advisor on complex matters which they feel inadequately equipped to oversee.

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the procurement documentation committee.

6.1.1.2.2 The procurement Specification committee shall comprise of the standing committee members and any additional persons appointed on the basis of their technical expertise one or more persons. The chairperson shall be an employee of Eden District Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

**Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold**

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Relevant Director
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	SCM Manager in consultation with the CFO and relevant Director
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Obtain approval for the issuing of the procurement documents	Procurement documentation committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Relevant Director / CFO
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, verify recommendations and authorise progression to the next stage of the tender process	Evaluation committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award (below R 10 m – Tender Committee and above R 10 m the Municipal Manager)	Tender committee (below and R10 mil) Municipal Manager (above R10 mil)
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Tender committee / Municipal Manager
		5.5 GP1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	SCM Unit

**Table 2 (concluded)**

Activity		Sub-Activity	Key action	Person assigned responsibility to perform key action	
B	Administer contracts and confirm compliance with requirements	B.4 PGBA	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	Municipal Manager
		B.5 PGBB	Obtain approval to lobby and refer a dispute to an adjudicator.	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Municipal Manager
		B.6 PGBD	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion, at the award of a contract or the issuing of an order, up to a specified percentage.	Approve amount of time and cost overrun up to the threshold.	0-20% CFO or Municipal Manager with proper motivation from the relevant Director
		B.7 PGBD	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion, at award of a contract or the issuing of an order, by more than 15% and up to 20%, respectively.	Approve amount of time and cost overrun above a the threshold (15% up to 20%).	0-20% CFO or Municipal Manager with proper motivation from the relevant Director
		B.8 PGBB	Obtain approval to cancel or terminate a contract.	Approve amount	Recommended by the Bid Adjudication Committee for approval by Municipal Manager
		B.9 PGBF	Obtain approval to amend a contract.	Approve proposed amendment to contract.	Recommended by the SAC ANDC Committee for approval by Municipal Manager

**Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement.**

Activity	Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	Municipal Manager or relevant Executive Manager
3 FG2	Obtain approval for procurement documents	Procurement documentation committee
4 FG3	Confirm that budgets are in place	Relevant Executive Manager in conjunction with the STD or CFO
5 FG4	Authorise the issuing of the order	Relevant Executive Manager

### **6.1.1.3 Evaluation committee**

**6.1.1.3.1** The municipal manager shall in addition to the standing committee members appoint on a procurement by procurement basis any additional members with the necessary technical expertise relevant to a particular project:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.5.4 of the standard, respectively; and
- b) to provide technical advice to committee.

**6.1.1.3.2** The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of Eden District Municipality with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery and any other members that may be deemed necessary for the success of the project.

**6.1.1.3.3** The evaluation committee shall review the evaluation reports prepared in accordance with sub-clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax and municipal rates and taxes compliance status;
- c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
- d) the Compulsory Declaration has been completed; and
- e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

**6.1.1.3.4** No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

**6.1.1.3.5** The evaluation committee shall disqualify any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process, and notify legal services for guidance.

### **6.1.1.4 Bid Adjudication Committee**

**6.1.1.4.1** The tender committee shall comprise the following persons or their mandated delegate:

- a) Executive Manager in Finance to Chair
- b) All the other Executive Managers

6.1.1.4.2 No member of the evaluation committee may serve on the Bid Adjudication committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The tender committee shall:

- a) consider the report and recommendations of the evaluation committee and:
  - 1) verify that the procurement process which was followed complies with the provisions of this document;
  - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
  - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
  - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The adjudication committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The adjudication committee shall consider the merits of an unsolicited offer and make a recommendation to the municipal manager;

6.1.1.4.6 The adjudication committee shall report to the municipal manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The adjudication committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the Western Cape Provincial Treasury shall be informed where such tenderers are disregarded.

**6.1.2 Actions of an authorised person relating to the award of a contract or an order**

**6.1.2.1 Award of a contract**

6.1.2.1 Infrastructure tenders as per the recommended threshold shall be adjudicated over by the Bid adjudication committee and recommendations made to the Municipal Manager for final award.

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

- b) decide not to proceed or to start afresh with the process.

**6.1.2.2** The authorised person shall immediately notify the municipal manager if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and Western Cape Provincial Treasury, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

#### **6.1.2.3 Issuing of an order**

The authorised person shall, deal with content of the contract as per approved service level agreement and the milestones as draw up in the agreed project plan

### **6.1.3 Conduct of those engaged in infrastructure delivery**

#### **6.1.3.1 General requirements**

**6.1.3.1.1** All personnel and agents of Eden District Municipality shall comply with the requirements of the CIB Code of Conduct for all Parties engaged in Construction Procurement:

They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

**6.1.3.1.2** All personnel and agents engaged in Eden District Municipality's infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;



- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist Eden District Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

**6.1.3.1.2** An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

#### **6.1.3.2 Conflicts of interest**

**6.1.3.2.1** The employees and agents of Eden District Municipality who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

- a) disclose in writing to the employee of the Eden District Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of Eden District Municipality's proprietary information.

**6.1.3.2.2** The employees and agents of Eden District Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

**6.1.3.2.3** Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in Eden District Municipality's interest to do so, submit a tender for work associated with such documents provided that:

- a) Eden District Municipality states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

#### **6.1.3.3 Evaluation of submissions received from respondents and tenderers**

**6.1.3.3.1** The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;

- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to Eden District Municipality.

6.1.3.3.2 The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of Eden District Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3.3 Eden District Municipality's personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

#### 6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect Eden District Municipality's confidential information and interests.

#### 6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of Eden District Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of Eden District Municipality as well as their family members or associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of Eden District Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of Eden District Municipality may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) gifts in kind other than those listed in a) to c) which have an intrinsic value lower than R350 unless they have declared them to council.

**6.1.3.5.5** Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

**6.1.3.5.6** Employees and agents of Eden district Municipality shall without delay report to the municipal manager or chief financial officer any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

**6.1.3.6 Reporting of breaches**

Employees and agents of Eden District Municipality shall promptly report to the municipal manager or chief financial officer any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

**6.1.4 Measures to prevent abuse of the infrastructure delivery system**

The municipal manager or chief financial officer shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and Western Cape Provincial Treasury of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
  - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
  - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

**6.1.5 Awards to persons in the service of the state**

**6.1.5.1** Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

- a) a member of any municipal council, any provincial legislature, or 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) an executive member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature.

6.1.5.2 The notes to the annual financial statements of the Eden District Municipality shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

#### 6.1.6 Collusive tendering

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

#### 6.1.7 Placing of contractors under restrictions

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards Eden District Municipality; or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of Eden District Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements.

The relevant Director shall prepare a report on the matter and make a recommendation to the municipal manager for placing the contractor or any of its principals under restrictions from doing business with the Eden District Municipality.

**6.1.7.2** The municipal manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to Eden District Municipality for a period of time.

**6.1.7.3** The Senior Supply Chain Manager shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of Eden District Municipality who are engaged in procurement processes; and
- b) notify the National Treasury and Western Cape Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

## **6.1.8 Complaints**

**6.1.8.1** All complaints regarding the Eden District Municipality's infrastructure delivery management system shall be addressed to the municipal manager. Such complaints shall be in writing.

**6.1.8.2** The relevant Executive shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the municipal manager who will decide on what action to take.

## **6.2 Acquisition management**

### **6.2.1 Unsolicited proposal**

**6.2.1.1** The Eden District Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for Eden District Municipality;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the municipal manager finds the reasons for not going through a normal tender processes to be sound.

**6.2.1.2** The municipal manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the tender committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the Eden District Municipality and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;

- b) the Eden District Municipality has obtained comments and recommendations on the offer from the National Treasury and the Western Cape Provincial Treasury;
- c) the Adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and the Western Cape Provincial Treasury; and
- d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The municipal manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Western Cape Provincial Treasury and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

## 6.2.2 Tax and rates compliance

### 6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 30 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of Eden District Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.1.4 Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to chief financial officer that it intends challenging its tax compliance status with SARS,

- a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.1.5 The Eden District Municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4 e).

### **6.2.2.3 Municipal rates and taxes**

No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

### **6.2.3 Declarations of interest**

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the Eden District Municipality or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

### **6.2.4 Invitations to submit expressions of interest or tender offers**

**6.2.4.1** All invitations to submit tenders where the estimated value of the contract exceeds R50 000 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Eden District Municipality's website and on the National Treasury e-Tender Publication Portal. Advertisements shall be placed by the Supply Chain Management Unit.

**6.2.4.2** Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the Supply Chain Management Unit.

**6.2.4.3** Where deemed appropriate by Eden District Municipality an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person.

**6.2.4.4** Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the municipal manager.

**6.2.4.5** Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

### **6.2.5 Publication of submissions received and the award of contracts**

**6.2.5.1** The Supply Chain Management Unit shall publish within 7 working days of the award of a contract the details of the award on the Eden District Municipality's website.

**6.2.5.2** Within 7 working days of the award of a contract the information required by National Treasury on the National Treasury e-Tender Publication Portal regarding the successful and unsuccessful tenders.

**6.2.5.3** The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website. The notification shall be made and placed by Supply Chain Management Unit.

### **6.2.6 Disposal committee**

**6.2.6.1** The municipal manager shall appoint the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

**6.2.6.2** The disposal panel shall comprise not less than three people. The chairperson shall be an employee of Eden District Municipality.

6.2.6.3 The disposal committee shall make recommendations to municipal manager who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, deciding not to proceed or to start afresh with the process.

### 6.3 Reporting of infrastructure delivery management information

The Supply Chain Management Unit shall submit any reports required in terms of the standard to the National Treasury or Western Cape Provincial Treasury.

6.3.1 The Supply Chain Management Unit shall report to the relevant treasury within one month of the award of a contract or the issuing of an order, all engineering and construction, supply, service and professional service contracts that are awarded, or orders that are issued, should the total of prices including VAT exceed the following thresholds:

Value of contract or order including VAT			
Services contract	Professional services	Supply	Engineering and construction works
R 25 million	R 25 million	R 50 million	R 50 million

## 7 Infrastructure procurement

### 7.1 Usage of procurement procedures

The Eden District Municipality shall use all applicable Supply Chain Management / procurement administrative and compliance procedures that may be applicable to infrastructure procurement and delivery management.

### 7.2 Procurement documents

7.2.1 The forms of contract that may be used are as follows:

Applicable contracts listed in Table 10 of Standard for Infrastructure Procurement and Delivery Management (SIPDM) may be made use of.

7.2.2 The Eden District Municipality's preapproved templates (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by legal department prior to being issued for tender purposes.

7.2.3 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.

7.2.4 Additional requirement not stated or included in the standard templates, if any must be added, e.g. use of standard access specifications and health, safety specifications, etc.

7.2.5 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for

- a) consultancy services, and
- b) goods and services or any combination thereof where the total of the prices is expected to exceed



R10 is including VAT.

### **T.3 Developmental procurement policy**

If the contract qualifies for any goals that has been set in Eden District Municipality's approved Integrated Development Plan (IDP), it must be stated upfront in the specifications for that specific contract.

### **T.4 Payment of contractors**

The Eden District Municipality shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

### **T.5 Approval to utilise specific procurement procedures**

**T.5.1** Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) Municipal Manager or Evaluation Committee shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) Municipal Manager or Evaluation Committee shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto averted within 48 hours, and
- c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure.

**T.5.2** The municipal manager must nominate and authorise person to pursue a negotiated procedure in an emergency.

### **T.6 Receipt and safeguarding of submissions**

**T.6.1** A dedicated and clearly marked tender box shall be made available to receive all submissions made.

**T.6.2** The tender box shall remain locked at all times and the keys shall be under control of the Archive Department. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

### **T.7 Opening of submissions**

**T.7.1** Submissions shall be opened by an opening panel comprising two people, officials in the Supply Chain Management office.

**T.7.2** The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
  - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
  - 2) submissions were submitted by a method other than the stated method;
  - 3) submissions were withdrawn in accordance with the procedures contained in SANS: 10845-3; and
  - 4) only one tender submission is received and it is decided not to open it and to call for fresh

tender submissions;

- c) record in the register submissions that were returned unopened;
- d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) record the names of the tenderer's representatives that attend the public opening;
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3 h).

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

#### 7.8 Use of another organ of state's framework agreement

The Eden District Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The municipal manager shall make the necessary application to that organ of state to do so.

#### 7.9 Insurances

7.9.1 Contractor shall be required to take out all insurances required in terms of the contract.

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Chief financial officer.

7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by Chief financial officer.

7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials should be considered on all engineering and construction works.

7.9.5 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the Chief financial officer in relation to the nature of the service that they provide.

7.9.6 Eden District Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.7 Where payment is to be made in multiple currencies, either the contractor or Eden District Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

#### 7.10 Written reasons for actions taken

7.10.1 Written reasons for actions taken shall be provided by the relevant Director

7.10.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the

- a) SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling for expressions of interest;

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

#### 7.11 Request for access to information

7.11.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act) of 2000, the "requestor" should be referred to the Eden District Municipality's Legal Department which will inform the entity requesting the information of the procedures to be followed and the criteria that have to be met for the "requestor" to request access to records in the possession or under the control of Eden District Municipality.

7.11.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work, which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

**ANNEXURE D**  
**ASSET MANAGEMENT POLICY**  
*(New Policy)*



# EDEN

DISTRICT MUNICIPALITY  
UMASIPALA WESITHILI  
DISTRICKSMUNISIPALITEIT

## **ASSET MANAGEMENT POLICY**

Council Resolution: DC 663/05/14  
Adopted: 30/05/2014

## CONTENTS

1. INTRODUCTION	2
2. OBJECTIVE OF THIS POLICY	2
3. DEFINITIONS	3
4. STATUTORY AND REGULATORY FRAMEWORK	5
5. BACKGROUND	5
6. DELEGATION OF POWERS	6
7. EFFECTIVE ASSET MANAGEMENT	7
8. ACQUISITION OF ASSETS	30
9. PURCHASE OR HIRE OF IMMOVABLE PROPERTY	31
10. IMPLEMENTATION OF THIS POLICY	32
11. APPENDIX A	33
12. APPENDIX B: ASSET TRANSFER FORM	36

## 1. INTRODUCTION

This Policy for the management of assets has been designed to assist management and officials of the Eden District Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This Policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.

**For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.**

This Policy replaces all asset management procedures/instructions and memoranda that have been previously issued.

## 2. OBJECTIVE OF THIS POLICY

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by: -

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

### 3. DEFINITIONS

**Accounting officer** means the municipal manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000).

**Agricultural Activity** is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

**Agricultural Produce** is the harvested product of the entity's biological assets.

**A Biological Asset** is a living animal or plant.

**Assets** are resources controlled by the municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

**Biological Transformation** comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

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

**Chief Financial Officer** means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

**Class of property, plant and equipment** means a grouping of assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

**Community assets** are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

**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 or where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of Standards of GRAP.

**Depreciable amount** is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

**Depreciation** is the systematic allocation of the depreciable amount of an asset over its useful life.

**Fair value** is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

**Heritage assets** are defined as culturally significant resources. Examples are works of art, historical buildings and statues.



An *impairment loss* of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An *impairment loss* of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

*Infrastructure assets* are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

*Intangible assets* are identifiable non-monetary assets without physical substance.

*Investment properties* are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

*Municipal valuation* means the official valuation of an immovable property as reflected in the Municipality's valuation roll.

*Other assets* are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

*Property, plant and equipment* are tangible assets that:-

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

*Recoverable amount* is the higher of a cash-generating asset's net selling price and its future value in use.

*Recoverable service amount* is the higher of a non-cash-generating asset's fair value less costs to sell and its future value in use.

*Residual value* of an asset 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 condition expected at the end of its useful life.

*Useful life* is:-

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality's accounting officer.

## 4. STATUTORY AND REGULATORY FRAMEWORK

The Municipality shall, notwithstanding this policy, comply with all relevant legislative requirements, including:

- The Constitution of the Republic of South Africa; 1996
- Local Government: Municipal Systems Act; 2000
- Local Government: Municipal Finance Management Act; 2003
- Division of Revenue Act; 2005
- Generally Recognised Accounting Practice (GRAP)
- Supply Chain Management Legislation

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:

- GRAP 1 Presentation of Financial Statements;
- GRAP 13 Leases;
- GRAP 16 Investment Property;
- GRAP 17 Property, Plant and Equipment;
- GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations;
- GRAP 101 Agriculture; and
- GRAP 102 Intangible Assets.

## 5. BACKGROUND

The utilization and management of property, plant and equipment, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

## **6. DELEGATION OF POWERS**

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

## **7. EFFECTIVE ASSET MANAGEMENT**

### **7.1 Responsibilities**

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.



**The Senior Managers must ensure that:**

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they *will remain accountable for ensuring that these activities are performed.*

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

*The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.*

Each senior manager shall ensure that assets entrusted to him / her *are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.*

The Chief Financial Officer (Asset Unit), must be notified by the Heads Of Departments of any transfer of assets between departments after arrangements between the relevant senior managers were made.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Corporate Service Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

## **7.2 Asset Register**

### **Establishment and Management of the Register of Assets**

The Chief Financial Officer will establish and maintain the Register containing key financial data on each item of Property, Plant or Equipment, Investment Property, Intangible Assets and Agricultural Assets that satisfies the criterion for recognition.

Senior managers are responsible for establishing and maintaining any additional register or database required to demonstrate their physical management of their assets.

Each senior manager is responsible to ensure that sufficient controls exist to substantiate the quantity, value, location and condition of all assets in their registers.

### **Contents of the Asset Register**

- The measurement based used (Cost or Fair Value);
- The depreciation methods used;
- The original useful life;
- The revised useful life;
- The residual value;
- The revised residual value;
- Depreciation charged for the period;
- The accumulated depreciation;
- The gross carrying amount;
- Date of acquisition or brought into use;
- Date of disposal (if applicable);
- Increases or the decreases resulting from revaluations (if applicable);
- Date of last revaluation;
- Method of calculating recoverable amount (when impairment tests are required in terms of GRAP);
- Any restrictions on title to the asset;
- Location;
- Source of finance;
- Condition of the asset;
- Method of calculating the recoverable amount (when impairment losses are required in terms of GRAP);
- Strategic purpose and if it is required to provide minimum basic services; and
- Responsible Functional Manager/ department/ vote.
- Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)

- Whether the asset is required to perform basic municipal services
- Whether the asset has been used to secure any debt, and – if so - the nature and duration of such security arrangements
- The title deed number, in the case of fixed property

All senior managers under whose control any fixed asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the fixed asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. A fixed asset shall remain in the fixed assets register for as long as it is in physical existence.

### **7.3 Classification of Assets**

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:-

#### **7.3.1 Property, Plant and Equipment**

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Bins and Containers;
- Emergency Equipment;
- Disaster Management Equipment;
- Fire Engines;
- Plant and Equipment;
- Computer equipment;
- Office equipment;
- Furniture and fittings; and

- Motor Vehicles.

### **7.3.2 Investment Property**

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property unless it is leased out on the same conditions that is applicable to the general public.

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.

### **7.3.3 Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

### **7.3.4 Agricultural Assets**

Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position

### **7.3.5 Assets Treated as Inventory**

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.



Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Annexure on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Annexure shall use the classification applicable to the asset most closely comparable in the Annexure.

## **7.4 Recognition of Assets**

### **7.4.1 Recognition of Heritage Assets**

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

### **7.4.2 Recognition of Donated Assets**

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the Chief Financial Officer in reference to the relevant generally accepted accounting practice.

## **7.5 Capitalisation Criteria**

### **7.5.1 Material Value**

## PPE and Intangible Assets

All assets may only be acquired in terms of council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensure that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of council's Supply Chain Management policy should be obtained and where required submitted to council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Budget and Treasury department;
- Once delivered the asset must be labeled / bar-coded by the Budget and Treasury department before such asset is put into use;
- The senior manager must indicate what the expected useful life of the asset will be;
- The senior manager should endorse receipt of the asset on the invoice and forward it for payment to the Budget and Treasury department; and
- The Budget and Treasury department would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- 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.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the fixed asset register.

#### **Subsequent expenditure**

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

#### **Investment Property**

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### **Reinstatement, Maintenance and Other Expenses**

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset

concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of a fixed asset, may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

### **7.5.2 Intangible Items**

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

### **7.5.3 Depreciation of PPE and Investment Property**

All PPE and Investment Property, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE and Investment Property are used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on an annual basis against the appropriate line item in the department or vote in which the item of PPE and Investment Property is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE and Investment Property are acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE and Investment Property controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.



The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

#### **7.5.4 Rate of Depreciation and Amortisation**

The relevant head of department shall assign a useful operating life to each depreciable item of PPE and Investment Property recorded on the Municipality's asset register. In determining such a useful life the relevant head of department shall use to the useful lives set out in the annexure to this document and relevant historical experience as a guideline.

In the case of an item of PPE or Investment Property which is not listed in this annexure, the relevant head of department in consultation with the Chief Financial Officer shall determine a useful operating life, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

#### **7.5.5 Method of Depreciation**

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

### **7.6 Amendment of Asset Lives and Diminution in the Value of PPE**

A printout of the asset register indicating the current remaining useful lives of all assets allocated to a department will be distributed by the Chief Financial Officer to all Heads of Department annually. All Heads of Department must review the remaining useful lives of the assets under their control. Any changes in useful lives must be communicated to the Chief Financial Officer in order for the Finance Department to make the required changes to the Fixed Asset Register. All changes will be treated as Changes in Accounting Estimates in terms of GRAP 3 in the annual financial statements.

The Heads of Department shall request the Chief Financial Officer to amend the useful operating life assigned to any item of PPE if it becomes known that such item 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 item's economic benefits or service potential will be consumed.

If the value of an item of PPE, Investment Property or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE and Investment Property 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 item has physically ceased to exist, it shall be written off in the fixed asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE, Investment Property or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE or Investment Property, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

## **7.7 Funding of PPE and Reserves**

The purchase of assets may be funded from the raising of external loans, leases, government- and public contributions, the Capital Replacement Reserve and surplus cash.

## **7.8 Other Write-offs of PPE**

An item of PPE, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE 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 item concerned.

## **7.9 Management and Operation of Assets**

### **7.9.1 Accountability to manage assets**

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. **This will include:-**



- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

### 7.9.2 Contents of a strategic management plan

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

### 7.9.3 Reporting on Emerging Issues

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

#### **7.9.4 Verification of Assets**

The Municipality shall at least once during every financial year undertake on a date as determined by the CFO a comprehensive verification of all moveable assets controlled or used by all the departments of the Municipality.

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all relevant results of such verification, provided that each such item of asset verification shall be undertaken and completed during April of each financial year, and that the resultant report shall be submitted to the Chief Financial Officer not later than 31 May of the year in question.

#### **7.9.5 Movement of Assets**

Movement of moveable assets to be undertaken as per Standard operating procedures in annexure A.

### **7.10 Alienation of Assets**

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (filthy thousand rand). The council shall ensure that the alienation of any asset with a carrying value equal to or in

excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004..

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

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

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the fixed assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the fixed asset register. If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the Municipal Asset Transfer Regulations.

## **7.11 Maintenance**

### **7.11.1 Maintenance Plans**

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

### **7.5.6 Deferred Maintenance**

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall redetermine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

### **7.5.7 General Maintenance of Assets**

Every Head of Department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 7.13.1 and part 7.13.2 above) are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

### **7.6 Replacement Strategy**

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

### **7.7 Insurance of Assets**

The municipal manager or heads of departments to whom the responsibility of the assets have been delegated shall ensure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils. The municipal manager and heads of department will annually revise council insurance portfolio to ensure that all assets are adequately insured. The services of an insurance broker would be required in terms of council's Supply Chain Management policy.

Any theft, loss or damage to an asset should immediately be reported to council's insurance brokers by the relevant head of department under whose responsibility the asset falls. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer who must record such claim in the insurance register. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be



authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

The municipal manager 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 fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The Chief Financial Officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

## **7.8 Impairment of Assets**

The accounting treatment relating to impairment losses is outlined in GRAP 21 and GRAP 26.

### **7.8.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality 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, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### **7.8.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:



(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect 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 in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality 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, an asset is used or is 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 dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used

condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or

amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
  - Are in a state of damage at year end.
  - Are technologically obsolete at year end. .
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
  - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
  
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset and value-in-use as defined above.

## **8. ACQUISITION OF ASSETS**

### **8.1 Pre-acquisition Planning**

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

## **8.2 Approval to Acquire Property, Plant and Equipment**

Money can only be spent on a project if:

- The money has been appropriated in an approved budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.

## **8.3 Funding of Capital Projects**

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

## **9. PURCHASE OR HIRE OF IMMOVABLE PROPERTY**

The municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:-
  - In the case of the following paragraph complies with the requirements of that paragraph; and
  - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:

- o The price is in excess of the market value thereof as assessed by an appraiser;  
or
- o The rental which, when calculated per annum in the case of:
  - Immovable property hired for agricultural purposes, exceeds six percent;  
and
  - Immovable property hired for any other purpose, exceed twelve percent of  
the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

## **10. IMPLEMENTATION OF THIS POLICY**

This policy to be implemented as approved by Council Decision DC254/05/10, 28 May 2010. All future asset management must be done in accordance with this policy.

This policy must be reviewed annually by the Accounting Officer and the CFO for any legislative or General Accounting Practise changes in consideration with audit recommendations for the Auditor General.

## 11. APPENDIX A

### SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	7 - 32	Buildings	5 - 32
		Other vehicles	2 - 34
<u>Community</u>		Office equipment	3 - 32
Buildings	7 - 32	Furniture and fittings	1 - 33
Recreational Facilities	32	Bins and containers	8 - 32
Parks and gardens	22	Specialised plant and	
Investment Property	- 29 -32	Equipment	2 - 32
Buildings		Fire Engines	3 - 34
		Emergency equipment	6 - 22
		Computer equipment	1 - 32
		Computer Software	2 - 18



## Annexure A : Movement of Moveable Assets

- Do not move assets without having completed an asset transfer form (Annexure B), signed off by the Executive Manager of the department; the form to be submitted to Asset Management Unit (Finance) within 3 workings asset of being.
- Keep assets issued to you personally (laptops, camera's, etc.) safely and in good working condition. Assets will not be readily replaced and that could hamper your work performance. If there is any assets not in good working condition please inform asset management for them to be repaired as this this will affect the value of our assets in our books if it is not in good working condition during asset verification or audit process.
- Ensure that assets in your possession are barcoded if not inform asset management (Finance) to have the item barcoded.
- If there are any concerns regarding missing assets that might have been moved without following the correct process of filling in the Assets transfer form, please raise the matter immediately with asset management unit for the item to either be moved back to your office or the process be ratified (Asset Register – Location of Asset, filling in of asset transfer form)
- If you are aware of stolen assets or missing assets that have not been located please inform asset management unit to allow the due process regarding assets to be ensued, otherwise failure to do will result in the official to whom the asset was entrusted as personally liable for the recovery cost of the asset
- Every room should have an asset list mounted at the back each door listing all assets in that room. If you become aware that a room /office does not have one, please inform asset unit immediately.
- Asset list to be reviewed very month by the allocated user/occupant of the office or room, to ensure that all assets in the office exist, they are complete and in good working condition. (Ensure that they still have their Bar Codes)
- Any missing assets on the list but not in the office/room to be reported to asset unit immediately.
- Any unidentified asset in the room but not listed in the room asset list to be reported to the asset unit. (Asset Unit will remove the asset and place it in the allocated location as per asset register)

## **Matters of Emphasis**

1. All transfer of asset forms completed to be signed off by the relevant head of department with the approval of the designated official and sent to Asset unit (Ext. 1325 or 1303).
2. Should there be any discrepancies between the Asset register and the assets in your custody and no formal documentation indicating their movement; report the matter to asset unit immediately.



## 12. APPENDIX B: ASSET TRANSFER FORM

### Application for Asset Transfer

Asset No	From Location	To Location

Requested	Authorised By	Date

Received By	Date

**ANNEXURE E**  
**PREFERENTIAL PROCUREMENT**  
**POLICY**



## **EDM'S SUPPLY PREFERENTIAL PROCUREMENT POLICY**

Adopted by Council: 00/00/18 COUNCIL RESOLUTION DC 00/00/18



[www.edendm.gov.za](http://www.edendm.gov.za)

[www.its.com/edendistrictmunicipality](http://www.its.com/edendistrictmunicipality)

MISSION VISION

"Eden, the leading, enabling and inclusive district, characterised by equitable and sustainable development, high quality of life and equal opportunities for all."

In order to achieve its vision, the Eden District Council accepted the mission below.

The Eden District Municipality as a category C local authority strives, to deliver on our mandate through:

1. Unlinking resources for equitable, progressive and sustainable development.
2. Provide the platform for coordination of bulk infrastructure planning across the district.
3. Provide strategic leadership towards inclusive (rural) / agrarian socio-economic transformation to address social, economic and spatial imbalances.
4. Address inequalities, access to ensure inclusive services, information and opportunities for all citizens of the district.
5. Initiate leading mobilisation initiatives/ programmes to ensure financial sustainability.
6. Coordinate and facilitate social-development initiatives.

## Foreword:

### Section 217 of the Constitution of the Republic of South Africa -

1. 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.
2. Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –
  - a) Categories of preference in allocation of contracts; and
  - b) The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination
3. National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.

### 2. Section 2 of Preferential Procurement Policy Act of 2000 –

1. An organ of state must determine its preferential procurement policy and implement it within the following framework:
  - (a) A preference point system must be followed
  - (b)
    - i. for contracts with a Rand value above a prescribed amount a maximum of 10 points may be allocated for specific goals as contemplated in paragraph (c) provided that the lowest acceptable tender scores 80 points for price
    - ii. For contracts with a Rand value equal to or below a prescribed amount a maximum of 20 points may be allocated for specific goals as contemplated in paragraph (c) provided that the lowest acceptable tender scores 80 points or so
  - (c) Any other acceptable tenders which are higher in price must score fewer points, on pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with prescribed formula
  - (d) The specific goals may include –
    - i. Contracting with person or categories of persons historically disadvantaged unfair discrimination on the basis of race, gender or disability
    - ii. Implementing the programmes of the Reconstruction and Development Programme as published in Government Gazette 15065 dated 23 November 1994
  - (e) Any specific goal for which a point may be awarded must be clearly specified in the invitation to submit a tender
  - (f) The contract must be awarded to the tender who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (c) and (e) justify the award to another tenderer; and
  - (g) Any contract awarded on account of false information furnished by the tenderer in order to secure preference in terms of this act, may be cancelled at the sole discretion of the organ of state without prejudice to any other remedies the organ of state may have.
  - (h) Any Goals contemplated in subsection (1)(a) must be measurable, quantifiable and monitored for compliance

### Section 3, Exemption

The minister may, on request, exempt an organ of state from any or all the provisions of this Act if-

- (a) It is in the interest of national security

- (b) The likely tenderers are international suppliers; or
- (c) It is in the public interest.

**In Accordance with the Eden District Council's Supply Chain Management Policy, Section 3(4)**

The desired outcome of the policy is to provide mechanism to ensure sound, sustainable and accountable Supply Chain Management with the Eden District Municipality while promoting the following Regional Economic and development objectives:

- 1) to stimulate and promote local economic development in a targeted and focused manner as per Regional Economic Development Strategy and Regional Economic Policy;
- 2) to promote resource efficiency and reduce the negative environmental impact of daily operations of the Eden District;
- 3) to facilitate creation of employment and business opportunities for the people of the Eden District with particular reference to Preferential Procurement Policy Framework Act, 2000; Preferential Procurement Regulations, 2017, and setting specific B-BBEE rating targets for all procurement above a range as determined by council over a period of the contract.
- 4) to promote the competitiveness of regional businesses within approved Regional Economic Development Strategy in line with relevant framework;

**In Accordance with the Eden District Council's Supply Chain Management Policy, section 35**

**35. Proudly South African Campaign / Proudly Garden Route Campaign**

(1)The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- a) Preferential procurement framework Policy Act, 2000; Preferential Procurement Regulations, 2017, Regulation 8, Local production and Content and any subsequent circulars relating to designated sectors and local content thresholds;
- b) In the absence of designated sector for a particular commodity by the Department of Trade and Industry or National Treasury, Eden District may include as a specific condition of tender, that locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered;
- c) Any prequalification criteria in the acquisition of goods or services that seeks to address localisation and empowerment local entities; must be in accordance with an approved Local Economic Development Strategy or Policy of Council that is in line with relevant regulatory framework or statute.

(2) The district to develop and support Proudly Garden Route Brand and products to the extent, that all things being equal, preference is given to procuring local goods and services in accordance to section 35(1)(b) and Section 35(1)(c); in alignment to section 3(4) of the Policy. The aim is to support of the regional economic strategy and developing a vibrant economy within the Garden Route economic corridor.

Conclusion:

In order for council to realise its vision and mission, key strategies and policies must be put in place to translate the vision into a tangible reality.

Preferential procurement policy should be applied in within the ambit of to the Regional Economic and Development Strategy of the Garden Route and Klein Karoo. Its application and implementation should be transparent, measurable, fulfil sector specific objectives of regional economic and development strategy for transformation and empowerment with an underlying premise of value for money.

Successful implementation requires an organization wide approach, with each department given an economic transformation and empowerment agenda for implementation. Departmental Demand Management plan that translates into a Procurement Plan should have set targets for empowerment, economic transformation and upliftment of the previously disadvantaged for each department.

Economic Development and Planning Department to partake in the process of setting targets for the organization with clear guidelines for their measurement. Tangible results can only be achieved if the Economic Transformation and Empowerment Agenda is a tone set from the top with each Head of Department being directly accountable on this key performance indicator.

**1. Definitions**

In these Regulations, unless the context indicates otherwise, any word or expression to which a meaning have been assigned in the Act must bear the meaning so assigned-

1.1. "Act"	means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
1.2. "B-BBEE"	means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act
1.3. "B-BBEE status level of contributor"	means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act
1.4. "black designated groups"	has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act
1.6. "black people"	has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act
1.6. "Broad-Based Black Economic Empowerment Act"	means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
1.7. "co-operative"	means a co-operative registered in terms of Section 7 of the Cooperatives Act, 2005 (Act No. 14 of 2005)
1.8. "designated group"	<p>1.8.1. black designated groups</p> <p>1.8.2. black people</p> <p>1.8.3. women</p> <p>1.8.4. people with disabilities; or</p> <p>1.8.5. small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996)</p> <p>1.8.6. emerging enterprises which are enterprises, owned, managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid</p>
1.8. "designated sector"	means a sector, sub-sector or industry or product designated in terms of regulation 8(1)(3)



1.10. "EME"	means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act
1.11. "functionality"	means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents
1.12. "military veteran"	has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011)
1.13. "National Treasury"	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999)
1.14. "people with disabilities"	has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 55 of 1998)
1.16. "price"	includes all applicable taxes less all unconditional discounts
1.18. "proof of B-BBEE status level of contributor"	1.18.1. the B-BBEE status level certificate issued by an authorised body or person 1.18.2. a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or 1.18.3. any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act
1.17. "QSE"	means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act
1.18. "Rand value"	means the total estimated value of a contract in Rand, calculated at the time of the tender invitation
1.18. "rural area"	means- 1.18.1. a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or 1.18.2. an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system
1.20. "stipulated minimum"	means the minimum threshold stipulated in terms of

threshold	regulation 9(1)(b)
1.21. "the Act"	means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
1.22. "township"	means an urban living area that any time from the late 19th century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994
1.23. "treasury"	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999)
1.24. "youth"	has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008)

## 2. Application, Objectives & General Requirements

- 2.1. This Policy complies with the framework of the PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000.
- 2.2. This Policy was developed in terms of the PREFERENTIAL PROCUREMENT REGULATIONS, 2017.
- 2.3. This Policy applies to the Eden District Municipality and the objectives are to:
- 2.3.1. Provide clarity on the municipality's approach to procurement, particularly with regards to requirements of preferential procurement;
  - 2.3.2. Provide access to contracts for historical disadvantaged individuals;
  - 2.3.3. Promote participation by SMMEs;
  - 2.3.4. Promote capacity development and skills transfer;
  - 2.3.5. Promote Local Economic Development and endeavour to ensure the attainment of the award of at least 40% of all procurement within the boundaries of the Eden District Municipality.
  - 2.3.6. Promote BBBEE (4) points(%)

## 2.4. General requirements

- 2.4.1. Any specific goal required for consideration in the bidding process must be clearly determined by the Bid Specification Committee and be defined in the bid documentation, taking into account prescriptions of the Construction Industry Development Board (CIDB) in respect of construction related contracts.
- 2.4.2. Outputs required will be quantified and will form part of the contractual arrangement upon awarding of the contract.

## 3. Identification of preference point system, designated sector, pre-qualification criteria, objective criteria and sub-contracting

### 3.1. The Municipality must-

- 3.1.1. determine and stipulate in the tender documents-
- (i) the preference point system applicable to the tender as envisaged in Section 6 or 7;
  - or

- (i) if it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
  - 3.1.2. determine whether pre-qualification criteria are applicable to the tender as envisaged in Section 4;
  - 3.1.3. determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in Section 2;
  - 3.1.4. determine whether compulsory sub-contracting is applicable to the tender as envisaged in Section 9; and
  - 3.1.5. determine whether objective criteria are applicable to the tender as envisaged in Section 11.
- 4. Pre-qualification criteria for preferential procurement**
- 4.1. If the Municipality decides to apply pre-qualifying criteria to advance certain designated groups, the Municipality must advise the tender with a specific tendering condition that only one or more of the following tenderers may respond-
- 4.1.1. a tenderer having a stipulated minimum B-BBEE status level of contributor;
  - 4.1.2. an EME or QSE;
  - 4.1.3. a tenderer sub-contracting a minimum of 30% to-
    - (i) an EME or QSE which is at least 51% owned by black people;
    - (ii) an EME or QSE which is at least 51% owned by black people who are youth;
    - (iii) an EME or QSE which is at least 51% owned by black people who are women;
    - (iv) an EME or QSE which is at least 51% owned by black people with disabilities;
    - (v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
    - (vi) a cooperative which is at least 51% owned by black people;
    - (vii) an EME or QSE which is at least 51% owned by black people who are military veterans;
    - (viii) an EME or QSE;
    - (ix) a local emerging enterprise
  - 4.1.4. Local emerging contractors, registered with the CIDB, from previously disadvantaged individuals/communities who will be assisted with targeted contract opportunities.
- 4.2. A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.
- 5. Tenders to be evaluated on functionality**
- 5.1. The Municipality must state in the tender documents if the tender will be evaluated on functionality.
- 5.2. The evaluation criteria for measuring functionality must be objective.
- 5.3. The tender documents must specify-
- 5.3.1. the evaluation criteria for measuring functionality;
  - 5.3.2. the points for each criteria and, if any, each sub-criterion; and
  - 5.3.3. the minimum qualifying score for functionality.
- 5.4. The minimum qualifying score for functionality for a tender to be considered further-
- 5.4.1. must be determined separately for each tender; and

5.4.2. may not be so-

- (i) low that it may jeopardise the quality of the required goods or services; or
- (ii) high that it is unreasonably restrictive.

- 5.5. Points scored for functionality must be rounded off to the nearest two decimal places.
  - 5.6. A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
  - 5.7. Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in Section 11.
6. 80/20 preference point system for acquisition of goods or services for Rand value equal to or above R20 000 and up to R50 million
- 6.1. The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R20 000 and up to a Rand value of R50 million, inclusive of all applicable taxes:

$$P_p = 80 \left( 1 - \frac{\text{LFE Price}}{\text{Pmin}} \right)$$

Where-

$P_p$  = Points scored for price of tender under consideration;

$P_t$  = Price of tender under consideration; and

$P_{min}$  = Price of lowest acceptable tender.

- 6.2. The following table must be used to calculate the score out of 20 for B-BBEE:
- B-BBEE Status Level of Contributor Number of Points**

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- 6.3. A tenderer must submit proof of its B-BBEE status level of contributor.
- 6.4. A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
- 6.4.1. may only score points out of 80 for price; and
  - 6.4.2. scores 0 points out of 20 for B-BBEE.
- 6.5. A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends sub-contracting 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 sub-contractor is an EME that has the capability to execute the sub-contract.
- 6.6. The points scored by a tenderer for B-BBEE in terms of Sub-Section 6.2 must be added to the points scored for price under Sub-Regulation (1).
- 6.7. The points scored must be rounded off to the nearest two decimal places.
- 6.8. Subject to Sub-Section 6.9 and Section 11, the contract must be awarded to the tenderer scoring the highest points.
- 6.9. If the price offered by a tenderer scoring the highest points is not market-related, the organ of state may not award the contract to that tenderer.
- 6.10. The Municipality may-
- 6.10.1. negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
  - 6.10.2. if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
  - 6.10.3. if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
- 6.11. If a market-related price is not agreed as envisaged in Sub-Section 6.10.3, the Municipality must cancel the tender.
7. BIDD preference point system for acquisition of goods or services with Rand value above R50 million
- 7.1. The following formula must be used to calculate the points out of 50 for price in respect of a tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 50 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where-

$P_s$  = Points scored for price of tender under consideration;

$P_t$  = Price of tender under consideration; and

$P_{min}$  = Price of lowest acceptable tender.

- 7.2. The following table must be used to calculate the points out of 10 for B-BBEE:

**B-BBEE Status Level of Contributor Number of Points**

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	8
4	7
5	6
6	5
7	4
8	3
9	2
10	1
Non-compliant contributor	0

- 7.3. A tenderer must submit proof of its B-BBEE status level of contributor.
- 7.4. A tenderer failing to submit proof of B-BBEE status level of contribution or is a non-compliant contributor to B-BBEE may not be disqualified, but-
- 7.4.1. may only score points out of 90 for price, and
- 7.4.2. scores 0 points out of 10 for B-BBEE.
- 7.5. A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends sub-contracting 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 sub-contractor is an EME that has the capability to execute the sub-contract.
- 7.6. The points scored by a tenderer for B-BBEE contribution in terms of Sub-Section (2) must be added to the points scored for price under Sub-Section (1).
- 7.7. The points scored must be rounded off to the nearest two decimal places.
- 7.8. Subject to Sub-Section (9) and Regulation 11, the contract must be awarded to the tenderer scoring the highest points.
- 7.9. If the price offered by a tenderer scoring the highest points is not market-related, the Municipality may not award the contract to that tenderer.
- 7.10. The Municipality may-
- 7.10.1. negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
- 7.10.2. if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
- 7.10.3. if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
- 7.11. If a market-related price is not agreed as envisaged in Sub-Section 7.10.3., the Municipality must cancel the tender.

## **8. Local production and content**

- 8.1.** The Department of Trade and Industry may, in consultation with the National Treasury-
  - 8.1.1.** designate a sector, sub-sector or industry or product 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, taking into account economic and other relevant factors; and
  - 8.1.2.** stipulate a minimum threshold for local production and content.
- 8.2.** The Municipality must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.
- 8.3.** The National Treasury must inform the Municipality of any designation made in terms of Sub-Section 8(1) through a Circular.
- 8.4.** If there is no designated sector, The Municipality may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
- 8.5.** The threshold referred to in Section 8.4 must be in accordance with the standards determined by the Department of Trade and Industry in consultation with the National Treasury.
- 8.6.** A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

## **9. Sub-contracting as condition of tender**

- 9.1.** If feasible to sub-contract for a contract above R30 million, The Municipality must apply sub-contracting to advance designated groups.
- 9.2.** If The Municipality applies sub-contracting as contemplated in Sub-Section (1), the Municipality must advertise the tender with a specific tendering condition that the successful tenderer must sub-contract a minimum of 30% of the value of the contract to-
  - 9.2.1.** an EME or QSE;
  - 9.2.2.** an EME or QSE which is at least 51% owned by black people;
  - 9.2.3.** an EME or QSE which is at least 51% owned by black people who are youth;
  - 9.2.4.** an EME or QSE which is at least 51% owned by black people who are women;
  - 9.2.5.** an EME or QSE which is at least 51% owned by black people with disabilities;
  - 9.2.6.** an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
  - 9.2.7.** a cooperative which is at least 51% owned by black people;
  - 9.2.8.** an EME or QSE which is at least 51% owned by black people who are military veterans; or
  - 9.2.9.** more than one of the categories referred to in Sub-Sections 1 to 8.
- 9.3.** The Municipality must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in Sub-Section (2) from which the tenderer must select a supplier.

## **10. Criteria for breaking deadlock in scoring**

- 10.1.** 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.

- 10.2. 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.
- 10.3. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

#### 11. Award of contracts to tenderers not scoring highest points

- 11.1. A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act.
- 11.2. If The Municipality intends to apply objective criteria in terms of section 2(1)(f) of the Act, the Municipality must stipulate the objective criteria in the tender documents.

#### 12. Conditions

- 12.1. Only a tenderer who has completed and signed the declaration part of the tender documentation may be considered.
- 12.2. The Municipality must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.
- 12.3. A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is processed.
- 12.4. Points scored must be rounded off to the nearest 2 decimal places.
- 12.5. A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 12.6. A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate tender.
- 12.7. When the Municipality is in need of a service provided by only tertiary institutions, such services must be procured through a tendering process from the identified tertiary institutions.
- 12.8. Tertiary institutions referred to in sub-Section (11) will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good practice.

#### 13. Declarations

- 13.1. A tender must, in the manner stipulated in the document, declare that:
  - 13.1.1. the information provided is true and correct;
  - 13.1.2. the signatory to the tender document is duly authorised, and
  - 13.1.3. documentary proof regarding any tendering issue will, when required, be submitted to the satisfaction of the Municipality.

#### 14. Sub-contracting after award of tender

- 14.1. A person awarded a contract may only enter into a sub-contracting arrangement with the approval of the Municipality.
- 14.2. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.



14.3. A person awarded a contract may not sub-contract 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 sub-contracted to an EME that has the capability and ability to execute the sub-contract.

## 15. Cancellation of tender

15.1. The Municipality may, before the award of a tender, cancel a tender invitation if-

- 15.1.1. due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
- 15.1.2. funds are no longer available to cover the total envisaged expenditure;
- 15.1.3. no acceptable tender is received; or
- 15.1.4. there is a material irregularity in the tender process.

15.2. The decision to cancel a tender invitation in terms of Sub-Section (1) must be published in the same manner in which the original tender invitation was advertised.

15.3. The Municipality may only with the prior approval of the Provincial Treasury cancel a tender invitation for the second time.

## 16. Remedies

16.1. Upon detecting that a tenderer submitted false information regarding its B-BBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any sub-contracting arrangements, the Municipality must-

- 16.1.1. inform the tenderer accordingly;
- 16.1.2. give the tenderer an opportunity to make representations within 14 days as to why-
  - (i) the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
  - (ii) if the successful tenderer sub-contracted a portion of the tender to another person without disclosing it, the tenderer should not be penalised up to 10 percent of the value of the contract; and
  - (iii) the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and

16.1.3. if it concludes, after considering the representations referred to in Sub-Section (1)(b), that-

- (i) such false information was submitted by the tenderer-
  - (aa) disqualify the tenderer or terminate the contract in whole or in part; and
  - (bb) if applicable, claim damages from the tenderer; or
- (ii) the successful tenderer sub-contracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.

16.2. The Municipality must-

- 16.2.1. inform the National Treasury, in writing, of any actions taken in terms of Sub-Section (1);
- 16.2.2. provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
- 16.2.3. submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

- 16.3. The National Treasury may request The Municipality to submit further information pertaining to Sub-Section 1 within a specified period.
- 16.4. The National Treasury must-
- 16.4.1. after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any Municipality for a period not exceeding 10 years; and
  - 16.4.2. maintain and publish on its official website a list of restricted suppliers.
17. Mechanisms to support preferential procurement
- 17.1. The municipality will set targets for the supply of goods and services, and link specific requirements relating to enterprises with HDI ownership and/or SMME status.
- 17.2. The municipality will establish a database of HDI, SMME and other service providers in order to track their records of services to the municipality.
- 17.3. Joint venture opportunities between HDI owned enterprises and SMMEs, and other business entities, will be identified and be described in the bid requirements.
- 17.4. Sub-contracting opportunities for HDI owned enterprises will be supported.
- 17.5. The municipality will create an enabling environment to enable SMMEs to become part of the supply chain management process. Steps to be taken include, but are not limited to:
- 17.5.1. Reduce the extent of Surety Requirements
  - 17.5.2. Bidding and related information will, where possible and practical, be made available in a simplified and uncomplicated format to assist new and emerging enterprises and any business or organisation bidding for municipal business.
  - 17.5.3. Assistance will, where practically possible, be provided by the SCM Unit to increase SMME awareness and share in the supply chain and procurement process. Assistance will be provided for new and emerging SMMEs in any of the three languages of the Western Cape.
    - i) Bids shall be packaged into suitably sized segments of sub-contractors to target SMMEs wherever possible.
    - ii) A review of all term (period) contracts shall be undertaken to assess the viability of packaging these into smaller sub-contracts. These bids should be based in smaller manageable sub-contracts so that preference can be given to local SMMEs.
    - iii) Appropriate standards, specifications, delivery dates and related contractual obligations shall be employed to help smaller businesses to cope and compete.
  - 17.5.4. Simplification of Tender Documentation
    - i) Bid submission documents will be rationalised and simplified to make it easier for small businesses to deal with the paperwork involved in tendering.
    - ii) All bid submission forms shall be regularly reviewed and the various bid/contractual documents shall be standardised as far as possible.
    - iii) Essential information shall be consolidated and bid forms reformatted in line with the aims of this policy.
  - 17.5.5. Retention on Major contracts should be limited to 5% of the tender sum. Where the value of the surety required has been reduced, or even waived, the usual 10% retention shall apply. The value of retention deducted will therefore be as follows:
    - (i) Micro and Minor: 10% of the value of work carried out with no limit, reducing to 5% for the duration of the maintenance period.
    - (ii) Major: 10% of the value of the work carried out, up to a limit of 5% of the tender sum, with no reduction for the duration of the maintenance period.

(d) The retention amount in respect of the procurement of goods and services will not generally be called for, but where required, will be in accordance with the limits described above.

(e) For turnkey/design and construction projects, the above retention limits may be reviewed by the relevant Head of Department.

**17.5.6. Bid Advertising**

(i) In order to reach the largest number of HDI owned and SMME service providers possible, the Municipality will advertise invitations to bid through a range of media.

(ii) The Municipality will provide an appropriate time period within which bidders can request additional clarification and will be sensitive to the issues of language in this regard.

17.5.7. The Supply Chain Management Unit must provide bidders with the opportunity of a debriefing session where the shortcomings if any of the bidder may be discussed.

**17.6. Design and implement appropriate Supplier and Contractor Development Programmes for the active promotion of the following development outcomes:**

17.6.1. Improve the grading status of suppliers, service providers and contractors in targeted categories and grades;

17.6.2. Increase the number of black women, disabled, and youth-owned companies in targeted categories;

17.6.3. Create sustainable contracting enterprises by enabling continuous work through a competitive process;

17.6.4. Improve the performance of suppliers, service providers and contractors in terms of quality, employment practices, skills development, safety, health and the environment; and

17.6.5. Improve the business management and technical skills of these suppliers, service providers and contractors.

**18. Circulars and guidelines**

**18.1. The National Treasury may issue-**

18.1.1. a circular to inform Municipality of any matter pertaining to these Regulations; or

18.1.2. a guideline to assist Municipality with the implementation of any provision of these Regulations.

**19. Short title and commencement**

19.1. This Policy is called the Eden District Municipality Preferential Procurement Policy and takes effect upon Council approval.



# **ANNEXURE F**

## **TARIFFS POLICY**



DISTRICT MUNICIPALITY  
UMASIPALA WESITHILI  
DISTRKSMUNISIPALITEIT

## **TARIFF POLICY**

Council Approved: 30 May 2014  
Council Resolution Nr: DC 663/05/14

## Contents

1. INTRODUCTION .....	2
2. LEGISLATION .....	2
3. OBJECTIVES .....	2
4. POLICY PRINCIPLES.....	2
5. NEED FOR A TARIFF POLICY.....	3
5.1 Revenue Adequacy and Certainty .....	3
5.2 Sustainability .....	3
5.3 Effective and Efficient usage of Resources.....	3
5.4 Accountability, Transparency and Good Governance .....	3
5.5 Budgeting and the financial affairs.....	3
5.6 Equity and Redistribution.....	3
6. IMPLEMENTATION OF POLICY .....	4
6.1 Affordable Tariffs .....	4
6.2 Tariff Equality for Services .....	4
6.3 Payment for services rendered.....	4
6.4 Local Economic Development and Competitiveness .....	4
6.5 Tariff Determination .....	5
7. SOURCES OF REVENUE.....	5
8. TARIFF STRATEGY.....	6
9. CATEGORIES OF USERS .....	6
10. TARIFF CHARGES .....	6
11. RESPONSIBILITY / ACCOUNTABILITY .....	6

## 1. INTRODUCTION

A tariff policy must be compiled, adopted and implemented in terms current legislation. This Policy will focus on the levying of fees and for municipal services provided by the Municipality itself or by way of service delivery agreements. In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and also of the impact its own tariffs may have on local economic development.

## 2. LEGISLATION

For the purposes of this Policy, the Municipal Finance Act No. 53 of 2003 and the Local Government Municipal Systems Amendment Act No. 44 of 2003 has been used as a reference.

## 3. OBJECTIVES

The objectives of the tariff policy are to ensure the following:

- 3.1. The tariffs of the Municipality conform to acceptable policy principles;
- 3.2. Municipal services are financially sustainable;
- 3.3. That there is certainty in the Council, of how the tariffs will be determined;
- 3.4. Tariffs of the Municipality comply with the applicable legislation.

## 4. POLICY PRINCIPLES

The Municipality's tariff policy will reflect the following principles:

- 4.1 Although users of municipal services should be treated equitably in the application of tariffs, tariffs may differentiate between different categories of consumers, municipal services and service standards as long as such differentiation does not amount to unfair discrimination.
- 4.2 The amount individual users pay for services should generally be in proportion of their use of that service;
- 4.3 Tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned. A service is financially sustainable when it is provided in a manner that would ensure its financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision.



- 4.4 Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users.

## **5. NEED FOR A TARIFF POLICY**

### **5.1 Revenue Adequacy and Certainty**

The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must:

- (a) Fully utilize the available sources of revenue to meet its development objectives; and
- (b) Be reasonably certain of its revenue to allow for realistic planning.

### **5.2 Sustainability**

Financial sustainability requires that the Municipality must ensure that:

- (a) Services are provided at affordable levels; and
- (b) It is able to recover the costs of service delivery.

### **5.3 Effective and Efficient usage of Resources.**

Resources are scarce and must be used in the best possible way to reap the maximum benefit for the community.

### **5.4 Accountability, Transparency and Good Governance.**

The Municipality must be accountable to the community for the use of its resources, Councillors must be able to:

- (a) Justify their expenditure decisions; and
- (b) Explain why and how the revenue necessary to sustain expenditure, is raised.

### **5.5 Budgeting and the financial affairs**

Must be open to public scrutiny, in accordance with Section 22 of the Municipal Finance Management Act No 53 of 2003. The community should be part of the decision-making process about how revenue is raised and spent.

### **5.6 Equity and Redistribution**

The Municipality must treat members of the community equitably with regard to the provision of services.

## **6. IMPLEMENTATION OF POLICY**

### **6.1 Affordable Tariffs**

The Council is aware of the financial situation of most residents within the municipal area and need to keep tariffs at affordable levels. In order to ensure that tariffs remain affordable, the Council will ensure that:

- (a) Services are delivered at an appropriate level; and
- (b) Efficiency improvements are actively pursued across the Municipalities' operations;

### **6.2 Tariff Equality for Services**

The Council believes that all residents must pay the same tariff for the same level and quality of service.

The Municipality, like any other business enterprise is subject to continuous price increases in the goods, materials and other resources that it uses to perform its functions. Consequently it is the policy of the Council:

- (a) That tariffs for service and property rates will be reviewed at least once during every financial year;
- (b) That the tariff increases must be in line with increases in the price of goods, material and other resources acquired and used by the Municipality to perform its functions; and
- (c) Further the tariff for a particular service must be calculated in such a way that all relevant costs are covered. This means that a tariff for a service must include at least the capital expenditure required and interest thereon, the cost of managing and operating the service and the cost of maintaining, repairing and replacing the physical assets used in its provision.

### **6.3 Payment for services rendered**

Consumers of services must pay for the amount of services that they use.

### **6.4 Local Economic Development and Competitiveness**

The Council will take care that the service charges presented to consumers are fair. To ensure fairness toward consumers, the Council will, when it determines tariffs, take into account the desire:

- (a) To promote local economic competitiveness, and
- (b) To promote local economic development and growth.

The Municipality must ensure that the services that it provides must be sustainable. Financial sustainability of an enterprise will be

achieved when it is financed in a manner that ensures that its financing is sufficient. .

## **6.5 Tariff Determination**

Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality. Tariffs may be calculated in various different ways, dependent upon the nature of the service being provided. Tariffs may be set in such a manner so as to recover the full cost of the service being provided or recover a portion of those costs, or to bring about a surplus that can be utilized to subsidise other non-economical services. Proposed tariffs will be presented to the community during the Council's consultations about the budget.

## **7. SOURCES OF REVENUE**

**The Municipality may impose:**

- 7.1 If authorised by National legislation, other taxes, levies and duties appropriate to Local Government, but it may not impose Income tax, value-added tax or customs duty.
- 7.2 May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and may be regulated by national legislation.

**The Council may finance the affairs of the Municipality by:**

- (a) Charging fees for services; and
- (b) The revenue of the Municipality consists of the taxes, fees, charges, fines and other sums imposed or recoverable by or payable to the Council under any law;
- (c) The Council may charge interest on any other amount due to it that may not have been paid within thirty days from the date on which such amounts became due. The interest rate charged is one percent higher than the rate payable by the Council to its bank in respect of an overdraft for the period during which such amounts remain unpaid after the expiry of the period of thirty days. Interest may not be charged on: Fines imposed by a court and due to the Council; and

Monies due to the Council in terms of a law and in respect of which that law provides that a penalty on interest must be levied if such monies are not paid on the date when due or payable.

- (d) The interest rates referred to above must be amended on the first day of the month following on the month in which the Council's bank has amended the interest rate payable by the Council to its bank in respect of an overdraft; and
- (e) Any fine imposed or money treated as bail in respect of any offence under the ordinance or a bylaw made by the Council, must be paid to the Municipality.

## 8. TARIFF STRATEGY

The Council's strategy is to recover the full financial cost of rendering the services required by the community from the community, including the cost of capital:

- 8.1 The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
- 8.2 The second point will be to ensure a sustainable service delivery based on the set service level; and
- 8.3 The third point will be the upgrade of services to higher levels in accordance with the affordability of the community and the ability to render the upgraded services in a sustainable manner.

## 9. CATEGORIES OF USERS

The tariff structure of the Eden District Municipality will make provision for the following categories of users.

- Domestic;
- Commercial;
- Industrial
- Agricultural
- Rural
- Municipal Services; and
- Special agreements for users not falling in any of the above-mentioned categories.

## 10. TARIFF CHARGES

All tariffs will be charged as set out in the tariff list as approved within the budget of each year.

## 11. RESPONSIBILITY / ACCOUNTABILITY

The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy. The Municipal Finance Management Act defines the responsibility of the Municipal Manager as ensuring that the Tariff Policy be in place and that it is effectively implemented.

**ANNEXURE G**  
**CREDIT CONTROL AND DEBT**  
**COLLECTION POLICY**



## **Credit Control & Debt Collection Policy**

COUNCIL APPROVED: 27 May 2016  
COUNCIL RESOLUTION NR: DC 1054/05/16

## CONTENTS

1. DEFINITIONS.....	4
2. CUSTOMER CARE AND MANAGEMENT .....	7
2.1 MUNICIPAL ACCOUNTS.....	7
2.2 ENQUIRIES, APPEALS, AND SERVICE COMPLAINTS .....	7
2.3 PAYMENT FACILITIES.....	7
2.4 ALLOCATION OF REVENUE.....	8
3. CREDIT CONTROL AND DEBT COLLECTION MEASURES .....	9
3.1 LIABILITY FOR PAYMENT OF MONEY DUE AND PAYABLE TO THE MUNICIPALITY .....	9
3.2 DATE OF PAYMENT OF MONEY DUE.....	9
3.3 ACTIONS TO BE TAKEN WHERE DEBTORS FALL IN ARREARS OR FAIL TO PAY MONEYS DUE ON OR BEFORE THE DATE OF PAYMENT .....	10
3.4 FEES DUE OTHER THAN THOSE IN RESPECT MUNICIPAL SERVICES AND RENTAL AGREEMENTS .....	11
3.5 LEVYING OF INTEREST .....	11
3.6 COLLECTION OF DEPOSIT .....	11
3.7 INSTITUTION OF LEGAL PROCEEDINGS.....	12
3.8 WRITING OFF OF BAD DEBT .....	13
4. GENERAL PROVISIONS .....	16
4.1 COLLECTION COSTS .....	16
4.2 DISHONoured PAYMENTS .....	16
4.3 ACCESS TO PREMISES .....	16
4.4 SIGNING OF NOTICES AND DOCUMENTS.....	17
4.5 CERTIFICATION OF DOCUMENTS .....	17
4.6 PRIMA FACIE EVIDENCE .....	17
4.7 DATA MAINTENANCE .....	17
4.8 SHORT TITLE.....	17

## **PREAMBLE**

In terms of section 96 of the Local Government: Municipal Systems Act, 2000, a Municipality shall-

- collect all money due and payable to it, subject to the provisions of the Act and any other applicable legislation; and
- for this purpose, implement and maintain a credit control, debt collection policy which is not in conflict with its rates and tariffs policies and which complies with the provisions of the Act.

In order to give effect to the foregoing provisions of the Act, the council of the Eden District Municipality will have to adopt a policy relating to credit control, debt collection and as set out hereinafter.



## 1. DEFINITIONS

For purposes of this policy, and unless inconsistent with the context, any word or phrase to which a specific meaning was ascribed by the Act, will have that meaning and

“account” includes-

- (1) rental agreements;
- (2) fire services
- (3) air quality services
- (4) environmental health levies;
- (5) any other levies and money owing to the Municipality;

and “municipal account” has a corresponding meaning;

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

“arrears” means any amount due and payable excluding interest to the Municipality which has not been paid on or before the date of payment;

“council” means the municipal council of the Eden District Municipality ;

“date of payment” means the date on which the Municipality’s accounts are due.

“Manager: Financial Services” means a person appointed by the council in that capacity to administer the council’s finances and includes any person –

- (1) who is in an acting capacity in that position;
- (2) to whom the Manager: Financial Services delegated a power, function or duty in respect of such delegated power, function or duty;

“Municipal Manager” means the person appointed in that capacity by the council in accordance with Section 82 of the Local Government Municipal Structures Act No 117 of 1988 as amended by Section 54A of the Local Government Municipal Systems Act No 32 of 2000 and includes any person –

- (a) acting in that position;
- (b) to whom the Municipality delegated a power, function or duty in respect of such delegated power, function or duty;

“municipal services” means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether

(a) such a service is provided, or to be provided by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and

(b) fees, charges or tariffs are levied in respect of such service or not.

“Municipality” means the Eden District Municipality ;

“owner” in respect of immovable property means-

(1) the person in whom ownership vests;

(2) in the event of the person in whom the ownership vests being insolvent or deceased, or subject to any legal disqualification, the person under whose control and administration such immovable property vest in his/her capacity as curator, trustee, executor, administrator, judicial manager, liquidator or any other lawful representative;

(3) in any event where the council is unable to determine the identity of such a person, the person who is entitled to the beneficial use of such immovable property;

(4) in the event of immovable property in respect of which a lease agreement of 30 years or longer had been concluded, the lessee thereof;

(5) in respect of –

(1) a portion of land demarcated on a sectional title plan and registered in accordance with the Sectional Titles Act, 1986 (Act No. 59 of 1986), the developer or the governing body in respect of the joint property;

(2) a portion of land as defined in this Act, the person in whose name that portion is registered in accordance with a title deed registered in a Deeds Registrars Office according the Deeds Registries Act, 1937 (Act No 47 of 1937), including the lawfully appointed representative of such person;

(6) any persona, including but not limited to:

(1) a company registered in accordance with the Companies' Act, 1973 (Act No 61 of 1973) as amended, a trust *inter vivos*, a trust *mortis causa*, a close corporation registered in accordance with the Close Corporations Act, 1984 (Act No 69 of 1984) as amended, and a voluntary association;

(2) any government department;

- (3) any council or governing body established in accordance with any legislation in force in the Republic of South Africa; and
- (4) any embassy or other foreign entity;

“premises” means any portion of land, situated within the area of jurisdiction of the municipality, and of which the outer boundaries are demarcated on:

- (1) a general plan or diagram registered in accordance with the Land Survey Act, 1927 (Act No 9 of 1927) or the Deeds Registries Act, 1937 (Act No 47 of 1937); or
- (5) a sectional title plan registered in accordance with the Sectional Titles Act, 1986 (Act No 95 of 1986);

“standard rate of interest” means a rate of interest one percent higher than the prime rate in the RSA

“interest on overdue accounts” is based on a full month and part of a month shall be deemed to be a full month whilst interest on overdue account will be calculated on total overdue account

## **2. CUSTOMER CARE AND MANAGEMENT**

### **2.1 MUNICIPAL ACCOUNTS**

In so far as it is possible, the Municipality shall ensure that a person liable for payment of municipal services shall receive monthly statements on which the following shall be reflected:

all outstanding amounts and the balance brought forward; amounts owing;

- total amount due;

### **2.2 ENQUIRIES, APPEALS, AND SERVICE COMPLAINTS**

2.2.1 Should a person be convinced that his or her account for municipal services, is inaccurate, he or she may direct a request to the Municipality to have that account reviewed.

2.2.2 In the meantime, the person must pay an amount, as determined by the Manager: Financial Services, before the date of payment and until the matter has been resolved.

2.2.3 The Municipal department concerned shall, within one month of receipt of such a request, investigate the matter and inform the person concerned of the outcome of such an investigation.

2.2.4 Failure to pay the amount determined in accordance with paragraph 2.3.2 on or before the date of payment in respect of municipal services, will result in credit control action be taken as spelled out in this policy

2.2.5 A person may appeal against the findings of the Municipality referred to in paragraph 2.3.3.

2.2.6 An appeal in accordance with paragraph 2.3.3 must be made and delivered to the Municipal Manager within 21 days of the appellant becoming aware of the finding referred to in paragraph 2.3.3 and shall-

(1) set out the grounds of the appeal

2.2.7 The Municipal Manager must commence with an appeal within six (6) weeks and decide the appeal within a reasonable period.

## **2.3 PAYMENT FACILITIES**

2.3.1 The Municipality shall provide and maintain strategically situated accessible payment offices and cash points throughout its area of jurisdiction

2.3.2 The following alternative payment facilities shall also be provided or be available:

- electronic bank transfers (A.C.B. system);
- internet transfers;
- direct depositing of money into the Municipality's approved bank account;

2.3.3 Where any of the alternative payment facilities is used, the onus is on the person using such facilities to provide proof of payment, and the Municipality does not accept liability for the non-receipt of such payments, or for incorrect allocations, where such incorrect allocations are due to a mistake on the part of such person.

2.3.4 Where payment of the money due is made by way of a direct deposit into the Municipality's approved bank account, the onus rests on the debtor to notify the Municipality of such deposit in writing or facsimile to reach the Municipality not later than the date of payment of such monies.

2.3.5 Municipal accounts are due and payable on the 15<sup>th</sup> of the month.

## **2.4 ALLOCATION OF REVENUE**

In accordance with section 102 of the Act, a Municipality may-

- consolidate any separate accounts of persons liable for payments to the Municipality; and
- credit a payment by such a person against any account of that person.

### **3. CREDIT CONTROL AND DEBT COLLECTION MEASURES**

#### **3.1 LIABILITY FOR PAYMENT OF MONEY DUE AND PAYABLE TO THE MUNICIPALITY**

- 3.1.1 The person responsible for the payment of money due and payable to the Municipality will be the following in the instances mentioned hereafter:
- 3.1.2 any other services – the person to whom such services were delivered.
- 3.1.3 Where an account is not paid in full, any lesser amount offered and accepted by the Municipality shall not be deemed to be in full and final settlement of such account, unless the Municipal Manager in writing accepts such lesser amount as being in full and final settlement of the account in question.
- 3.1.4 The onus rests on the debtor to obtain a statement of his or her accounts so that they may be paid on or before the date of payment.

#### **3.2 DATE OF PAYMENT OF MONEY DUE**

##### **3.2.1 Municipal Services, Rental Agreements, Sundry debtors**

- (1) Moneys payable in respect of municipal services are due and payable on the date indicated as such on the account delivered each month in respect of those services and such payment must be made on or before the 15th day of the month after the month in which the account is rendered or such future date as the Council may determine from time to time.
- (2) Payment of amounts due to the Municipality, and fees due in respect of municipal services, must be made on the date indicated on the account rendered to such debtor in respect of such amount owed, which date will be no more than 30 days after the rendering of the particular service.
- (3) Where the last date of payment of any amount owing to the Municipality falls on a day on which the offices of the Municipality are closed, the final date for payment will be deemed to be the first subsequent day on which the offices are open.



### **3.3.2 ARREARS RENTAL AGREEMENTS**

- 3.3.2.1 Where agreements provide for interest payable on rentals in arrears, interest will be levied in accordance with the provisions contained in such lease or loan agreements.
- 3.3.2.2 Where installments due to the Municipality are not paid on or before the date of payment, a letter of demand is sent to the person involved in which he or she is requested to pay such arrears, together with interest, if any, within 21 days of the date of such notice.
- 3.3.2.3 An agreement to pay the arrears by way of monthly installments may at any time be entered into with the person so in arrears, subject, however, to the terms and conditions contained in paragraph 3.3.2.2, which terms shall apply *mutatis mutandis*.
- 3.3.2.4 Where no agreement has been concluded to pay arrears by way of monthly installments, and such amounts still remain in arrears after more than 30 days calculated from the date of payment, the Manager: Financial Services shall take the steps as set out in paragraph 3.3.2.3.

### **3.4. FEES DUE OTHER THAN THOSE IN RESPECT MUNICIPAL SERVICES AND RENTAL AGREEMENTS**

The provisions of paragraphs 3.3.2.2 in respect of agreements in arrears are applicable *mutatis mutandis*.

### **3.5 LEVYING OF INTEREST**

- 3.5.1 Interest at the standard rate shall be levied and collected in respect of all amounts in arrears due and payable to the Municipality, including fire accounts and Medical accounts
- 3.5.2 Interest is levied from the day following the date of payment in respect of such amounts in arrears as have not been paid by such date of payment.

### **3.6 COLLECTION OF DEPOSIT**

- 3.6.1 When an entity applies for municipal services and before such services are provided, a deposit may be collected from that entity to serve as security or partial security for the payment for municipal services provided to that entity.
- 3.6.2 A deposit as envisaged in paragraph (3.6.1) is utilised to extinguish or reduce debts owed by a entity to the Municipality for municipal services rendered.
- 3.6.3 The amount of the deposit is determined as per specific agreement for municipal services.

3.6.4 When an entity, having paid a deposit to the Municipality, requests in writing that the municipal services provided to him or her be terminated and that the deposit thus kept by the Municipality be refunded to the entity, such deposit or any portion thereof which has not been utilised in accordance with paragraph 3.6.2, shall be refunded to such entity.

3.6.5 The Municipality is not liable for the payment of interest on deposits held by the Municipality.

### **3.7 INSTITUTION OF LEGAL PROCEEDINGS**

3.7.1 The institution of legal proceedings includes, but is not limited to-

- (1) the suing of a debtor for payment of amounts in arrears;
- (2) the attachment of rent payable in respect of a property;
- (3) the attachment of a debtor's remuneration;
- (4) the attachment and sale in execution of movable things;
- (5) the attachment and sale in execution of immovable property;
- (6) the evacuation of a tenant from a rented property in the event of rental due to the Municipality in respect of such leased property.

3.7.2 The institution of legal proceedings is undertaken with due consideration of all legal requirements and in compliance with the applicable regulations and procedural rules.

3.7.3 Discretionary powers vest in the Manager: Financial Services to decide whether –

- (1) an account should be handed over to a debt collector or an attorney for collection and if
- (2) legal proceedings should be instituted against a debtor

in those instances where the total indebtedness of the debtor is R500,00 or less.

In the exercise of his powers the Manager: Financial Services determines as a sole consideration whether it will be cost-effective to hand over the account for collection and/or to institute legal proceedings against the debtor or not.

3.7.4 The Manager: Financial Services shall be empowered to determine which of the judicial measures listed in paragraph 3.8.1 will be the most appropriate and effective in respect of each and every debtor against whom legal proceedings are to be instituted in accordance with this policy of the Council.



### **3.8 WRITING OFF OF BAD DEBT**

#### **STEPS TO BE TAKEN BEFORE WRITING OFF DEBT**

Before consideration is given for the write-off of any debt the following steps should be taken:

(1) CREDIT CONTROL AND DEBT COLLECTION POLICY ACTIONS

All the applicable actions as contained in the Credit Control and Debt Collection Policy of the Municipality should have been executed and implemented.

(2) ESTATE NOTICES MONITORING

Estate notices in the Government Gazette must be checked regularly by the legal section to enable the municipality to institute claims against insolvent and deceased estates of persons owing money to the Municipality.

(3) TRACING OF DEBTORS

In the event that the debtor's address is not known, all reasonable steps must be taken to trace the debtor. A reasonable effort to trace the debtor will include, but is not limited to, the following:

- (a) Utilising all the information available (such as vehicle registration number, school attended by children, etc.) to locate the debtor;
- (b) Utilising the telephone directory for the last town or city in which the debtor lived to locate the debtor and/or his/her relatives; and
- (c) Contacting the following institutions or persons in order to locate the debtor:
  - The Vehicle Registration Authorities;
  - The Department of Home Affairs; and
  - Officials and/or colleagues at the debtor's last place of employment.

The Manager Financial Services shall consider all other economically viable avenues for debt recovery, including the use of tracing agents, factoring of debts, recourse against sureties, guarantors or lessees, etc.

#### **3.8.1 PREVENTION OF PRESCRIPTION OF DEBT**

- (a) Prevention:

Proceedings out of the appropriate court having jurisdiction for the recovery of a debt must be commenced as soon as is appropriate in order to prevent prescription of the debt. A summons process for payment of the debt must be successfully concluded as soon as possible to prevent prescription of the debt in terms of the Prescription Act.
- (b) Prescription Act, 1969 (Act No. 68 of 1969):

Section 10 (1) of the Prescription Act provides that a debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant law applies in respect of the prescription of such debt. The Municipality cannot legally enforce payment of a debt once the debt has prescribed, but the period of prescription is interrupted:-

- (i) By the service on the debtor of any process whereby the creditor claims payment of the debt. "Process" means a Summons or Notice of Motion, which must actually be served on the debtor and not simply issued by the court, and does NOT include a registered letter of demand
- (ii) the debtor acknowledges liability, whether expressly or tacitly payment of a portion of the debt can constitute a tacit acknowledgement of liability.

The completion of prescription may also be delayed in certain circumstances.

- (c) In terms of Section 11 of the Prescription Act, 1969 (Act 68 of 1969), the periods of prescription of debts are as follows:
  - (i) **Thirty years** in respect of -
    - any debt secured by a mortgage bond;
    - any judgment debt;
    - any debt in respect of any taxation imposed or levied by or under any law; and
    - any debt owed to the State in respect of any share of the profits, royalties or any similar consideration payable in respect of the right to mine minerals or other substances.
  - (ii) **Fifteen years** in respect of any debt owed to the State and arising out of an advance or loan of money or a sale or lease of land by the State to the debtor, unless a longer period applies in respect of the debt in question in terms of paragraph (i) above.
  - (iii) **Six years** in respect of a debt arising from a bill of exchange or other negotiable **instrument** or from a notaries contract, unless a longer period applies in respect of the debt in question in terms of paragraph (i) or (ii) above.
  - (iv) **Three years** in respect of all other debts, save where an Act of Parliament provides otherwise.

### 3.8.2 GENERAL

Should all the above efforts prove to be unsuccessful and the debtor cannot be traced or it would be uneconomical to take the matter any further, only then must a submission be made requesting the write-off of the debt. This submission must detail all steps taken and the Municipality must maintain audit trails in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

### 3.8.3 WRITE OFF DEBTS OWING TO THE MUNICIPALITY

#### (1) GENERAL CONDITIONS

The Municipality will consider debts for write-off in the following general circumstances:

- (a) When debts have prescribed, as contemplated in paragraph 3.8.1 above;
- (b) When debts have not been recovered from the deceased, where their estates have been finalized, and recovery of the debts from the heirs is not possible;
- (c) When debts are owed by debtors who cannot be traced, notwithstanding compliance with the provisions in paragraph 3.3 above;
- (d) When no source documentation is available to substantiate or prove the claims, provided that the Manager Financial Services must have satisfied him/herself that all reasonable steps have been taken to locate the source documents;
- (e) When the debtor has emigrated without paying the debts, leaving no assets available for attachment and the debtors' whereabouts are unknown;
- (f) When it is not economical to pursue the debt further.

**Note:** Unless affordable arrangements can be made with tracing agents or attorneys, the costs associated with the tracing of a debtor and subsequent legal costs occasioned thereby, could exceed the amount claimed. It would therefore not be in the Municipality's interest to attempt recovery of debts where the prospects of recovery are remote, and where the possibility exists that the costs associated with recovery may exceed the debt.

#### (2) SPECIFIC CONDITIONS

The Municipality will consider debts for write-off in the following specific circumstances:

##### 2.1 Sundry Debt:

Debt owed to Council arising from auxiliary services rendered by Council will be regarded as irrecoverable in the following instances:

- If the debt has prescribed;
- In circumstances contemplated in 3.8.3 (i) (a) to (f) above

#### 3.8.4 FINAL ACTION

Whenever all the legal avenues, procedures and steps listed above have been exhausted, the arrear amounts should be classified as irrecoverable and should be written off by the person to whom the authority to do so has been delegated under the Municipality's system of delegations

Immediately after 30 June each year, or more regularly if requested by Council, the

Manager Financial Services must present to the Council a report listing the following:

- (a) For noting – details of the debts that was written off during the year ending 30 June under delegated authority, together with the reasons for the write offs; and
- (b) For consideration – details of any debt, not included under (a) above, which is believed to be irrecoverable, together with the reasons for this conclusion. The council shall then approve the write-off of such arrears, if it is satisfied with the reasons provided.

### **3.8.5 BAD DEBTS RECOVERED**

The approval of Council for the write-off of any debt does not mean that actions to recover the money will be terminated, however, further actions will be instituted depending on the costs involved and if debt is recovered it will be recorded in the financial records of Council as recovered.

## **4. GENERAL PROVISIONS**

### **4.1 COLLECTION COSTS**

All legal costs and any other expenses incurred by the Municipality in order to recover monies owing by a debtor to the Municipality, shall be debited against that debtor's account and/or collected by an attorney.

Collection commission and other expenses incurred by the municipality in order to recover monies owing by a debtor to the municipality, is not recoverable from the debtor.

### **4.2 DISHONOURD PAYMENTS**

Should any payment made to the Municipality by means of a negotiable instrument be dishonoured by a bank at a later stage, the Manager: Financial Services may –

- (1) impose costs and administration fees on the account of that debtor at a rate to be determined by the council from time to time; and
- (2) after payment tendered by a debtor is dishonoured for a third time by a bank, notify that person in writing that all future payments may only be made in cash.

### **4.3 ACCESS TO PREMISES**

An occupier of premises in the area of jurisdiction of the Municipality must give an authorised representative of the Municipality or of a service provider access at all reasonable hours to the premises.

#### **4.4 SIGNING OF NOTICES AND DOCUMENTS**

A notice or document issued by the Municipality pursuant to a by-law promulgated by the Municipality and signed by a staff member of the Municipality is deemed to have been properly issued and shall be accepted by the court as evidence of that fact upon the mere submission thereof.

#### **4.5 CERTIFICATION OF DOCUMENTS**

Any order, notice or other document which needs to be certified by the Municipality, is deemed to have been sufficiently certified if it is signed by the Municipal Manager or a duly authorised official of the Municipality to whom such powers were delegated by means of a decision of the Municipality's council or pursuant to a by-law.

#### **4.6 PRIMA FACIE EVIDENCE**

In lawsuits initiated by the Municipality, the mere submission of a certificate reflecting the amount due and payable to the Municipality and signed by the Municipal Manager or a suitably qualified official authorised thereto by the Municipal Manager, shall be accepted by the court as *prima facie* evidence that the amount is due.

#### **4.7 DATA MAINTENANCE**

Should the client contact the municipality at any time, his/her details as reflected on the financial system should be verified and checked and adjusted accordingly.

#### **4.8 SHORT TITLE**

This policy is called the Credit Control, Debt Collection Policy of the Eden District Municipality.

**ANNEXURE H**  
**LONGTERM FINANCIAL**  
**MANAGEMENT POLICY**



---

**LONG-TERM FINANCIAL PLAN POLICY**  
**EDEN DISTRICT MUNICIPALITY**

---

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

## TABLE OF CONTENTS

1. ABBREVIATIONS AND DEFINITIONS	2
2. INTRODUCTION	3
3. PURPOSE	3
4. GUIDING PRINCIPLES	3
5. ROLE PLAYERS AND STAKEHOLDERS	4
6. REGULATORY CONTEXT	5
7. POLICY DIRECTIVE DETAILS	6
8. EVALUATION AND REVIEW	9



## 1. ABBREVIATIONS DEFINITIONS

**Basic municipal service:** 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;

**BSC:** Budget Steering Committee, a committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA;

**Budget-related policy:** 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 credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

**IDP:** Integrated Development Plan;

**LTFP:** Long Term Financial Plan;

**Long-term debt:** Debt repayable over a period exceeding one year;

**MBRR:** Municipal Budget and Reporting Regulations;

**MFMA:** Municipal Finance Management Act No 56 of 2003;

**MTREF:** Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years;

**Municipal tariff:** A tariff for services which a municipality may set for the provision of a service;

**National Treasury:** National Treasury established by section 5 of the Public Finance Management Act;

**Short Term:** Refers to a period up to 1 (one) year;

**Medium Term:** Refers to a period between 2 (two) and 3 (three) years;

**Long Term:** Refers to any period longer than 3 (three) years.

## **2. INTRODUCTION**

2.1 The Local Government: Municipal Finance Management Act No 56 of 2003 (MFMA) has instituted various financial reform measures. Sound financial management practices have been identified as essential to the long-term sustainability of municipalities. In this regard the MFMA necessitates that municipality's must have a policy related to a Long Term Financial Plan (LTFP).

2.2 A municipality's financial plan integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan (IDP). It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on tariffs and other service charges.

2.3 A municipality's long term financial model aims to determine the appropriate mix of parameters and assumptions within which the municipality should operate to facilitate budgets which are affordable and sustainable at least 5 years into the future. In addition, it identifies the consequential financial impact of planned capital projects on the municipality's operational budget.

## **3 PURPOSE**

The policy aims to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

## **4. GUIDING PRINCIPLES**

The policy is based on the following principles:-

(a) Future financial sustainability;

- (b) Optimal collection of revenue, taking into consideration the socio economic environment;
- (c) Optimal utilisation of grant funding;
- (d) Continuous improvement and expansion in the service delivery framework, and
- (e) Prudent financial strategies.

## **5. ROLE PLAYERS AND STAKEHOLDERS**

The following role players will ensure that the LTFP is implemented in accordance with the prescribed legislative requirements and Council processes.

### **5.1 Budget Office**

- (a) Responsible for the preparation and the compilation of the LTFP;
- (b) Responsible for overall oversight;
- (c) Present long term financial plan outcome to the Budget Steering Committee;
- (d) Review Policy and Strategy, in consultation with relevant stakeholders, to ensure maximum compliance in terms of legislation.

### **5.2 Departments**

- (a) Responsible for providing reasons on past performance outcomes;
- (b) Responsible for providing information to Budget Office to update the financial plan;
- (c) Required to identify revenue and expenditure plans for both operating and capital budgets for at least 3 years;
- (d) Required to make recommendations on future service delivery matters.

### **5.3 Budget Steering Committee**

- (a) Responsible for providing strategic guidance on matters relevant to the long term financial plan;
- (b) Responsible for endorsing the projected MTREF assumptions and parameters contemplated by the LTFP.

## 6. REGULATORY CONTEXT

6.1 Section 17 (3) of the MFMA states that “when an annual budget is tabled it must be accompanied by, amongst others, “any proposed amendments to the budget-related policies of the municipality”.

6.2 Section 21 of the MFMA states that the mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for, amongst others:

- (i) the annual review of—
  - (aa) the integrated development plan in terms of section 34 of the Municipal Systems Act;
  - (bb) the budget-related policies;
- (ii) the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and
- (iii) any consultative processes forming part of the processes referred to in subparagraphs(i and (ii).

6.3 Section 7 (1) of the Local Government: Municipal Finance Management Act, 2003, Municipal Budget and Reporting Regulations, 2009 (MBRR) states that:

“the Municipal Manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of budget-related policies of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21 (1)(b) of the MFMA”.

6.4 Section 7 (1) reference (1) of the MBRR, further states that “as defined in section 1 of the MFMA. Policies that affect or are affected by the annual budget of a municipality include . . . (g) a policy related to the long term financial plan”.

6.5 Section 4 (1) of the MBRR states “that the mayor of a municipality must establish a budget steering committee to provide technical

assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA”.

6.6 Section 26 (h) of the Local Government: Municipal Systems Act 32 of 2000 (MSA) states that “An Integrated Development Plan must reflect a financial plan, which must include a budget projection for at least the next three years”.

## 7. POLICY DIRECTIVE DETAILS

### 7.1 Financial strategies.

An intrinsic feature of the LTFP is to give effect to the municipality’s financial strategies. These strategies include:

- (a) Increasing funding for asset maintenance and renewal;
- (b) Continuous improvement to the financial position;
- (c) Ensuring affordable debt levels to fund the capital budget;
- (d) Maintaining fair, equitable and affordable tariff increase;
- (e) Maintaining or improving basic municipal services;
- (f) Achieving and maintaining a breakeven/surplus Operating budget; and
- (g) Ensuring full cost recovery for the provision of internal services.

### 7.2 Non – financial strategies

The LTFP is a key component for achieving the goals listed in the IDP of the Municipality. The LTFP must consider the following non – financial strategic strategies:

- (a) The Municipality’s Strategic Focus Areas;
- (b) Infrastructure growth strategies; and
- (c) The Municipality’s Spatial Development Framework.

### 7.3 Preparation of the LTFP

7.3.1 The LTFP process should commence by latest June of each year.

7.3.2 The LTFP should consider the fiscal overview by reviewing past financial performance, projection of long-term financial outlook and financing and funding arrangements. The following matters should be considered annually:

- (a) Revising the long-term financial plan for events that may have impacted during the recent past;
- (b) Assessing the outcomes and achievements of the past few years’ financial performance as per the audited financial statements;
- (c) Reviewing the financial objective and assumptions;

- (d)* Reviewing the past and summarise long term financial outlook;
- (e)* Assess the current overall financial position and liquidity situation;
- (f)* Identify any financial challenges and constraints;
- (g)* Identifying strategies to deal with the challenges, and to maintain financial viability and capacity to sustain services;
- (h)* Identify overall funding mix and implications for own revenue and external funding; and
- (i)* Assess compliance with the MFMA and other relevant legislation.

7.3.3 The LTFP is prepared in an uncertain environment. It is therefore required to make certain assumptions. Assumptions on the following internal and external factors must be made:

- (a)* Reviewing the external factors (e.g. population migration, employment, health, roads, development of businesses and the Eden region);
- (b)* General inflation outlook and its impact on the municipal activities;
- (c)* Credit rating outlook;
- (d)* Interest rates for borrowing and investment of funds;
- (e)* Tariffs and charges, and timing of revenue collection;
- (f)* Collection rates for each revenue source;
- (g)* Price movements on specifics e.g. fuel etc.
- (h)* Average salary increases;
- (i)* Industrial relations climate, reorganisation and capacity building;
- (j)* Trends in population and households (growth, decline, stable);
- (k)* Changing demand characteristics (demand for services);
- (l)* Impact of national, provincial and local policies;
- (m)* Ability of the municipality to spend and deliver on programmes; and
- (n)* Implications of restructuring and other major events into the future.

7.3.4 Intergovernmental fiscal transfers/allocations from National and Provincial government play a pivotal role in the finances of the Municipality. The following unconditional transfers/allocations must be considered, as a minimum, when projecting the budget:

- (a)* Local Government Equitable Share; and
- (b)* Grants related to the provision of Provincial government functions.



7.4 The Municipality's LTFP model and scenario planning:

7.4.1 The Municipality's financial model gives effect to the LTFP. It enables the forecasting of the operating and capital budgets for at least 5 years into the future. The model embodies National Treasury's budget preparation guidelines, drawing on assumptions and parameters to forecast the operating budget.

7.4.2 Strategic initiatives should be prioritised and quantified to be included in the financial model.

7.4.3 The financial forecasting model must be updated using the fiscal overview, assumption and intergovernmental fiscal transfers/allocations information to identify immediate opportunities and/or risks.

7.4.4 The medium and long-term financial viability should be evaluated.

7.4.5 Re-iterative scenario planning should be executed to ensure optimum use of resources to cater for strategic initiatives.

7.4.6 To identify the optimum balance between revenue collection and municipal spending the following should be taken into account:

- (a) The impact each scenario has on the financial sustainability and affordability of the Municipality;
- (b) Whether scenarios are realistic in terms of revenue projections;
- (c) Potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality;
- (d) Potential cost saving mechanisms related to strategic initiatives; and
- (e) The impact of infrastructure investments and maintenance programs on future revenue streams.

7.4.7 Presentations on scenarios should be presented to the BSC as may be requested.

7.4.8 BSC should endorse the final MTREF scenario inclusive of assumptions and parameters annually by latest January.

7.5 The annual updated LTFP should identify the following:

7.5.1 Assumptions and parameters to be used to compile the Operating and Capital budgets over the next MTREF;

7.5.2 Future operating revenue and expenditure projections based on assumptions and parameters;

7.5.3 Future affordability of projected Capital Plans;

7.5.4 The level of infrastructure development required to achieve the Municipal priorities, within the funding restrictions; and

7.5.5 External funding requirements in respect of long term debt.

7.6 Implementation of the LTFP

7.6.1 The annual updated LTFP should provide the parameters and assumptions for the compilation of the operating and capital budgets for the next MTREF.

7.6.2 This information should be provided to the departments by latest January of each year.

## **8. EVALUATION AND REVIEW**

-

8.1 This policy must be reviewed on an annual basis.

8.2 Changes in financial strategy, non – financial strategic strategies and legislation must be taken into account for future amendments to this policy.

8.3 Any amendments must be tabled to Council for approval as part of the budget process.



# **ANNEXURE I**

## **BUDGET POLICY**



## **Budget Policy**

Date of implementation 1 July 2016

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

## TABLE OF CONTENTS

1. DEFINITIONS	2
2. INTRODUCTION	7
3. OBJECTIVE OF THE POLICY	7
4. BUDGETING PRINCIPLES	7
5. BUDGET PREPARATION PROCESS	7
5.1. Budget Steering Committee	7
5.2. Quality Certification	8
5.3. Formulation of the Budget	8
5.4. Public Participation Process	9
5.5. Approval of the Budget	9
5.6. Publication of the Budget	10
5.7. Service Delivery and Budget Implementation Plan (SDBIP)	10
6. CAPITAL BUDGET	10
7. OPERATING BUDGET	12
8. FUNDING OF CAPITAL AND OPERATING BUDGET	12
9. UNSPENT FUNDS / ROLL OVERS	13
10. ADJUSTMENT BUDGET	13
11. BUDGET TRANSFERS / VIREMENTS	
11.1 Virement Procedure	14
11.2 Virement Restrictions	14
12. BUDGET IMPLEMENTATION	15
12.1. Monitoring	15
12.2. Reporting	15
13. CONCLUSION	16

## 1. DEFINITIONS

### "Accounting Officer"

(a) means the Municipal Manager;

### "Allocation", means

- (a) a municipality's share of the local government's equitable share referred to in section 214(1) (a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) 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 in terms of section 24 of the MFMA, or
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"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;

"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;
- (d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
- (e) a borrowing policy which must comply with Chapter 6 of the Act;
- (f) a funding and reserves policy;
- (g) a policy related to the long-term financial plan;
- (h) the supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- (i) any policies dealing with the management and disposal of assets;
- (j) any policies dealing with infrastructure investment and capital projects, including –
  - (i) the policy governing the planning and approval of capital projects; and
  - (ii) the policy on developer contributions for property developments;

- (k) the indigents policy of the municipality;
- (l) any policies related to the provision of free basic services;
- (m) any policies related to budget implementation and monitoring including –
  - (i) a policy dealing with the shifting of funds within votes;
  - (ii) a policy dealing with unforeseen and unavoidable expenditure; and
  - (iii) policies dealing with management and oversight;
- (n) any policies related to the managing electricity and water including -
  - (i) a policy related to the management of losses; and
  - (ii) a policy to promote conservation and efficiency;
- (o) any policies related to personnel including policies on overtime, vacancies and temporary staff;
- (p) any policies dealing with municipal entities, including –
  - (i) the service delivery agreement; and
  - (ii) the dividend preference of the municipality; and
- (q) any other budget-related or financial management policies of the municipality.

**"Budget transfer"** means transfer of funding within a function / vote.

**"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 a person designated in terms of section 80(2) (a) of the MFMA;

**"councillor"** means a member of a municipal council;

**"creditor"**, means a person to whom money is owed by the 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 recovery plan"** means a plan prepared in terms of section 141 of the MFMA

**"financial statements"**, means statements consisting of at least

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) Statement of change in net assets
- (d) a cash-flow statement;
- (e) any other statements that may be prescribed; and
- (f) any notes to these statements;

**"financial year"** means a twelve months period commencing on 1 July and ending on 30 June each year

**"financing agreement"** includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

**"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 No. 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;

**"lender"**, means a person who provides debt finance to a municipality;

**"local community"** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**"Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

**"Municipal Systems Act"** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

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

**"executive mayor"** means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

**"municipal council"** or **"council"** means the council of a municipality referred to in section 18 of the Municipal Structures Act;

**"municipal debt instrument"** means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

**"municipal entity"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**"municipality"**

- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**"accounting officer"** means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

**"municipal service"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**"municipal tariff"** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

**"municipal tax"** means property rates or other taxes, levies or duties that a municipality may impose;

**"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"**

- (a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 25 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

**"past financial year"** means the financial year preceding the current year;

**"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 executive mayor of a municipality in terms of section 53(i)(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
  - (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 executive mayor in terms of section 54(i) (c) of the MFMA;

**"short-term debt"** means debt repayable over a period not exceeding one year;

**"standards of generally recognised accounting practice"**, (GRAP) means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board (ASB)

**"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. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

## 3. OBJECTIVE

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, (MTREF)
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to Eden District Municipality's IDP review and budget processes.

## 4. BUDGETING PRINCIPLES

- The municipality shall not budget for a cash deficit
- The municipality should ensure that revenue projections in the budget are realistic taking into account actual collection levels but taking into account any changes in the environment which can influence the collection rates.
- Expenditure may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- Eden District Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) and that will be reviewed annually and approved by Council.
- The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan (IDP).

## 5. BUDGET PREPARATION PROCESS

### 5.1 Budget Steering Committee

A Budget Steering Committee must be established by the Executive Mayor in terms of regulation 4 of the Municipal Budget and Reporting Regulations, to provide technical assistance to the Mayor in discharging the budget process and related matters set out in section 53 of the Act.

## 5.2 Quality Certification

Whenever an annual budget and supporting documentation, an adjustment budget and supporting documentation or an in-year report of a municipality is submitted to the mayor, tabled in the municipal council, made public or submitted to another organ of state, it must be accompanied by a quality certificate complying with Schedule A, B or C of the regulations, as the case may be, and signed by the municipal manager. (Regulation 5).

## 5.3 Formulation of the budget

- (a) The Accounting Officer with the assistance of the Chief Financial Officer, Deputy Manager: BTO and the Manager IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- (b) The executive mayor shall table the IDP process plan as well as the budget timetable to Council not later than 31 August of each year for approval (10 months before the start of the next budget year).
- (c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act (MFMA), Municipal Budget and reporting regulations as well as the guidelines set by National Treasury or any other legislation that may be applicable.
- (d) The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March of each year (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.
- (e) The Chief Financial Officer and senior managers undertake the technical assumptions and changes to be made to the budget.
- (f) The Deputy Manager: BTO will provide assistance and guidance to the senior management to forecast the projections of the tariffs, revenue, and expenditure to be included in the MTREF.
- (g) The Deputy Manager: BTO with the assistance of the BTO office will compile the budget in the prescribed formats with the inputs receive from the Accounting Officer, CFO and the senior managers.
- (h) The budget must be in the prescribed format by National Treasury, and must be divided into capital and operating budget.
- (i) The budget must reflect the realistically expected revenues by major source for the budget year concerned that is estimated to be collected. (Section 18(2) (a) & (b)) :
  - (a) projected revenue for the current year based on collection levels to date; and
  - (b) actual revenue collected in previous financial years
- (j) According to Section 18 of the MFMA, an annual budget may only be funded from:
  - Realistically anticipated revenues to be collected;
  - Cash-backed accumulated funds from previous years' surpluses not committed for other purpose; and
  - Borrowed funds, but only for the capital budget referred to in section 17 (2).
- (k) The expenditure reflected in the budget must be divided into the different line items and per vote.
- (k) The budget must contain the information related to the two financial years following the financial year to which the budget relates, as well as the estimated revenues and expenditure for the current year and the two prior year actual revenue and expenditure.



#### 5.4. Public participation process

Immediately after the draft annual budget has been tabled, the municipality invites the public, stakeholder organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

Section 22 of the MFMA states:

Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must:

- (a) In accordance with Chapter 4 of the Municipal Structures Act –
  - (i) Make public the annual budget and the documents referred in section 17 (3); and
  - (ii) Invite the local community to submit representation in connection with the budget; and
- (b) Submit the annual budget –
- (c) (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and
  - (ii) in either format to any prescribed national or provincial organ of state and to other municipalities affected by the budget.

Section 23 of the MFMA states: (consultations on tabled budget)

- (1) When the annual budget has been tabled the municipal council must consider any views of –
  - (a) The local community; and
  - (b) The National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity –
  - (a) To respond to the submissions; and
  - (b) If necessary, to revise the budget and table amendments for consideration by the council.
- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guideline on the formation of a committee of the council to consider the budget and to hold public hearings.
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

#### 5.5. Approval of the annual original budget

- (a) Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- (b) The council resolution, must contain the budget related policies and performance measures to be adopted, the budget (MTREF) (operating and capital budget), tariffs and any other information required by legislation.
- (c) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:
  - i. draft resolutions approving the budget;
  - ii. other taxes and tariffs for the financial year concerned;

- iii. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- iv. the projected cash flows for the financial year by revenue sources and expenditure votes;
- v. any proposed amendments to the IDP;
- vi. any proposed amendments to the budget-related policies;
- vii. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers;
- viii. 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 Non-Governmental Organisations, welfare institutions and so on;
- ix. particulars of the municipality's investments; and
- x. various information in regard to municipal entities under the shared or sole control of the municipality

#### 5.6. Publication of the budget

- (a) Within 14 days after the draft annual budget has been tabled, the municipality must publish the budget and other budget-related documentation on the municipal website to be accessible to the public.
- (b) The Chief Financial Officer or the Deputy Manager: BTO must within 14 days after the draft annual budget is tabled:
  - (i) submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as publish it on the municipal website.
  - (ii) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

#### 5.7. Service Delivery and Budget Implementation Plan (SDBIP)

- (a) The Executive mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- (b) The SDBIP shall include the following components:
  - (i) Monthly projections of revenue to be collected for each source
  - (ii) Monthly projections of expenditure (operating and capital) and revenue for each vote
  - (iii) Quarterly projections of service delivery targets and performance indicators for each vote
  - (iv) Ward information for expenditure and service delivery
  - (v) Detailed capital works plan broken down by ward over three years
  - (vi) Any other information that may be required by legislation.

### 6. CAPITAL BUDGET

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and has a useful life in excess of one year.
- (b) The capital budget shall distinguish between replacement and new assets.
- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (d) 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. Refer to above section with regards to the funding of the budget.
- (e) Before approving a capital project, the Council must consider:
  - (i) the projected cost of the project over all the ensuing financial years until the project becomes operational,



- ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- (f) Before approving the capital budget, the council shall consider:
- (i) the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
  - (ii) depreciation of fixed assets,
  - (iii) maintenance of fixed assets, and
  - (iv) any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustment capital budget only if it has been properly cash funded.
- (h) The capital expenditure shall be funded from the following sources:
- (i) **Revenue or Surplus**
    - If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
    - If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.
  - (ii) **External loans**
    - External loans can be raised only if it is linked to the financing of an asset;
    - A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
    - The loan redemption period should not exceed the estimated life span of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
    - Interest payable on external loans shall be included as a cost in the operating budget;
    - Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.
    - Section 46 with regards to taking up of a loan must be adhered to.

#### Capital Replacement Reserve (CRR)

- Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve can be funded from:
  - inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
  - interest on the investments of the CRR, appropriated in terms of the investments policy;
  - additional amounts appropriated as contributions in each annual or adjustments budget; and
  - interest on investments of unutilised grants;
  - only VAT claimed back on grants and subsidies; and
  - Sale of land and profit or loss on the sale of assets.
- Before any asset can be financed from the CRR the financing must be available within the reserve and available as cash as this fund must be cash backed;
- If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;

- Transfers to the CRR must be budgeted for in the cash budget

#### Grant Funding

- Non capital expenditure funded from grants
  - must be budgeted for as part of the revenue budget;
  - Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
  - Capital expenditure must be budgeted for in the capital budget;
- All unutilized grants received must be ring fenced and cash backed.

### 7. OPERATING BUDGET

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
- (i) provision for accrued leave entitlements .
  - (ii) entitlement of officials as at 30 June of each financial year,
  - (iii) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages.
  - (iv) provision for the obsolescence and deterioration of stock in accordance with its stores management policy
  - (v) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
  - (vi) At least 2% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance. (Excluding Allocation for Roads from Department of Public Transport and Private Public Partnerships and costs to be paid to the private partner and non-cash items)
  - (vii) Any other matters that need to be included in the budget.
- (b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of the capital component on:
- depreciation charges
  - repairs and maintenance expenses
  - interest payable on external borrowings.
  - other operating expenses.
  - any other matters that may be prescribed by GRAP or legislation

### 8. FUNDING OF CAPITAL AND OPERATING BUDGET

- (a) The budget may be financed only from:
- (i) realistically expected revenues, based on current and previous collection levels;
  - (ii) cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
  - (iii) borrowed funds in respect of the capital budget only.

**9. UNSPENT FUNDS / ROLL OVER OF BUDGET**

- (a) 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 funds relating to capital expenditure.
- (b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year
- (c) Conditions of the grant fund shall be taken into account in applying for such roll over of funds
- (d) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.
- (e) No unspent operating budget shall be rolled over to the next budget year

**10. ADJUSTMENT BUDGET**

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenditure.

- (a) The chief financial officer and the Deputy Manager: BTO shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.
- (b) Council may revise its annual budget by means of an adjustments budget in terms of section 28 of the MFMA and according to the timelines of the Municipal Budget and reporting regulations section 23.
- (c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.
- (e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
- (f) An adjustments budget must contain all of the following:
  - (i) an explanation of how the adjustments affect the approved annual budget;
  - (ii) appropriate motivations for material adjustments; and
  - (iii) an explanation of the impact of any increased spending on the current and future annual budgets.
- (g) Any inappropriate surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.
- (h) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- (i) Unauthorised expenses may be authorised in an adjustments budget.



- (i) In regard to unforeseen and unavoidable expenditure, the following apply:
  - (i) the Executive mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA;
  - (ii) these expenses must be reported by the Executive mayor to the next Council meeting;
  - (iii) the expenses must be appropriated in an adjustments budget; and
- (iv) Council must pass the adjustments budget within sixty days after the expenses were incurred.

## 11. BUDGET TRANSFERS AND VIREMENTS

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Senior Manager, CFO and Accounting Officer, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. [\(Section 28 \(2\) \(d\) MFMA\)](#)

### 11.1 VIREMENT PROCEDURE

- a) All virement proposals must be completed on the appropriate documentation which is submitted to the CFO who recommends such virement to the Municipal Manager who will approve the virement.
- b) After approval, the relevant documentation is forwarded to the Deputy Manager: BTO for review and implementation.
- b) All virements must be signed by the executive manager of the directorate within which the vote is allocated. [\(Section 79 MFMA\)](#)
- c) All virements should be approved in line with Council's System of Delegation.
- d) Projected cash flows in the SDBIP should be adjusted in line with the virement.
- e) All documentation must be in order and approved before any expenditure can be committed or incurred. [\(Section 79 MFMA\)](#)

### 11.2 VIREMENT RESTRICTIONS

- a) Virements between votes (directorates/departments) are not permitted
- b) Virements between the capital budget and the operating budget are not allowed.
- c) No virement may be made where it would result in over expenditure of a line item [\(Section 32 MFMA\)](#)
- d) Virements should not result in adding 'new' projects to the Capital Budget.
- e) Budgets from the following line items may only be transferred by Financial Services:
  - (i) Salaries and allowances
  - (ii) Depreciation
  - (iii) Capital Cost (Interest and Redemption)
  - (iv) Appropriations



- (v) Contributions to Funds and Provisions
  - (vi) Administration Cost
  - (vii) Municipal Services Consumption (Water, Electricity, Refuse and Sewerage)
  - (viii) Any other accounting/ GRAP/ mSCOA related items
- f) Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges, grants to individuals, revenue foregone, insurance and VAT).
- g) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- h) Virements may not be made between Expenditure and Income.

## 12. BUDGET IMPLEMENTATION

### 12.1 Monitoring

- (a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
- funds are spent in accordance with the budget;
  - expenditure are reduced if expected revenues are less than projected; and
  - revenues and expenses are properly monitored.
- (b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive mayor for consideration and tabling to Council.
- (c) The Deputy Manager: BTO must assist the accounting officer and the chief financial officer with recommendations where adjustments are necessary and any other information pertaining to the budget and possible shortfalls, overspending, unauthorized expenditure, etc.
- (d) The Accounting officer 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.

### 12.2 Reporting

#### 12.2.1 Monthly budget statements

- (a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Executive mayor and Provincial and National 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.

The Supervisor: BTO will compile the report and will be reviewed by the Deputy Manager: BTO who will submit it to chief financial officer for review and to the accounting officer for review and approval.

This report must reflect the following:

- (i) actual revenues per source, compared with budgeted revenues;

- (ii) actual expenses per vote, compared with budgeted expenses;
  - (iii) actual capital expenditure per vote, compared with budgeted expenses;
  - (iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
  - (v) the amount of allocations received, compared with the budgeted amount;
  - (vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
  - (vii) 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;
  - (viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
  - (ix) 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.
- (b) The report to the National Treasury must be both in electronic format and in a signed written document.

#### 12.2.2 Quarterly Reports

- (a) The Executive mayor must submit to 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.
- (b) The Supervisor: BTO will compile the report and will be reviewed by the Deputy Manager: BTO who will submit it to the accounting officer and chief financial officer for review .
- (c) The accounting officer will submit the report of the Mayor for review and submit to Council.

#### 12.2.3 Mid-year budget and performance assessment

- (a) The Accounting officer 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.
- (b) The Supervisor: BTO will compile the report and will be reviewed by the Deputy Manager: BTO who will submit it to the accounting officer and chief financial officer for review
- (c) The Accounting officer must then submit a report on such assessment to the Executive mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.
- (d) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

### 13. CONCLUSION

All budgets and budget related documentation must be placed on the municipality's official website as prescribed by legislation.

**ANNEXURE J**  
**BANKING, CASH MANAGEMENT &**  
**INVESTMENT POLICY**



**Banking, Cash Management and  
Investment Policy**

Reviewed by Council: 27 May 2016

Resolution Number: DC 1054/05/16

## CONTENTS

1.	Definitions	2
2.	Objectives and Scope of Policy	3
3	Legal Provisions	4
4	Principles of Sound Management	4
5	Cash Collection	5
6	Receipt of Payments	5
7	Payment to creditors	6
8	Investments denominated in Foreign Currencies Prohibited	8
9	Payment of Commission	8
10	Management of Inventory	9
11	Contract Management	10
12	Cash Flow Projections	10
13	Investment Ethics	12
14	Investment Principles	12
15	Investment Institutions	13
16	Permitted Investments	14
17	Call Deposits and Fixed Deposits	14
18	Restrictions on Terms of Investments	15
19	Cession of Investments	15
20	Supply Chain Management	15
21	Control Over Investments	15
22	Reports	16
23	Banking Arrangements	16
24	Raising Debt	17
25	Related Policies	17
26	Review of Policy	18
27	Responsibility of implementation	18
28	Commencement	18

## 1 Definitions

For the purpose of this policy:

“Act” - means the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)

“Accounting Officer” - is the person appointed by Council in terms of Section 82 of the Municipal Structures Act, 1998 as amended by Section 54 A of the Municipal Systems Act, 2000 [Act No. 32 of 2000

“Council” - means the Eden District Municipal Council or any of the Council's committees or officials acting under powers, functions and duties delegated to them in terms of any existing act or ordinance or by-law in force within the area of jurisdiction to the Council

“Councillor” - shall mean a member of the municipal council of Eden District Municipality;

“Chief Financial Officer” - shall mean the head of the Financial Services Department as contemplated in Section 80 of the MFMA;

“Official” – shall mean all persons in the employment of Eden District Municipality

“Investments” - means:

- a) The placing or deposit of funds with a financial institution or
- b) The acquisition of monetary assets with funds not immediately required with the primary aim of preserving those funds.

“Investment Manager” - means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Market Control Act, 1989 (Act 55 of 1989 and Stock Exchanges Control Act, 1985 9Act 1 of 1985, contracted by a municipality or municipal entity to –

- a) advise on investments
- b) manage investments on its behalf ; or
- c) advise it on investments and manage investments on its behalf

“Investee” - means an institution with which an investment is placed, or its agent;

“Municipality” - means the Eden District Municipality



## **2. Objective and Scope of Policy**

- 2.1 The council and staff of the municipality have an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- 2.2 The municipality therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- 2.3 This policy is intended to provide a framework for ensuring the proper management and investment of its cash resources so as to ensure:
  - 2.3.1 That the net current asset requirements of the municipality are effectively managed;
  - 2.3.2 That sufficient cash resources are available to finance the capital and operating budgets of the municipality;
  - 2.3.3 That the highest possible return on investments is gained without unnecessary risk, during periods when excess funds are not immediately required;
  - 2.3.4 That in so doing, the primary aim of preserving and ensuring the safety of deposits is promoted;
  - 2.3.5 That there is effective control over the management of bank accounts
  - 2.3.6 That investments are diversified.
- 2.4 This policy shall apply to the management of all of the cash resources of the Municipality and to all investments made by it

### 3. Legal Provisions

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of:

3.1 The Local Government: Municipal Finance Management Act No. 56 of 2003 ("the MFMA") and

3.2 any Regulations made thereunder, including, in particular, the Municipal Investment Regulations published under GN R308 in Government Gazette 27431 of 1 April 2005 ("the Investment Regulations").

### 4. Principles of Sound Cash Management

In order to promote sound cash management, the Municipality shall adhere to the following principles:

- 4.1 It shall collect revenue when it is due and bank it promptly;
- 4.2 It shall make payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the creditor's normal terms for account payments;
- 4.3 It shall avoid pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
- 4.4 It shall accept discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;



- 4.5 It shall and pursue apply its debt collection policy to ensure that amounts receivable by the municipality are collected and banked promptly;
- 4.6 It shall accurately forecast its cash flow requirements;
- 4.7 It shall synchronise the inflow and outflow of cash;
- 4.8 It shall recognise the time value of money by economically, efficiently and effectively managing cash;
- 4.9 It shall take any other action as may promote the efficient utilisation of cash resources, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets; and
- 4.10 It shall avoid bank overdrafts.

5. **Cash Collection**

- 5.1 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.
- 5.2 The Municipality shall endeavour to apply its Credit Control and Debt collection Policy rigorously in order to promote the collection of moneys due to it. This includes charging interest and recovering other costs when appropriate and setting target dates when these are payable.

6. **Receipt of Payments**

- 6.1 The receipt of all monies collected by the council shall be acknowledged forthwith by the issue of a numbered official receipt, as provided in this section.
- 6.2 When money is received over the counter:

- 6.2.1 Every payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- 6.2.2 Every receipt form which is cancelled will be reattached in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

7. **Payments to Creditors**

- 7.1 The chief accountant creditors financial officer shall ensure that all tenders invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment is to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made, but shall in any event be subject to the provisions of Section 65 of the MFMA.
- 7.2 Notwithstanding 7.1, in the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, then the following shall apply:
  - 7.2.1 if the invoice for the goods or services is received by the municipality before the fifteenth day of the month in which the goods are delivered or the service rendered, the chief financial officer may in his discretion authorise payment thereof to be effected at the end of such month;
  - 7.2.2 if the invoice for the goods or services is received by the municipality after the fifteenth day but before the last day of the month in which the goods are delivered or the services rendered, the chief financial officer may in his discretion authorise payment thereof to be effected on the fifteenth day of the following month;

- 7.2.3 if the amount to be paid is less than R10 000-00 (Ten Thousand Rand) and the invoice for the goods or service in question is received by the municipality by no later than 12 noon of the Wednesday of the week in which the goods are delivered or the services rendered, the chief financial officer  
may in his discretion authorise payment thereof to be effected on the Friday of that week.
- 7.3 The Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if he or she determines that there are financial incentives for the municipality to do so.
- 7.4 The Chief Financial Officer shall not ordinarily process payments for accounts received more than once in each calendar month, such processing to take place on or about the end of the month concerned, except when payment is to be effected in circumstances contemplated in 7.2.1, 7.2.2 or 7.2.3
- 7.5 Special payments to creditors (that is to say, payments made in circumstances not contemplated elsewhere in this section ) shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments.
- 7.6 Credit statements must be reconciled monthly.
- 7.7 Payments must be made only on receipt of an official order, certified goods received note and official company invoice.
- 7.8 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 7.9 The chief financial officer shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, and subject to 6.10, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 7.10 Only the Municipal Manager or the Chief Financial Officer, or any other senior official of the Municipality acting on the written authority of the Municipal Manager, may withdraw money or authorize the withdrawal of money from any of the Municipality's bank accounts, and shall do so only for the purposes prescribed in

7

Section 11 of the MFMA.

- 7.11 Notwithstanding the above, wherever possible, payments shall be effected by means of electronic transfers rather than by cheques with the normally accepted control measures being applied
- 7.12 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 7.13 The maximum amount and nature of petty disbursements, shall be generally determined from time to time by the chief financial officer, subject, however, to the provisions of the Municipality's Supply Chain Management Policy.
- 7.14 No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 7.15 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- 7.16 Payments to creditors shall in any event be made in accordance with the provisions of the MFMA, and in particular, with Section 65 thereof.

8. **Investments denominated in foreign currencies prohibited**

7.1 A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

9. **Payment of commission**

Every financial institution with which the municipality makes an investment must issue a certificate to the accounting officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not



and will not grant any other benefit to any party for obtaining such investment, including councilors, officials or related spouses or family members.

**10. Management of Inventory**

- 10.1 The chief financial officer shall be responsible for the proper administration of all stores.
- 10.2 If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the minimum stock level as determined by the chief accountant stores, acting in consultation with the head of department concerned.
- 10.3 No sub-store may be established without the prior written consent of the chief financial officer.
- 10.4 Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.
- 10.5 A stock register, reflecting the undermentioned detail must be kept and updated :
- 10.5.1 Item description;
  - 10.5.2 Stores code number;
  - 10.5.3 Transaction date;
  - 10.5.4 On goods received –
    - 10.5.4.1 Goods delivery note number;
    - 10.5.4.2 Number of items received; and
    - 10.5.4.3 Value of items received.
  - 10.5.5 On goods issued-
    - 10.5.5.1 Requisition number; and

10.5.5.2 Number of items issued.

10.5.5.3 Balance of items in stock.

- 10.6 Stock counts must be affected monthly on a rotational basis and an annual report reflecting stock shortage and surpluses must be submitted to council as at 30 June of each financial year. All surpluses and shortages must be explained by the accountable head of departments.
- 10.7 Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

**11. Contract Management**

Subject to the provisions of the Municipality's Supply Chain Management Policy:

- 11.1 all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer or the head of department concerned; and
- 11.2 all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of department. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects before being submitted to the chief financial officer for payment.

**12. Cash Flow Projections**

- 12.1 The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis.

- 12.2 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality.
- 12.3 The operating requirements must include provisions for:
  - 12.3.1 Monthly salary and allowances payments;
  - 12.3.2 Bulk purchases of electricity and water;
  - 12.3.3 Interest on long term loans;
  - 12.3.4 Maintenance of assets;
  - 12.3.5 General expenditure (payments to current creditors); and
  - 12.3.6 Expected daily and monthly incomes.
- 12.4 The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when (if applicable ) either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, in good time and in the format required by the Chief Financial Officer.
- 12.5 The Chief Financial Officer shall report to the executive committee or the executive mayor, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date as contained in the monthly section 71 report., as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate.
- 12.6 For purposes of such report, the cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report.
- 12.7 Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.



### **13 Investment Ethics**

- 13.1 The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance, including, in particular, the Investment Regulations.
- 13.2 In making such investments the Chief Financial Officer shall at all times have only the best interests of the municipality in mind, and shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.
- 13.3 No official or councillor of the Municipality may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the Municipality has made or may potentially make an investment.

### **14 Investment Principles**

- 14.1 When money is available for investment, it shall be invested in accordance with the provisions contained in this policy.
- 14.2 After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must determine the best manner in which to invest it. As rates vary according to money market perceptions, quotations must be requested in writing, within term limitations, and these must be set out on a schedule.
- 14.3 In order to limit exposure, where large sums of money are available for investment, the Chief Financial Officer shall ensure that:
- 14.3.1 they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality, so that not more than 33.3% of available funds are invested with any one institution; and
- 14.3.2 As far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered.



- 14.4 Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. It can be accepted as a general rule that the larger the return, the greater the risk.
- 14.5 Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment.
- 14.6 The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 14.7 Money kept in current accounts should be kept at minimum levels, as it may be more beneficially invested in other accounts such as call deposits.
- 14.8 If the Chief Financial Officer invests with financial institutions, he or she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.

15. **INVESTMENT INSTITUTIONS**

- 15.2 It is of utmost importance that the investments only be placed with the 5 major banks in the RSA for short term (0 – 12 months) and long term (more than 12 months)
- 15.1 The optimal combination of the most favorable rated institution and the institution offering the best returns for the investment sought, should be the determining factor when choosing the institution

16 **Permitted Investments**

The Municipality may invest funds only in investment types permitted under Regulation 6 of the Investment Regulations.

17 Call Deposits and Fixed Deposits

- 17.1 Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three institutions.
- 17.2 Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations in writing, 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).
- 17.3 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).
- 17.4 Any monies paid over to the investing institution in terms of the agreed investment 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.

18 **Restriction on Term of Investments**

No investment with a term exceeding twelve months shall be made without the prior approval of the executive mayor or the executive committee, as the case may be.

19 **Cession of Investments**

The cession of any investment of the Municipality as security shall be subject to the provisions of Section 48 of the MFMA.

20 **Supply Chain Management Policy**

The Municipality shall comply with its Supply Chain Management Policy to the extent that it is applicable to the implementation of any aspect of this policy.

21 **Control over Investments**

21.1 The Chief Financial Officer shall ensure that proper records are kept of all investments made by the Municipality.

21.2 Such records shall include an investment register in which the following information shall be recorded:

21.2.1 Name of institution

21.2.2 Capital invested

21.2.3 Date invested

21.2.4 Interest rate

21.2.5 Maturation date

21.2.6 Interest received

21.2.7 Capital repaid; and

21.2.8 Balance invested.

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

21.4 The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks.

21.5 The Chief Financial Officer must ensure that interest, correctly calculated, is received on due date.

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

21.6.1 Fixed deposit letter or investment certificate

21.6.2 Receipt for capital invested,

21.6.3 Copy of electronic transfer or cheque requisition

21.6.4 Excel schedule of comparative investment figures,

21.6.5 Interest rate quoted.

**22 Reports**

The Municipal Manager shall ensure that reports are submitted to the Mayor as required under Regulation 9 of the Investment Regulations.

**23 Banking Arrangements**

23.1 The Municipal Manager is responsible for the management of the Municipality's bank accounts, but may delegate this function to the Chief Financial Officer.

23.2 The Municipal Manager and Chief Financial Officer are authorised at all times to sign

- cheques or electronic transfers and any other documentation associated with the management of such accounts.
- 23.3 The Municipal Manager is authorised to appoint, in consultation with the chief financial officer, two or more additional signatories in respect of such accounts, and to amend such appointments from time to time.
- 23.4 All bank accounts and investments must be in the name of the municipality.
- 23.5 The selection of the Municipality's Bankers shall be carried out in accordance with the Municipality's Supply Chain Management Policy.

## **24 Raising of Debt**

- 24.1 The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the MFMA and only with the prior approval of the council.
- 24.2 The raising of debt shall be governed by the municipality's borrowing policy.

## **25 Related Policies**

- 25.1 This policy must be read in conjunction with the following budget-related policies of the Municipality:
- 25.1.1 The Credit Control and Debt Collection Policy;
  - 25.2.2 The Supply Chain Management Policy;
  - 25.2.3 The Budgeting Process Policy;

25.2.4 The Borrowing Policy;

26 **Review of Policy**

This policy is to be reviewed annually.

27 **Responsibility for Implementation**

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manger shall delegate such powers to the Chief Financial Officer as may be required to enable the Chief Financial Officer to perform such duties as are imposed on him or her in terms of this policy, and may delegate such other powers as he or she may deem fit to the Deputy Chief Financial Officer or any Deputy Manger in the Finance Department.

28 **Commencement**

This policy shall come into force on the first day following the approval of this policy

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16

# **ANNEXURE K**

# **BORROWING POLICY**



## **Borrowing Policy**

Reviewed by Council: 27 May 2016

Resolution number: DC 1054/05/16



## TABLE OF CONTENTS

1. PURPOSE .....	2
2. OBJECTIVES .....	2
3. DEFINITIONS .....	2
4. SCOPE OF THE POLICY .....	3
5. LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY.....	3
6. CONSIDERATIONS .....	3
7. DEBT REPAYMENT PERIOD .....	4
8. SECURITY .....	4
9. OVERDRAFT .....	4
10. SHORT-TERM DEBT .....	4
11. DISCLOSURE.....	5
12. APPROVAL OF LOANS BY THE MUNICIPALITY .....	5
13. PROVISION FOR REDEMPTION OF LOANS .....	5
14. NON REPAYMENT OR NON-SERVICING OF LOAN .....	6
15. PROHIBITED BORROWING PRACTICES.....	6
16. INTERNAL CONTROL .....	6
17. NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS.....	6
18. OTHER REPORTING AND MONITORING REQUIREMENTS.....	7
19. POLICY REVIEW .....	7
ANNEXURE.....	8

**LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT  
ACT, NO 56 OF 2003**

**1. PURPOSE**

To establish a borrowing framework policy for the Municipality and set out the objectives, statutory requirements and guidelines for the borrowing of funds.

**2. OBJECTIVES**

To manage interest rate and credit risk exposure. Maintain debt within specified limits and ensure adequate provision for the repayment of debt.

To ensure compliance with Legislation and Council policy, governing the borrowing of funds.

**3. DEFINITIONS**

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

“**municipal debt**” means –

- (a) a monetary liability or obligation on a municipality or municipal entity created by-
  - (i) a financing agreement, note, debenture, bond or overdraft; or
  - (ii) the issuance of municipal debt instruments; or
- i. a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

“**borrower**” will be the Eden District Municipality

“**lender**”, in relation to a municipality or municipal entity, means a person who provides debt finance to a municipality or municipal entity;

“**short-term debt**”, in relation to a municipality or municipal entity, means debt that is repayable over a period not exceeding one year;

“**long-term debt**”, in relation to a municipality or municipal entity, means debt repayable by the municipality or municipal entity over a period exceeding one year;

“**security**”, in relation to a municipality or municipal entity, means any mechanism intended to secure the interest of a lender or investor, and includes any of the mechanisms mentioned in section 48(2) of the Act

“**financing agreement**” includes any loan agreement, lease, installment, purchase contract or a

hire purchase arrangement under which a Council undertakes to repay a long-term debt over a period.

#### 4. SCOPE OF THE POLICY

**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.

**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.

**Prudence:** Borrowings shall be made with care, skill, prudence and diligence. The standard of prudence to be used shall be the “prudent person” standard and shall be applied in the context of managing overall debt.

**Officials are required to adhere to:**

- a) written procedures and these guidelines
- b) exercise due diligence
- c) prepare all reports timeously
- d) ensure strict compliance with all Legislation and Council policy

#### 5. LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY

The relevant legislation and regulations in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.

#### 6. CONSIDERATIONS

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favorable market conditions prevail.

##### 6.1 Factors to be considered when borrowing:

- the type and extent of benefits to be obtained from the borrowing.
- the length of time the benefits will be received.
- the beneficiaries of the acquisition or development.
- the impact of interest and redemption payments on both current and forecasted income.
- the current and future capacity of the income base to pay for borrowings and the rate of growth of the income base.
- likely movements in interest rates for variable rate borrowings.
- other current and projected sources of funds.

3



- Competing demands for funds
- Timing of money markets interest rate movements and the long term rates on the interest rate curve
- 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
- Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery

## 6.2 Potential lenders include:

- The Development Bank of Southern Africa
- Registered Banks in South Africa

## 7. DEBT REPAYMENT PERIOD

Whilst the period for which loan debt may be received will vary from time to time according to the requirements of the various Lenders, presently the typical debt repayment period for loans in the current economic climate is between 10 to 15 years. Cognisance is taken of the useful lives of the underlying assets to be financed by the debt, and, moreover, careful consideration is taken of the interest rates on the interest yield curve. Should it be established that it is cost effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimise the most favorable and cost effective benefit to the Municipality.

## 8. SECURITY

The Municipal Finance Management Act provides that the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in future until the secured debt is settled.

## 9. OVERDRAFT

Eden District Municipality has a bank overdraft facility. However, while in a sound financial position, this facility be not utilised.

## 10. SHORT TERM DEBT

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge 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 capital needs within a financial year, to be repaid from specific funds to

be received from enforceable allocations or long term debt commitments.

The Municipality must pay off short term debt within the same financial year and may not renew or refinance its short term debt. The Municipality may, in terms of the Municipal Finance Management Act, incur short term debt only if the Chief Financial Officer has made a prior written finding that the debt is either within prudential limits on short term debt as previously approved by Municipality, or is necessary due to an emergency that could not reasonably have been foreseen and cannot await Council approval, but the short term debt in these instances must first be approved by the Accounting Officer before it can be incurred.

## **11. DISCLOSURE**

Any official involved in the securing of loans by the Municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective Investor disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

## **12. APPROVAL OF LOANS BY THE MUNICIPALITY**

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt. A copy of the information statement must be submitted to Council at least 21 days prior to the meeting to discuss the proposed loan, together with particulars of –

- i. the essential repayment terms, including the anticipated debt repayment schedule; and
- ii. the anticipated total cost in connection with such debt over the repayment period.

## **13. PROVISION FOR REDEMPTION OF LOANS**

Eden District Municipality may borrow from Institutions and 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. These sinking funds may also be invested directly with the Lender's Bank. 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. Use can also be made of guaranteed endowment policies to facilitate the payment on maturity date.



#### **14. NON-REPAYMENT OR NON-SERVICING OF LOAN**

Eden District Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favorable costs of borrowing. In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.

#### **15. PROHIBITED BORROWING PRACTICES**

In the past some Municipalities have borrowed funds with the sole purpose of investing them to earn a return. The motive was clearly speculative. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments. Consequently, as a principle, Eden District Municipality does not borrow for investment purposes, but depending on the shape of the interest yield curve may borrow in advance of its capital cash flow needs in a given financial year to take advantage of an inverse interest yield curve. Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

#### **16. INTERNAL CONTROL**

The internal control procedures involve Internal Audit and Performance Management, and the Auditor General reviewing and testing the systems of the Finance Department on a regular basis. In order to prevent losses arising from fraud, misrepresentations, error, conflict of interest or imprudent action, a system of internal controls governs the administration and management of the portfolio.

##### **Controls deemed most important include:-**

- Control of collusion, separation of duties.
- Custodial safekeeping of loan agreements and contracts.
- Clear delegation of duties.
- Checking and verification by senior officials of all transactions.
- Documentation of transactions and repayments.
- Code of ethics and standards
- Electronic Funds Transfer limits and a detailed procedure manual for the system.

#### **17. NATIONAL TREASURY REPORTING AND MONITORING REQUIREMENTS**

The Municipality submits required returns to National Treasury. It is mainly coordinated by the Accounting Division. One such report deals with the Municipality's external interest paid each month. Another return, prepared on a quarterly basis, requires the Municipality to itemise all its external borrowings for the quarter ended.

## 18. OTHER REPORTING AND MONITORING REQUIREMENTS

Regular reporting mechanisms are in place in order to access the borrowings portfolio and to ensure compliance with policy objectives, guidelines and applicable laws.

Quarterly activities:

- National Treasury Borrowings Return

General

- Report actual borrowings (in compliance with Section 71 of the Municipal Finance Management Act) to the mayor and Provincial Treasury

Annually:-

- Preparation of Annual Budget
- Preparation of Annual Cash Flow
- Forecast Preparation of Annual Financial Statements
- Confirmation of Lender balances at financial year end obtaining written certification of loan balances at year end
- Completion of credit rating questionnaire
- Annual external audit conducted by Auditor General

## 19. POLICY REVIEW

The Deputy Manager: BTO, income, expenditure, remuneration, AFS will for the purposes of ensuring that this policy is aligned to the legislation, consider if and when necessary to amend the policy. In the event of the policy not being amended during the budget process, the approved policy will remain applicable.

## ANNEXURES

### *EXTRACTS FROM THE LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003 - CHAPTER 6: DEBT*

#### **SHORT-TERM DEBT**

45 (1) A municipality may incur short-term debt only in accordance with and subject to the provisions of this Act. 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.

(2) A municipality may incur short term debt only if - a resolution of the municipal council, signed by the mayor, has approved the debt agreement; and the accounting officer has signed the agreement or other document which creates or acknowledges the debt.

(3) For the purpose of subsection (2) (a.) a municipal council may - approve a short term debt individually ; or approve an agreement with a lender for a short-term credit facility to be accessed as and when required , including a line of credit or bank overdraft facility , provided that –

- (i) the credit limit must be specified in the resolution of the council ;
- (ii) the terms of agreement , including the credit limit , may be changed only by a resolution of the council ; and
- (iii) if the council approves a credit facility that is limited to emergency use , the accounting office must notify the council in writing as soon as practical of the amount , duration and any debt incurred in terms of such a credit facility , as well as options for repaying such debt.

(4) A municipality - must pay off short-term debt within the financial year; and may not renew or refinance short-term debt, whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

(5) (a) No lender may willfully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection (4)(a). If a lender willfully extends credit to a municipality in contravention of paragraph (a), the municipality is not bound to repay the loan or interest on the loan.

(6) Subsection (5)(b) does not apply if the lender –

- (a) relied in good faith on written representations of the municipality as to the purpose of the borrowing; and



(b) did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term debt

## **LONG-TERM DEBT**

46. (1) A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of–

(a) 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, including costs referred to in subsection (4); or

(b) re-financing existing long-term debt subject to subsection (5). A municipality may incur long-term debt only if – a resolution of the municipal council, signed by the mayor, has approved the debt agreement; and

(b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt .

(3) A municipality may incur long-term debt only if the accounting officer of the municipality has in accordance with subsection 21A of the Municipal Systems Act– at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

(ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt ; and

(b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of –

(i) the essential repayment terms, including the anticipated debt repayment schedule; and

(ii) the anticipated total cost in connection with such debt over the repayment period. Capital expenditure contemplated in subsection (1)(a) may include - financing costs, including - capitalised interest for a reasonable initial period; costs associated with security arrangements in accordance with section 48; discounts and fees in connection with the financing; fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing costs of professional services directly related to the capital expenditure; and (c) such other costs as may be prescribed.

(5) A municipality may borrow money for the purpose of re-financing existing long-term debt, provided - the existing long-term debt was lawfully incurred;

(b) the re-financing does not extend the term of the debt beyond the useful life of the

property, plant or equipment for which the money was originally borrowed;

(c) the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing and

(d) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

(6) A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2).

#### **CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT**

47. A municipality may incur debt only if –

(a) the debt is denominated in Rand and is not indexed to, or affected by, fluctuations in the value the Rand against any foreign currency;

(b) section 48 (3) has been complied with, if security is to be provided by the municipality

#### **SECURITY**

48. (1) A municipality may, by resolution of its council, provide security for –

(a) any of its debt obligations;

(b) any debt obligations of a municipal entity under its sole control; or

(c) contractual obligations of the municipality undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.

(2) A municipality may in terms of subsection (1) provide any appropriate security including by - giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating an asset or right, or giving any other form of collateral;

(b) undertaking to effect payment directly from money or sources that may become available and to authorise the lender or investor direct access to such sources to ensure payment of the secured debt or performance of the secured obligations, but this form of security may not affect compliance with section 8 (2)

(c) undertaking to deposit funds with the lender, investor or third party as security;



(d) agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;

(e) ceding as security any category of revenue or rights for future revenue;

(f) undertaking to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;

(g) undertaking to retain revenues or specific charges, fees, tariffs or funds at a particular level or at a level sufficient to meet its financial obligations;

(h) undertaking to make provision in its budgets for the payment of its financial obligations, including capital and interest;

(i) agreeing to restrictions on debt that the municipality may incur in future until the secured debt is settled or the secured obligations are met; and

(j) agreeing to such other arrangements as the municipality may consider necessary and prudent.

(3) A council resolution authorising the provision of security in terms of subsection (2)(a) - must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and

(b) if so, must indicate the matter in which the availability of the asset or right for provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the municipality, deal with asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be.

## **DISCLOSURE**

49. (1) Any person involved in the borrowing of money by a municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor -disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and take reasonable care to ensure the accuracy of any information disclosed.

(2) A lender or investor may rely on written representations of the municipality, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.

## **MUNICIPAL GUARANTEES**

50. A municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following conditions:

- (a) The guarantee must be within limits specified in the municipality's approved budget;
- (b) a municipality may guarantee the debt of a municipal entity under its sole control only if the guarantee is authorised by the council in the same manner and subject to the same conditions applicable to a municipality in terms of this Chapter if it incurs debt
- (c) a municipality may guarantee the debt of a municipal entity under its shared control or of any other person, but only with the approval of the National Treasury, and then only if-
  - (i) the municipality creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or
  - (ii) the municipality purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the municipality's potential financial exposure as a result of such guarantee.

## **NATIONAL AND PROVINCIAL GUARANTEES**

51. Neither the national nor a provincial government may guarantee the debt of a municipality or municipal entity except to the extent that Chapter 8 of the Public / New Finance Management Act provides for such guarantees.

# **ANNEXURE L**

## **FUNDING AND RESERVE POLICY**



## **Funding and Reserves Policy**

**Reviewed by Council: 27 May 2016**

**Resolution number: DC 1054/05/16**

## INDEX

1.	INTRODUCTION AND OBJECTIVE .....	3
2.	SECTION A: FUNDING POLICY .....	4
2.1	LEGISLATIVE REQUIREMENTS .....	4
2.2	STATEMENT OF INTENT .....	4
2.3	CASH MANAGEMENT .....	4
2.4	DEBT MANAGEMENT .....	4
2.5	FUNDING THE OPERATING BUDGET .....	4
2.6	FUNDING THE CAPITAL BUDGET .....	5
2.7	FUNDING COMPLIANCE MEASUREMENT .....	6
3.	SECTION B: RESERVES POLICY .....	7
3.1	INTRODUCTION.....	8
3.2	LEGAL REQUIREMENTS .....	8
3.3	TYPES OF RESERVES.....	8
4.	REVIEW OF THE POLICY .....	8



## **FUNDING AND RESERVE POLICY**

### **1. INTRODUCTION AND OBJECTIVE**

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

The objectives of the policy are to:

- 1.1 Ensure that the Medium Term Expenditure Framework (annual budget) of the municipality is appropriately funded.
- 1.2 Ensure that cash resources and reserves are maintained at the required levels to avoid future year unfunded liabilities.
- 1.3 To achieve financial sustainability.

### **2. SECTION A: FUNDING POLICY**

#### **LEGISLATIVE REQUIREMENTS**

This policy is mandated by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is made in terms of section 168 of the Municipal Finance Management Act, 2003, (Act No. 56 of 2003) (MFMA). In terms of Sections 18 and 19 of the MFMA, an annual budget may only be funded from:

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

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – backed i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash-backed and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.



## **2.2 STATEMENT OF INTENT**

The municipality will not pass a budget which is not cash – backed or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

## **2.3 CASH MANAGEMENT**

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

## **2.4 DEBT MANAGEMENT**

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

## **2.5 FUNDING THE OPERATING BUDGET**

### **2.5.1 INTRODUCTION**

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

### **2.5.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET**

The following specific principles apply when compiling the budget:

- a) The budget must be cash – backed, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue

must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- g) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long-term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- h) Depreciation must be fully budgeted for in the operating budget.  

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.
- i) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

## **2.6 FUNDING THE CAPITAL BUDGET**

### **2.6.1 INTRODUCTION**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective, the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

### **2.6.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE**

The capital budget can be funded by way of own contributions, grants, public contributions as well as external loans.

#### **Own Contributions**

The capital budget financed from own contributions must primarily be

funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

### **Grants (Including Public Contributions)**

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on future operating and maintenance costs which may be higher than the ability to maintain the service(s).

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

### **External Loans**

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

## **2.7 FUNDING COMPLIANCE MEASUREMENT**

### **2.7.1 INTRODUCTION**

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose, a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval

6

process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

#### **2.7.2 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS**

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- In addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.

#### **2.7.3 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS**

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

### **3. SECTION B: RESERVES POLICY**

#### **3.1 INTRODUCTION**

The municipality recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

### 3.2 **LEGAL REQUIREMENTS**

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

### 3.3 **TYPES OF RESERVES**

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

#### (a) **Capital Replacement Reserve (CRR)**

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance or other operating expenditure.

### 4. **REVIEW**

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulation.

**ANNEXURE M**  
**MFMA MUNICIPAL COST**  
**CONTAINMENT REGULATION**  
**DRAFT**



NATIONAL TREASURY

NO. 120

16 FEBRUARY 2018

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 - MUNICIPAL COST CONTAINMENT REGULATIONS

In terms of section 168(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), draft regulations intended to be made in terms of section 168(1)(b) and (p) of that Act, as set out in Part A of the Schedule, are hereby published for public comment.

An explanatory memorandum regarding the draft regulations is in Part B of the Schedule.

All comment received by 30 March 2018 will be considered and should be emailed to [MFMA@treasury.gov.za](mailto:MFMA@treasury.gov.za) or faxed to 012 315 5230.

SCHEDULE

PART A  
DRAFT MUNICIPAL COST CONTAINMENT REGULATIONS  
TABLE OF CONTENTS

1. Definitions
2. Object of Regulations
3. Application of Regulations
4. Cost containment policies
5. Use of consultants
6. Vehicles used for political office-bearers
7. Travel and subsistence
8. Domestic accommodation
9. Credit cards
10. Sponsorships, events and catering
11. Communication
12. Conferences, meetings and study tours
13. Other related expenditure items
14. Enforcement procedures
15. Disclosures of cost containment measures
16. Short title and commencement

Definitions

1. In these Regulations, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, unless the context indicates otherwise, and—  
"Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);  
"consultant" means a professional person, individual, partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist a municipality or municipal entity perform its functions to achieve the objects of local government in terms of section 152 of the Constitution;  
"cost containment" means measures implemented to curtail spending in terms of these regulations; and  
"credit card" means a card issued by a financial service provider, which creates a revolving account and grants a line of credit to the cardholder.

#### Object of Regulations

2. The object of these Regulations, in line with section 62(1)(a), 75(1)(b), 95(a) and 105(1)(b) of the Act, is to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures.

#### Application of Regulations

3. These Regulations apply to all municipalities and municipal entities.

#### Cost containment policies

4. (1) Each municipality and municipal entity must revise or develop and implement a cost containment policy which must—
  - (a) in the case of a municipality, be adopted by the municipal council, and in the case of a municipal entity, by the board of directors as part of its budget related policies; and
  - (b) be consistent with the Act and these Regulations.
- (2) The cost containment policy of a municipality or a municipal entity contemplated in sub-regulation (1) must—
  - (a) be in writing;
  - (b) give effect to these Regulations;
  - (c) be reviewed annually, as may be appropriate;
  - (d) be communicated on the municipality's or municipal entity's website; and
  - (e) set out—
    - (i) measures for ensuring implementation of the policy;
    - (ii) procedures for the annual review of the policy; and
    - (iii) consequences for non-adherence to the measures contained therein.

#### Use of consultants

5. (1) A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full time employ to perform the function.
- (2) An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates—
  - (a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor-General of South Africa", issued by the South African Institute of Chartered Accountants;
  - (b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration;
  - (c) as prescribed by the body regulating the profession of the consultant.
- (3) The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation (2).
- (4) When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.
- (5) When consultants are appointed, an accounting officer must—
  - (a) appoint consultants on a time and cost basis with specific start and end dates;
  - (b) where practical, appoint consultants on an output-specified basis, subject to a clear specification of deliverables and associated remuneration;
  - (c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
  - (d) develop consultancy reduction plans; and
  - (e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations and the municipality's Supply Chain Management policy.



- (5) All contracts with consultants must include fee retention or penalty clause for poor performance.
- (7) A municipality or municipal entity must ensure that the specifications and performance, are used as a monitoring tool for the work to be undertaken and is appropriately recorded and monitored.
- (8) The travel and subsistence costs of consultants must be in accordance with the travel policy issued by the National Department of Transport, as updated from time to time.
- (9) The contract price must specify all travel and subsistence cost and, if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the abovementioned travel policy of the National Department of Transport.

#### Vehicles used for political office-bearers

6. (1) The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed R700 000 or 70% of the total annual remuneration package for different grades, whichever is greater.
- (2) The procurement of vehicles must be undertaken using the national government transversal contract mechanism.
- (3) If any other procurement process is used, the cost may not exceed the threshold set out in sub-regulation (1).
- (4) Before deciding on another procurement process as contemplated in sub-regulation (3), the chief financial officer must provide the council with information relating to the following criteria which must be considered:
  - (a) status of current vehicles;
  - (b) affordability;
  - (c) extent of service delivery backlogs;
  - (d) terrain for effective usage of vehicle; and
  - (e) any other policy of council.
- (5) Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometres.
- (6) Notwithstanding sub-regulation (5), a municipality or municipal entity may replace vehicles for official use by public office bearers before completion of one hundred and twenty thousand kilometres only in instances where the vehicle experiences serious mechanical problem and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

#### Travel and subsistence

7. (1) An accounting officer—
  - (a) may only approve purchase of economy class tickets for officials where the flying time for the flights is five hours or less; and
  - (b) for flights exceeding five hours, may purchase business class tickets only for accounting officers, and persons reporting directly to accounting officers.
- (2) Notwithstanding sub-regulation (1), an accounting officer may approve the purchase of business class tickets for officials with disabilities.
- (3) The cost containment policy must limit international travel to meetings or events that are considered critical. The number of officials attending such meetings or events must be limited to those officials directly involved in the subject matter related to such meetings or events.
- (4) An accounting officer may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury only—
  - (a) during peak holiday periods; or
  - (b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in that particular geographical area.
- (5) Officials of a municipality or municipal entity must—
  - (a) utilise the municipal fleet, where viable, before incurring costs to hire vehicles;

- (b) make use of shuttle service if the cost of such a service is lower than:
    - (i) the cost of hiring a vehicle;
    - (ii) the cost of kilometres claimable by the employee, and
    - (iii) the cost of parking.
  - (c) not hire vehicles from a category higher than Group B or an equivalent class; and
  - (d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.
- (5) Municipalities and municipal entities must utilise the negotiated rates for flights and accommodation, communicated by the National Treasury, from time to time, or any other available cheaper flight and accommodation.

#### Domestic accommodation

8. An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by the National Treasury, from time to time.

#### Credit cards

9. (1) An accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality or a municipal entity is issued to any official or public office bearer, including members of the board of directors of municipal entities.
- (2) Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials or public office bearers must use their personal credit cards or cash or arrangements made by the municipality or municipal entity, and request reimbursement from the municipality or municipal entity in accordance with the relevant municipality or municipal entity's policy and processes.

#### Sponsorships, events and catering

10. (1) A Municipality or municipal entity may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality or municipal entity, unless the prior written approval of the accounting officer is obtained.
- (2) An accounting officer may incur catering expenses for hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours.
- (3) Entertainment allowances of officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.
- (4) An accounting officer may not incur expenses on alcoholic beverages.
- (5) An accounting officer must ensure that social functions, team building exercises, year-end functions, sporting events, budget vote dinners and other functions that have a social element are not financed from the municipality or municipal entity's budgets or by any suppliers or sponsors.
- (6) A municipality or municipal entity may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless costs related thereto are recovered from affected officials.
- (7) An accounting officer may incur expenditure to host farewell functions in recognition of officials who retire after serving the municipality or municipal entity for ten or more years or retire on grounds of ill health, not exceeding the limits for petty cash usage.

#### Communication

11. (1) A Municipality or municipal entity must, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
- (2) An accounting officer must ensure that allowances to officials for private calls are limited to an amount as determined by the accounting officer in the cost containment policy of the municipality or municipal entity.

- (3) Newspapers and other related publication for the use of officials must be discontinued on expiry of existing contracts or supply orders.
- (4) A municipality or municipal entity must participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.

#### Conferences, meetings and study tours

12. (1) An accounting officer must establish policies and procedures to manage application by officials to attend conferences or events hosted by professional bodies or non-governmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives.
- (2) An accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- (3) Such benchmark costs may not exceed an amount as determined by the National Treasury.
- (4) When considering applications from officials to attend conferences or events within and outside the borders of South Africa, an accounting officer must take the following into account—
  - (a) the official's role and responsibilities and the anticipated benefits of the conference or event;
  - (b) whether the conference or event addresses relevant concerns of the institution;
  - (c) the appropriate number of officials, not exceeding three officials, attending the conference or event; and
  - (d) availability of funds to meet expenses related to the conference or event.
- (5) The amount referred to in sub-regulation (3) above excludes costs related to travel, accommodation and related expenses, but includes—
  - (a) conference or event registration expenses; and
  - (b) any other expense incurred in relation to the conference or event.
- (6) When considering costs for conferences or events these may not include items, such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- (7) The accounting officer of a municipality or municipal entity must ensure that meetings and planning sessions that entail use of municipal funds are, as far as may be practically possible, held in-house.
- (8) Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the municipal jurisdiction.
- (9) An accounting officer may consider granting approval, as contemplated in sub-regulation (4), for officials, and in the case of Councilors, the Mayor.
- (10) A municipality or municipal entity must, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

#### Other related expenditure items

13. (1) All commodities, services and products covered by a transversal contract concluded by the National Treasury must be procured through that transversal contract before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- (2) Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during election periods.

#### Enforcement Procedures

14. Failure to implement or comply with these Regulations may result in any official of the municipality or municipal entity, political office bearer or director of the board that authorised or incurred any expenditure contrary to these regulations being held liable for financial misconduct

as set out in Chapter 15 of the Act read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

**Disclosures of cost containment measures**

15. (1) The disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.
- (2) The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings, on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.
- (3) Such reports must be copied to the National Treasury and relevant Provincial Treasuries within seven calendar days after the report is submitted to Municipal Council.

**Short title and commencement**

16. These Regulations are called the Municipal Cost Containment Regulations, 2018 and take effect on 01 July 2018.



PART B

EXPLANATORY MEMORANDUM ON DRAFT COST CONTAINMENT REGULATIONS INTENDED TO BE MADE IN TERMS OF LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The wider implementation of the Local Government: Municipal Finance Management Act, 2003 (MFMA) in all municipalities and entities is an important element in the roll out strategy to modernise and improve financial management in local government. Linked to this strategy are the fundamental principles of effective and efficient utilisation of public resources in a transparent and accountable manner.

Despite the provisions in the MFMA and the reforms developed over the last 13 years to support the implementation of the MFMA, municipalities and municipal entities continue to spend public funds and municipal resources on non-priority items. More often than not this results in a diversion of public funds from core service delivery to other expenditures resulting in dissatisfaction by communities and delays in service delivery.

Government has therefore committed in the Medium Term Strategic Framework for 2014 – 2019 to urgently implement cost saving measures across all three spheres of government to assist in re-prioritizing expenditure and free up resources that can be targeted towards service delivery. These measures introduced are also intended to eliminate wastage of public resources on non-service delivery items. This will be undertaken through advocacy, strengthening the legal and policy prescripts and frameworks aimed at cost containment and ensuring the implementation thereof by municipalities and municipal entities.

The Minister of Finance has also pronounced during the February 2016 Budget Speech and the October 2016 Medium Term Budget Policy Statement that the National Treasury will issue regulations on cost containment measures for local government. The initial cost containment measures were introduced through MFMA Circular. Additional measures will also be taken to ensure a transparent tendering system by ensuring that value for money is attained through the revised procurement process. Similar measures have also been introduced in national and provincial government in terms of the Public Finance Management Act 1 of 1989.

Over the last 4 to 5 years, the Auditor-General's General Report on Local Government Audit Outcomes highlighted the extent of wastage of public resources. This was also observed through various publications in the print media and other government publications. Weak governance as well as the significant increase in the number of municipalities incurring unauthorised, irregular as well as fruitless and wasteful expenditure, were also highlighted as areas of concern.

Building on the MFMA Circular, the National Treasury in association with other stakeholders, have drafted regulations that will promote the cost containment measures introduced in a number of spending areas.

Section 168(1)(b) and (p) of the MFMA provides that the Minister may regulate financial management and internal control and generally, any other matter that may facilitate the enforcement and administration of the Act, respectively. The object of the draft Regulations is to ensure that the resources of municipalities and municipal entities are used effectively, efficiently and economically (regulation 2). The Regulations will apply to all municipalities and municipal entities (regulation 3).

Regulation 1 contains the definition of terms that are used in the regulations. Regulation 4 deals with the establishment of cost containment policies including the principles applicable to such policies.

Regulations 4 to 13 contain the actual cost containment measures to be implemented by municipalities and municipal entities. These measures include:

- Principles around appointment of consultants to perform municipal functions and assessment to be undertaken by municipalities and municipal entities before appointing consultants;

- Procurement of mayoral vehicles. The regulations introduce a ceiling in terms of the value of the vehicles to be procured and principles in terms of management of such vehicle by the municipalities and municipal entities;
- Travel and subsistence allowance. This section of the regulations provides the thresholds for purchasing air tickets and hiring of vehicles. The intention with this specific measure is to ensure that institutions actually realise the discounts which have been negotiated at National Government level. These thresholds will contribute towards institutions achieving cost savings on their travel and accommodation budgets;
- Prohibition on issuance of credit or debit cards linked to municipal bank accounts to officials or public office bearers;
- Prohibition on using municipal funds for specific functions which include, amongst others, spending on catering for internal meetings only attended by officials, and social, farewell or team building activities. This section also prohibits the utilisation of municipal funds on alcoholic beverages;
- The regulations also make it mandatory for institutions to procure vehicles, cell phone and other related assets via the transversal contract negotiated at National Government level. This will ensure that there are cost savings and benefits passed to municipalities on all such items;
- The regulations also introduce a monetary threshold for conference fees which include the attendance of both local and international conferences;
- The regulations are intended to reduce excessive spending on office furniture and equipment;
- Municipalities and municipal entities are also encouraged to ensure that proper processes are followed when dismissing and suspending officials, this minimise unnecessary legal costs. Institutions are also encouraged to manage their expenditure on leave and overtime benefits; and
- The regulations make it mandatory for municipalities to conduct threat assessments before approving any security measures for councillors or officials.

Regulation 4 introduces consequence management aspects for non-adherence to the regulations. Non-compliance with these measures must be investigated for financial misconduct in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Regulation 5 provides the framework for disclosure of actual cost savings achieved by institutions in their annual reports, this improve transparency.

Regulation 6 contains the short title and the commencement date of the regulations.

These draft regulations therefore propose to provide a framework that is consistent with the provisions of the MFMA. The effective implementation of the regulations is intended to ensure that municipalities and municipal entities achieve value for money in utilising public resources to deliver municipal services. It is the intention that the Regulations would become effective on 01 July 2018.

Comments received during the consultation process will be considered and processed with a view to addressing any shortcomings.

**ANNEXURE N**  
**MFMA BUDGET CIRCULAR 89**



## Municipal Budget Circular for the 2018/19 MTREF

### CONTENTS

1.	THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2.	KEY FOCUS AREAS FOR THE 2018/19 BUDGET PROCESS.....	3
2.1	LOCAL GOVERNMENT CONDITIONAL GRANTS AND ADDITIONAL ALLOCATIONS.....	3
2.2	MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA).....	5
2.3	REPORTING INDICATORS.....	6
2.4	BORROWING FOR CAPITAL INFRASTRUCTURE.....	7
3.	THE REVENUE BUDGET.....	7
3.1	MAXIMISING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE.....	8
3.2	ESKOM BULK TARIFF INCREASES.....	8
3.3	WATER TARIFF INCREASES.....	8
3.4	WATER CONSERVATION AND WATER DEMAND MANAGEMENT (WCWDM).....	9
4.	FUNDING CHOICES AND MANAGEMENT ISSUES.....	9
4.1	EMPLOYEE RELATED COSTS.....	9
4.2	REMUNERATION OF COUNCILORS.....	10
5.	CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	10
5.1	NON-COMPLIANCE OF IN YEAR MONITORING.....	10
6.	THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	10
6.1	TABLING OF FUNDED BUDGETS.....	10
6.2	BUDGETING FOR COLLECTIONS FROM ARREAR DEBTORS.....	10
6.3	VAT IMPLICATIONS (BUDGETING ON CAPITAL (A5) VS REPORTING).....	11
6.4	BUDGETING FOR PROJECTIONS ON TABLES SA25 TO SA30.....	11
6.5	SERVICE LEVEL STANDARDS.....	11
6.6	SCHEDULE A - VERSION TO BE USED FOR THE 2018/19 MTREF.....	11
6.7	ASSISTANCE WITH THE COMPIATION OF BUDGETS.....	12
7.	BUDGET PROCESS AND SUBMISSIONS FOR THE 2018/19 MTREF.....	13
7.1	SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2018/19 MTREF.....	13
7.2	BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	14
7.3	IN-YEAR REPORTING.....	14
7.4	BUDGET VERIFICATION PROCESS.....	15
7.5	PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES.....	15
	ANNEXURE A – CHANGES TO MSCOA VERSION 6.2.....	17



## Introduction

The purpose of the annual budget circular is to guide municipalities with their compilation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF). This circular is linked to the Municipal Budget and Reporting Regulations (MBRR); and strives to support municipalities' budget preparation processes so that the minimum requirements of the MBRR are achieved.

In 2010 National Treasury introduced the local government budget and financial reform agenda and since then several projects to further this agenda have been introduced. The recent implementation of the municipal Standard Chart of Accounts (mSCOA) and the accompanying "game changers" signals a smarter way forward to strengthening local government finances.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial reform agenda and associated "game changers".

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

### 1. The South African economy and inflation targets

In the 2017 Medium Term Budget Policy Statement the Minister of Finance stated that, improving the country's economic growth in the period ahead remains the biggest challenge. This undoubtedly echoes the sentiments expressed in the previous year's annual budget circular, that the South African economic outlook is bleak.

The National Treasury's macroeconomic projections show that per capita income will continue to stagnate unless appropriate financial decisions are taken. This implies that a new course of action is required to break the cycle of weak growth, escalating government debt, increasing unemployment and declining investment and business confidence.

It is important to note that the 2017 projected Gross Domestic Product (GDP) growth forecast of 1.3 per cent in the 2017/18 budget was revised down to 0.7 per cent. The rate of recovery will be slow and at this time, it is anticipated that growth of 1.9 per cent may be reached by 2020.

Notably, the anticipated economic improvements, employment opportunities and business recovery have not materialised hence the economy remains unstable. The impact of the decline in mining growth and the struggle in the agriculture sector because of the persistent drought influence the low economic growth.

The mining outlook remains subdued due to continued domestic policy uncertainty and rising production costs. Fixed-capital stock in manufacturing has declined every year since 2009, indicating a gradual erosion of capacity. Formal non-agricultural employment declined by 0.2 per cent in the first half of 2017 compared to the same period last year. Employment prospects in manufacturing remain constrained. Similarly, employment growth in the trade sector is likely to remain under pressure given low consumer confidence and weak credit growth.

In summary, the country's tax collection targets have not been met and this means that the fiscus has less funds available to allocate across the various spheres of government. Unfortunately, a similar decline cannot be measured in expenditure and this means that deficits are growing.

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2016 - 2020**

Fiscal year	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Forecast		
CPI inflation	8.3%	5.4%	5.2%	5.5%	5.5%

Source: Medium Term Budget Policy Statement 2017.

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

## 2. Key focus areas for the 2018/19 budget process

### 2.1 Local government conditional grants and additional allocations

The proposed division of revenue continues to prioritise funding services for poor communities. Allocations to local government subsidise the delivery of free basic services to low-income households, and the infrastructure needed to deliver those services.

The 2017 Medium Term Budget Policy Statement (MTBPS) indicates transfers to local government for the 2018 MTREF are R397 billion, of which 62.2 per cent comprise unconditional allocations while the remainder is conditional grant funding. The allocations for local government over the medium term represent 9.2 per cent of non-interest expenditure and an increase of 8.3 per cent.

The equitable share and the allocation of the general fuel levy to local government constitute unconditional funding. Municipalities are reminded that this funding allocation is formula driven and designed to fund the provision of free basic services to disadvantaged communities. Conditional grant funding must be utilised for the intended purpose within the timeframes, as specified in the annual Division of Revenue Bill. Monies not spent must be returned to the fiscus and requests for roll-overs will only be considered in extenuating circumstances.

The annual Division of Revenue Bill will be published in February 2018 after the Minister of Finance's budget speech. The grant allocations will be specified in this Bill and municipalities must reconcile their budgets to the numbers published herein.

Municipalities are advised to use the indicative numbers presented in the 2017 Division of Revenue Act to compile their 2018/19 MTREF. In terms of the outer year allocations (2020/21 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2017 Division of Revenue Act for 2018/19. The DoRA is available at <http://www.treasury.gov.za/documents/national%20budget/2017/default.aspx>

#### Changes to local government allocations

- The Equitable Share formula takes into account the rising bulk costs of electricity and water, as well as household growth. This is confirmed by the additional R1.5 billion in 2019/20 that was part of the 2017 budget for the local government equitable share.
- In line with government's Integrated Urban Development Framework (IUDF), a new approach to funding intermediate cities will be piloted as part of the municipal infrastructure grant in 2018/19. It will emphasise a programme of capital investment that

combines grant and non-grant funding. This approach may take the form of a separate grant for qualifying cities over the medium term, with strong performance incentives.

- The allocation mechanism of the *public transport network grant*, which funds the improvement of urban public transport systems, will be amended. The changes will provide more stability in allocations for smaller cities. Performance incentives will be introduced and stricter conditions applied. Where cities fail to demonstrate that they have financially sustainable plans for public transport networks, allocations will be cut. Performance incentives will also be considered for other conditional grants, including for improved spending on infrastructure maintenance.
- The National Treasury and the Department of Human Settlements will review spending on urban informal settlement upgrading, with a view to changing the grant system to enable increased investment in in-situ upgrading. This work will be aligned to the review of the provincial *human settlements development grant*.

The Presidency announced in a press statement on 27 November 2017 that, "President Jacob Zuma has directed the Minister of Finance, Mr Malusi Gigaba, assisted by the Presidential Fiscal Committee, to identify concrete measures to urgently address the challenges identified in the Medium Term Budget Policy Statement." These measures should focus on four areas, one of which is, "To identify and finalise proposals for cuts in expenditure amounting to about R25 billion. Such proposed cuts should not be in areas that will negatively affect economic growth prospects and job creation." National Treasury is currently working to implement this directive from the President. If the proposed cuts in expenditure are adopted by Cabinet, they could result in substantial changes to the division of revenue that was tabled in the 2017 MTBPS. Municipalities should be aware in their planning that these changes could include substantial reductions to grants to local government. The details of any cuts to expenditure will be announced when the 2018 Budget is tabled on 21 February 2018.

#### **Reforms to local government fiscal framework**

Reforms over the medium term will enhance the ability of municipalities to raise revenue to invest in their own development.

Government will:

- Table amendments to the Municipal Fiscal Powers and Functions Act (2007) to better regulate the levying of municipal development charges; and
- Update the policy framework for municipal borrowing and financial emergencies. The purpose is to establish a system which does not only guarantee stability and certainty in local government finances, but also seeks to implicitly create incentives and attract more players in the municipal debt market space, i.e. insurers, pension funds, fund managers and DFIs.

Municipal revenue-raising capacities vary widely. The National Treasury will consider applications to waive co-funding requirements for infrastructure projects in municipalities with little or no ability to raise finance for such projects. Reprioritisations within the *regional bulk infrastructure grant*, *water services infrastructure grant* and *municipal infrastructure grant* will be made to fund the Bucket Eradication Programme.

## 2.2 Municipal Standard Chart of Accounts (mSCOA)<sup>1</sup>

The implementation of mSCOA Regulations from 01 July 2017 revealed some of the challenges with version 6.1 of the chart that must be addressed. As a result of this, the chart was updated and version 6.2 is released with this circular (see Annexure A). Version 6.2 of the chart will be effective from 2018/19 and must be used to compile the 2018/19 MTREF. In addition, there were classification differences between the original budgets that were adopted by municipal council and the data strings that were submitted to National Treasury. Furthermore, the budget related policies were not updated to align to mSCOA (e.g. Virement policy).

Version 6.2 of the mSCOA chart to be used for the 2018/19 MTREF is available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

### *Amendments of mSCOA implementation errors during the adjustments budget*

During the budget verification process it was evident that municipalities had challenges aligning the mSCOA original budget data string to the original budget adopted by municipal council. The challenges differed per municipality and include differences on classification. Most municipalities were granted permission to correct the alignment during the 2017/18 adjustments budget process. The adjusted budget data strings should align to Schedule B adopted by municipal council. National and Provincial treasuries will undertake the verification process on the adjusted budgets in relation to the data strings. Therefore, municipalities are advised to submit the draft data strings and B-schedules in advance for testing purposes to ensure that aligned documents are adopted by municipal council by 28 February 2018.

### *The impact of mSCOA on the virement policy*

MFMA Circular No. 51 highlighted the principles that must be incorporated into municipal virement policies. It also emphasised that the policy must indicate how the virement process must be managed within the municipality to enable the tracking and reporting of funding shifts.

The principles are still applicable and relevant. The only difference is that a transaction in mSCOA relates to six regulated segments, therefore all segments must be considered when making a virement. Municipalities are urged to review the policy and update reference to "Vote" to align to the function segment and indicate the funding applicable to the item being transferred in relation to the funding segment. Therefore, with the implementation of mSCOA, virements can only take place within a function or sub-function and the same source of funding. The creation of new projects or savings across functions can only take place through an adjustment budget. The policy must clearly articulate that virements should not be allowed from the repairs and maintenance project in the project segment.

### *Clarification of core and non-core functions*

There are municipalities that experienced challenges with the implementation of the function segment due to the interpretation of what is core and non-core. Core functions provides for the matters in terms of section 156 (1) of the Constitution. These are functions performed by local government and constitutionally assigned to local government in terms of Part B of Schedule 4 and Part B of Schedule 5. Non-core function refers to the functions performed by

<sup>1</sup> The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

local government that are constitutionally assigned to provincial government in terms of section 156(4) of the Constitution. Local Government are compensated for delivering these functions on behalf of provincial government and typically receive a management fee from the provincial department.

For example, with the water function, if a municipality is an approved Water Service Authority (WSA), the provision of water will be a core function of that municipality. However, where a municipality is providing the service on an agency basis and is not an approved WSA, this will be a non-core function.

#### **2018/19 mSCOA Audit process**

When the mSCOA Regulation was promulgated in 2014, it provided for a three-year preparation and readiness window. All municipalities had to be compliant with the mSCOA classification framework by 1 July 2017. In order to ensure that municipalities meet the compliance deadline, National Treasury provided technical guidance on the processes required through MFMA Circulars No. 57, 60, 85 and mSCOA Circulars 1, 2, 3, 4, 5, and 6. Furthermore, a transversal tender (RT25-2016) was issued to reduce the time spent by municipalities on onerous tender processes and price negotiations when changing its current financial system to comply with mSCOA. These circulars read together with the mSCOA regulations should be the first point of departure when municipalities prepare their mSCOA audit files and the following key documents should typically be included in the audit files:

- **Governance:** Council resolutions pertaining to mSCOA implementation, including the resolutions to establish a mSCOA steering committee and project implementation team; all documents of the Project Steering Committee and Project Implementation Committee such as agendas, attendance registers, signed minutes of all meetings, correspondence with National and Provincial Treasuries and the mSCOA project plan and reports/evidence of monitoring thereof;
- **Change management and training:** Records as evidence that change management were implemented and that all officials were trained on mSCOA and the use of the mSCOA enabling financial system;
- **Procurement of Systems:** Evidence that the processes set out in Annexure B of mSCOA Circular No. 6 was followed, including conducting an ITC due diligence process, obtaining a recommendation from the mSCOA project steering committee and the views of the National/Provincial Treasury and correspondence with the Office of the Procurement Officer (OCPO) of National Treasury where the transversal tender RT25-2016 was used; and
- **Data migration/conversion:** As part of the audit process, the Auditor-General will review the conversion/migration/cleansing processes used by the municipality to assess the completeness, accuracy and validity of data.

Municipalities are advised to use their internal audit function to ensure that the correct process was followed. Internal audit must ensure that the municipality has complied with the requirements of mSCOA and the reports of internal audit must be tabled at audit committee and at municipal council for their consideration.

### **2.3 Reporting Indicators**

The National Treasury has finalised the process of rationalising the built environment reporting for the eight metropolitan municipalities with an aim to reduce the reporting burden, which included the development of a set of indicators that will enable government to monitor progress on the integrated and functional outcomes.

There has been some confusion as to the level that indicators in the Service Delivery Budget Implementation Plan (SDBIP) occupy, particularly in relation to quarterly projections of service delivery targets and performance indicators for each vote (as per MFMA Circular No. 13).

Municipalities are urged to refer to MFMA Circular No.88 on rationalisation of planning and reporting requirements for the 2018/19 MTREF issued on 30 November 2017. The circular contains municipal performance indicators for metropolitan municipalities. In providing guidance, conceptual clarity and alignment between the Integrated Development Plan (IDP), Built Environment Performance Plan (BEPP), SDBIP and the performance part of the Annual Report, the MFMA Circular has conceptual application of benefit to all municipalities.

The performance indicators will be applicable to metropolitan municipalities from the 2018/19 financial year, and incrementally introduced to other categories of municipalities from 2019/20 onwards, although earlier compliance is encouraged.

#### **2.4 Borrowing for capital infrastructure**

In terms of Section 46 of the MFMA, a municipality may incur long-term debt only for the purpose of current or future capital expenditure on property, plant or equipment, and in specified circumstances for refinancing existing long-term debt. A municipality cannot borrow to replenish capital, nor can borrowing be attributed to previous years' investment projects.

It has come to National Treasury's attention that some municipalities budget for long-term borrowing in a specific financial year to finance capital projects; however, the expenditure is financed from internally generated funds and not with the planned/ budgeted long-term borrowing as was approved by council. The municipalities will then obtain the long-term debt in future years to refinance the internally generated funds which were used to finance the capital projects in the previous financial years. This practice is not supported as it is not consistent with section 15 of the MFMA that provides that a municipality can only incur expenditure in terms of an approved budget and within the amounts appropriated for the different votes. The incurring of the expenditure against a different source of finance than what was approved will be regarded as unauthorised expenditure.

### **3. The revenue budget**

Similar to the rest of government, municipalities face a difficult fiscal environment. Even as demand for services rises, weak economic growth has put stress on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, water boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them, and eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have.

Municipalities are reminded that, the local government equitable share allocation is mainly to fund the costs of free basic services and to subsidise the administrative costs of the smaller and more rural municipalities. The increasing unemployment and growth in the number of persons per household means that the revenue foregone in respect of free basic services will likely increase and it will become even more difficult to collect revenue. The household budget will be under pressure and trade-offs will be applied as it may be unaffordable to pay all household expenses with regularity.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore municipalities are required to *justify all increases in excess of the projected inflation target for 2018/19 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.* In addition municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

### 3.1 Maximising the revenue generation of the municipal revenue base

The implementation of mSCOA requires systems integration of several sub-systems such as that which contains the municipal valuation roll. Among the internal controls, the system must have the capability to compare the valuation roll data to that of the billing system; the list of exceptions derived from this reconciliation provides an indication of where the municipality may be compromising its revenue generation in respect of property rates. Municipalities must reconcile valuation roll data, billing system and the deeds office. This may become a formal disclosure item in the near future.

Municipal own revenue sources are shrinking due to widespread drought and households opting for alternative sources of energy. This means that more effort is required to maximise revenue derived from property rates.

### 3.2 Eskom bulk tariff increases

2017/18 was the last year of the third Multi-Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA). Eskom has applied for a one year average tariff increase of 19.9 per cent for 2018/19. For municipalities, the different timing of the municipal financial year means that the increase Eskom has applied for would mean a 27.29 per cent average tariff increase in the 2018/19 municipal financial year. The National Energy Regulator of South Africa recently concluded a process of public hearings on this application, but has yet to publish a decision on the application. Municipalities can monitor [www.nersa.org.za](http://www.nersa.org.za) for news on the outcome of this process.

Municipalities should note that the average electricity tariff increase for municipalities in the 2017/18 municipal financial year was only 0.31 per cent. MFMA Circular No. 86 noted that by the time that tariff announcement was made, the local government equitable share allocations for 2017/18 had already been calculated with a higher electricity tariff increase. That circular said that "municipalities will have to budget to retain any surplus funds from the higher free basic services subsidy paid [through the local government equitable share] in 2017/18 in order to offset the cost of providing free basic electricity in 2018/19."

Municipalities are also urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

### 3.3 Water tariff increases

The prevailing drought makes it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services.

Municipalities must ensure that the tariffs charged are able to cover for the cost of bulk purchases, ongoing operations as well as provision for future infrastructure. There are



municipalities that are struggling to pay water boards due to a number of issues, one of which is poor financial sustainability and cost recovery. All municipalities in arrears with bulk suppliers must ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

Accounting officers should take note that failure to undertake proper due diligence in terms of the affordability of payment arrangements and making the necessary provision in the municipality's budget will be considered as an act of financial misconduct and the necessary action in terms of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings will have to be taken.

Municipalities that may have benefited from having introduced penalty tariffs for non-compliant consumers will have to adjust their budgets accordingly.

#### 3.4 Water Conservation and Water Demand Management (WCWDM)

Water Conservation and Water Demand Management has been identified as a key intervention to balance available municipal supply against projected future needs. In this regard municipalities must actively implement WCWDM. Ongoing accurate monitoring and reporting of municipal Non-Revenue Water (NRW) and water loss performance against set targets and baselines is critical. The reporting must take place via the International Water Association (IWA) water balance methodology. No new funding towards future water infrastructure projects will be considered unless municipalities can provide actual consumption figures and prove that their water losses are under control. Municipalities should increase their efforts to reduce NRW and the negative impact it has on their ability to generate their own income and run a viable water business.

### 4. Funding choices and management issues

The Circular clearly outlines that, as a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2018/19 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities as was highlighted in MFMA Circular No. 82;
- ensuring value for money through the procurement process;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

#### 4.1 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.



#### 4.2 Remuneration of councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.

### 5. Conditional Grant Transfers to Municipalities

#### 5.1 Non-compliance of in year monitoring

In terms of Section 74(1) of the Municipal Finance Management Act (No 56. of 2003) (MFMA), municipalities must submit to the National and Provincial treasuries documents and monthly grant return forms as may be prescribed or required. Furthermore, section 12(2) of the Division of Revenue Act (Act No. 3 of 2017) (DoRA) states that the municipality, as part of the report required in terms of section 71 of the MFMA, report on the matters referred to in subsection (4) and submit a copy of that report to the relevant provincial treasury, the National Treasury and the relevant Transferring Officer.

There are municipalities that have not been complying with the reporting requirements as stipulated above. Municipalities are reminded that non-submission of monthly reports translates to non-compliance with the MFMA and DoRA. The National Treasury and Transferring Officer will be implementing stringent measures to municipalities that do not comply with the prescripts. This includes, but is, not limited to the stopping and reallocation of conditional grants funding away from municipalities that are non-compliant. Municipalities are encouraged to comply with the reporting requirements in order to avoid withholding or stopping of an allocation.

### 6. The Municipal Budget and Reporting Regulations

#### 6.1 Tabling of funded budgets

The importance of tabling funded budgets is highlighted in MFMA Circular No. 74. This is one of the game changers in local government to ensure financial sustainability. As an initiative to support municipalities in this regard, the National and Provincial treasuries are assessing tabled budgets and assisting municipalities in effecting the required changes to ensure that they adopt funded budgets. However, some municipalities have challenges in correcting the budgets to ensure that they are funded in one financial year due to financial challenges. As a result, such municipalities must, together with their 2018/19 MTREF budget, table a plan in a municipal council on how and by when the budget will improve from an unfunded to a funded position. The National and Provincial treasuries will assess the budget together with the plans and support the municipality accordingly.

#### 6.2 Budgeting for collections from arrear debtors

Most municipalities do not split collections between current and arrear debtors when reporting on table A7, this results in the collection rate being overstated. Municipalities are required to only disclose receipts from current accounts under cash flow from operating activities and the receipts from arrear accounts should be disclosed under cash flow from investing activities (Decrease in non-current debtors).

### 6.3 VAT Implications (Budgeting on capital (A5) vs reporting)

MFMA Circular No. 58 indicated that municipalities must disclose total capital conditional grant allocations reflected in the DoRA under 'transfers and grants – capital' on Tables A2, A3, A4 and A5. However, there are municipalities that are experiencing challenges when reporting capital expenditure performance against the budget. The expenditure at year end appears to be understated when compared to the budget.

In terms of paragraph 4.5 of the VAT 419 Value-Added Tax – Guide for Municipalities, section 8(5A) was introduced to create a deemed supply where a person receives a grant from a public authority, constitutional institution or municipality. In light of the above it is clear that transfers to municipalities are deemed to be a zero-rated supply which includes VAT at 0 per cent. Grants are therefore VAT inclusive as per MFMA Circular No. 58 but at 0 per cent. *Therefore, municipalities must budget for VAT at 0 per cent and not 14 per cent on tables A4 and A5.* The approach also applies to the adjustments budget process (tables B4 and B5).

The fact that grants are a zero-rated supply enables municipalities to claim the input VAT on expenditure incurred. In line with MFMA Circular No. 58 a municipality must report the VAT inclusive expenditure against all conditional grants for purposes of DoRA, failing which the reclaimed input VAT will reflect as 'unspent' and revert to the National Revenue Fund (NRF). In practice the amount of expenditure (VAT exclusive) in the grant register will be expensed/ capitalised and the VAT portion reflected in the grant register may be utilised by the municipality as own revenue in terms of MFMA Circular No. 58. This also removes any doubt about the misalignment of Tables SA18, SA19, SA20, A4 and A5 due to VAT.

### 6.4 Budgeting for projections on tables SA25 to SA30

Over the years municipalities in general have not adequately completed the supporting tables SA25 to SA30, where projections were equally divided over twelve months. In addition, the quarterly projections reported on the C schedules differ with the projections that were set in the adopted budgets. This has defeated the purpose of monthly projections which seeks to improve cash flow and performance management. The implementation of mSCOA requires municipalities to undertake monthly projections, which must align to the supporting tables of the A schedule. Municipalities must reflect realistic projections when they adopt the budget and not to change the projections during in-year reporting.

### 6.5 Service level standards

A broad guideline was provided on the minimum service standards to be incorporated in the budget documentation. In addition, MFMA Circular No.74 included a framework that was developed as an outline to assist municipalities in finalising their service level standards.

Municipalities are advised to update the service level standards to align to the new IDPs that were compiled after the 2016 Local Government Elections. As indicated in MFMA Circular No.74 it is not possible to have the same service level standards across all municipalities. Therefore, the outline must be used as a guideline and be amended accordingly to align to the municipality's specific circumstances.

### 6.6 Schedule A - version to be used for the 2018/19 MTREF

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the mSCOA classification framework which must be used when compiling the 2018/19 MTREF budget. **ALL municipalities MUST use this version for the preparation of their 2018/19 MTREF budget.**

It is imperative that all municipalities prepare their 2018/19 MTREF budgets in their financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets.

Special attention must be given to the supporting schedules in the prescribed A1 schedule. Where detailed data is lying in a sub-system e.g. human resource data for SA22 to SA24, this data must be pulled from the sub-system into the applicable supporting sheet.

Download Version 6.2 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:  
<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

### 6.7 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Bernard Mokgabodi	012-315 5535	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a>
	Majajali Mashoeshoe	012-315 5553	<a href="mailto:Majajali.Mashoeshoe@treasury.gov.za">Majajali.Mashoeshoe@treasury.gov.za</a>
Free State	Jordan Maja	012-315 5663	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a>
	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
Gauteng	Kgomotso Baloyi	012-315 5865	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Nomvuliso Mawulana	012-315 5460	<a href="mailto:Nomvuliso.Mawulana@treasury.gov.za">Nomvuliso.Mawulana@treasury.gov.za</a>
KwaZulu-Natal	Bernard Mokgabodi	012-315 5935	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a>
	Johan Botha	012-315 5171	<a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
Limpopo	Una Rautenbach	012-315 5700	<a href="mailto:Una.Rautenbach@treasury.gov.za">Una.Rautenbach@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Mpumalanga	Willem Voigt	012-315 5830	<a href="mailto:Willem.Voigt@treasury.gov.za">Willem.Voigt@treasury.gov.za</a>
	Mandla Gillman	012-315 5807	<a href="mailto:Mandla.Gillman@treasury.gov.za">Mandla.Gillman@treasury.gov.za</a>
Northern Cape	Jordan Maja	012-315 5663	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a>
	Anthony Moseki	012-315 5174	<a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
North West	Sadeesh Ramjathan	012-315 5101	<a href="mailto:Sadeesh.Ramjathan@treasury.gov.za">Sadeesh.Ramjathan@treasury.gov.za</a>
	Makgabo Maboja	012-315 5155	<a href="mailto:Makgabo.Maboja@treasury.gov.za">Makgabo.Maboja@treasury.gov.za</a>
Western Cape	Vuyo Mbunge	012-315 5661	<a href="mailto:Vuyo.Mbunge@treasury.gov.za">Vuyo.Mbunge@treasury.gov.za</a>
	Kevin Bell	012-315 5725	<a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
	Sibusiso Mahlangu	012-395 6737	<a href="mailto:Sibusiso.Mahlangu@treasury.gov.za">Sibusiso.Mahlangu@treasury.gov.za</a>
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	<a href="mailto:info@queries@treasury.gov.za">info@queries@treasury.gov.za</a>

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in Item 31 of Schedule A of the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have adopted an unfunded budget, they will be required to correct the budget to ensure it adopts and implements a funded budget. However, where there are challenges the process indicated in paragraph 6.1 above will be applied.

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

## 7. Budget process and submissions for the 2018/19 MTREF

### 7.1 Submitting budget documentation and schedules for 2018/19 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(f) of the MFMA requires that, immediately after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is Tuesday, 03 April 2018. The deadline for submission of hard copies including council resolution is Friday, 06 April 2018.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is Friday, 13 July 2018, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and

- schedules D specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za). Any problems experienced in this regard can be addressed with Elsabe Rossouw at [Elsabe.Rossouw@treasury.gov.za](mailto:Elsabe.Rossouw@treasury.gov.za). Budget related documents and schedules may also be uploaded using the LG Upload Portal at <https://portals.treasury.gov.za/sites/LGUploadPortal/SitePages/Home.aspx>

Municipalities are required to send printed submissions of their budget documents and council resolution to:

**For couriered documents**

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

**For posted documents**

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

In addition to the above-mentioned budget documentation, metropolitan municipalities must submit the draft Built Environment Performance Plan (BEPP) tabled in council by 31 March 2018 to [Yasmin.coovadla@treasury.gov.za](mailto:Yasmin.coovadla@treasury.gov.za). If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to [yasmin.coovadla@gmail.com](mailto:yasmin.coovadla@gmail.com) or send to Yasmin Coovadla via Dropbox; any problems experienced in this regard can be addressed with [Yasmin.Coovadla@treasury.gov.za](mailto:Yasmin.Coovadla@treasury.gov.za). Hard copies of the BEPP may be sent to Yasmin Coovadla, National Treasury, 3<sup>rd</sup> floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

## 7.2 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za). Municipalities must submit returns for both the draft budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link: [http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx).

The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures.

## 7.3 In-year reporting

### *The impact of mSCOA on in-year reporting*

Municipalities must submit the mSCOA compliant data strings to the LG Upload Portal. National Treasury will continue with parallel reporting using the old format (return forms) and the mSCOA data strings until it is satisfied that all municipalities are mSCOA compliant and reporting adequately to support all publications. Therefore, the data submitted using both reporting methods must reconcile. National and Provincial treasuries together with the municipalities will conduct monthly verification of the data strings, Schedules C and the return forms to ensure that corrections are effected. All corrections must be done by 28 February 2018 in line with the amendments to the adjustments.

### **Supporting documents to be submitted with Section 71 monthly reports**

Municipalities were advised in MFMA Circular No. 67 that they must provide the following additional information and supporting documentation to the National Treasury as part of the submission of the Section 71 Input forms:

- An extract of the trial balances from the general ledger;
- Copies of the actual monthly bank statements (reflecting the opening and closing bank balances) for the primary bank account;
- Bank reconciliation for the reporting period in the primary bank account; and
- Copies of the quarterly tabled section 71 documents in the prescribed Schedule C format including the applicable council resolution.

Most municipalities have not followed the guideline; therefore, municipalities are reminded that this request is still applicable and that the information must be submitted with the monthly Section 71 reports. The information is meant to assist in improving the quality of the quarterly published local government performance information.

### **Monthly reporting of debtors and creditors**

National Treasury has observed through in-year monitoring that most municipalities are overstating debtors as they report on gross debtors instead of net. The format of the monthly debtors return form (Age Analysis of Debtors) provides for a column to disclose provision for impairment as per council policy. Therefore municipalities are urged to always reflect the provision for impairment in the column as indicated above for National Treasury to be able to reconcile the net debtors.

It was also observed that most municipalities are understating outstanding creditors. There is a major difference in the amounts reported through in-year reporting and those disclosed in the annual financial statements. It is assumed that amounts are not disclosed for all sundry payments and contractual commitments. Municipalities are urged to reconcile creditors on a monthly basis to increase the quality of reporting and for effective cash flow management.

### **7.4 Budget verification process**

Annually during the budget verification process it is noted that municipalities have challenges to align the audited years, which results in amendments to the Schedule A. Municipalities must ensure that the audited figures and adjusted budget figures captured on the Schedule A aligns to the annual financial statements and Schedule B respectively.

### **7.5 Publication of budgets on municipal websites**

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

## Contact



**national treasury**

Department  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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

**JH Hattingh**  
Chief Director: Local Government Budget Analysis  
08 December 2017

## Annexure A – Changes to mSCOA version 6.2

No.	Segment	Amendment
1	Region	Include ward / township breakdown as requested by municipalities
2	Region	Retired decommissioned municipalities due to demarcation
3	Region	Updated name changes due to demarcation and gazette notifications received
4	Item Revenue: Licences or permits	Added item for revenue from Atmospheric Emission Licence Fees
5	Item Expenditure: Depreciation	Added breakdown of asset classification to align to the CIMIS classification and SASM
6	Item Expenditure: Remuneration of councillors	Added remuneration of Section 79 chairperson as this needs to be reported separately
7	Item Expenditure: Contracted services	Added line item for outsourced printing services
8	Item Expenditure: Operational cost: Licences	Added line item for liquor licence (entitles)
9	Item Expenditure	Added "Transfer to Accumulated Surplus" account
10	Item Expenditure	Added "Capitalisation" accounts to capitalise materials, plant and vehicle costs
11	Item Assets: Investments	Report at institution level and breakdown detail for own purposes
12	Item Assets: Current Accounts: Control, Clearing and Interface Accounts	Added line item for mistakes made by bank (over/ under banking, unidentified deductions from bank account)
13	Item: Assets, Liabilities and Net Assets	Removed all "Closing Balance" accounts
14	Item Assets and Liabilities	Added "Opening Balance" accounts, detail to be carried in the sub-system
15	Function	Expanded definition descriptions to guide municipalities on the difference between core and non-core functions
16	Fund	Added breakdown of grants, transfers and subsidies as requested by municipalities
17	Fund	Aligned Fund, Item Liabilities, Item Expenditure and Item Revenue segments
18	Project	Changed breakdown allowed to "Yes" for 8 items that indicated "breakdown required but principle N/A"



**ANNEXURE O**  
**MFMA BUDGET CIRCULAR 91**



## Municipal Budget Circular for the 2018/19 MTREF

### CONTENTS

1.	THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2.	KEY FOCUS AREAS FOR THE 2018/19 BUDGET PROCESS.....	3
2.1	LOCAL GOVERNMENT GRANTS AND ADDITIONAL ALLOCATIONS.....	3
2.2	DROUGHT DISASTER RELIEF.....	5
2.3	PARTICIPATION IN RT15-2016 VODACOM TRANSVERSAL CONTRACT- FOR THE SUPPLY AND DELIVERY OF MOBILE COMMUNICATION SERVICES TO THE STATE.....	5
3.	THE REVENUE BUDGET.....	5
3.1	ESKOM BULK TARIFF INCREASES.....	6
4.	FUNDING CHOICES AND MANAGEMENT ISSUES.....	6
4.1	MANAGEMENT ISSUES.....	6
4.2	EMPLOYEE RELATED COSTS.....	7
4.3	REMUNERATION OF COUNCILORS.....	7
5.	CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	7
5.1	CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANT FUNDS.....	7
5.2	UNSPENT CONDITIONAL GRANT FUNDS FOR 2017/18.....	9
6.	THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	9
6.1	THE IMPACT OF VAT INCREASE ON TARIFFS.....	9
6.2	SCHEDULE A - VERSION TO BE USED FOR THE 2018/19 MTREF.....	10
6.3	ASSISTANCE WITH THE COMPLETION OF BUDGETS.....	10
7.	BUDGET PROCESS AND SUBMISSIONS FOR THE 2018/19 MTREF.....	11
7.1	BUDGETING FOR THE AUDITED YEARS ON SCHEDULE A (MSCOA).....	11
7.2	SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2018/19 MTREF.....	12
7.3	BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	13
7.4	UPLOAD OF THE MSCOA BUDGET DATA STRINGS TO THE LG UPLOAD PORTAL.....	13
7.5	PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES.....	13

## Introduction

This budget circular is a follow-up to the one issued in December 2017. It guides municipalities with their preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context. Among the objectives of this Circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2018 Budget Review and the 2018 Division of Revenue Bill.

### 1. The South African economy and inflation targets

The 2018 Budget Review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economic growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) growth increasing across all major economies.

South Africa has experienced a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.

These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In addition, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2017 - 2020**

Fiscal year	2017/18	2018/19	2019/20	2020/21
	Estimate	Forecast		
Consumer Price Inflation (CPI)	5.3%	5.3%	5.4%	5.5%
Real GDP growth	1.0%	1.5%	1.8%	2.1%

Source: 2018 Budget Review.

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

## 2. Key focus areas for the 2018/19 budget process

### 2.1 Local government grants and additional allocations

Since the 2017 Medium Term Budget Policy Statement (MTBPS) reprioritisation and reductions undertaken have affected planned spending for 2018/19. Local government direct and indirect transfers absorb 18.8 per cent of the reductions. A total of R13.9 billion has been cut from direct local government conditional grant allocations for the Medium Term Expenditure Framework (MTEF) period ahead since the 2017 MTBPS was tabled. Indirect grants to local government have been reduced by an additional R2.2 billion.

The reductions did not affect all conditional grants, and not all grants were reduced by the same percentage. The infrastructure conditional grants, particularly the larger ones, were mainly affected as this was considered the most practical approach. The overall impact of reducing this funding affects capital programmes; therefore local government's share of the reductions is higher than their share of the division of revenue, given that municipalities receive a number of infrastructure grants. The average reductions over the medium term are 3.5 per cent of local government allocations.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Allocations to the local government equitable share will continue to grow over the next three years, alongside a significant reduction in conditional grants. The total value of conditional grants directly transferred to local government increases from R43.3 billion in 2018/19 to R44.8 billion in 2019/20 and R47.8 billion in 2020/21.

Large municipalities are expected to invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.

The 2018 Budget provides for R382.8 billion to be transferred directly to local government and a further R21.8 billion allocated to indirect grants for the 2018 MTREF. Direct transfers to local government over the medium term account for 9 per cent of national government's non-interest expenditure. Total direct allocations to local government grow at an annual average rate of 7.5 per cent over the MTEF period. The total spending on local government increases to 9.5 per cent of national non-interest expenditure when adding indirect transfers.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:  
<http://www.treasury.gov.za/documents/national%20budget/2018/>

### Changes to local government allocations

### Unconditional grants

An amount of R3.4 billion is added to the *local government equitable share* over the medium term to compensate for the rising costs of providing free basic services to the growing number of indigent households. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula. This allocation is in addition to the previous increases and an above inflation growth rate for the baseline in 2020/21. This means that the local government equitable share grows at an annual average rate of 10.4 per cent over the MTEF.

### Conditional grants

The most substantial reduction has been applied to the largest grant – the *municipal infrastructure grant*. However, the structure of the formula used to allocate this grant reduces the impact of reductions on smaller municipalities. Project-based grants, such as those in the electricity and water sectors, have identified projects that will be postponed as a result of the adjustments. These changes do not affect any water augmentation projects in drought-affected areas.

Reductions to the *public transport network grant* are much larger in the outer years of the MTEF. This allows for the Department of Transport and the National Treasury to review the sustainability of public transport plans and to assess whether some cities should put projects on hold while they revisit system design.

The 2017 MTBPS announced a new funding mechanism to support recovery plans for municipalities that face a financial crisis, as provided for in section 139(5) of the Constitution. A *new municipal restructuring grant* will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around. The National Treasury will consult with national departments, provinces and South African Local Government Association (SALGA) on the design of the grant and its coordination with other capacity-building programmes during 2018. The grant is intended to be a short-term intervention that will fund the turnaround of struggling municipalities. It will help identified municipalities that are in financial distress, but have demonstrated a commitment to implementing the necessary reforms. If needed, the intervention powers outlined in section 139 of the Constitution may also be used as part of the broader approach to turning around these municipalities.

The municipal restructuring grant will be made available within the parameters of the existing legal framework and will not provide bailouts to municipalities. It will fund the implementation of specific outputs in support of a financial recovery plan approved by a municipal council. The council must demonstrate political buy-in by adopting such a plan, and the municipality must also commit its own resources to implementing parts of the plan.

Smaller cities face some of the same urban development challenges as major metropolitan areas. These cities will be eligible for a *new integrated urban development grant* from 2019/20. Cities will have to meet planning and performance criteria to receive the grant, which will be funded through a shift of funds from the municipal infrastructure grant. The new grant will require cities to plan for a programme of infrastructure investment, funded from grants and own revenues, rather than just standalone projects. This aligns with the policy set out in the Integrated Urban Development Framework (IUDF) approved by Cabinet in April 2015. This approach will be piloted in uMhlatuze and Polokwane local municipalities in 2018/19. Eligible municipalities will be invited to apply for the grant during 2018. The application process is set out in clause 27(5) of the 2018 Division of Revenue Bill.

## 2.2 Drought disaster relief

Severe drought conditions are affecting large parts of the country, and placing extreme strain on the supply of water to the nearly 4 million people in the City of Cape Town. Some smaller towns in the Northern Cape, Eastern Cape and Western Cape, as well as Nelson Mandela Bay Metro, are also facing severe water shortages. The drought has been classified as a national disaster by the National Disaster Management Centre. Government is committed to managing available supply to ensure basic needs are met, while implementing plans to improve long-term sustainability in a water stressed country.

Government is prepared to provide financial assistance as deemed necessary:

- A provisional allocation of R6 billion has been set aside in 2018/19 for drought relief in several provinces, to assist the water sector and to augment public investment projects supported by improved infrastructure planning. Some of these funds may be allocated to support water augmentation projects in an Adjustments Budget, however, the full costs of new schemes will eventually have to be recovered from water users through tariffs.
- The Division of Revenue Act allows for conditional grant funds to be reallocated for disaster relief. Such additional funding may be used in 2017/18 for immediate interventions such as accelerating groundwater development.
- Disaster relief grants for provinces and municipalities are R423.7 million in 2017/18 and R472.9 million in 2018/19. This may be quickly released to assist in the event of an emergency.
- If agricultural employment is seriously destabilised, government can temporarily increase the intake on the Working for Water Programme. These short-term jobs will provide a substitute employment option, while helping to improve runoff in catchment areas by removing alien vegetation.

## 2.3 Participation in RT15-2016 Vodacom transversal contract- for the supply and delivery of mobile communication services to the state

When municipalities make an application to the Office of the Chief Procurement Officer (OCPO) to participate in the RT15-2016 transversal contract's account management service offering in respect of smart meters, they must comply with the process that will be communicated in an MFMA Circular that will soon be issued. In terms of the application process municipalities are expected to provide evidence of adequate operating budget provision over the MTREF. The Circular will include pre-conditions for eligibility to participate, such as adequate resourcing and technology platform to fulfil their obligation as envisaged by the Smart Utility Management Solution; and capability to sustain the implementation effort in the longer term.

## 3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore municipalities are required to *justify all increases in excess of the projected inflation target for 2018/19 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.* In addition municipalities should

include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

### 3.1 Eskom bulk tariff increases

The National Energy Regulator of South Africa (NERSA) published their "Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2018/19 Financial Year" on 28 February 2018. Municipalities are encouraged to download the full guideline document (available at [www.nersa.org.za](http://www.nersa.org.za)) and study it carefully. The guideline includes an update to the average cost structure used to determine the municipal tariff increase. It also sets out proposed timeframes for the approval of municipal tariffs. NERSA invites comments on the guideline to be submitted by 20 March 2018.

The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

It should be noted that the guideline increase for municipal tariffs and the bulk tariff increase that Eskom will charge municipalities are both lower than the 8 per cent used to calculate the free basic electricity subsidies provided through the local government equitable share formula.

## 4. Funding choices and management issues

### 4.1 Management issues

Many municipalities continue to face institutional challenges and mismanagement that result in service delivery failures, bad debt accumulation, limited cash flows and consequent non-payment of creditors. Eskom and water boards are owed the greater percentage of the total municipal creditors; and protracted non-payment undermines the financial sustainability of these state-owned entities.

The non-payment of creditors is a symptom of underlying problems which include, among others, weaknesses in revenue collection and underinvestment in asset maintenance and renewal, which compromises the reliability of delivering basic services. There are too many municipalities that fail to adopt credible budgets and this means that even if they adhere to their budgeted plans, they will not be financially sustainable.

The national and provincial departments collectively owe municipalities and while much of the historic debt has been verified by the Department of Public Works there are departments that do not have sufficient funds to settle these debts. The Department of Public Works continues to facilitate the ongoing government debt verification and settlement process.

In order to achieve financial sustainability, municipalities must demonstrate the political will to implement the changes required to improve their performance. Where municipalities

consistently fail to deliver their mandates, the Constitution provides for provincial and/or national government to intervene.

Government will introduce a conditional grant in the outer years of the 2016 MTEF to provide support to municipalities facing financial crises. This grant funding will only be accessible to municipalities that have demonstrated the political will to implement reforms necessary to turn themselves around. The grant will be designed and consulted during 2018.

#### 4.2 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

#### 4.3 Remuneration of councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.

### 5. Conditional Grant Transfers to Municipalities

This section provides guidance to municipalities with regard to the preparation for the 2017/18 unspent conditional grant and roll-over process and should be referenced to previous annual budget circulars.

#### 5.1 Criteria for the rollover of conditional grant funds

Section 22 of the 2017 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 22(2) of the DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer must be addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2017 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):
  - a) Proof that the project tender was published and the period for tender submissions closed before 31 March;
  - b) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or



- c) Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the final year of the project; and
  - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2019 (attach cash flow projection for the applicable grant).
4. A progress report (also in percentages) on the status of each project's implementation (attach a visible implementation plan);
  5. The value of the committed project funding, and the conditional allocation from the funding source;
  6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;
  7. Municipalities must not include previous year's unspent conditional grants as a rollover request. Rollover of rollovers will not be considered;
  8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and
  9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed.

*No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy.*

**If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2018, the application will be declined.**

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the In-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2017 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements information to National Treasury by 31 August 2018;
3. Accurate disclosure of grant performance in the 2017/18 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. The National Treasury will not consider requests to approve the entire allocation to the municipality as there should be a minimum spend of 50 per cent of the allocation per programme;
5. Cash available in the bank (net position including short term investments) as at 30 June 2018 and in line with the cash flow statements to finance the roll-over request;
6. No approval will be granted to municipalities requesting a roll-over of the same grant for the third consecutive time;
7. Incorporation of the Appropriation Statement;
8. No roll over application project constituted through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636) will be approved. Projects linked to additional funding and disasters are exempted;
9. If the full amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. National Treasury will not approve portions of roll over requests; and
10. Evidence that the roll over application is linked to invoices that were issued within the last 30 days of the municipal financial year end.

## 5.2 Unspent conditional grant funds for 2017/18

The process to ensure the return of unspent conditional grants for the 2017/18 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2018 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile.
- Step 2: When preparing the Annual Financial Statements a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2018. These amounts **MUST** exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately.
- Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2017 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2018.

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

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 22 October 2018 or whether it will agree to any alternative payment arrangement or schedules.
- Step 5: National Treasury will communicate the unspent conditional grants amount by 05 November 2018. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 19 November 2018.
- Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 19 November 2018, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 03 December 2018 equitable share allocation.

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

## 6. The Municipal Budget and Reporting Regulations

### 6.1 The Impact of VAT Increase on tariffs

VAT will increase from 14 per cent to 15 per cent from April 2018. In terms of Section 7(4) of Value-Added Tax Act (No. 89 of 1991), the VAT increase takes effect on 1 April. It is a tax increase as result of tax legislation that municipalities must implement and not an increase of tariffs by the municipalities. Therefore Section 28(5) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) (MFMA), is not applicable in this regard.

Whether the additional amount is recoverable from the customer or not, the supplier must account for VAT on any supplies made on or after 1 April 2018 at the increased VAT rate.

The South African Revenue Service issued a guideline on how the increase in VAT must be implemented. The guideline is available on the link below:

<http://www.sars.gov.za/AllDocs/OpsDocs/Guides/LAPD-VAT-G13%20-%20VAT%20Pocket%20Guide%20on%20the%20VAT%20rate%20increase%20on%201%20April%202018%20-%20External%20Guide.pdf>

## 6.2 Schedule A - version to be used for the 2018/19 MTREF

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the mSCOA classification framework which must be used when compiling the 2018/19 MTREF budget. ALL municipalities MUST use this version for the preparation of their 2018/19 MTREF budget.

*It is imperative that all municipalities prepare their 2018/19 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets.*

Special attention must be given to the supporting schedules in the prescribed A1 Schedule. Where detailed data is housed in a sub-system e.g. human resource data for SA22 to SA24, this data must be extracted from the sub-system into the applicable supporting sheet.

The following supporting tables will be included for perusal and sign-off during the verification process of the 2018 MTREF: SA11, SA12a, SA13a, SA14, SA22, SA23, SA24, SA25, SA27, SA36, SA37 and SA38.

It is therefore important to focus on the additional supporting data as well as the financial data submitted on A1 to A10 during the verification process undertaken with National Treasury, the provincial treasuries and all municipalities.

Download Version 6.2 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

## 6.3 Assistance with the compilation of budgets

In cases where the municipality requires advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Bernard Mokgabodi	012-315 5936	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a>
	Matjati Mashoeshoe	012-315 5553	<a href="mailto:Matjati.Mashoeshoe@treasury.gov.za">Matjati.Mashoeshoe@treasury.gov.za</a>
Free State	Jordan Maja	012-315 5663	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a>
	Cethukile Moshane	012-315 5079	<a href="mailto:Cethukile.moshane@treasury.gov.za">Cethukile.moshane@treasury.gov.za</a>
Gauteng	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>

	Nomxolisi Mawulana	012-315 5460	<a href="mailto:Nomxolisi.Mawulana@treasury.gov.za">Nomxolisi.Mawulana@treasury.gov.za</a>
KwaZulu-Natal	Bernard Mkgabodi	012-315 5536	<a href="mailto:Bernard.Mkgabodi@treasury.gov.za">Bernard.Mkgabodi@treasury.gov.za</a>
	Johan Botha	012-315 5171	<a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
Limpopo	Lina Rautenbach	012-315 5700	<a href="mailto:Lina.Rautenbach@treasury.gov.za">Lina.Rautenbach@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Mpumalanga	Willem Volgt	012-315 5830	<a href="mailto:Willem.Volgt@treasury.gov.za">Willem.Volgt@treasury.gov.za</a>
	Mandla Gillmani	012-315 5807	<a href="mailto:Mandla.Gillmani@treasury.gov.za">Mandla.Gillmani@treasury.gov.za</a>
Northern Cape	Jordan Maja	012-315 5663	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a>
	Anthony Moseki	012-315 5174	<a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
North West	Sadish Ramjathan	012-315 5101	<a href="mailto:Sadish.Ramjathan@treasury.gov.za">Sadish.Ramjathan@treasury.gov.za</a>
	Makgabo Mabofoa	012-315 5156	<a href="mailto:Makgabo.Mabofoa@treasury.gov.za">Makgabo.Mabofoa@treasury.gov.za</a>
Western Cape	Vuyo Mlungu	012-315 5661	<a href="mailto:Vuyo.Mlungu@treasury.gov.za">Vuyo.Mlungu@treasury.gov.za</a>
	Kevin Bell	012-315 5725	<a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
Technical Issues with Excel formats	Elsabe Rossouw	012-315 5534	<a href="mailto:lgdataqueries@treasury.gov.za">lgdataqueries@treasury.gov.za</a>

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in Item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, they will be required to return to the municipal council and table a complete budget document aligned to the requirements of the Municipal Budget and Reporting Regulations.

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The Schedule A that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. Schedules D must be submitted for each entity.

## 7. Budget process and submissions for the 2018/19 MTREF

### 7.1 Budgeting for the audited years on Schedule A (mSCOA)

According to international learning practices, it is appropriate to reclassify historical information in accordance with the changes that occur in the Standard Chart of Accounts. Municipalities must capture the reclassified audit outcomes for 2014/15 to 2016/17 in version 6.2 of the Schedule A when compiling 2018/19 MTREF budgets.

The amalgamated municipalities must complete the 2016/17 audited years, current year (2017/18) and the 2018/19 MTREF budgets.

## 7.2 Submitting budget documentation and schedules for 2018/19 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(l) of the MFMA requires that, immediately after an annual budget is tabled in the municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is Tuesday, 03 April 2018. The deadline for submission of hard copies including council resolution is Friday, 06 April 2018.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is Friday, 13 July 2018, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft Integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- the budget locking certificate; and
- schedules D specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za). Any problems experienced in this regard can be addressed with Elsabe Rossouw at [Elsabe.Rossouw@treasury.gov.za](mailto:Elsabe.Rossouw@treasury.gov.za). Budget related documents and schedules may also be uploaded using the LG Upload Portal at <https://portals.treasury.gov.za/sites/LGUploadPortal/SitePages/Home.aspx>

Municipalities are required to send printed submissions of their budget documents and council resolution to:

*For couriered documents*

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

*For posted documents*

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

In addition to the above-mentioned budget documentation, metropolitan municipalities must submit the draft Built Environment Performance Plan (BEPP) tabled in council by 31 March 2018 to [Yasmin.coovadia@treasury.gov.za](mailto:Yasmin.coovadia@treasury.gov.za). If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to [yasmin.coovadia@gmail.com](mailto:yasmin.coovadia@gmail.com) or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with [Yasmin.Coovadia@treasury.gov.za](mailto:Yasmin.Coovadia@treasury.gov.za). Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3<sup>rd</sup> floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

### 7.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za). Although there is some mis-alignment between the mSCOA classification and the budget return forms, municipalities must find the best fit to represent their 2018 MTREF budget figures as the publications will still be based on the budget returns for 2018/19.

Municipalities must submit returns for both the tabled budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link: [http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx).

The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures.

### 7.4 Upload of the mSCOA budget data strings to the LG upload portal

Municipalities must upload the mSCOA data strings for the tabled (TABB) and adopted (ORGB) budget to the upload portal. The budget data strings must be accompanied by the IDP project details data strings (PRTA and PROR). The deadlines for submission of the MBRR documents are also applicable to the mSCOA data strings. Refer to paragraph 7.2 above.

### 7.5 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (including the audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting transparency and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

## Contact



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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

JH Hattingh  
Chief Director: Local Government Budget Analysis  
07 March 2018