



ENOCH MGIJIMA
LOCAL MUNICIPALITY

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Enoch Mgijima Local Municipality

DRAFT BUDGET

MEDIUM TERM REVENUE

EXPENDITURE FRAMEWORK

FOR

2020/21 – 2022/23

TABLED 31 MARCH 2020

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2. Mayor's Report

The Municipal Finance Management Act (MFMA) requires that the Mayor table the municipal budget in council at least 90 days before the start of the new financial year. We are pleased that in adherence to the MFMA and related regulations on planning requirements, we presented to Council a credible basis for the ongoing implementation of the IDP as mandated by our communicates, who pin their hopes on our collective sense of integrity and urgency in responding to their needs

It is however worth noting that the current budget planning processes have been engulfed in unprecedented circumstances presented by amongst others, the COVID19 pandemic.

This year's budget comes against the back drop of weak economic growth and massive unemployment. With the high level of unemployment, the number of indigents and destitute households that need to be catered for will put a high pressure on the meagre budget allocations to departments for service delivery. The municipality had to strike a balance between its tariffs and the ability of the community to afford these tariffs. This points in the undesirable direction of threatened revenue base.

Ours is a budget that seeks to improve adherence to Treasury regulations as well as meaningfulness in the context of improvement of the lives of our people. The preparation of the 2020/21 Medium Term Expenditure Framework in line with circular 98 and 99 has seen employment of stringent measures to ensure a significant improvement in formulating a reasonable, realistic, transformation driven and funded budget. While such improvements are ongoing, it must be stated without equivocation that this 2020/21 budget is unfunded to about one hundred million rand.

The municipality is on the path of financial recovery with the re-introduction of the Administrator by the MEC of CoGTA. The electricity smart meter installation project to boost collection of revenue from electricity sales as highlighted in the municipality's Financial Recovery Plan is anticipated to start yielding the much-needed revenue in

the first half of the 2020/21 financial year. As more revenue is collected in the first half of the 2020/21 financial year, more funds will be available for additional own funded projects and programmes in the 2020/21 adjustment budget.

Enoch Mgijima is a Municipality that has an awareness of its mandate amidst the challenges that warranted the interventions that Council has recently welcomed with the introduction of the Administrator. This budget we present unpacks our resolve and intention to drive meaning full service delivery activities in the interest of transforming the lives of our people

Thank you



GUBULA-MQINGWANA
EXECUTIVE MAYOR

3. Budget Related Resolutions

1. Council resolves that in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual draft budget of the municipality for the financial year 2020/21 and indicative allocations for the two projected outer years 2021/22 and 2022/23 and the multi – year and single year capital appropriations are approved as set-out in the following tables:

- 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) **Table A2.**
- 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) **Table A3.**
- 1.3. Budgeted Financial Performance (revenue and expenditure by source) **Table A4.**
- 1.4. Multi – year and single year Capital appropriations by municipal vote and standard classification and associated funding by source fund **Table A5.**
2. That the financial position, cash flow, cash – backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set - out in the following tables:
 - 2.1 Budgeted Financial Position **Table A6**
 - 2.2 Budgeted Cash Flows **Table A7.**
 - 2.3 Cash Backed Reserves/accumulated surplus Reconciliation **Table A8.**
 - 2.4 Asset Management **Table A9.**
 - 2.5 Basic Service Delivery measurement **Table A10.**
- 3 That in terms of section 24(2) (c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government Municipal Systems Act , Act 32 of 2000 as amended, the tariffs for the supply of electricity, waste management services and property rates as set out in **appendix A** that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2020.
- 4 That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy and its bylaw as amended in 2018 and set out in **Appendix B** is approved.
- 5 Electricity tariffs be imposed at 8.1% approved by Nersa for bulk purchases with effect 1 July 2020.
- 6 Council resolves that all other tariffs and charges reflected in **appendix A** are approved for the budget year.
- 7 Council resolves that the Electricity tariffs for non-indigent consumers be approved with 8.1% with effect 1 July 2020.
- 8 Council resolves that the monthly electricity tariffs for registered indigents for the financial year be approved as follows:

First 50 Kw Free
In excess of 51Kw Increase of 8.1%

- 9 Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year.
- 10 Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2020/21.
- 11 That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amended Integrated Development Plan as submitted are approved as part of the medium term budget.
- 12 That the **6.25%** provided for salary increases for employees is maintained.
- 13 That indigent income levels are set at the following:
- | | |
|--------------------|---------|
| Destitute indigent | R 2 584 |
| Indigent | R 3 750 |
- 14 That in terms of section 24(2)(c)(v) of the municipal Finance Management Act, 56 of 2003, the budget – related policies and bylaw including any amendments as set out in appendix B to the Budget document are approved for the budget year 2020/21.

The BUDGET

4 Executive Summary

The 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) is prepared in line with circular 98 and 99 and is in line with the Municipal Budget and Reporting Regulations (MBRR).

This year's budget comes against the back drop of weak economic growth and massive unemployment. With the high level of unemployment, the number of indigents and destitute households that needs to be catered for will put a high pressure on the meagre budget allocations to departments for service delivery. The municipality had to strike a balance between its tariffs and the ability of the community to afford these tariffs.

The country'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.

The stagnation of the national economy has implications for the local economy as the number of people without job is increasing. As demand for services rises, weak economic growth and high level of unemployment put stress on consumers' ability to pay for services. The increasing unemployment and growth in the number of persons per household means that the revenue forgone in respect of **'free basic services'** will increase and will become even more difficult to collect revenue. In order to project our revenue potential with some measure of accuracy, households that are unemployed should be encouraged to register as indigents for them to receive free basic services.

Transfers from national government to municipalities in the form of equitable share and conditional grants is declining in real terms. This has led to many municipalities fallen into financial distress and face liquidity problems of which Enoch Mgijima municipality is no exception. In the case of our municipality this includes the inability to meet our payment obligations to Eskom and other creditors. There is the need to focus our attention to collecting revenues owed to us while eliminating wasteful and non -core spending. In this regard, we will ensure that expenditure is limited to the maximum revenue collected and not spending on money that we do not have.

The municipality is on the path of financial recovery. The electricity smart meter installation project to boost collection of revenue from electricity sales as highlighted in the municipality's Financial Recovery Plan will start yielding the much needed revenue in the second half of the 2019/20 financial year. Currently the municipality is losing between R30.0 million to R38.0 million monthly in electricity revenue. As more revenue is collected in the first half of the 2020/21 financial year, more funds will be available for additional own funded projects and programmes in the 2020/21 adjustment budget.

Total Budget proposed for the 2020/21 financial year is therefore estimated to reach R854.7.

Expenditure is projected to reach R778.0 million in the 2020/21 financial year, with revenue from all sources amounting to R778.1 million.

The municipality has owed Eskom the sum of R242.0 million as at the end of March 2020. Payment arrangement with Eskom for the bulk of this amount is in place. And will be settled for a period of 3 years. The municipality has committed itself to funding this arrears through its electricity revenue collection plan as detailed in the municipality's Revenue Enhancement Strategy. Installation of smart meters in all households and businesses in all six towns of the municipality is set to commence in April 2020. This will increase revenue by more than 100% when completed in approximately 2 years and curb electricity theft through tempering and by pass.

The Capital Budget is funded entirely from conditional grants. Capital expenditures for 2020/21 are estimated to total R76.6 million for a variety of projects and purchases, showing an increase of R0.8 million from the previous 2019/20 financial year.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

Operating Revenues

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. **Bad debt provision for the 2020/21 financial year amounts to R76.3 million.**

- **Rates and tariffs** in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). Rates and tariff increases for the major tariffs are as follows: Electricity tariff increases from NERSA is provisional for now and subject to change in the final budget to council in May 2020.
 - Electricity 8.1% increase
 - Rates 5.0% increase
 - Refuse Collection 5.0% increase
- The **Equitable Share** Allocation from the National Treasury is **R191,323,000** showing an increase of 11.2 million from the 2019/20 DORA allocations. The equitable share allocation to the municipality will increase to R203.24 million in 2021/22 and R213.3 million in the 2022/23 financial years. Management is aware of the fact that these increases will not be enough to address the service delivery challenges facing the municipality and has therefore put in place mechanisms to increase its own revenue sources.

Operating Expenditures

- **Employee salaries** and related expenses are increased by 6.25% which is in line with the 2019 wage negotiations between SALGA and government. Should wage negotiations arrive at a different percentage increase, the municipality will, in its final budget, effect necessary changes to the employee related cost.
- The new organogram is not yet costed for purposes of salary provisions and as a result no new vacancies are included in this budget. It must be noted that even after the new organogram is costed not all positions will be budgeted because of the already high salary bill.
- Municipalities have been advised by National Treasury to budget for remuneration of councilors based on the actual costs approved in line with the latest Public Office Bearers Act issued in December 2019. Councilor remuneration has increased from R24.3 million in 2019/20 to R25.5 million in the 2020/21 draft budget to take care of any anticipated increase in 2020/21 financial year.
- **Electricity bulk purchases** are anticipated to **increase by 8.1%** in the 2020/21 financial year. Electricity bulk purchases will increase to R249.6 million in the 2020/21 financial year. In addition to this, part of the arear debt owed to Eskom will be paid in respect of the Eskom unpaid debt from the 2020/21 financial year. Electricity losses which

stand at the moment at 37% is anticipated to decrease in the 2020/21 MTERF after the completion of the smart electricity meter installation.

- An amount of **R2.5 million** has been allocated in the operating budget for normal street maintenance and patching of potholes. This is in addition to the R21.7 million allocated in the Capital budget.
- The municipality has also made provision for the electricity network repairs and purchase of the electricity small transformers in the 2020/21 financial year. An amount of R2.2 million has been set aside for this purpose. This is in addition to what has been funded from the Integrated National Electrification programme for the 2020/21 financial year.

GRANT INFORMATION

GRANT ALLOCATIONS			
NAME OF GRANT	GRANT ALLOCATIONS		
	2020/21	2021/22	2022/23
EQUITABLE SHARE	191 323 000	203 392 000	213 293 000
FINANCIAL MANAGEMENT GRANT	3 000 000	3 200 000	3 300 000
EXPANDED PUBLIC WORKS PROGRAMME	3 996 000	0	0
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMM	8 500 000	7 507 000	8 000 000
MUNICIPAL INFRASTRUCTURDE GRANT	53 758 000	58 328 000	61 672 000
LIBRARY SUBSIDY	5 250 000	5 250 000	5 250 000
DEPARTMENT OF TRANSPORT	17 000 000	35 000 000	0
TOTA TRANSFERS	282 827 000	312 677 000	291 515 000

CAPITAL BUDGET

The capital budget reflected in this document utilizes actual anticipated revenues and surplus cash to fund the budgeted expenditures of **R76.6 million**. This is made up of municipal infrastructure grant of **R51.1 million**, **R17.0 million** Provincial Department of Transport grant **and R8.5 million** in respect of Integrated National Electrification Programme (INEP) allocated to the municipality in the Division of Revenue Bill.

National Treasury has also indicated that a minimum of 40% of the capital budget should be for renewal as opposed to new infrastructure. The forthcoming budget indicates that upgrading of existing assets will amount to 81.2% of the capital budget from 68.4% budgeted in 2019/20 financial year. The municipality will continue to maintain this goal in the near future.

National Treasury also requests that by December 2020, a threshold of 40% expenditure of the MIG should be spent to avoid stopping of portion of the grant by National Treasury. The municipality has plans in place to achieve the 40% expenditure threshold end of December. Procurement plans will be submitted to council with the final budget in May so as to allow for the advertisement of these projects before the start of the new financial year.

Capital projects to be undertaken in the 2018/19 MTREF are as follows:

- Construction of Mc Bride sports field is allocated R5.5 million in the 2020/21 financial year, with a further R1.2 million in 2021/22 financial year.
- Environmental Impact Assessment (EIA) for cemeteries in Komani and surrounding areas will receive R3.16 million in the 2020/21 financial year, with a further R3.0 million to be allocated in each of the two outer years for the establishment of cemeteries.
- Construction of internal roads in ward 30 is allocated R9.0 for work to commence in 2021/22 financial year

- Completion of Bacles farm bridge is allocated R3.5 million in 2020/21 with a further R1.8 million in 2021/22 to complete the project
- Rehabilitation and maintenance of Queenstown Roads and storm water Phase 1 is allocated R6.5 million in 2020/21 and a further R8.0 million each in the two outer years of 2021/22 and 2022/23 financial years.
- Widening and rehabilitation of Qwabi Bridge over Kuzitungu River Phase 2 will receive R791 032 to complete the project in 2020/21.
- Construction of internal roads in ward 30 will receive funding of R4.0 million with a further R2.0 million and R3.2 million in the two outer years of the MTREF. When completed 10km of access road will be surfaced.
- Construction of Lesseyton sport field is allocated R4.5 million in 2020/21 and a further R800 000 in 2021/22 to complete the project.
- Construction of a multi-Purpose Hall in whitelesea ward 26 will receive R2.4 million in 2020/21 and a further R1.1 million in 2021/22
- Enoch Mgijima Local Municipality Community Lighting Phase 4 project has been allocated R4.9 million in 2020/21, R350 000 in 2021/22 and a further R4.0 million in 2022/23 for the provision of high mast lights in various communities.
- Ezibeleni Rehabilitation and Maintenance of Roads and stormwater Phase 1 has been allocated R5.7 million in 2020/21 and R7.0 and R8.0 in 2021/22 and 2022/23 financial years respectively.
- Mlungisi Rehabilitation and Maintenance of surface roads phase 1 will receive R6.0 million in 2020/21 and further allocations of R7.0 million and R8.0 million in 2021/22 and 2022/23 financial years respectively.
- Upgrading and Rehabilitation of Komani Landfill Sites is allocated 2.0 million in 2020/21, 5.0 million in 2021/22 and 1.5 million in 2022/23.

- Upgrading and beautification of Hexagon Area in Queenstown has been allocated 2.4 million in 2020/21 and 350 thousand in 2021/22 to complete the project.
- EMLM gravel roads (re-gravelling, dry and wet blading) in Komani and surrounding areas is allocated 4.2 million in 2020/21 and 4.6 million in 2021/22 and 7.5 million 2022/23.
- Construction of Sterkstroom sports field phase 1 has been allocated 4 million in 2021/22 and 3 million in 2022/23.
- Establishment of Enoch Mgijima solid waste and regional landfill site has been allocated 1 million in 2021/22 and 3 million in 2022/23.
- Upgrading of Whittlesea solid waste transfer station is allocated is 1 million in 2021/22 and 166 200 in 2022/23.
- A provision of R1.0 million has been made in the budget for the establishment of Enoch Mgijima Solid waste Regional Landfill site.
- Upgrading of Whittlesea Solid Waste Transfer Station will receive funding of R1.0 million in 2021 while the construction of the Hofmeyer Solid Waste Transfer Station will also receive a funding of R1.0 million in the 2020/21.
- Closure and rehabilitation of Hofmeyr and Whittlesea landfill site is allocated 1 million in 2022/23.
- Upgrade of Berry dam picnic area in Komani has been allocated R3.5 million in 2022/23. Refurbishment of Whittlesea pound has also been allocated an amount of R2.0 million in 2022/23 financial year.
- Rehabilitation of Mlungisi Stadium in Komani and the rehabilitation of Dongwe Stadium in Whittlesea have been allocated 2 million and 3.4 million respectively in 2022/23.

- Upgrade and refurbishment of Sterkstroom substation is allocated 3.5 million in 2020/21 and upgrade and refurbishment of Mlungisi substation and underground cables has been allocated 5 million in 2020/21 with a further 7.5 million in 2021/22.
- Electrification of Sonwabile village in Sterkstroom and upgrading of Molteno substation have both been allocated 3 million and 5 million respectively with work to commence in 2022/23 financial year.
- The Provincial Department of Transport has allocated 17 million for the construction of Tsolwana Nature Reserve road and internal roads in Tarkastad and Hofmeyr in 2020/21.

Details of these projects and how they link to the IDP goals are provided in this

Budget document

Conclusion

Over the past three years, the Municipality has been working hard to increase its revenue collection so as to achieve financial viability and sustainability. A revenue enhancement team has been established to intensify the collection of all current and arrear accounts. This team meets weekly to report on progress. The municipality has just appointed service providers for the installation of smart electricity meters. Issues of revenue collection to ensure financial sustainability has thus been given priority. It is envisaged that these targeted interventions will bring the municipality back to financial viability.

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

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have

realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The municipality has also made cost containment measures one of its priorities when preparing this budget and has set targets to be achieved during the 2020/21 financial year. Cost containment policy in line with circular 82 and 95 have been developed and will be sent to council alongside with this budget. This will help enforce the cost containment measures adopted by council.

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for consideration and review. As this budget goes to the budget roadshow it is anticipated that the community will engage on it and provide feedback that will assist in the development of the final budget to be adopted by council in May 2020.

The tables and charts in the next few pages show the allocations of the revenue and expenditures for the 2020/21 Enoch Mgijima Local Municipality Budget.

MUNICIPAL INFRASTRUCTURE GRANT 2020/21

Project Title	Project allocation for financial year 20/21	Project allocation for financial year 21/22	Project allocation for financial year 22/23
Construction of McBride sports field	R 5 500 000.00	R1 200 000.00	R0.00
Planning: EIA for Cemeteries in Komani and Surrounding Areas	R 3 164 130.00	R3 000 000.00	R3 000 000.00
Construction of Internal Roads ward 30 (1		R9 000 000.00	
Construction of Becles Farm Bridge and the approaching access roads	R 3 000 000.00	R1 800 000.00	R0.00
Rehabilitation and Maintenance of Queenstown Roads and Stormwater Phase 1	R 6 500 000.00	R8 000 000.00	R8 000 000.00
Widening / Rehabilitation of Qwabi Bridge over Kuzitungu River Phase 2 (Project Amendment)	R 791 032.50	R0.00	R0.00
Construction of a Multi - Purpose Hall in Whittlesea ,Ward 26 (Project Amendment)	R 2 373 097.50	R1 100 000.00	R0.00
Construction of Lesseyton Sport Field	R 4 500 000.00	R800 000.00	R0.00
Enoch Mgijima Local Municipality Community Lighting Phase 4	R 4 983 504.75	R350 000.00	R4 000 000.00
Ezibeleni Rehabilitation and Maintenance of Roads and stormwater Phase 1	R 5 685 237.75	R7 200 000.00	R8 500 000.00
Mlungisi Rehabilitation and Maintenance of surface roads phase 1	R 6 000 000.00	R7 000 000.00	R8 000 000.00
Ugrading and Rehabilitation of Komani	R 2 000 000.00	R5 000 000.00	R1 500 000.00

Upgrading and beautification of Hexagon area	R 2 373 097.50	R350 000.00	R0.00
EMLM: Gravel roads (regravelling, dry and wet blading) in Komani and surrounding areas	R 4 200 000.00	R4 611 600.00	R7 500 000.00
Construction of Sterkstroom Sportfield Phase	R -	R4 000 000.00	R3 000 000.00
Establishment of Enoch Mgijima Solid Waste Regional Landfill Site	R0.00	R1 000 000.00	R3 000 000.00
Upgrading of Whittlesea Solid Waste Transfer Station	R0.00	R1 000 000.00	R166 200.00
Closure and Rehabilitation of Hofmeyer and Whittlesea Landfill Sites	R0.00	R0.00	R1 000 000.00
Rehabilitation of Mlungisi Stadium in Komani	R0.00	R0.00	R2 000 000.00
Rehabilitation of Dongwe Stadium in Komani	R0.00	R0.00	R3 422 200.00
Upgrade of Berry Dam picnic area in Komani	R0.00	R0.00	R3 500 000.00
Refurbishment of Whittlesea pound	R0.00	R0.00	R2 000 000.00
PMU Costs	R 2 687 900.00	R2 916 400.00	R3 083 600.00
	R 53 758 000.00	R 58 328 000.00	R 61 672 000.00

INTEGRATED NATIONAL ELECTRIFICATION PROJECTS

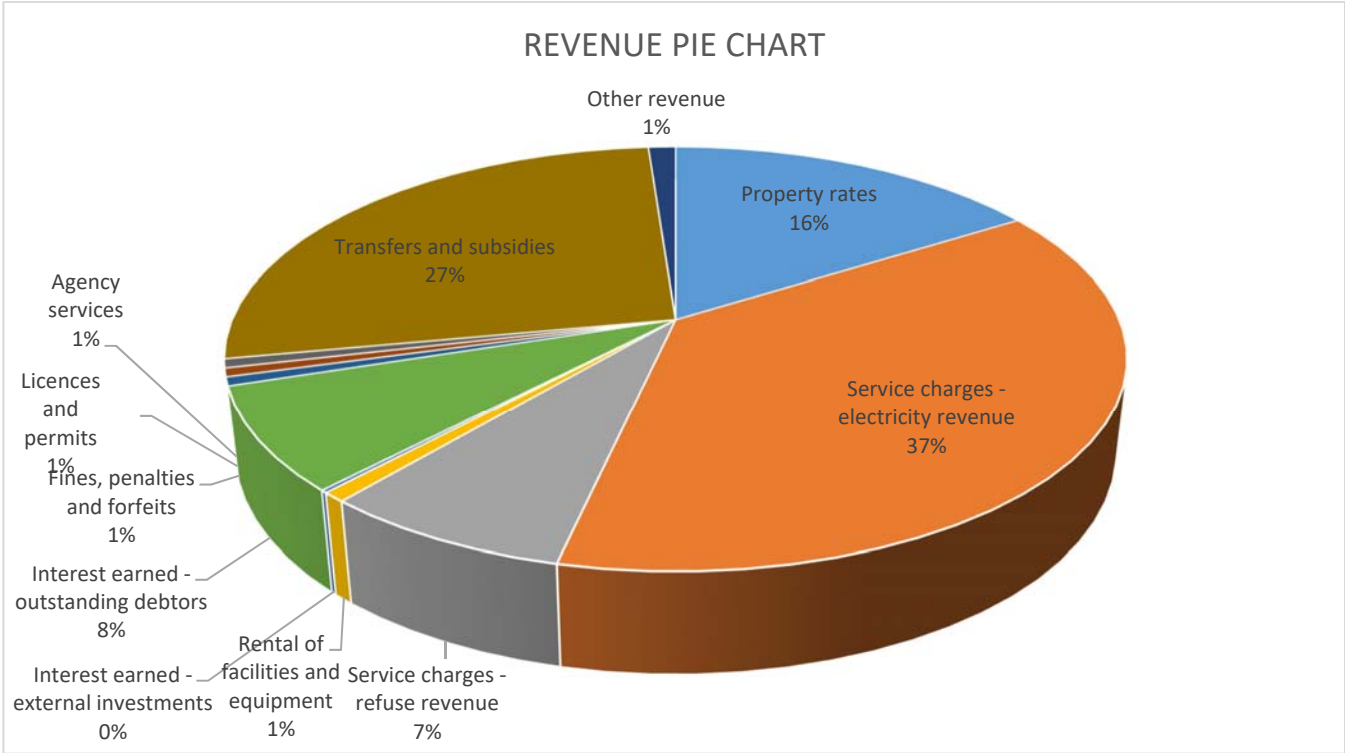
INEP PROJECTS 202021 FINANCIAL YEAR			
PROJECT NAME	BUDGET 2020/21	BUDGET 2021/22	BUDGET 2022/23
Upgrade and Refurbishment of Sterkstroom Substation	R3 500 000.00	R0.00	R0.00
Upgrade and Refurbishment of Mllungisi Substation and Underground Cables	R5 000 000.00	R7 507 000.00	R0.00
Electrification of Sonwabile Village, Sterstroom,	R0.00	R0.00	R3 000 000.00
Upgrading of Molteno Substation	R0.00	R0.00	R5 000 000.00
TOTAL	R8 500 000.00	R7 507 000.00	R8 000 000.00

Summary of budgeted Revenues (Operational & Capital)

Operating Budget Revenue Sources (R'000)	Budget	Capital Budget Revenue Sources (R'000)	Budget
Property rates	121 138	Municipal Improvement Grant	51 070
Service charges - electricity revenue	281 865	Integrated National Electrification Grant	8 500
Service charges - refuse revenue	57 635	Department of Transport	17 000
Rental of facilities and equipment	5 607		
Interest earned - external investments	1 458		
Interest earned - outstanding debtors	59 744		
Fines, penalties and forfeits	5 045		
Licences and permits	4 945		
Agency services	5 130		
Equitable Share	191 323		
Conditional Grants	10 406		
Other revenue	8 752		
Gains on Disposal of PPE	25 000		
TOTAL	778 048		76 570

REVENUE SUMMARY		
<u>Revenue By Source</u>	201920	202021
Property rates	115 369 884	121 138 378
Service charges - electricity revenue	260 744 818	281 865 148
Service charges - refuse revenue	52 618 759	57 635 203
Rental of facilities and equipment	3 451 715	5 607 122
Interest earned - external investments	1 055 692	1 457 692
Interest earned - outstanding debtors	50 890 884	59 744 337
Fines, penalties and forfeits	2 985 654	5 045 367
Licences and permits	4 801 284	4 945 323
Agency services	4 980 606	5 130 024
Transfers and subsidies	196 384 600	201 729 300
Other revenue	10 596 607	8 752 000
Gains on disposal of PPE	0	25 000 000
TOTALS	703 880 503	778 049 894

HOW THE REVENUE BUDGET OF R778.0 MILLION IS MADE UP OF



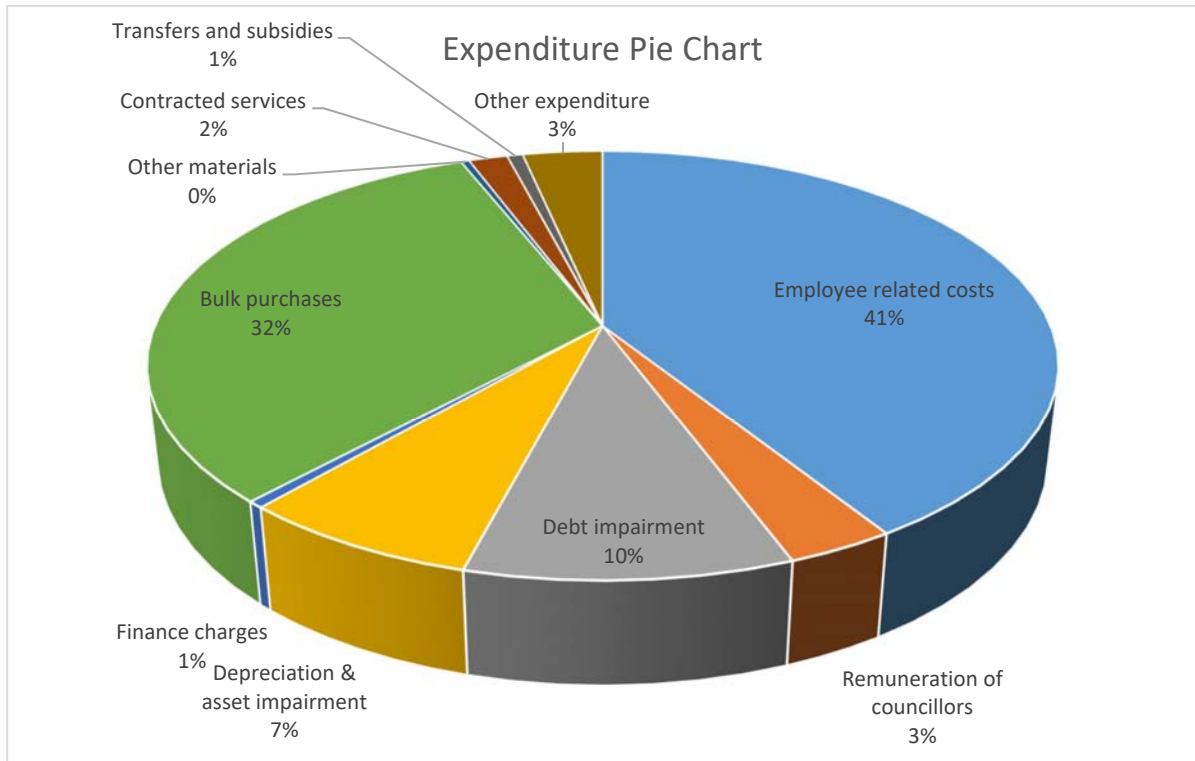
Summary of budgeted Expenses (Operating & Capital)

Operating Budget Expenses (R'000)	Budget	Capital Budget Expenses (R'000)	Budget
Employee related costs	319 189	Qwabi Bridge over Kuzitungu River	791
Remuneration of councillors	25 491	Bacclesfarm Bridge	3 000
Debt impairment	76 300	Rehabilitation & Maintenance of Queenstown Roads	6 500
Depreciation & asset impairment	56 620	EMLM: Surfacing of gravel roads	4 200
Finance charges	3 800	Tsolwana Nature Reserve & Tarkastad Internal Roads	17 000
Repairs & Maintenance	2 762	EMLM Community Lighting: Phase 4	4 984
Bulk purchases	249 640	EIA for Cemeteries in Komani & surrounding Areas	3 164
Contracted services	12 757	Ezibeleni Rehabilitation & Maintenance of Roads	5 685
Transfers and subsidies	5 156	Upgrading and beautification of Hexagon Area in Kom	2 373
Other expenditure	26 324	Lesseyton Sportsfield	4 500
		Mc Bride Sportsfield	5 500
		Mlungisi Rehabilitation & Maintenance of Roads	6 000
		Upgrade and Refurbishment of Sterkstroom substation	3 500
		Upgrading and Rehabilitation of Komani Landfill site	2 000
		Construction of Community Hall Ward 26	2 373
		Refurbishment of Mlungisi substation & underground C	5 000
TOTAL	778 039		76 570

EXPENDITURE SUMMARY

Expenditure By Type	201920	202021
Employee related costs	288 494 332	319 188 630
Remuneration of councillors	24 277 225	25 491 086
Debt impairment	75 752 871	76 299 600
Depreciation & asset impairment	53 325 510	56 619 540
Finance charges	4 000 000	3 800 000
Bulk purchases	181 817 695	249 640 000
Other materials	6 102 358	2 762 090
Contracted services	24 822 801	12 757 000
Transfers and subsidies	4 910 873	5 155 550
Other expenditure	39 176 838	26 323 529
TOTALS	702 680 503	778 037 025

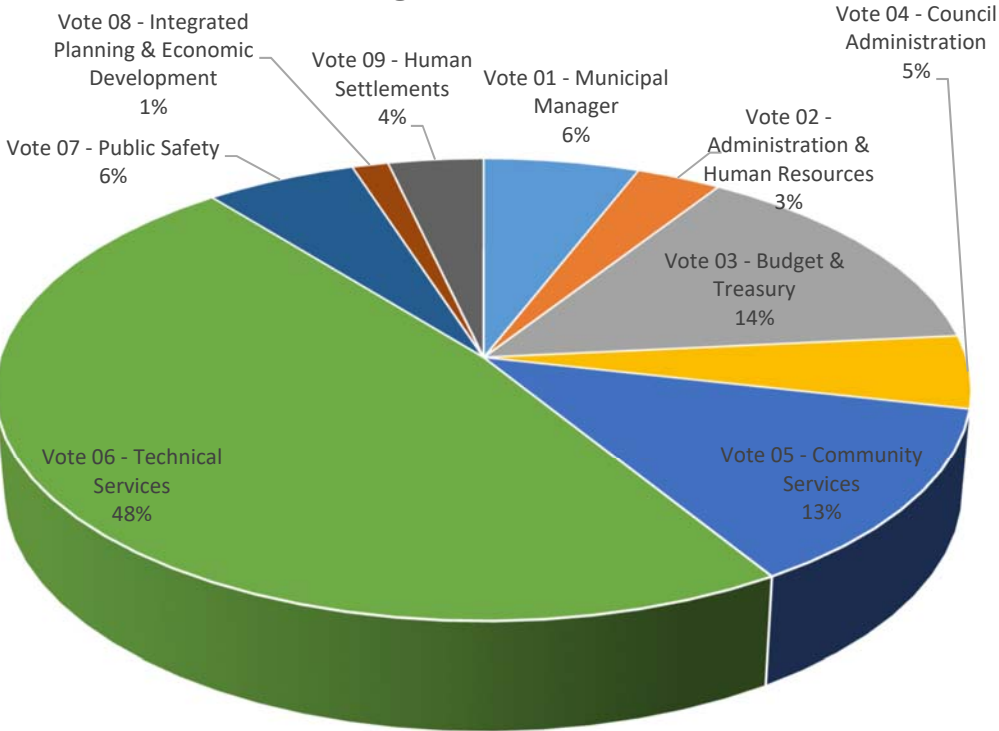
HOW THE TOTAL OPERATING EXPENDITURE BUDGET OF R778.0 MILLION IS ALLOCATED



DEPARTMENTAL BUDGET 20220/21

DEPARTMENTS	BUDGET
Vote 01 - Municipal Manager	45 871 200
Vote 02 - Administration & Human Resources	25 128 868
Vote 03 - Budget & Treasury	111 541 121
Vote 04 - Council Administration	39 555 033
Vote 05 - Community Services	98 611 326
Vote 06 - Technical Services	374 041 818
Vote 07 - Public Safety	44 522 320
Vote 08 - Integrated Planning & Economic Development	10 671 482
Vote 09 - Human Settlements	28 093 857
TOTAL	778 037 025

Budget Allocations



5 Annual Budget Tables (Operating & Capital)

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

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

EC139 Enoch Mgijima - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	88 200	102 064	106 330	101 170	115 370	115 370	114 235	121 138	127 195	131 749
Service charges	245 446	236 851	275 883	313 364	313 364	313 364	209 374	339 500	388 262	418 325
Investment revenue	4 575	3 718	1 502	2 856	1 056	1 056	688	1 458	1 475	1 493
Transfers recognised - operational	169 784	241 907	181 766	196 385	196 385	196 385	138 821	201 729	210 231	220 399
Other own revenue	36 586	77 796	59 194	57 980	77 707	77 707	52 532	114 224	101 945	98 189
Total Revenue (excluding capital transfers and contributions)	544 591	662 336	624 674	671 754	703 881	703 881	515 649	778 050	829 109	870 156
Employee costs	238 093	239 495	289 460	269 409	288 494	288 494	210 371	319 189	333 573	348 234
Remuneration of councillors	25 117	24 393	23 636	26 277	24 277	24 277	15 938	25 491	26 766	28 104
Depreciation & asset impairment	48 587	56 808	53 141	53 326	53 326	53 326	-	56 620	57 620	58 220
Finance charges	3 191	6 416	1 929	1 500	4 000	4 000	8 000	3 800	4 900	5 000
Materials and bulk purchases	203 078	228 950	123 193	261 272	187 727	187 727	232 304	252 402	267 426	286 469
Transfers and grants	-	100	175	4 911	4 911	4 911	2 871	5 156	5 269	5 400
Other expenditure	172 174	247 244	119 762	152 935	139 946	139 946	56 370	115 380	133 541	138 475
Total Expenditure	690 241	803 405	611 295	769 630	702 681	702 681	525 854	778 037	829 094	869 902
Surplus/(Deficit)	(145 650)	(141 069)	13 379	(97 877)	1 200	1 200	(10 204)	13	15	254
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 278	-	76 263	58 854	74 578	74 578	17 550	76 570	97 919	66 588
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)	-	34 829	54	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(112 372)	(106 240)	89 696	(39 022)	75 778	75 778	7 346	76 583	97 933	66 843
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(112 372)	(106 240)	89 696	(39 022)	75 778	75 778	7 346	76 583	97 933	66 843
Capital expenditure & funds sources										
Capital expenditure	68 107	40 831	67 016	60 054	75 778	75 778	22 524	76 570	97 919	66 588
Transfers recognised - capital	57 398	39 256	64 621	58 854	74 578	74 578	22 047	76 570	97 919	66 588
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	10 708	1 574	2 395	1 200	1 200	1 200	477	-	-	-
Total sources of capital funds	68 107	40 831	67 016	60 054	75 778	75 778	22 524	76 570	97 919	66 588
Financial position										
Total current assets	137 234	167 800	335 388	90 824	191 445	191 445	457 558	192 820	198 546	203 942
Total non current assets	1 460 019	1 738 028	1 712 962	1 526 225	1 541 949	1 541 949	1 735 487	1 597 086	1 658 284	1 712 041
Total current liabilities	136 152	386 827	435 164	227 220	190 285	190 285	574 623	192 479	156 298	159 453
Total non current liabilities	95 981	26 608	30 376	65 312	65 312	65 312	30 376	68 251	70 982	73 821
Community wealth/Equity	1 349 825	1 424 580	1 582 810	1 324 517	1 477 797	1 477 797	1 588 046	1 529 175	1 629 551	1 682 710
Cash flows										
Net cash from (used) operating	1 700	(2 681)	-	60 143	79 179	79 179	79 179	53 363	106 287	78 353
Net cash from (used) investing	(67 992)	(47 523)	-	(60 054)	(75 778)	(75 778)	(75 778)	(76 570)	(97 919)	(66 588)
Net cash from (used) financing	-	-	-	-	-	-	-	25 000	-	-
Cash/cash equivalents at the year end	50 974	(42 978)	-	994	14 968	14 968	14 968	16 761	25 129	36 894
Cash backing/surplus reconciliation										
Cash and investments available	50 789	996	11 944	994	15 363	15 363	(24 427)	20 816	21 693	24 105
Applications of cash and investments	18 568	20 923	140 726	117 933	24 016	24 016	(200 914)	8 407	(21 289)	(32 466)
Balance - surplus (shortfall)	32 221	(19 927)	(128 782)	(116 939)	(8 653)	(8 653)	176 487	12 409	42 982	56 571
Asset management										
Asset register summary (WDV)	1 459 672	1 638 577	1 656 309	1 526 225	1 541 949	1 541 949	1 541 949	1 597 086	1 658 284	1 712 041
Depreciation	-	56 808	53 141	53 326	53 326	53 326	53 326	56 620	57 620	58 220
Renewal and Upgrading of Existing Assets	-	5 542	48 891	36 488	52 383	52 383	52 383	62 197	83 819	50 500
Repairs and Maintenance	-	12 823	17 978	21 159	16 911	16 911	16 911	6 931	14 600	15 459
Free services										
Cost of Free Basic Services provided	-	-	522	32 279	32 279	32 514	32 712	32 712	33 607	34 755
Revenue cost of free services provided	4 023	4 123	4 224	14 490	14 490	14 702	14 923	14 923	14 923	14 923
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	25	25	25	26	26	26	26	26
Refuse:	-	-	8	8	8	8	8	8	8	8

EC139 Enoch Mjijima - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		230 667	394 042	365 186	281 971	299 973	299 973	340 799	336 529	343 971
Executive and council		97 192	39 618	45 606	134 050	134 050	134 050	140 412	148 485	158 386
Finance and administration		133 475	354 424	319 580	147 921	165 923	165 923	200 386	188 044	185 584
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		18 048	17 768	19 100	46 910	43 517	43 517	43 701	38 107	45 723
Community and social services		7 327	6 598	6 736	18 046	14 994	14 994	12 866	11 429	10 329
Sport and recreation		98	75	84	11 992	11 951	11 951	12 410	6 387	11 959
Public safety		10 624	11 095	12 280	16 872	16 572	16 572	18 425	20 291	23 435
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		36 915	25	21 078	19 605	45 354	45 354	43 372	72 807	32 196
Planning and development		7 359	-	-	1 150	1 513	1 513	-	-	-
Road transport		29 557	-	21 043	18 409	43 796	43 796	43 326	72 762	32 150
Environmental protection		-	25	35	45	45	45	45	45	45
<i>Trading services</i>		292 233	285 324	295 625	382 120	389 612	389 612	426 745	479 581	514 852
Energy sources		224 900	195 403	226 774	301 718	308 829	308 829	335 174	374 752	407 211
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	34 829	-	-	-	-	-	-	-
Waste management		67 333	55 092	68 851	80 402	80 784	80 784	91 571	104 829	107 641
<i>Other</i>	4	5	6	2	3	3	3	3	3	3
Total Revenue - Functional	2	577 869	697 165	700 991	730 608	778 459	778 459	854 620	927 027	936 744
Expenditure - Functional										
<i>Governance and administration</i>		260 675	406 263	283 371	270 710	267 736	267 736	282 308	302 283	314 359
Executive and council		119 849	99 773	80 402	78 235	73 120	73 120	82 938	87 316	90 402
Finance and administration		140 826	306 490	202 968	192 476	194 616	194 616	199 370	214 966	223 957
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		104 105	64 666	70 699	69 371	73 057	73 057	70 797	75 160	78 444
Community and social services		11 567	12 903	15 697	14 939	17 216	17 216	16 799	17 452	17 981
Sport and recreation		14 534	15 908	18 027	18 745	19 990	19 990	20 494	21 543	22 650
Public safety		78 004	35 854	36 974	35 687	35 851	35 851	33 505	36 165	37 813
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		51 519	13 869	61 377	72 436	73 462	73 462	73 957	79 679	81 918
Planning and development		19 237	5 869	8 026	9 064	9 348	9 348	10 511	11 181	11 744
Road transport		32 282	6 131	52 176	62 221	62 900	62 900	62 242	67 230	68 839
Environmental protection		-	1 869	1 175	1 150	1 214	1 214	1 204	1 268	1 336
<i>Trading services</i>		296 199	318 466	195 689	356 955	288 267	288 267	350 782	371 770	394 966
Energy sources		242 704	236 355	150 635	304 014	232 244	232 244	295 088	313 512	334 677
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	40 429	-	-	-	-	-	-	-
Waste management		53 496	41 683	45 054	52 940	56 022	56 022	55 694	58 258	60 290
<i>Other</i>	4	123	141	158	159	159	159	192	202	213
Total Expenditure - Functional	3	712 621	803 405	611 295	769 630	702 681	702 681	778 037	829 094	869 902
Surplus/(Deficit) for the year		(134 753)	(106 240)	89 696	(39 022)	75 778	75 778	76 583	97 933	66 843

EC139 Enoch Mjijima - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 01 - Municipal Manager		-	6 258	4 253	4 422	4 422	4 422	3 996	-	-
Vote 02 - Administration & Human Resources		12 152	9 547	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		121 323	296 318	316 358	141 568	159 484	159 484	166 810	178 149	174 429
Vote 04 - Council Administration		97 192	33 359	41 353	129 628	129 628	129 628	136 416	148 485	158 386
Vote 05 - Community Services		7 425	61 365	75 273	103 967	100 382	100 382	114 129	121 199	129 584
Vote 06 - Technical Services		321 794	275 022	248 141	323 492	355 989	355 989	381 847	451 089	443 104
Vote 07 - Control Room Services		10 624	11 095	12 793	17 043	16 743	16 743	18 596	20 462	23 606
Vote 08 - Iped		7 359	-	-	1 150	1 513	1 513	-	-	-
Vote 09 - Human Settlements		-	4 200	2 820	9 339	10 297	10 297	32 825	7 642	7 635
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	577 869	697 165	700 991	730 608	778 459	778 459	854 620	927 027	936 744
Expenditure by Vote to be appropriated	1									
Vote 01 - Municipal Manager		-	33 983	31 631	33 840	34 068	34 068	44 273	46 472	47 886
Vote 02 - Administration & Human Resources		41 971	21 726	21 416	21 145	23 645	23 645	25 599	26 990	28 222
Vote 03 - Budget & Treasury		98 855	190 386	109 360	113 049	116 879	116 879	116 369	124 663	129 709
Vote 04 - Council Administration		119 849	65 790	48 771	44 395	39 051	39 051	38 665	40 845	42 516
Vote 05 - Community Services		26 101	78 669	82 780	89 817	95 577	95 577	98 891	103 754	107 568
Vote 06 - Technical Services		328 604	306 831	217 597	385 975	309 021	309 021	372 131	396 783	420 444
Vote 07 - Control Room Services		78 004	52 389	52 641	49 407	49 055	49 055	44 214	49 076	51 251
Vote 08 - Iped		19 237	5 869	8 026	9 064	9 348	9 348	10 511	11 181	11 744
Vote 09 - Human Settlements		-	47 761	39 074	22 937	26 036	26 036	27 383	29 330	30 561
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	712 621	803 405	611 295	769 630	702 681	702 681	778 037	829 094	869 902
Surplus/(Deficit) for the year	2	(134 753)	(106 240)	89 696	(39 022)	75 778	75 778	76 583	97 933	66 843

EC139 Enoch Mgijima - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	88 200	102 064	106 330	101 170	115 370	115 370	114 235	121 138	127 195	131 749
Service charges - electricity revenue	2	187 374	168 464	204 605	260 745	260 745	260 745	170 964	281 865	327 370	355 286
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	0	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	26 314	36 628	39 520	52 619	52 619	52 619	38 410	57 635	60 893	63 039
Rental of facilities and equipment		2 467	2 804	3 118	3 071	3 452	3 452	2 325	5 607	6 697	7 790
Interest earned - external investments		4 575	3 718	1 502	2 856	1 056	1 056	688	1 458	1 475	1 493
Interest earned - outstanding debtors		19 788	13 948	40 317	23 307	50 891	50 891	39 412	59 744	60 944	63 344
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		723	2 311	3 318	2 986	2 986	2 986	1 478	5 045	6 092	7 105
Licences and permits		3 220	3 926	3 921	5 062	4 801	4 801	2 631	4 945	5 163	5 245
Agency services		4 674	4 746	4 992	4 981	4 981	4 981	3 109	5 130	5 232	5 280
Transfers and subsidies		169 784	241 907	181 766	196 385	196 385	196 385	138 821	201 729	210 231	220 399
Other revenue	2	5 715	2 113	3 528	18 573	10 597	10 597	3 577	8 752	17 817	9 425
Gains		-	47 947	-	-	-	-	-	25 000	-	-
Total Revenue (excluding capital transfers and contributions)		512 833	630 578	592 917	671 754	703 881	703 881	515 649	778 050	829 109	870 156
Expenditure By Type											
Employee related costs	2	238 093	239 495	289 460	269 409	288 494	288 494	210 371	319 189	333 573	348 234
Remuneration of councillors		25 117	24 393	23 636	26 277	24 277	24 277	15 938	25 491	26 766	28 104
Debt impairment	3	79 863	117 107	19 699	75 753	75 753	75 753	-	76 300	77 730	79 080
Depreciation & asset impairment	2	48 587	56 808	53 141	53 326	53 326	53 326	-	56 620	57 620	58 220
Finance charges		3 191	6 416	1 929	1 500	4 000	4 000	8 000	3 800	4 900	5 000
Bulk purchases	2	189 807	211 477	120 372	253 818	181 818	181 818	230 647	249 640	261 600	280 450
Other materials	8	13 271	17 473	2 820	7 453	5 909	5 909	1 657	2 762	5 826	6 019
Contracted services		14 410	55 927	46 493	30 195	24 978	24 978	21 919	12 757	21 308	23 526
Transfers and subsidies		-	100	175	4 911	4 911	4 911	2 871	5 156	5 269	5 400
Other expenditure	4, 5	69 037	60 155	53 569	46 987	39 215	39 215	34 451	26 324	34 503	35 869
Losses		8 864	14 054	-	-	-	-	-	-	-	-
Total Expenditure		690 241	803 405	611 295	769 630	702 681	702 681	525 854	778 037	829 094	869 902
Surplus/(Deficit)		(177 408)	(172 827)	(18 379)	(97 877)	1 200	1 200	(10 204)	13	15	254
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		33 278	-	76 263	58 854	74 578	74 578	17 550	76 570	97 919	66 588
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	-	-	54	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	34 829	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(144 130)	(137 997)	57 938	(39 022)	75 778	75 778	7 346	76 583	97 933	66 843
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(144 130)	(137 997)	57 938	(39 022)	75 778	75 778	7 346	76 583	97 933	66 843
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(144 130)	(137 997)	57 938	(39 022)	75 778	75 778	7 346	76 583	97 933	66 843
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(144 130)	(137 997)	57 938	(39 022)	75 778	75 778	7 346	76 583	97 933	66 843

EC139 Enoch Mgijima - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		50 789	1 684	2 267	994	6 062	6 062	(27 981)	8 206	8 452	8 874
Call investment deposits	1	-	(43 485)	9 677	-	9 301	9 301	3 554	12 611	13 241	15 230
Consumer debtors	1	52 461	22 047	171 321	57 445	76 842	76 842	302 233	78 379	80 339	82 427
Other debtors		33 984	186 504	151 073	32 385	99 240	99 240	178 702	93 624	96 515	97 410
Current portion of long-term receivables		-	1 050	1 050	-	-	-	1 050	-	-	-
Inventory	2	-	-	-	-	-	-	-	-	-	-
Total current assets		137 234	167 800	335 388	90 824	191 445	191 445	457 558	192 820	198 546	203 942
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	42 797	-	-	-	-	-	-	-	-
Investment property		291 608	2 343	2 343	291 608	291 608	291 608	2 343	291 608	291 608	291 608
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1 160 539	1 686 202	1 703 170	1 227 130	1 242 854	1 242 854	1 725 694	1 297 854	1 358 854	1 412 476
Biological		7 238	4 146	4 910	6 152	6 152	6 152	4 910	6 275	6 464	6 593
Intangible		287	-	-	248	248	248	-	250	254	257
Other non-current assets		346	2 540	2 540	1 087	1 087	1 087	2 540	1 098	1 105	1 108
Total non current assets		1 460 019	1 738 028	1 712 962	1 526 225	1 541 949	1 541 949	1 735 487	1 597 086	1 658 284	1 712 041
TOTAL ASSETS		1 597 252	1 905 828	2 048 350	1 617 049	1 733 394	1 733 394	2 193 045	1 789 905	1 856 831	1 915 984
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	34 620	-	-	-	-	-	-	-	-	-
Consumer deposits		9 989	10 044	10 208	10 251	10 251	10 251	10 224	10 261	10 281	10 436
Trade and other payables	4	91 543	330 717	333 810	183 609	146 674	146 674	473 252	147 357	109 412	110 216
Provisions		-	46 066	91 147	33 360	33 360	33 360	91 147	34 861	36 604	38 801
Total current liabilities		136 152	386 827	435 164	227 220	190 285	190 285	574 623	192 479	156 298	159 453
Non current liabilities											
Borrowing		95 981	(766)	(0)	-	-	-	(0)	-	-	-
Provisions		-	27 373	30 376	65 312	65 312	65 312	30 376	68 251	70 982	73 821
Total non current liabilities		95 981	26 608	30 376	65 312	65 312	65 312	30 376	68 251	70 982	73 821
TOTAL LIABILITIES		232 133	413 434	465 540	292 533	255 597	255 597	604 999	260 730	227 279	233 273
NET ASSETS	5	1 365 119	1 492 394	1 582 811	1 324 517	1 477 797	1 477 797	1 588 046	1 529 175	1 629 551	1 682 710
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 349 825	1 392 822	1 551 052	1 324 517	1 477 797	1 477 797	1 588 046	1 529 175	1 629 551	1 682 710
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	1 349 825	1 392 822	1 551 052	1 324 517	1 477 797	1 477 797	1 588 046	1 529 175	1 629 551	1 682 710

EC139 Enoch Mgijima - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		63 217	56 600		61 603	63 463	63 463	63 463	84 797	89 037	92 225
Service charges		232 963	223 554		247 531	262 632	262 632	262 632	299 742	355 430	390 218
Other revenue		16 365	789		36 328	26 691	26 691	26 691	29 480	41 001	34 845
Transfers and Subsidies - Operational	1	170 264	189 457		196 556	196 385	196 385	196 385	201 729	210 231	220 399
Transfers and Subsidies - Capital	1	42 807	18 344		58 854	74 578	74 578	74 578	76 570	97 919	66 588
Interest		8 721	17 722		5 653	5 192	5 192	5 192	6 162	6 415	6 680
Dividends						-	-	-			
Payments											
Suppliers and employees		(507 066)	(499 792)		(544 723)	(540 850)	(540 850)	(540 850)	(636 162)	(683 576)	(722 202)
Finance charges		(3 191)	(9 355)		(1 500)	(4 000)	(4 000)	(4 000)	(3 800)	(4 900)	(5 000)
Transfers and Grants	1	(22 380)			(159)	(4 911)	(4 911)	(4 911)	(5 156)	(5 269)	(5 400)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 700	(2 681)	-	60 143	79 179	79 179	79 179	53 363	106 287	78 353
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			71						-	-	-
Decrease (increase) in non-current receivables									-	-	-
Decrease (increase) in non-current investments		-	(19)		-	-	-	-	-	-	-
Payments											
Capital assets		(67 992)	(47 575)		(60 054)	(75 778)	(75 778)	(75 778)	(76 570)	(97 919)	(66 588)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(67 992)	(47 523)	-	(60 054)	(75 778)	(75 778)	(75 778)	(76 570)	(97 919)	(66 588)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Gains on Disposal of PPE									25 000	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		-			-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	25 000	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(66 292)	(50 204)	-	89	3 400	3 400	3 400	1 793	8 368	11 764
Cash/cash equivalents at the year begin:	2	117 266	7 226		905	11 568	11 568	11 568	14 968	16 761	25 129
Cash/cash equivalents at the year end:	2	50 974	(42 978)	-	994	14 968	14 968	14 968	16 761	25 129	36 894

EC139 Enoch Mgijima - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	50 974	(42 978)	–	994	14 968	14 968	14 968	16 761	25 129	36 894
Other current investments > 90 days		(185)	1 177	11 944	–	395	395	(39 396)	4 055	(3 436)	(12 789)
Non current assets - Investments	1	–	42 797	–	–	–	–	–	–	–	–
Cash and investments available:		50 789	996	11 944	994	15 363	15 363	(24 427)	20 816	21 693	24 105
Application of cash and investments											
Unspent conditional transfers		–	(8 108)	8 576	–	–	–	13 659	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	(42 800)	(25 000)	(32 540)
Other working capital requirements	3	18 568	29 031	132 150	117 933	24 016	24 016	(214 573)	17 847	(29 649)	(33 287)
Other provisions		–	–	–	–	–	–	–	33 360	33 360	33 360
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		18 568	20 923	140 726	117 933	24 016	24 016	(200 914)	8 407	(21 289)	(32 466)
Surplus(shortfall)		32 221	(19 927)	(128 782)	(116 939)	(8 653)	(8 653)	176 487	12 409	42 982	56 571

EC139 Enoch Mgijima - Table A9 Asset Management

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE										
Total New Assets	1	-	35 288	18 125	23 566	23 396	23 396	14 373	14 100	16 088
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	2 200	2 200	-	-	-
<i>Water Supply Infrastructure</i>		-	34 829	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	6 000	282	282	2 000	7 000	5 666
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	34 829	-	6 000	2 482	2 482	2 000	7 000	5 666
Community Facilities		-	(191)	5 323	7 420	8 000	8 000	2 373	1 100	-
Sport and Recreation Facilities		-	(868)	11 646	8 946	11 714	11 714	10 000	6 000	8 422
Community Assets		-	(1 059)	16 969	16 366	19 714	19 714	12 373	7 100	8 422
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	2 000
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	2 000
Biological or Cultivated Assets		-	495	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	580	-	-	-	-	-	-	-
Furniture and Office Equipment		-	370	-	-	-	-	-	-	-
Machinery and Equipment		-	72	1 156	1 200	1 200	1 200	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	1 034	711	-	513	513	-	-	-
<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>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	1 034	711	-	513	513	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	1 034	711	-	513	513	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	-	4 509	48 180	36 488	51 870	51 870	62 197	83 819	50 500
<i>Roads Infrastructure</i>		-	3 882	43 177	18 400	43 646	43 646	43 176	72 612	32 000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	(206)	4 472	10 448	7 359	7 359	13 484	7 857	12 000
<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>		-	-	-	-	-	-	-	-	-
Infrastructure		-	3 676	47 649	28 848	51 005	51 005	56 660	80 469	44 000
Community Facilities		-	833	531	7 640	865	865	5 537	3 350	6 500
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	833	531	7 640	865	865	5 537	3 350	6 500
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	40 831	67 016	60 054	75 778	75 778	76 570	97 919	66 588
<i>Roads Infrastructure</i>		-	3 882	43 177	18 400	43 646	43 646	43 176	72 612	32 000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	(206)	4 472	10 448	9 559	9 559	13 484	7 857	12 000
<i>Water Supply Infrastructure</i>		-	34 829	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	6 000	282	282	2 000	7 000	5 666
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	38 505	47 649	34 848	53 487	53 487	58 660	87 469	49 666
Community Facilities		-	1 675	6 564	15 060	9 378	9 378	7 910	4 450	6 500
Sport and Recreation Facilities		-	(868)	11 646	8 946	11 714	11 714	10 000	6 000	8 422
Community Assets		-	808	18 210	24 006	21 092	21 092	17 910	10 450	14 922
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	2 000
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	2 000
Biological or Cultivated Assets		-	495	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	580	-	-	-	-	-	-	-
Furniture and Office Equipment		-	370	-	-	-	-	-	-	-
Machinery and Equipment		-	72	1 156	1 200	1 200	1 200	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	40 831	67 016	60 054	75 778	75 778	76 570	97 919	66 588

ASSET REGISTER SUMMARY - PPE (WDV)	5	1 459 672	1 638 577	1 656 309	1 526 225	1 541 949	1 541 949	1 597 086	1 658 284	1 712 041
<i>Roads Infrastructure</i>		1 459 672	608 521	625 854	514 558	539 804	539 804	43 176	72 612	32 000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	491 125	489 668	76 424	75 535	75 535	(111 659)	(117 285)	(113 142)
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	22 371	21 974	14 813	9 095	9 095	2 000	7 000	5 666
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		1 459 672	1 122 017	1 137 496	605 795	624 434	624 434	(66 483)	(37 674)	(75 476)
Community Assets		-	216 346	223 930	206 792	203 878	203 878	17 910	10 450	14 922
Heritage Assets		-	2 540	2 540	1 087	1 087	1 087	1 098	1 105	1 108
Investment properties		-	2 343	2 343	291 608	291 608	291 608	291 608	291 608	291 608
Other Assets		-	77 758	73 436	174 256	174 256	174 256	-	-	2 000
Biological or Cultivated Assets		-	4 146	4 910	6 152	6 152	6 152	6 275	6 464	6 593
Intangible Assets		-	-	-	248	248	248	250	254	257
Computer Equipment		-	2 844	2 344	2 553	2 553	2 553	-	-	-
Furniture and Office Equipment		-	5 254	4 629	49 650	49 650	49 650	-	-	-
Machinery and Equipment		-	2 191	3 104	2 776	2 776	2 776	-	-	-
Transport Assets		-	11 077	9 515	53 599	53 599	53 599	-	-	-
Land		-	192 062	192 062	131 709	131 709	131 709	1 346 426	1 386 078	1 471 030
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 459 672	1 638 577	1 656 309	1 526 225	1 541 949	1 541 949	1 597 086	1 658 284	1 712 041
EXPENDITURE OTHER ITEMS		-	69 631	71 119	74 485	70 236	70 236	63 551	72 220	73 679
Depreciation	7	-	56 808	53 141	53 326	53 326	53 326	56 620	57 620	58 220
Repairs and Maintenance by Asset Class	3	-	12 823	17 978	21 159	16 911	16 911	6 931	14 600	15 459
<i>Roads Infrastructure</i>		-	2 866	1 595	4 646	4 446	4 446	2 474	4 612	4 715
<i>Storm water Infrastructure</i>		-	0	18	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	4 915	2 402	4 504	3 944	3 944	2 200	4 320	4 450
<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>		-	-	-	-	-	-	-	-	-
Infrastructure		-	7 781	4 015	9 150	8 390	8 390	4 674	8 932	9 165
Community Facilities		-	-	142	738	738	738	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	142	738	738	738	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	2 448	79	3 024	2 914	2 914	900	2 100	2 600
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	2 448	79	3 024	2 914	2 914	900	2 100	2 600
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	0	11 393	3 581	2 381	2 381	600	2 520	2 610
Machinery and Equipment		-	2 594	2 349	4 666	2 488	2 488	757	1 048	1 084
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	69 631	71 119	74 485	70 236	70 236	63 551	72 220	73 679
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	13.6%	73.0%	60.8%	69.1%	69.1%	81.2%	85.6%	75.8%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	9.8%	92.0%	68.4%	98.2%	98.2%	109.9%	145.5%	86.7%
<i>R&M as a % of PPE</i>		0.0%	0.8%	1.1%	1.7%	1.4%	1.4%	0.5%	1.1%	1.1%
<i>Renewal and upgrading and R&M as a % of PPE</i>		0.0%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	6.0%	4.0%

EC139 Enoch Mgijima - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	58 344	59 222	61 406	61 406	61 406	61 406	61 406
Electricity - prepaid (min.service level)		-	-	21 638	23 561	24 267	24 267	24 267	24 267	24 267
<i>Minimum Service Level and Above sub-total</i>		-	-	79 982	82 783	85 673	85 673	85 673	85 673	85 673
Electricity (< min.service level)		-	-	23 561	23 561	24 150	24 150	24 150	24 150	24 150
Electricity - prepaid (< min. service level)		-	-	1 023	1 023	1 223	1 483	1 854	1 854	1 854
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	24 584	24 584	25 373	25 633	26 004	26 004	26 004
Total number of households	5	-	-	104 566	107 367	111 046	111 306	111 677	111 677	111 677
Refuse:										
Removed at least once a week		-	-	28 649	28 649	29 716	29 716	29 716	29 716	29 716
<i>Minimum Service Level and Above sub-total</i>		-	-	28 649	28 649	29 716	29 716	29 716	29 716	29 716
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	251	262	269	269	269	269	269
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	3 774	3 883	3 982	3 982	3 982	3 982	3 982
No rubbish disposal		-	-	3 620	3 620	3 760	3 760	3 760	3 760	3 760
<i>Below Minimum Service Level sub-total</i>		-	-	7 645	7 765	8 011	8 011	8 011	8 011	8 011
Total number of households	5	-	-	36 294	36 414	37 727	37 727	37 727	37 727	37 727
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		11 799	11 799	11 799	11 799	11 799	11 799	11 799	12 749	13 006
Cost of Free Basic Services provided - Formal Settlements (R'000)	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)		17 280	17 280	17 280	17 280	17 280	17 280	17 280	17 280	17 280
Refuse (removed once a week for indigent households)		14 477	14 477	14 477	14 477	14 477	14 477	14 477	15 372	16 520
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		522	522	522	522	522	756	954	954	954
Total cost of FBS provided		32 279	32 279	32 279	32 279	32 279	32 514	32 712	33 607	34 755
Highest level of free service provided per household										
Property rates (R value threshold)		3 620 559	3 851 659	4 044 242	4 044 242	4 044 242	4 246 454	4 501 241	4 501 241	4 501 241
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		50	50	50	50	50	50	50	50	50
Electricity (kwh per household per month)		4	4	4	4	4	4	4	4	4
Refuse (average litres per week)		4	4	4	4	4	4	4	4	4
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		4 023	4 123	4 224	4 224	4 224	4 435	4 657	4 657	4 657
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	10 267	10 267	10 267	10 267	10 267	10 267
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	6	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		4 023	4 123	4 224	14 490	14 490	14 702	14 923	14 923	14 923

Supporting Documentation

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

7. Budget Process Overview

The following schedule was adopted by the Council in August 2019 and was followed in the preparation of the 2020/21 medium term budget document. This process plan was followed in conjunction with the IPED directorate who are responsible for the review of the Integrated Development Plan. The intention is to ensure that the budget is aligned to the IDP.

1) Approved schedule for the IDP / PMS and Budget REVIEW PROCESS PLAN – 2020/21

The below schedule was approved by Council on the 30th August 2019, for purposes of ensuring compliance with the municipal legislation and alignment between integrated development planning activities and those of budget review process

Adopted IDP/PMS and Budget Review Process Plan 2020/2021



ENOCH MGIJIMA
LOCAL MUNICIPALITY

IDP/BUDGET/PMS PROCESS PLAN 2020/21

August 2019

In May 2017, Enoch Mgijima Municipality adopted its 2017-2022 Integrated Development Plan (IDP) for the municipality, which is reviewed annually. The IDP was developed in accordance with requirements set out in the Municipal Systems Act (32 of 2000) and Local Government Municipal Planning and Performance Management Regulations (2001). The municipality will be reviewing its IDP for 2020/21 financial year.

Section 28 (1) of the Municipal Systems Act no. 32 of 2000 states that each municipal council must, within a prescribed period after the start of council's elected term, adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP. The way in which the IDP process will be undertaken is outlined in Process Plans which all municipalities must prepare. These Process Plans need to comply with this Framework Plan to ensure alignment and co-ordination between district and local municipalities as stipulated in the Municipal Systems Act.

The Local Government: Municipal Planning and Performance Management Regulation, 2001 provides the guidelines for Integrated Development Plan and the processes the Municipality must subject the IDP process into when doing its review.

1. Legal context

According to Section 27(2) of the Municipal Systems Act, the framework plan binds both the district municipality and the local municipalities. The Act states that the framework plan must at least cover the following issues:

- Identify plans and planning requirements binding in terms of national and provincial legislation on the district municipality and the local municipalities or on any specific municipality;
- Identify matters to be included in the integrated development plans of the -district municipality and the local municipalities that require alignment;
- Specify the principles to be applied and co-ordinate the approach to be adopted in respect of those matters; and
- Determine procedures:

- i) For consultation between the district municipality and the local municipalities during the process of drafting their respective integrated development plans; and
- ii) To effect essential amendments to the framework.

The Municipal Finance Management Act (MFMA) i clearly specifies time-frames for the IDP and the budget. The MFMA requires the budget and IDP schedule (or the IDP Process Plan) to be adopted by Council by the end of August, the budget and IDP to be tabled before the council in March and Budget and IDP to be adopted by council in May (section 21 and 24).

- **Elements of IDP development**

The review of the IDP process is mainly geared towards picking up on early-warning sign for corrective action whenever it is required. The Performance Indicators are flowing from the IDP and constitute the heart of the Performance Management System. The above lay the basis for the review of the Integrated Development Plan.

Apart from the statutory imperative, it is necessary for Enoch Mgijima Municipality to review its IDP in order to:

- Ensure the IDP's relevance as the municipality's strategic plan
- Inform other components of the municipal business processes, including institutional and financial planning and budgeting
- Inform the cyclical inter-governmental planning and budget processes

In the IDP review cycle changes to the IDP may be required from these main sources:

- Comments from the MEC Cogta Eastern Cape
- Incorporation of the most recent descriptive data
- Review and refinement of the objectives and strategies
- Review and refinement of the projects
- Amendments in response to changing circumstances; and

- Improving the IDP process and content
- Auditor General Report
- Incorporation of new sector plans.
- Review of the organizational structure

2. IDP Process

This process describes a continuous cycle of planning, implementation and review as can be seen in the figure below. During the year new information becomes available and unexpected events may occur. Some of the information can make immediate changes to the planning and the implementation of the IDP. After the reviewed IDP has been adopted, implementation as well as situational changes will continue to occur, which is again monitored throughout the year and evaluated as indicated in Diagram 1 for consideration in the next IDP review (DPLG, IDP Guide Pack, Guide IV)

Diagram 1: Summary of the IDP Process

PUBLIC PARTICIPATION

PERFORMANCE MANAGEMENT

A: Preparing for IDP (A)

B+C: Monitoring and evaluation

D: Refined objectives, strategies and projects phase

E: Drafting document – including budget

F: Approval

3. ORGANIZATIONAL ARRANGEMENT

The following arrangement has set out to institutionalize community participation and also to enable the municipality to manage the drafting output.

The Council

Terms of Reference:

- Considers and adopts the process plan
- Is also responsible for adopting the Final IDP review.

IDP Manager

The Municipal Manager, will manage the Enoch Mgijima Municipal IDP review process.

Terms of Reference for the IDP Manager

The IDP Manager shall, in accordance with the provisions of the IDP legislation framework:

- Ensure that the local framework is drafted and approved by Council,
- Manage the IDP by ensuring that all daily planning activities are performed within an efficient and effective consideration of available time; financial and human resources;
- Ensure that the planning process is participatory, strategic and implementation orientated and is aligned with and satisfies sector planning requirements, planning process and compliance with action programme;
- Ensure that the planning process outcomes are clearly documented;
- Chair the IDP Steering Committee
- Will coordinate with various government departments and the district IDP Manager to ensure that all projects, strategies and objectives of the local municipality are shared and distributed amongst government departments so that they might incorporate them in their planning process and vice versa.
- Responds on comments on the draft IDP from the public, horizontal alignment and other spheres of government to the satisfaction of the Council.
- Ensure that annual business plans and municipal budget are linked and based on the IDP.
- Adjust the IDP in accordance with the proposals issued by the MEC responsible for the Local Government as per the provision of Section 32(2) (a) of the Municipal Systems Act.

IDP Steering Committee

The IDP Steering Committee will consist of:

- Municipal Manager –
- Chief Financial Officer –
- Technical Services Director –
- Corporate Services Director –
- Community Services Director -

- General Managers within Directorates –
- Units General Manager in the satellite offices (Whittlesea, Molteno, Tarkastad)

Terms of Reference of the IDP Steering Committee

- Provides terms of reference for the various planning activities,
- Compile departmental operational and capital information
- Commissions research studies;
- Consideration and making comments on inputs from role players and sub-committees;
- Makes content recommendations;
- Prepares, facilitates and document meeting outcomes
- Meet regularly to consider issues to be tabled before the Rep Forum.
- Integrated budgeting
- Monitoring of the implementation of the municipal IDP.

IDP Representative Forum

The forum will consist of:

- The Executive Mayor (convene and chairs meetings);
- Members of the Mayoral Committee
- IDP Steering Committee,
- All Councillors;
- Ward Committees;
- Community - based organizations;
- Advocates for unorganized groups
- Non-Governmental Organizations
- Business People
- Organized labour
- Sector Departments
- Government Agencies

Terms of Reference

- Represent the interests of their constituencies,
- Provide organizational mechanism for discussion, negotiation and decision making between the stakeholders;

- Ensure adequate communication amongst all the stakeholders' representatives
- Monitor the performance of the planning and implementation process

4. Procedures For Community and Stakeholders Participation

The IDP and Budget Processes demand the involvement of community and stakeholder organizations in the process. This seeks to ensure that the IDP addresses the real issues that are being experienced by the citizens' within the municipality.

Participation Procedure

Provisions of MSA Chapter 4 Section 17 provide for mechanisms for participation:

- IDP Representative Forum to verify and add data
- District Municipality's Representative Forum to ensure that local priorities are adequately reflected in the District's IDP
- Use Ward Councillors to call meetings to keep communities informed about the IDP progress (including Ward Committees and CDWs)
- Publish annual reports on municipal progress
- Advertise in local newspapers
- Making the IDP document available to all units and public places for public comments
- Making use of municipal website and local newspaper

Appropriate Language Use

English will be used as a medium of communication. However in community meetings languages that are spoken in that community will also be used.

Appropriate venues and transport

- Officials will be responsible for arranging venues and transport for all wards;
- Transport will be arranged for Designated Groups and Ward Committees;
- Enoch Mgijima Local Municipality will be responsible for the costs of these meetings
- The estimated cost of has been provided for in the approved budget for IDP public participation programme for 2020/20 financial year is R500 000.00

6. Mechanisms and Procedures for Alignment

The IDP Manager (Municipal Manager), IPED General Manager and the IDP Manager of Enoch Mgijima Municipality will be responsible for ensuring smooth coordination of the IDP process and its alignment with the District's IDP through bilateral discussions with affected sector departments and neighbouring Municipalities. Inter-Governmental Forums will also be used to ensure that beneficial alignment of programmes and projects do occur.

7. The Budget Process

The budget proposals for the 2020/21 financial year should be informed by Council's Integrated Development Planning process, particularly in terms of objectives, outputs and targets envisioned for the next 3 years. In this way, budget proposals and the Integrated Development Plan will be linked directly to each other.

Better budgeting enhances service delivery. This is the main message underlying recent reforms that Council has been subjected to. The integrated planning, budgeting and monitoring of service delivery performance strengthens the link between the services that departments provide and the benefits and costs of these services. The performance management system gives effect to the emphasis on improved transparency and accountability for the management and use of public resources.

The budget process allows Council to:

- Revise its policy priorities, macroeconomic framework and resource envelope.
- Evaluate departmental plans and allocate available resources in line with policy priorities.
- Obtain the required authority from Council to spend.

Matching policy priorities and resources

Deciding and agreeing on the best allocation of scarce resources to fund Council's many social, economic and political goals is the main purpose of the budget process.

The budget process starts early in the year with a review of the IDP and budget processes of the previous year and the budget parameters.

Additional resources for funding new priorities arise from a review of the overall budget framework, including fiscal policy considerations, overall spending growth, inflation assumptions, and debt interest projections.

The budget and IDP are to be presented for approval on or before 31 May 2020 as indicated in Table 2 below:

Table 2: Budget Process Plan timeline

July – August	Review previous IDP/Budget/PMS and budget process plan
September	Set parameters and establish the budget task team
October	Consider the revision of Council’s establishment plan – meeting the HR capacity needs and the cost application of such capacity [functions to be considered]
November to January	Align the budget to Council’s policy priorities
February	Consolidate the budget and macro summary
March	Table the draft budget in Council for approval
April – May	Consult the public on the IDP and budget
May	Table the final IDP and Budget in Council for adoption
June	Submit adopted Budget to National Treasury,

Policy priorities and public expenditure

Strengthening the link between Council policy priorities and expenditure is at the core of budgeting. Expenditure allocation translates policy priorities into the delivery of services to communities, and is therefore a key tool for accomplishing Council’s goals.

Political oversight of the budget process

The key to strengthening the link between priorities and spending plans lies in enhancing political oversight of the budget process. The Mayor should establish a **Budget Steering Committee** that is chaired by the portfolio Councillor for finance; with the committee consisting of the chairpersons of each of the standing committees and chairpersons of each cluster.

Political oversight of the budget process is essential to ensure that:

- The political executive is responsible for policy and prioritization

- Policy priorities are linked to cluster spending plans and the delivery of quality services

The budget process commences with parameter and policy assessment and formulation.

Budgeting is primarily about the choices and trade-offs that Council has to make in deciding how to meet the agreed set of policy objectives through better service delivery. Political oversight of the budget process allows Council to manage the tension between competing policy priorities and fiscal realities.

Budgeting for service delivery

Strengthening the link between Council’s priorities and spending plans is not an end in itself. The goal is to improve delivery of services and ultimately the quality of life of people throughout the municipal area.

Sound budgeting as mentioned in the introduction leads to enhanced service delivery. In particular, integrated planning, budgeting and monitoring of service delivery performance strengthen the link between the services that departments provide and the benefits and costs of these services. It is important to emphasise the role of performance management which serve to monitor performance against measurable performance objectives that are informed by service delivery targets as captured in the various sector plans.

KEY ACTIVITIES IDP/BUGET/ PMS

Month	ACTIVITIES				
	IDP	PMS	Mayor/ Council	Administration	Budget Review Activities
July 2019	<ul style="list-style-type: none"> • Preparation of the draft IDP/Budget /PMS Process 	<ul style="list-style-type: none"> • Signing of new performance contracts for Section 57 Manager 	<ul style="list-style-type: none"> • Mayor or begins planning for next 	Accounting Officer and Senior Managers of the municipality begin planning for	Approve and announce new budget schedule and set up committees and forums

	<ul style="list-style-type: none"> ss Plan Engagements with Budget Office and PMS for alignment purposes. Engagements with the district for readiness of review 2020/21 	<ul style="list-style-type: none"> s and submission to Council before the end of July 2018 (Section 69 MFMA and Section 57 of the MSA) Roll out of the SDBIP Prepare Departmental Score cards for 2019/20 Final Perform Assessments 2018/19 for Section 57 Managers Preparation of section 46 reports by various heads of departments. 	<ul style="list-style-type: none"> three year budget in accordance with co-ordination role of budget process. MFM A s53. Planning includes review of the previous year's budget process and completion of the Budget checklist 	<ul style="list-style-type: none"> next three year budget. Accounting Officer and Senior Managers review options and contracts for service delivery MSA s76 and s81 	
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<p>Aug 2019</p>	<ul style="list-style-type: none"> • Tabling of IDP Process Plan to Steering Committee for comments • Advertisement of the IDP Process Plan in order to meet AG Audit requirements • IDP review process kick starts. 		<ul style="list-style-type: none"> • Mayor table s in Council a time sche dule outli ning key dead lines for: prepa ring , tabli ng and appr ovin g the Budg et, revie wing the IDP (as per s34 of Muni cipal Syst ems Act Cha pter 4 as ame nded) and 		
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			<p>budget related policies and consultation processes at least 10 months before the start of the budget year. MFM A s21, 22, 23</p>		
<p>May 2020</p>	<ul style="list-style-type: none"> • Adoption of Final IDP by Council • Publicize IDP and Budget in the Local 				

	<ul style="list-style-type: none"> News paper • Conv ene IDP Repre sentat ive Foru m 				
Jun 2020	<ul style="list-style-type: none"> • Submi ssion of the Final IDP to DLGT A 	Senior Managers to submit Q3 SDBIP Reports in terms of s41 of Municipal Systems Act	Council must approve annual budget Mayor must approve SDBIP within 28 days in line with the MFMA		

Phase	Activities	Timeframe	Responsible Department
Phase 0	Preparation phase / Pre-planning Preparation involves the production of an IDP process plan to ensure proper management of the planning process: <ul style="list-style-type: none"> • <i>Establish institutional structures for management of the process</i> • <i>Establish structures for public participation</i> • <i>Prepare time schedule for planning process</i> • <i>Identify roles and responsibilities</i> • <i>Discuss how the process will be monitored</i> 		
	<ul style="list-style-type: none"> • Planning for IDP/Budget/ PMS review process - status of readiness of Enoch Mgijima Local Municipality. Chris Hani District Municipality establishes a draft 202/21 IDP/Budget/PMS Framework Plan. IDP Coordinator and Chief Financial Officer consult and co-ordinate dates thereafter IDP/Budget/ PMS is developed. 	23- 26 July 2019	IDP Section / BTO

	<ul style="list-style-type: none"> • Notice in newspaper: call for public participation and for interested parties to register on Stakeholders database 	30 July 2019	IDP Section
	<ul style="list-style-type: none"> • Signing of agreements within 60 days 	31 July 2019	Municipal Manager
	<ul style="list-style-type: none"> • IDP Steering committee: To look Draft IDP/ Budget/PMS Process Plan 2019/20 	06 August 2019	IDP Section
	<ul style="list-style-type: none"> • IDP Managers Forum 	13 August 2019	CHDM
	<ul style="list-style-type: none"> • Present IDP/Budget Process Plan to council for adoption • Table the Draft Annual Report for 2018/19 to Council 	30 August 2019	Municipal Manager
	<ul style="list-style-type: none"> • Commence oversight process on the 2018/19 Annual Report 	02 September 2019	MPAC
	<ul style="list-style-type: none"> • Advertise IDP / Budget/ PMS process plan 2019/20 	03 September 2019	MM
	<ul style="list-style-type: none"> • Submission of IDP/Budget/ PMS Process Plan to CHDM & Cogta 	04 September 2019	MM
	<ul style="list-style-type: none"> • IDP/Budget/PMS Rep Forum to present process plan 	19 September 2019	Executive Mayor - EMLM
Phase 1	Analysis Phase / Monitoring and evaluation		
	This phase deals with existing situations: <ul style="list-style-type: none"> • <i>Assessment of existing level of development</i> • <i>Agreeing on Priority issues</i> • <i>Updating situational analysis</i> • <i>Meeting community stakeholders representatives</i> 		
	<ul style="list-style-type: none"> • <i>1st Quarterly reviews</i> 	15 October 2019	Municipal Manager/PMS Section
	<ul style="list-style-type: none"> • <i>MPAC committee 1 Quarter oversight</i> 	17 October 2019	MPAC Unit
	<ul style="list-style-type: none"> • IDP / Budget/ PMS Steering Committee to prepare for rep forum 	22 October 2019	IPED
Phase 2	This phase includes the formulation of: <ul style="list-style-type: none"> • <i>The vision</i> • <i>The development objectives</i> • <i>The development strategies</i> 		

	<ul style="list-style-type: none"> Revenue projections and proposed rates, taxes, tariffs and service charges by BTO 		BTO
	<ul style="list-style-type: none"> Departments (external & internal) to meet to discuss adjustment budget, projects and strategies for next year 	12 th November 2019	IDP/BTO
	<ul style="list-style-type: none"> IDP/ Budget/ PMS Steering Committee to discuss adjustment budget 	15 November 2019	IDP/ BTO
	<ul style="list-style-type: none"> IGR 	08 November 2019	MM
	<ul style="list-style-type: none"> Planners Forum CHDM 	November 2019	IPED – (CHDM)
	<ul style="list-style-type: none"> IDP/Budget/PMS technical steering committee to discuss monthly performance progress made 	04 th December 2019	IDP/ BTO/PMS
	<ul style="list-style-type: none"> IDP Rep Forum 	5 December 2019	MM
	<ul style="list-style-type: none"> Annual report Road shows 	09- 13 December 2019	MM
	<ul style="list-style-type: none"> Review of the financial strategy and key economic and financial planning assumptions at the Budget Steering Committee. 	19 December 2019	IDP/ BTO
	<ul style="list-style-type: none"> Mid-term reporting(72 Report) 	29 January 2020	MM
	<ul style="list-style-type: none"> Tabling and Approval of an Adjustment Budget 	24 January 2020	BTO
Phase	Activities	Timeframe	Responsible Department
Phase 3	Projects Phase		
	Ensure link of identified projects to priority issues and objectives with clear intended beneficiaries, the location of the project, commencement and end date, responsible person and budget (SDBIP and Strategic Scorecard). Furthermore formulation of targets and indicators to measure performance and impact of the project.		
	<ul style="list-style-type: none"> 2020 Mid - Year Assessment Engagement session with Provincial 	06 February 2020	Provincial Treasury EMLM
	<ul style="list-style-type: none"> CFO, CS Manager and TS Manager review national and provincial policies and budget plans, potential price increases 	11 February 2020	BTO

	of bulk resources (ESKOM & DWA) and /		
	<ul style="list-style-type: none"> potential salary increases IDP/Budget/ PMS steering committee for technical input on technical projects, input on budget and cross cutting projects. 	13 February 2020	IDP
	<ul style="list-style-type: none"> Budget & Treasury to draft operational expenditure per function/ department on personnel expenditure, general expenditure, repairs and maintenance and contributions to capital and IDP projects 	18 February 2020	BTO
Phase 4	Integration Phase		
	<p>Ensure identified projects are in line with the municipality's objectives and strategies, and also with the resource framework and comply with the legal requirements. Harmonise the projects in terms of contents, location and timing in order to arrive at consolidated and integrated programme, e.g. LED programme.</p> <p>An operation strategy should include:</p> <ul style="list-style-type: none"> <i>Sector Plans alignment</i> <i>Financial Plan</i> <i>Capital Investment Plan</i> <i>Integrated Spatial Development Framework</i> <i>Integrated sector programmes (LED, HIV, poverty alleviation, gender equity etc)</i> <i>Consolidated performance Management System</i> <i>Disaster Management Plan</i> <i>Climate change plan</i> <i>Institutional plan</i> 		
	Institution wide Strategic Planning session	24-28 February 2020	EMLM MM
	<ul style="list-style-type: none"> IDP, Budget and PMS Technical committee – finalization of draft budget and draft IDP and alignment 	22 February 2020	BTO/IDP
	Tabling and approval of an adjustment Budget	30 February 2020	BTO
Phase 5	Approval phase		
	<p>Submit the IDP to the council for consideration and approval:</p> <ul style="list-style-type: none"> <i>Tabling of the draft IDP to council</i> <i>Public comment on the draft</i> <i>Approval of final IDP</i> 		

	<ul style="list-style-type: none"> IDP & Budget Steering Committee to finalize service delivery agreements and entities, finalize organogram, finalize proposed national and provincial allocations and review district municipality allocation 	11 March 2020	BTO/ IDP
	<ul style="list-style-type: none"> IDP Rep Forum 	17 March 2020	MM
	<ul style="list-style-type: none"> CHDM Rep Forum 	19 March 2020	CHDM
	<ul style="list-style-type: none"> Mayor tables draft IDP, draft budget, draft resolutions, draft service delivery agreements and draft budget related policies and tariff increases 	31 March 2020	MM
	<ul style="list-style-type: none"> Advertise for comments & public participation on draft IDP/Budget , service delivery plans, resolutions, service delivery agreements, budget related policies and tariff increases in the local newspaper 	02 April 2020	IDP
	<ul style="list-style-type: none"> 3RDQuarter reviews 	09 -10 April 2020	MM
	<ul style="list-style-type: none"> IDP/Budget Roadshows (Mayoral Imbizos) for comments by communities 	06- 10 April 2020	Executive Mayor
	<ul style="list-style-type: none"> 2020 Draft Budget Engagement status session with Provincial Treasury 	22 April 2020	Provincial Treasury and EMLM
	<ul style="list-style-type: none"> IDP/ Budget Steering committee Finalization of the 2020/21 IDP and 2020/21 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework. 	06 May 2020	IDP/ BTO
	<ul style="list-style-type: none"> IDP Rep Forum 	13 May 2020	MM
	<ul style="list-style-type: none"> Council approves final IDP & budget with related policies and tariff increases of National 	29 May 2020	Executive Mayor

	and Provincial Treasury (SOMA)		
	• Submit budget and service delivery plans, resolutions, service delivery agreements,	04 June 2020	IDP/ BTO
	• Final IDP Submitted to MEC for Local Government	10 June 2020	IDP/ MM
	• IDP/Budget/ PMS Steering committee (PMS Agreements & SDBIP)	12 June 2020	IDP/MM
	• Final SDBIP and draft performance agreements of section 56 Managers submitted to Mayor	25 June 2020	MM
	• SDBIP submitted to Provincial Treasury & MEC for Local Government and AG	02 July 2020	IDP/ BTO

Signed by: _____

Date _____

Executive Mayor

Political Oversight

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

In July 2019 the mayor appointed a 'Budget' Steering committee to assist in the political oversight of the budget process. This committee met regularly to review each step of the budget's development. It was this committee that made the major political decisions regarding policies, tariffs and funding issues.

Budget Development Overview

The 2020/21 budget process began in July 2019 with the development of a Budget Schedule. This schedule outlined the key steps, milestones and timetables for the budget process. The Mayoral Committee also reviewed and approved the 'Budget Preparation and Financial Guidelines' that list the assumptions, goals and roles and responsibilities used in preparing the new budget.

In August 2019 the Mayoral committee approved the budget preparation schedule and tabled the same to council.

During the months of September through January 2019/20 the baseline budget was prepared using the approved guidelines and assumptions. Each directorate was given the opportunity to make changes within their operating budgets. Directorates were also requested to submit capital requests and supplemental operating requests on items such as personnel and new programs.

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

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

On the 20th of March 2020 a draft budget was presented to councillors and officials at the municipality's strategic session along with a list of recommendations for items such as tariff increases and miscellaneous items.

The draft budget will be tabled in council on the 31st of March 2020 together with the revised IDP for the 2020/21 budget year.

The draft budget will then be taken to budget road show in April and May to allow for public participation. That exercise will afford the community an opportunity to interact with the municipal officials and the political leadership of the municipality. Inputs from these engagements with the community will be incorporated into the final budget to be presented to Council on the 31st of May.

8. Alignment of Budget with Integrated Development Plan

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

Vision

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

Mission

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

Value

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

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

Enoch Mgijima Local Municipality Key Priorities 2017 -2022

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

1. Infrastructure and Basic Services

KPA: Infrastructure Development

Strategic objective: To provide sustainable, appropriately serviced and well maintained technical infrastructure by 2022

Performance objectives

- 1 To provide project management and administration services
- 2 To provide and maintain municipal roads and storm water infrastructure
- 3 To provide and maintain municipal electricity infrastructure network and services
- 4 To provide civil engineering services
- 5 To ensure effective building control within EMLM area
- 6 To manage municipal facilities

2. KPA: Municipal Financial Viability and Management

Strategic objective: To ensure institutional financial sustainability and viability by 2022

Performance objectives

- 1 To ensure sound and sustainable management of municipal finances
- 2 Ensure efficient and effective procurement of goods and services
- 3 To ensure 43% recovery of costs incurred in providing Electricity and other Services
- 4 To ensure 80% collection rate on all billable services
- 5 To ensure EMLM Assets are adequately managed and monitored
- 6 To ensure clean and accountable governance

KPA: Governance and Public Participation

Strategic objective: To exercise administrative and operational oversight, ensure good governance and public participation and engagement by 2022

Performance objectives

- 1 To coordinate municipal key performance areas
- 2 To provide communication services and stakeholder engagement
- 3 To monitor and management municipal performance
- 4 To facilitate provision of service to people with special needs
- 5 To exercise administrative oversight
- 6 To provide advice to Council
- 7 To perform internal auditing and risk management
- 8 To facilitate provision of legal services to the municipality
- 9 To coordinate the Expanded Public Works Programme
- 10 To provide municipal oversight
- 11 To develop and implement Service Delivery and Budget Implementation Plan

4.

KPA: Municipal Transformation and Development

Strategic objective: To ensure institutional transformation, development of a capable human capital and provide administrative support by 2022

Performance objectives

- 1 To ensure safe record keeping and recovery of documents
- 2 To develop an institutional capacity for the benefit of Municipal Councillors and Employees
- 3 To provide council support
- 4 To manage municipal fleet
- 5 To ensure provision of an effective and efficient human resources administration
- 6 To provide ICT services to the municipality

5.

KPA: Community Safety

Strategic objective: To ensure community safety and protected working environment by 2022

Performance objectives

- 1 To ensure community safety
- 2 To provide traffic management administration and services
- 3 To provide licencing services of vehicles and motor-cycles
- 4 To provide fire and disaster management services
- 5 To provide security for all municipal assets

6.

KPA: Basic Services

Strategic objective: To provide community development services and ensure a clean environment by 2022

Performance objectives

- 1 To provide and maintain parks and open spaces
- 2 To ensure proper quality and sustainable use of public amenities
- 3 To ensure environmental safety and management
- 4 To ensure a clean and healthy environment
- 5 To provide and promote library services

7.

KPA: Town Planning and Human Settlements

Strategic objective: To provide sustainable human settlements and undertake spatial planning and land use management for economic growth by 2022

Performance objectives

- 1 To implement SPLUMA legislation
- 2 To develop an efficient and effective land use management system
- 3 To facilitate land acquisition and disposal
- 4 To the municipal and maintain municipal real estate
- 5 To develop a single effective land administration system
- 6 To ensure an effective and integrated Geographic Information Management System
- 7 To promote spatial restructuring, integration and reduce spatial fragmentation
- 8 To manage and maintain municipal housing facilities
- 9 To lease out municipal properties in order to generate revenue
- 10 To comply with National Housing Rental Act
- 11 To provide Sustainable human settlements for all income categories

8.

KPA: Local Economic Development

Strategic objective: To facilitate sustainable and inclusive economic growth and development through sustainable economic opportunity enhancement and rural development by 2022

Performance objectives

- 1 To develop and review the Integrated Development Plan
- 2 To facilitate industrial development
- 3 To facilitate enterprise development
- 4 To facilitate tourism and heritage development
- 5 To facilitate agriculture and rural development

WARD - BASED PROJECTS AND THE BUDGET

The IPED unit conducted a consultation process with the various wards and came up with projects that they wish should be executed within the next five years. The projects were documented in the Integrated Development Plan for the municipality. These projects are listed here below for ease of reference.

From the budget perspective these projects will be phased in five years. The 2020/21 medium term revenue and expenditure frame will fund some of these projects whilst the rest will be in the next MTERF

The budget process has led to the crafting of the municipality's strategic objectives that was effectively linked with the IDP in the strategic session held on the 20th of March 2020.

The tables that follow in the next pages show how the operational budget and the capital projects are linked to the IDP.

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

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

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

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

EC139 Enoch Mgijima - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
TO PROVIDE TRAFFIC MANAGEMENT ADMINISTRATION AND SERVICES				-	9 560	11 008	15 368	15 068	15 068	16 921	18 787	19 931	
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS FOR ALL INCOME CATEGORIES				-	9 547	-	-	-	-	-	-	-	
TO PROVIDE PROJECT MANAGEMENT AND ADMINISTRATION SERVICES				577 869	44 790	324	3 365	3 365	3 365	3 347	3 575	3 743	
TO PROVIDE FIRE AND DISASTER MANAGEMENT SERVICES				-	7	18	12	12	12	12	12	12	
TO PROVIDE COMMUNITY DEVELOPMENT SERVICES AND ENSURE A CLEAN ENVIRONMENT BY 2022				-	35	88	-	50	50	50	50	50	
TO PROVIDE AND PROMOTE LIBRARY SERVICES				-	5 252	5 252	5 251	5 251	5 251	5 251	5 251	5 251	
TO PROVIDE AND MAINTAIN PARKS AND OPEN SPACES				-	62	63	13	4	4	4	4	4	
TO PROVIDE AND MAINTAIN MUNICIPAL ROADS AND STORM WATER INFRASTRUCTURE				-	0	224	9	150	150	150	150	150	
TO PROVIDE AND MAINTAIN MUNICIPAL ELECTRICITY INFRASTRUCTURE NETWORK AND SERVICES				-	195 403	226 774	291 270	299 270	299 270	321 690	366 895	395 211	
TO PROVIDE ADVICE TO COUNCIL				-	33 359	41 353	129 628	129 628	129 628	136 416	148 485	158 386	
TO MANAGE AND MAINTAIN MUNICIPAL HOUSING FACILITIES				-	460	521	248	441	441	441	441	441	
TO LEASE OUT MUNICIPAL PROPERTIES IN ORDER TO GENERATE REVENUE				-	2 258	2 297	2 821	2 856	2 856	5 011	6 101	7 194	
TO FACILITATE PROVISION OF SERVICE TO PEOPLE WITH SPECIAL NEEDS				-	-	-	-	-	-	-	-	-	
TO EXERCISE ADMINISTRATIVE OVERSIGHT				-	6 258	4 253	4 422	4 422	4 422	3 996	-	-	
TO ENSURE SOUND AND SUSTAINABLE MANAGEMENT OF MUNICIPAL FINANCES				-	59 056	9 708	17 115	7 315	7 315	4 872	14 155	5 881	
TO ENSURE PROPER QUALITY AND SUSTAINABLE USE OF PUBLIC AMENITIES				-	38	56	78	78	78	78	78	78	
TO ENSURE COMMUNITY SAFETY				-	1 528	1 767	1 663	1 663	1 663	1 663	1 663	1 663	
TO ENSURE A CLEAN AND HEALTHY ENVIRONMENT				-	55 978	69 814	76 038	82 138	82 138	91 208	99 466	103 612	
TO ENSURE 80% COLLECTION RATE ON ALL BILLABLE SERVICES				-	237 262	251 152	124 453	152 169	152 169	161 937	163 994	168 548	
TO DEVELOP AND REVIEW THE INTEGRATED DEVELOPMENT PLAN				-	-	-	-	-	-	-	-	-	
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS AND UNDERTAKE SPATIAL PLANNING AND LAND USE MANAGEMENT FOR ECONOMIC GROWTH				-	1 482	2	-	-	-	25 000	-	-	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	577 869	662 336	624 674	671 754	703 881	703 881	778 050	829 109	870 156

EC139 Enoch Mgijima - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
TO PROVIDE TRAFFIC MANAGEMENT ADMINISTRATION AND SERVICES				-	24 857	28 054	28 251	27 864	27 864	28 301	30 344	31 800
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS FOR ALL INCOME CATEGORIES				-	21 726	21 416	21 145	23 645	23 645	25 599	26 990	28 222
TO PROVIDE PROJECT MANAGEMENT AND ADMINISTRATION SERVICES				-	16 277	8 325	10 871	8 749	8 749	10 756	11 458	11 929
TO PROVIDE ICT SERVICES TO THE MUNICIPALITY				-	8 018	19 558	1 989	789	789	203	828	859
TO PROVIDE FIRE AND DISASTER MANAGEMENT SERVICES				-	6 627	4 512	3 410	4 520	4 520	2 002	2 206	2 289
TO PROVIDE COMMUNITY DEVELOPMENT SERVICES AND ENSURE A CLEAN ENVIRONMENT BY 2022				-	7 996	5 457	4 826	5 730	5 730	7 101	7 823	8 065
TO PROVIDE AND PROMOTE LIBRARY SERVICES				-	8 006	8 813	9 413	9 217	9 217	10 942	11 345	11 696
TO PROVIDE AND MAINTAIN PARKS AND OPEN SPACES				-	15 890	18 026	18 743	19 988	19 988	20 494	21 543	22 650
TO PROVIDE AND MAINTAIN MUNICIPAL ROADS AND STORM WATER INFRASTRUCTURE				-	46 559	52 176	62 221	62 900	62 900	62 242	67 230	68 839
TO PROVIDE AND MAINTAIN MUNICIPAL ELECTRICITY INFRASTRUCTURE NETWORK AND SERVICES				-	236 355	150 635	304 014	232 244	232 244	295 088	313 512	334 677
TO PROVIDE ADVICE TO COUNCIL				-	65 790	48 771	44 395	39 051	39 051	38 665	40 845	42 516
TO MANAGE MUNICIPAL FACILITIES				-	7 639	6 461	8 869	5 128	5 128	4 045	4 583	5 000
TO MANAGE AND MAINTAIN MUNICIPAL HOUSING FACILITIES				-	3 047	4 517	3 667	5 603	5 603	3 406	3 598	3 761
TO LEASE OUT MUNICIPAL PROPERTIES IN ORDER TO GENERATE REVENUE				-	35 423	24 858	11 132	11 132	11 132	13 747	14 947	15 447
TO FACILITATE PROVISION OF SERVICE TO PEOPLE WITH SPECIAL NEEDS				-	1 389	1 645	2 196	2 857	2 857	2 852	2 996	3 143
TO EXERCISE ADMINISTRATIVE OVERSIGHT				-	32 594	29 986	31 644	31 211	31 211	41 420	43 475	44 743
TO ENSURE SOUND AND SUSTAINABLE MANAGEMENT OF MUNICIPAL FINANCES				690 241	182 368	89 802	56 494	61 524	61 524	61 443	67 911	71 627
TO ENSURE PROPER QUALITY AND SUSTAINABLE USE OF PUBLIC AMENITIES				-	1 887	1 177	1 152	1 216	1 216	1 204	1 268	1 336
TO ENSURE COMMUNITY SAFETY				-	20 905	20 075	17 747	16 670	16 670	13 910	16 527	17 162
TO ENSURE A CLEAN AND HEALTHY ENVIRONMENT				-	44 891	49 306	55 683	59 425	59 425	59 150	61 774	63 820
TO ENSURE 80% COLLECTION RATE ON ALL BILLABLE SERVICES				-	-	-	54 565	54 565	54 565	54 724	55 924	57 224
TO DEVELOP AND REVIEW THE INTEGRATED DEVELOPMENT PLAN				-	5 869	8 026	9 064	9 348	9 348	10 511	11 181	11 744
TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS AND UNDERTAKE SPATIAL PLANNING AND LAND USE				-	9 291	9 698	8 138	9 301	9 301	10 230	10 785	11 353
Allocations to other priorities												
Total Expenditure			1	690 241	803 405	611 295	769 630	702 681	702 681	778 037	829 094	869 902

EC139 Enoch Mgijima - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
TO PROVIDE AND MAINTAIN PARKS AND OPEN SPACES				-	(868)	11 646	11 946	11 914	11 914	12 373	6 350	11 922
TO PROVIDE AND MAINTAIN MUNICIPAL ROADS AND STORM WATER INFRASTRUCTURE				136 214	39 689	44 074	18 400	43 646	43 646	43 176	72 612	32 000
TO PROVIDE AND MAINTAIN MUNICIPAL ELECTRICITY INFRASTRUCTURE NETWORK AND SERVICES				-	(206)	4 472	10 448	9 559	9 559	13 484	7 857	12 000
TO MANAGE AND MAINTAIN MUNICIPAL HOUSING FACILITIES				-	(191)	4 425	6 270	7 000	7 000	2 373	1 100	-
TO EXERCISE ADMINISTRATIVE OVERSIGHT				-	-	-	-	-	-	-	-	-
TO ENSURE SOUND AND SUSTAINABLE MANAGEMENT OF MUNICIPAL FINANCES				-	1 574	1 156	1 200	1 200	1 200	-	-	-
TO ENSURE PROPER QUALITY AND SUSTAINABLE USE OF PUBLIC AMENITIES				-	10 708	-	-	-	-	-	-	-
TO ENSURE COMMUNITY SAFETY				-	-	-	-	-	-	-	-	2 000
TO ENSURE A CLEAN AND HEALTHY ENVIRONMENT				-	833	531	10 640	947	947	5 164	10 000	8 666
TO DEVELOP AND REVIEW THE INTEGRATED DEVELOPMENT PLAN				-	0	711	1 150	1 513	1 513	-	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	136 214	51 539	67 016	60 054	75 778	75 778	76 570	97 919	66 588

9 Budget Related Policies and Bylaws Overview and Amendments

In line with section 17(3) (e) when annual budget is tabled in terms of section 16(2), it must be accompanied by any proposed amendments to the budget related policies. The following budget will be tabled with policies and by laws, a process of having community comments will be done in April and May and final policies will be tabled together with final budget.

Budget related policies and a bylaws includes the following:

- Reviewed Property Rates Policy
- Reviewed Budget Policy
- Reviewed Cash Management and Investment Policy
- Reviewed Credit Control Policy
- Reviewed Virement Policy
- Reviewed Asset Management Policy
- Reviewed Indigent Policy
- Reviewed Supply Chain Management Policy
- Cost Containment Policy

Below is the summary of each reviewed policies:

Property Rated Policy and Bylaw

This tariff is used to fund services that benefit the community as a whole as opposed to individual households. These include constructed and maintaining streets, roads and sidewalks, street lighting and storm water drainage facilities.

The policy focuses on how the rates are imposed and impermissible rates. The policy gives rebate to property owners of the first R15 000 of the market value. The policy detailed the exemptions, reduction and rebates and clarifies who qualifies. The register of properties is divided into two parts. The bylaw will ensure that it gives effect on the implementation of this policy. This policy is in line with the property rates act.

Reviewed Budget Policy

The objective of this policy is to set out:

The principles which the Municipality will follow in preparing each MTREF

The responsibilities of the Mayor, the Accounting Officer, The Chief Financial Officer and other Directors in the compilation of Budget

To establish and maintain procedures to ensure adherence to the Municipal IDP and Budget processes.

The policy therefore covers the budget preparation process being:

- a) Formulation of the budget,

- b) The public participation process
- c) Approval process of the budget
- d) Publication of the budget
- e) Capital and Operating Budget, how they are funded and the process that needs to be followed.
- f) The policy also stipulate how the unspent funds must be treated
- g) Budget adjustment process in detail, who has been delegated, how to compile budget adjustment and why.
- h) Budget implementation and monitoring in terms of MFMA

Cash Management and Investment Policy

The policy has its objectives as follows:

- a) To provide guidance and direction for the investment of cash within the municipality
- b) The Municipality must ensure investment diversification across the institution e.g. types of investments and its maturities
- c) Liquidity needs of the Municipality to be given due consideration when making investment decisions for the municipality.
- d) The policy statement includes:
- e) Investment maturities
- f) Standard care for investment
- g) Investment limitations
- h) Portfolio balance and competitive selection
- i) Cash management and Reporting Requirements

Credit Control Policy

- a) The policy details how rates and services will be collected. The process starts at the application process of the services
- b) Customer service agreements
- c) Deposits that are paid when applying for the service
- d) Detailed how and when the accounts and billing are paid
- e) Metering and consumable services and all water related processes have been removed from the policy.
- f) Arrangements processes for residential and non-residential debtors
- g) Special conditions regarding arrangements and the payment of rates by instalments
- h) Payment arrangements of government departments
- i) Collection process on rental of facilities

- j) Enquiries and appeals
- k) Debt collection process general
- l) Theft and fraud and Irrecoverable debt
- m) Bylaw will give effect to this policy

Virement policy

- a) This policy aims to provide guidelines to management in the use of virement as a mechanism in the day to day management of their budget
- b) The policy incorporates virement process as it relates to the m SCOA system where virement has to take place within the six segments.
- c) The only change in the policy is to allow virement on capital budget within votes of the same funding

Review of Asset Management Policy

Main objectives of this policy are to:

- a) Ensure the effective and efficient control, utilization and management of Property Plant and Equipment.
- b) Ensure that the functional heads are aware of their roles and responsibilities regarding property, plant and equipment.
- c) To set out standards of physical asset management, recording and internal control to ensure property plant and equipment are safeguarding against loss and inappropriate utilisation
- d) To specify the process required for acquisition, transfer and disposal assets.

Reviewed Indigent Policy

- a) Main objectives of this policy are to ensure:
- b) The provision of basic services to the community in a sustainable manner within financial and administrative capacity of council
- c) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
- d) Establishment of framework for the identification and management of indigent households including socio –economic analysis and an exit strategy
- e) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
- f) To ensure co-operative governance with other spheres of government and
- g) To enhance the institutional and financial capacity of the Municipality to implement the policy
- h) Bylaw will give effect to this policy

Supply Chain Management Policy

The MFMA required the municipality to adopt and implement a new supply chain policy by July 1st of 2017. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA. This policy has been reviewed in this financial year and has been presented to council for approval.

Cost Containment Policy

The purpose of the policy is to regulate spending and to implement cost containment measures at Enoch Mgijima Local Municipality

The object of this policy is to ensure that the resources of the municipality are used effectively, efficiently and economically by implementing cost containment measures

This policy will apply to all Councillors, members of Oversight Committees and Municipal employees.

10 Budget Assumptions

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

Budget Assumptions Table 2020/20			
	Estimated 2020/21	Estimated 2021/22	Estimated 2022/23
1) General Inflation Factor	4.6%	4.5%	4.6%
2) Interest Rates:			
Borrowing	9.6%	9.6%	9.6%
Investing	6.0%	6.0%	6.0%
3) Increases - Rates and Tariffs:			
Growth Factor	1.0%	1.0%	1.0%
Rates	5.0%	5.0%	6.0%
Electricity	8.1%	8.1%	8.1%
Refuse	5.0%	5.0%	5.0%
4) Tax Base Growth	0.0%	0.0%	0.0%
5) Billing Collection Rates:			
Rates	70.0%	70.0%	70.0%
Electricity	95.0%	95.0%	95.0%
Refuse	52.0%	52.0%	52.0%
Debtor Interest	7.9%	8.5%	8.5%
6) Bulk Electricity Purchases			
Growth Factor	1.0%	1.0%	1.0%
Bulk Cost Increases	8.1%	8.1%	8.1%
7) Salary Increases			
Salaries	6.25%	6.25%	6.25%
Overtime	6.25%	6.25%	6.25%
Contract Workers	6.25%	6.25%	6.25%
8) Equitable Share Allocation	191 323 000	203 392 000	213 293 000
9) Library Allocation	5 250 000	5 250 000	5 250 000

The above assumptions were different from what was anticipated when the planning stage of the 2020/21 budget was conceived. It must be noted however that as the year progresses some of these guidelines had to change due to the cash collection performance of the municipality.

Salaries were anticipated to increase by 7.0% but the new guidelines as per SALGA correspondence stipulates that municipalities budget for an increase of 6.25% on employee related costs. Electricity tariff was expected to increase by 7.0% but by NERSA guidelines the rate will be hiked by 8.1% in 2020/21, commencing on the 1st of July 2020. It must be highlighted that this increase is provisional.

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

General inflation outlook and its impact on the municipal activities

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 98 and 99 from National Treasury for the next three years when preparing this medium term budget. The budget is also based on some of the earlier circulars which are still relevant such as circular 58 and 72.

Interest rates for borrowing and investment of funds

Based on historical trends and current market analysis we have used 9.6% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 6% rate for cash invested. The actual interest rate that the municipality will be charged will at any particular time be based on the prevailing repo rate and the risk level associated with the municipality at that time.

Rates, tariffs, charges and timing of revenue collection

The new general valuations on properties was first implemented in 2019/20 and was the first time that the municipality implemented a uniform general valuation roll for the entire Enoch Mgijima Local Municipality. For now the municipality will continue to levy tariffs as per the new General Valuations Roll. As a result of this, infrastructure improvement rate which used to be levied on properties which were not valued has been discontinued. Rates are set to increase by 5% in 2020/21. The municipality hopes to earn R121 million in the 2020/21 financial year.

Electricity tariffs

Billed revenue for the 2019/20 budget was R260.7 million. Electricity tariff will be increased by an average of 8.1% in 2020/21 financial year as contained in circular 99 that was issued March 2020. As a result of that increase, revenue to be realised from electricity tariff will increase to R281.9. It must be noted that this is the billed revenue from which a reasonable provision for bad debt will be deducted. The municipality is putting plans in place this year to maximise the collection of the billed amount and to reduce the bad debt that will occur at the end of the year. Strict implementation of the reviewed credit control policy by the revenue enhancement team and the installation of smart electricity meters will assist the municipality to increase its electricity revenue by a bigger margin in the 2020/21 financial year.

Cost Reflective tariffs

A costing study will be conducted in 2020/21 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. A new costing model will be developed to distribute the indirect or 'administrative' costs incurred by the municipality. This new costing model will be reflected in the proposed tariffs for the municipality in the 2021/22 financial year. Circular 70 from the National Treasury, urges municipalities to adopt cost reflective tariffs.

For now the municipality will attempt to levy tariffs that will assist the municipality to render these services without running at a loss. Refuse charges are set to remain at 5% this year. This will have to be increased over a number of years to ensure that the service is fully funded. It is anticipated that once consumers start to pay for these service and a full break-even is achieved, the municipality will start lowering this rate. Circular 98 stipulates that cost reflective tariffs be set in order to ensure continuity and sustainability of service delivery.

Electricity tariff is determined and controlled by the energy regulator NERSA. Electrical service is dependent on bulk electric purchases from ESKOM. As a result of the 8.1% increase in the cost of bulk electricity purchases, the tariffs charged to customers will increase this year by the same margin. Indigent customers will be subsidized as follows:

0 – 50kw	free
51kw onwards	8.1% Increase

Collection rates for each revenue source and customer type

Collection of billed services continues to be problematic in many areas of the municipality. As a result of this the allowance for bad debts has been increased substantially over the past years to more closely reflect the actual collection rate of municipal services. These lower collection rates continue to put upward pressure on service tariffs and will require a conscientious effort to address in the future. There are however glimpses of improve collection rate of billed services in the first half of the 2020/21 when the revenue enhancement team concludes its data cleansing and the installation of smart meters.

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

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

Average salary increases

When we include councillor allowances; salaries and related expenses make up almost 43% of the operating budget. This has taken the municipality above the National Treasury threshold of the salary budget not exceeding 40.0% of its operating budget. This will affect further employment of staff as the municipality will not like to exceed the 40.0% threshold. This salary related expenses are increased each year by bargaining agreements controlled by SALGA. The municipality has however resolved to discontinue the payment of flexi – overtime allowances to employees except for the electricity department. This has resulted in a cost savings of R9.0 million from the employee related costs for the 2020/21 budget.

Salaries for municipal workers are projected to increase steadily over the medium term budget forecast. For 2020/21 salaries are projected to increase by 6.25%. It is likely that this figure will change in the coming months before the conclusion of the final budget municipalities are forced not to increase their salary bills.

11 Funding the Budget

Fiscal Overview

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

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

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

Primarily from a cash point of view, Enoch Mgijima Local Municipality has faced serious financial difficulties over the past one and half years. The municipality is not alone in this though. Many local municipalities in South Africa are facing the same difficulties. The reasons for this situation are not simple and neither are there easy solutions. Over the past years the municipality has been required to take on large number of employees, and a large population that simply do not have the income to pay the rates and tariffs required. In recent years though, the municipality has not taken any new debt as a result, the municipality has no long term loan payment.

It is to this end that the municipality has continued to focus its attention toward the past few years. Prudent budgeting and some hard decision making has allowed this goal to become a reality. The municipality will end 2020/21 with enough cash at the end of the financial year to pay all of its creditors. This, however, must not be the end.

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

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

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

Funded verses a balanced budget: Table SA 10

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

This new prospective requires us to analyse the budget from several viewpoints to ensure that the budget is indeed balanced in accordance with the MFMA. The MFMA requires in section 18 that the budget be funded using only 'realistically' anticipated revenues to be collected and cash backed accumulated funds that are not committed to other purposes. Borrowed funds can only be used to fund capital budget items in accordance with MFMA requirements. These were part of the strategies presented to the Budget Steering committee in September 2014 as part of the budget process.

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

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

The municipality has followed these principles and the directions put forth in NT circulars 98 and 99 concerning both the budget process and funding of a municipal budget.

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

Cash flow for the 2020/21 budget year reflects that cash receipts for the year will be sufficient to place a small surplus into working operating capital. It is anticipated that a cash surplus of R16.8 million will be realised by the end of the 2020/21 financial year. This is shown in the supporting table SA30 attached to this report.

Table SA 10 also shows that the budget is fully funded.

EC139 Enoch Mgijima Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	50 974	(42 978)	-	994	14 968	14 968	14 968	16 761	25 129	36 894
Cash + investments at the yr end less applications - R'000	18(1)b	2	32 221	(19 927)	(128 782)	(116 939)	(8 653)	(8 653)	176 487	12 409	42 982	56 571
Cash year end/monthly employee/supplier payments	18(1)b	3	1.0	(0.8)	-	0.0	0.3	0.3	0.4	0.3	0.4	0.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(112 372)	(106 240)	89 696	(39 022)	75 778	75 778	7 346	76 583	97 933	66 843
Service charge rev % change - macro CPIX target exclusive	18(1)a(2)	5	N.A.	(4.4%)	6.8%	2.5%	(2.6%)	(6.0%)	(30.5%)	1.4%	5.9%	0.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	84.4%	76.2%	0.0%	73.1%	69.7%	69.7%	93.8%	75.3%	78.6%	79.8%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	23.9%	34.6%	5.2%	18.3%	17.7%	17.7%	0.0%	16.6%	15.1%	14.4%
Capital payments % of capital expenditure	18(1)c;19	8	49.9%	92.3%	0.0%	100.0%	100.0%	100.0%	336.4%	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.	142.5%	54.3%	(72.2%)	96.0%	0.0%	173.7%	(2.3%)	2.8%	1.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.8%	1.1%	1.7%	1.4%	1.4%	0.4%	0.5%	1.1%	1.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	2.0%	1.1%	0.0%	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%

11.2 Financial Indicators – Table SA 8

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

EC139 Enoch Mgidima - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.5%	0.8%	0.3%	0.2%	0.6%	0.6%	1.5%	0.5%	0.6%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.9%	1.7%	0.5%	0.3%	0.8%	0.8%	2.1%	0.7%	0.8%	0.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
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%
Liquidity											
Current Ratio	Current assets/current liabilities	1.0	0.4	0.8	0.4	1.0	1.0	0.8	1.0	1.3	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.4	0.8	0.4	1.0	1.0	0.8	1.0	1.3	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	(0.1)	0.0	0.0	0.1	0.1	(0.0)	0.1	0.1	0.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		98.1%	91.2%	0.0%	74.6%	76.1%	76.1%	100.8%	80.2%	81.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.1%	91.2%	0.0%	74.6%	76.1%	76.1%	100.8%	80.2%	81.1%	81.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16.9%	33.2%	54.6%	13.4%	25.0%	25.0%	93.5%	22.1%	21.3%	20.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		179.6%	-437.2%	0.0%	16473.1%	979.9%	979.9%	1580.0%	-634.8%	-265.1%	-173.4%
Other Indicators											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (klt)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	46.4%	38.0%	48.8%	40.1%	41.0%	41.0%	40.8%	41.0%	40.2%	40.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	41.8%	52.8%	44.0%	44.4%	44.4%		44.3%	43.5%	43.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	2.0%	3.0%	3.1%	2.4%	2.4%		0.9%	1.8%	1.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.1%	10.0%	9.3%	8.2%	8.1%	8.1%	1.6%	7.8%	7.5%	7.3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/(Debt service payments due within financial year)	19.4	-	72.7	91.6	91.6	91.6	61.2	89.8	92.6	97.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	28.4%	67.6%	91.5%	21.5%	40.7%	40.7%	147.9%	36.9%	33.9%	32.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.0	(0.8)	-	0.0	0.3	0.3	0.4	(0.4)	(0.7)	(1.0)

Sources of Funding

11.3 Rates, tariffs and other charges

The detailed listings of all of the proposed tariffs and rates for the 2018/19 financial year are contained in **appendix A**. In this section we will highlight only the major changes proposed. We will concentrate on the two major tariffs of the municipality along with the property rates.

These three revenue sources will account for an almost R460.6 million in billed revenue for the municipality in 2020/21 and will account for an estimated R382.5 million in actual cash collection. The breakdown is as follows:

• <u>Item</u>	<u>Billed (000's)</u>	<u>Cash (000's)</u>
• Property Rates	121 138	84 797
• Electricity	281 865	267 772
• Refuse Collection	<u>57 635</u>	<u>29 970</u>
• Total	<u>460 638</u>	<u>382 539</u>

11.5 - Investments – cash backed accumulated surplus

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

The municipality does not have any investment that is compliant with the MFMA, regulations and investment framework. It is however the policy of the municipality to place any surplus funds in the municipalities call deposit account to earn higher interest. These may not be deemed as short term investment. Table SA15 shows what the municipality hopes to place in such call account in the respective years. Table SA16 shows that the municipality does not have any Official well defined investment.

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

11.6 - Table SA15 – Investments Particulars by Type

11.7 - Table SA16 – Investments Particulars by Maturity

EC139 Enoch Mgijima - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits		-	(1 205)	9 677	-	9 301	9 301	12 611	13 241	15 230
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	(1 205)	9 677	-	9 301	9 301	12 611	13 241	15 230
Entities										
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										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	(1 205)	9 677	-	9 301	9 301	12 611	13 241	15 230

EC139 Enoch Mgijima - 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
		Ys/Months												
Parent municipality														
Municipality sub-total														
	1									#REF!		#REF!	#REF!	#REF!
Entities														
NA														
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									#REF!		#REF!	#REF!	#REF!

11.8 - Grant allocations

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

MUNICIPAL INFRASTRUCTURE GRANT

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

MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME

LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

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

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

EXPANDED PUBLIC WORKS PROGRAMME

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

11.9 -Table SA 18 - Transfers and grant receipts

Table SA 19 - Expenditure on transfers and grant programme

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

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

EC139 Enoch Mgijima - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	236 461	180 198	191 135	191 135	191 135	196 479	204 981	215 149
Local Government Equitable Share		–	165 346	169 930	180 007	180 007	180 007	186 795	198 864	208 765
Expanded Public Works Programme Integrated Grant		–	4 889	4 253	4 422	4 422	4 422	3 996	–	–
Infrastructure Skills Development Grant		–	7 418	–	–	–	–	–	–	–
Local Government Financial Management Grant		–	5 945	6 015	4 000	4 000	4 000	3 000	3 200	3 300
Municipal Demarcation Transition Grant		–	8 327	–	–	–	–	–	–	–
Municipal Infrastructure Grant		–	44 536	–	2 706	2 706	2 706	2 688	2 916	3 084
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		–	4 777	1 055	5 250	5 250	5 250	5 250	5 250	5 250
Capacity Building		–	–	1 055	–	–	–	–	–	–
Libraries, Archives and Museums		–	–	–	–	–	–	–	–	–
Library Service		–	–	–	–	–	–	–	–	–
Maintenance of Road Infrastructure		–	–	–	–	–	–	–	–	–
Municipal Support and Governance / Municipal Finance		–	4 777	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	5 250	5 250	5 250	5 250	5 250	5 250
District Municipality:		–	–	513	–	–	–	–	–	–
Water		–	–	513	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Unspecified		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	–	241 238	181 766	196 385	196 385	196 385	201 729	210 231	220 399
Capital Transfers and Grants										
National Government:		–	–	55 444	58 854	48 565	48 565	59 570	62 919	66 588
Integrated National Electrification Programme Grant		–	–	4 941	7 448	8 759	8 759	8 500	7 507	8 000
Municipal Infrastructure Grant		–	–	50 503	51 406	39 806	39 806	51 070	55 412	58 588
Provincial Government:		–	34 829	20 819	–	25 500	25 500	17 000	35 000	–
Road Infrastructure		–	34 829	20 819	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	25 500	25 500	17 000	35 000	–
District Municipality:		–	–	–	–	513	513	–	–	–
Planning and Development		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	513	513	–	–	–
Other grant providers:		–	–	54	–	–	–	–	–	–
Developers Contribution		–	–	54	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	34 829	76 317	58 854	74 578	74 578	76 570	97 919	66 588
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	276 067	258 083	255 239	270 963	270 963	278 299	308 149	286 987

EC139 Enoch Mgijima - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		-	433 339	446 568	425 346	433 072	433 072	441 276	477 573	497 794
Local Government Equitable Share		-	418 311	436 328	417 066	421 944	421 944	431 592	467 461	487 415
Expanded Public Works Programme Integrated Grant		-	8 054	5 271	4 422	4 422	4 422	3 996	3 996	3 996
Local Government Financial Management Grant		-	4 345	3 362	2 100	4 000	4 000	3 000	3 200	3 300
Municipal Demarcation Transition Grant		-	1 906	1 606	1 758	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	2 706	2 706	2 688	2 916	3 084
Municipal Systems Improvement Grant		-	723	-	-	-	-	-	-	-
Provincial Government:		-	6 717	917	-	-	-	-	-	-
Capacity Building		-	-	917	-	-	-	-	-	-
Library Service		-	6 717	-	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		-	440 056	447 485	425 346	433 072	433 072	441 276	477 573	497 794
Capital expenditure of Transfers and Grants										
National Government:		-	4 427	46 517	58 854	48 565	48 565	59 570	62 919	66 588
Integrated National Electrification Programme Grant		-	(206)	4 472	7 448	8 759	8 759	8 500	7 507	8 000
Municipal Infrastructure Grant		-	4 633	42 045	51 406	39 806	39 806	51 070	55 412	58 588
Provincial Government:		-	34 829	18 104	-	25 500	25 500	17 000	35 000	-
Road Infrastructure		-	34 829	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	18 104	-	25 500	25 500	17 000	35 000	-
District Municipality:		-	-	-	-	513	513	-	-	-
Planning and Development		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	513	513	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	39 256	64 621	58 854	74 578	74 578	76 570	97 919	66 588
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	479 312	512 106	484 200	507 650	507 650	517 846	575 492	564 383

11.10 - Contributions and donations

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

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

11.11 - Sale of assets

All disposals of municipal assets is controlled by requirements put forth in the MFMA. The municipality anticipates selling portions of surplus vacant land in the 2020/21 financial year. The revenue from this sale if it does take place will be utilized for once off maintenance to properties and the creation of future assets. The net value expected from the asset sale is expected to be R25.0 million

11.12 - Carry over

Provision for the carryover of cash from unfinished programs and projects from the 2019/20 financial year to the 2020/21 financial year will not be included in the budget that will be presented to council. Such unspent funds will have to be applied for by August 2020. As per circular 98, by National Treasury, such unspent funds will only be included in the budget through an adjustment budget after National Treasury has approved the use of such unspent funds. These funds were allocated to a specific purpose in previous financial years but for a variety of reasons the project will not be completed by the end of the financial year. At this stage the municipality does not anticipate having any unspent grant at the end of the 2019/20 financial year.

A full listing of all cash roll overs will be provided in an adjustment budget to be tabled after December 2020.

11.13 - Proposed Future Revenue Sources

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

The largest single potential revenue source for the municipality is the collection of billed tariffs and rates. In addition, the municipality is installing smart electricity meters which the municipality estimates will bring in additional R400.0 million a year when completed in two years' time. Additional revenues in the form of fire levies will be levied to consumers starting from 1st July 2020.

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

Revenue sources from other income will be maximised by monitoring collections from municipal pound, Berry dam and Bonkolo dam and other recreational facilities. Currently these sites do not bring in the much needed revenue. It is hoped that proper management of these sites can increase revenue to the municipality. Parking metering will also be introduced in the 2020/21 financial year to boost income from other revenue.

11.14 - Borrowing

The Municipality does not at this stage anticipate taking up new loans for the 2018/2019 financial year.

11.15 - TABLE SA17 - New Borrowing.

The municipality has not taken any new loan in the current year. There is no intention to take a term loan in the forth coming year.

The existing annuity loans and the three finance leases were fully paid up in 2016.

EC139 Enoch Mjijima - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Annuity and Bullet Loans		-	(766)	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		-	-	(0)	-	-	-	-	-	-
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	(766)	(0)	-	-	-	-	-	-
Entities										
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										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	(766)	(0)	-	-	-	-	-	-
Unspent Borrowing - Categorised by type										
Parent municipality										
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										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
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										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

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

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

EC139 Enoch Mgijima - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Eskom Fns</i>		-	-	-	4 752	4 752	4 752	2 871	4 989	5 100	5 230
<i>Non Prof. Spca</i>		-	100	175	-	-	-	-	-	-	-
<i>Supply Desc</i>		-	-	-	159	159	159	-	167	169	170
Total Cash Transfers To Organisations		-	100	175	4 911	4 911	4 911	2 871	5 156	5 269	5 400
Cash Transfers to Groups of Individuals											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	100	175	4 911	4 911	4 911	2 871	5 156	5 269	5 400
Non-Cash Transfers to other municipalities											
	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	-	100	175	4 911	4 911	4 911	2 871	5 156	5 269	5 400

13 Disclosure on Salaries, Allowances and Benefits

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

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

13.2 - TABLE SA22 - Summary of councillor and staff benefits

13.3 - TABLE SA24 - Summary of Personnel Numbers

EC139 Enoch Mqijima - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		-	15 099	15 209	15 887	13 887	13 887	15 101	16 375	17 714
Pension and UIF Contributions		-	1 260	1 359	1 325	1 325	1 325	1 325	1 325	1 325
Medical Aid Contributions		-	(696)	(1 617)	548	548	548	548	548	548
Motor Vehicle Allowance		-	1 665	1 300	1 392	1 392	1 392	1 392	1 392	1 392
Cellphone Allowance		-	2 989	3 005	3 018	3 018	3 018	3 018	3 018	3 018
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	4 075	4 381	4 107	4 107	4 107	4 107	4 107	4 107
Sub Total - Councillors		-	24 393	23 636	26 277	24 277	24 277	25 491	26 766	28 104
% increase	4		-	(3.1%)	11.2%	(7.6%)	-	5.0%	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		-	3 323	2 575	-	6 159	6 159	5 425	5 804	6 213
Pension and UIF Contributions		-	407	438	502	416	416	247	248	248
Medical Aid Contributions		-	80	72	-	40	40	46	48	49
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	90	255	260	134	134	90	90	90
Motor Vehicle Allowance	3	-	265	126	-	-	-	-	-	-
Cellphone Allowance	3	-	11	5	16	-	-	-	-	-
Housing Allowances	3	-	2	5	-	-	-	-	-	-
Other benefits and allowances	3	-	-	0	-	1	1	0	0	0
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	4 179	3 477	777	6 750	6 750	5 808	6 190	6 601
% increase	4		-	(16.8%)	(77.6%)	768.5%	-	(13.9%)	6.6%	6.6%
Other Municipal Staff										
Basic Salaries and Wages		-	167 376	187 936	190 614	208 203	208 203	227 811	240 242	252 866
Pension and UIF Contributions		-	24 184	29 520	27 471	27 605	27 605	33 624	34 228	34 853
Medical Aid Contributions		-	24 380	16 901	14 997	14 734	14 734	17 749	18 053	18 368
Overtime		-	9 811	10 086	7 946	7 976	7 976	5 156	5 281	5 409
Performance Bonus		-	11 397	18 230	14 077	12 642	12 642	18 020	18 351	18 694
Motor Vehicle Allowance	3	-	7 355	8 905	10 138	7 496	7 496	9 015	9 192	9 376
Cellphone Allowance	3	-	29	-	379	379	379	-	-	-
Housing Allowances	3	-	548	395	546	539	539	385	391	397
Other benefits and allowances	3	-	3 607	3 726	2 465	2 172	2 172	1 620	1 645	1 670
Payments in lieu of leave		-	6 228	11 269	-	-	-	-	-	-
Long service awards		-	635	1 146	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	(20 234)	(2 132)	-	-	-	-	-	-
Sub Total - Other Municipal Staff		-	235 317	285 983	268 632	281 745	281 745	313 380	327 384	341 633
% increase	4		-	21.5%	(6.1%)	4.9%	-	11.2%	4.5%	4.4%
Total Parent Municipality		-	263 888	313 096	295 687	312 772	312 772	344 680	360 339	376 338

EC139 Enoch Mgijima - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum	No.		1.				2.
Councillors	3						
Speaker	4	440 000	65 000	215 000			720 000
Chief Whip		400 000	78 000	205 000			683 000
Executive Mayor		-	-	-			-
Deputy Executive Mayor		47 000	2 800	19 500			69 300
Executive Committee		3 000 000	267 925	1 427 000			4 694 925
Total for all other councillors		11 213 861	1 460 000	6 650 000			19 323 861
Total Councillors	8	-	15 100 861	1 873 725	8 516 500		25 491 086
Senior Managers of the Municipality	5						
Municipal Manager (MM)		1 548 453	229 184	112	33 237		1 810 986
Chief Finance Officer		1 343 741	1 784	112	-		1 345 637
OTHER ALLOWANCE							-
SM COMM		1 239 803	1 785	112	8 645		1 250 345
SM CORP		1 340 579	1 784	105	37 012		1 379 480
SM D01		-					-
SM D02		-					-
SM D03		-	-	-	-		-
SM D04		-					-
SM D05		-					-
SM H-SET		-	-	-	-		-
SM HUM SETT		-	-	-	-		-
SM IPED		-	-	-	-		-
SM TECH		1 295 795	60 884	112	10 647		1 367 438
							-
<i>List of each official with packages >= senior manager</i>							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total Senior Managers of the Municipality	8,10	-	6 768 371	295 421	553	89 541	7 153 886

EC139 Enoch Mgijima - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)		4	68	–	68	68	–	68	68	–	68
Board Members of municipal entities		5									
Municipal employees											
Municipal Manager and Senior Managers		3	8		8	8	–	8	8	–	8
Other Managers		7									
Professionals			561	547	12	452	419	33	452	419	33
Finance			65	63	2	50	50	–	50	50	–
Spatial/town planning			46	42	2	34	34	–	34	34	–
Information Technology			4	4		4	4		4	4	
Roads			55	55		9	9		9	9	
Electricity			50	50		59	50	9	59	50	9
Water											
Sanitation											
Refuse			117	117		47	47		47	47	
Other			224	216	8	249	225	24	249	225	24
Technicians			–	–	–	–	–	–	–	–	–
Finance											
Spatial/town planning											
Information Technology											
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)			183	183	–	187	187	–	187	187	–
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
TOTAL PERSONNEL NUMBERS		9	820	730	88	715	606	109	715	606	109
% increase						(12.8%)	(17.0%)	23.9%	–	–	–
Total municipal employees headcount		6, 10	820	730	88	715	606	109	715	606	109
Finance personnel headcount		8, 10	51	48	3	61	60	1	61	60	1
Human Resources personnel headcount		8, 10	22	19	3	23	22	1	23	22	1

- 14 Table SA 25 - Budgeted monthly revenue and expenditure**
- 15 Table SA 26 - Budgeted monthly revenue and expenditure (Municipal Vote)**
- 16 Table SA 27 - Budgeted monthly revenue and expenditure (Standard Classification)**
- 17 Table SA 28 - Budgeted monthly capital expenditure (Municipal Vote)**
- 18 Table SA 29 - Budgeted monthly capital expenditure (Standard Classification)**
- 19 Table SA 30 - Budgeted Monthly cash flow**

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

EC139 Enoch Mqijima - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
Revenue By Source																	
Property rates		10 095	10 095	10 095	10 095	10 095	10 095	10 095	10 095	10 095	10 095	10 095	10 095	121 138	127 195	131 749	
Service charges - electricity revenue		23 489	23 489	23 489	23 489	23 489	23 489	23 489	23 489	23 489	23 489	23 489	23 489	281 865	327 370	355 286	
Service charges - water revenue																	
Service charges - sanitation revenue																	
Service charges - refuse revenue		4 803	4 803	4 803	4 803	4 803	4 803	4 803	4 803	4 803	4 803	4 803	4 803	57 635	60 893	63 039	
Rental of facilities and equipment		467	467	467	467	467	467	467	467	467	467	467	467	5 607	6 697	7 790	
Interest earned - external investments		121	121	121	121	121	121	121	121	121	121	121	121	1 458	1 475	1 493	
Interest earned - outstanding debtors		4 979	4 979	4 979	4 979	4 979	4 979	4 979	4 979	4 979	4 979	4 979	4 979	59 744	60 944	63 344	
Dividends received																	
Fines, penalties and forfeits		420	420	420	420	420	420	420	420	420	420	420	420	5 045	6 092	7 105	
Licences and permits		412	412	412	412	412	412	412	412	412	412	412	412	4 945	5 163	5 245	
Agency services		428	428	428	428	428	428	428	428	428	428	428	428	5 130	5 232	5 280	
Transfers and subsidies		16 811	16 811	16 811	16 811	16 811	16 811	16 811	16 811	16 811	16 811	16 811	16 811	201 729	210 231	220 399	
Other revenue		729	729	729	729	729	729	729	729	729	729	729	729	8 752	17 817	9 425	
Gains		2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	25 000			
Total Revenue (excluding capital transfers and contributions)		64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	778 050	829 109	870 156	
Expenditure By Type																	
Employee related costs		26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 597	319 189	333 573	348 234	
Remuneration of councillors		2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	25 491	26 766	28 104	
Debt impairment		6 358	6 358	6 358	6 358	6 358	6 358	6 358	6 358	6 358	6 358	6 358	6 358	76 300	77 730	79 080	
Depreciation & asset impairment		4 718	4 718	4 718	4 718	4 718	4 718	4 718	4 718	4 718	4 718	4 718	4 718	56 620	57 620	58 220	
Finance charges		317	317	317	317	317	317	317	317	317	317	317	317	3 800	4 900	5 000	
Bulk purchases		20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	249 640	261 600	280 450	
Other materials		230	230	230	230	230	230	230	230	230	230	230	230	2 762	5 826	6 019	
Contracted services		1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	12 757	21 308	23 526	
Transfers and subsidies		430	430	430	430	430	430	430	430	430	430	430	430	5 156	5 269	5 400	
Other expenditure		2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 193	26 324	34 503	35 869	
Losses																	
Total Expenditure		64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 834	778 037	829 094	869 902	
Surplus/(Deficit)		1	1	1	1	1	1	1	1	1	1	1	4	13	15	254	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 570	97 919	66 588	
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)																	
Surplus/(Deficit) after capital transfers & contributions		6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 385	76 583	97 933	66 843	
Taxation																	
Attributable to minorities																	
Share of surplus/ (deficit) of associate																	
Surplus/(Deficit)	1	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 385	76 583	97 933	66 843	

EC139 Enoch Mjijima - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
Revenue by Vote																	
Vote 01 - Municipal Manager		333	333	333	333	333	333	333	333	333	333	333	333	3 996	--	--	
Vote 02 - Administration & Human Resources		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 03 - Budget & Treasury		13 901	13 901	13 901	13 901	13 901	13 901	13 901	13 901	13 901	13 901	13 901	13 901	166 810	178 149	174 429	
Vote 04 - Council Administration		11 368	11 368	11 368	11 368	11 368	11 368	11 368	11 368	11 368	11 368	11 368	11 368	136 416	148 485	158 386	
Vote 05 - Community Services		9 511	9 511	9 511	9 511	9 511	9 511	9 511	9 511	9 511	9 511	9 511	9 511	114 129	121 199	129 584	
Vote 06 - Technical Services		31 821	31 821	31 821	31 821	31 821	31 821	31 821	31 821	31 821	31 821	31 821	31 821	381 847	451 089	443 104	
Vote 07 - Control Room Services		1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	18 596	20 462	23 606	
Vote 08 - Iped		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 09 - Human Settlements		2 735	2 735	2 735	2 735	2 735	2 735	2 735	2 735	2 735	2 735	2 735	2 735	32 825	7 642	7 635	
Vote 10 - Vote 10		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 11 - Vote 11		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 12 - Vote 12		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 13 - Vote 13		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 14 - Vote 14		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 15 - Other		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Total Revenue by Vote		71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	854 620	927 027	936 744	
Expenditure by Vote to be appropriated																	
Vote 01 - Municipal Manager		3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	44 273	46 472	47 886	
Vote 02 - Administration & Human Resources		2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	2 133	25 599	26 990	28 222	
Vote 03 - Budget & Treasury		9 697	9 697	9 697	9 697	9 697	9 697	9 697	9 697	9 697	9 697	9 697	9 697	116 369	124 663	129 709	
Vote 04 - Council Administration		3 222	3 222	3 222	3 222	3 222	3 222	3 222	3 222	3 222	3 222	3 222	3 222	38 665	40 845	42 516	
Vote 05 - Community Services		8 241	8 241	8 241	8 241	8 241	8 241	8 241	8 241	8 241	8 241	8 241	8 241	98 891	103 754	107 568	
Vote 06 - Technical Services		31 011	31 011	31 011	31 011	31 011	31 011	31 011	31 011	31 011	31 011	31 011	31 011	372 131	396 783	420 444	
Vote 07 - Control Room Services		3 685	3 685	3 685	3 685	3 685	3 685	3 685	3 685	3 685	3 685	3 685	3 685	44 214	49 076	51 251	
Vote 08 - Iped		876	876	876	876	876	876	876	876	876	876	876	876	10 511	11 181	11 744	
Vote 09 - Human Settlements		2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	27 383	29 330	30 561	
Vote 10 - Vote 10		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 11 - Vote 11		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 12 - Vote 12		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 13 - Vote 13		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 14 - Vote 14		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 15 - Other		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Total Expenditure by Vote		64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 834	778 037	829 094	869 902	
Surplus/(Deficit) before assoc.		6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 385	76 583	97 933	66 843	
Taxation														--	--	--	
Attributable to minorities														--	--	--	
Share of surplus/ (deficit) of associate														--	--	--	
Surplus/(Deficit)	1	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 385	76 583	97 933	66 843	

EC139 Enoch Mqijima - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional																
<i>Governance and administration</i>		28 400	28 400	28 400	28 400	28 400	28 400	28 400	28 400	28 400	28 400	28 400	28 400	340 799	336 529	343 971
Executive and council		11 701	11 701	11 701	11 701	11 701	11 701	11 701	11 701	11 701	11 701	11 701	11 701	140 412	148 485	158 386
Finance and administration		16 699	16 699	16 699	16 699	16 699	16 699	16 699	16 699	16 699	16 699	16 699	16 699	200 386	188 044	185 584
Internal audit														-	-	-
<i>Community and public safety</i>		3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	3 642	43 701	38 107	45 723
Community and social services		1 072	1 072	1 072	1 072	1 072	1 072	1 072	1 072	1 072	1 072	1 072	1 072	12 866	11 429	10 329
Sport and recreation		1 034	1 034	1 034	1 034	1 034	1 034	1 034	1 034	1 034	1 034	1 034	1 034	12 410	6 387	11 959
Public safety		1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	18 425	20 291	23 435
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	43 372	72 807	32 196
Planning and development														-	-	-
Road transport		3 611	3 611	3 611	3 611	3 611	3 611	3 611	3 611	3 611	3 611	3 611	3 611	43 326	72 762	32 150
Environmental protection		4	4	4	4	4	4	4	4	4	4	4	4	45	45	45
<i>Trading services</i>		35 562	35 562	35 562	35 562	35 562	35 562	35 562	35 562	35 562	35 562	35 562	35 562	426 745	479 581	514 852
Energy sources		27 931	27 931	27 931	27 931	27 931	27 931	27 931	27 931	27 931	27 931	27 931	27 931	335 174	374 752	407 211
Water management														-	-	-
Waste water management														-	-	-
Waste management		7 631	7 631	7 631	7 631	7 631	7 631	7 631	7 631	7 631	7 631	7 631	7 631	91 571	104 829	107 641
Other		0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Total Revenue - Functional		71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 218	71 219	854 620	927 027	936 744
Expenditure - Functional																
<i>Governance and administration</i>		23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 525	282 308	302 283	314 359
Executive and council		6 912	6 912	6 912	6 912	6 912	6 912	6 912	6 912	6 912	6 912	6 912	6 911	82 938	87 316	90 402
Finance and administration		16 614	16 614	16 614	16 614	16 614	16 614	16 614	16 614	16 614	16 614	16 614	16 613	199 370	214 966	223 957
Internal audit														-	-	-
<i>Community and public safety</i>		5 900	5 900	5 900	5 900	5 900	5 900	5 900	5 900	5 900	5 900	5 900	5 899	70 797	75 160	78 444
Community and social services		1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 400	1 399	16 799	17 452	17 981
Sport and recreation		1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	1 708	20 494	21 543	22 650
Public safety		2 792	2 792	2 792	2 792	2 792	2 792	2 792	2 792	2 792	2 792	2 792	2 792	33 505	36 165	37 813
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		6 163	6 163	6 163	6 163	6 163	6 163	6 163	6 163	6 163	6 163	6 163	6 163	73 957	79 679	81 918
Planning and development		876	876	876	876	876	876	876	876	876	876	876	876	10 511	11 181	11 744
Road transport		5 187	5 187	5 187	5 187	5 187	5 187	5 187	5 187	5 187	5 187	5 187	5 187	62 242	67 230	68 839
Environmental protection		100	100	100	100	100	100	100	100	100	100	100	100	1 204	1 268	1 336
<i>Trading services</i>		29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 231	350 782	371 770	394 966
Energy sources		24 591	24 591	24 591	24 591	24 591	24 591	24 591	24 591	24 591	24 591	24 591	24 590	295 088	313 512	334 677
Water management														-	-	-
Waste water management														-	-	-
Waste management		4 641	4 641	4 641	4 641	4 641	4 641	4 641	4 641	4 641	4 641	4 641	4 641	55 694	58 258	60 290
Other		16	16	16	16	16	16	16	16	16	16	16	16	192	202	213
Total Expenditure - Functional		64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 837	64 834	778 037	829 094	869 902
Surplus/(Deficit) before assoc.		6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 385	76 583	97 933	66 843
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 385	76 583	97 933	66 843

EC139 Enoch Mjijima - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Multi-year expenditure to be appropriated	1															
Vote 01 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	17 537	16 350	20 588
Vote 06 - Technical Services		4 722	4 722	4 722	4 722	4 722	4 722	4 722	4 722	4 722	4 722	4 722	4 722	56 660	80 469	44 000
Vote 07 - Control Room Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 000
Vote 08 - Iped		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Human Settlements		198	198	198	198	198	198	198	198	198	198	198	198	2 373	1 100	-
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 570	97 919	66 588
Single-year expenditure to be appropriated																
Vote 01 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Control Room Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Iped		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Human Settlements		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 570	97 919	66 588

EC139 Enoch Mjijima - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1															
<i>Governance and administration</i>																
Executive and council																
Finance and administration																
Internal audit																
<i>Community and public safety</i>		1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 493	1 492	17 910	10 450	16 922	
Community and social services		461	461	461	461	461	461	461	461	461	461	461	5 537	4 100	3 000	
Sport and recreation		1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	12 373	6 350	11 922	
Public safety															2 000	
Housing																
Health																
<i>Economic and environmental services</i>		3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	43 176	72 612	32 000	
Planning and development																
Road transport		3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	43 176	72 612	32 000	
Environmental protection																
<i>Trading services</i>		1 290	1 290	1 290	1 290	1 290	1 290	1 290	1 290	1 290	1 290	1 290	15 484	14 857	17 666	
Energy sources		1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	13 484	7 857	12 000	
Water management																
Waste water management																
Waste management		167	167	167	167	167	167	167	167	167	167	167	2 000	7 000	5 666	
<i>Other</i>																
Total Capital Expenditure - Functional	2	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 570	97 919	66 588	
Funded by:																
National Government		4 964	4 964	4 964	4 964	4 964	4 964	4 964	4 964	4 964	4 964	4 964	59 570	62 919	66 588	
Provincial Government		1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	17 000	35 000		
District Municipality																
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																
Transfers recognised - capital		6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 570	97 919	66 588	
Borrowing																
Internally generated funds																
Total Capital Funding		6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 570	97 919	66 588	

EC139 Enoch Mgijima - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source														1		
Property rates	6 329	4 618	6 150	6 030	8 865	7 059	7 250	6 880	8 330	8 650	8 186	6 450	6 450	84 797	89 037	92 225
Service charges - electricity revenue	22 662	18 605	22 141	18 555	24 600	19 444	19 750	20 618	19 400	28 215	29 600	26 180	26 180	269 772	323 766	357 438
Service charges - water revenue													-	-	-	-
Service charges - sanitation revenue													-	-	-	-
Service charges - refuse revenue	2 971	1 838	2 677	2 860	2 550	1 953	1 952	2 927	2 498	2 474	2 455	2 814	2 814	29 970	31 664	32 780
Rental of facilities and equipment	467	467	467	467	467	467	467	467	467	467	467	467	467	5 607	6 697	7 790
Interest earned - external investments	121	121	121	121	121	121	121	121	121	121	121	121	121	1 458	1 475	1 493
Interest earned - outstanding debtors	420	374	298	333	512	257	316	458	399	414	388	534	534	4 705	4 940	5 187
Dividends received													-	-	-	-
Fines, penalties and forfeits	420	420	420	420	420	420	420	420	420	420	420	420	420	5 045	6 092	7 105
Licences and permits	171	238	387	422	422	422	422	422	422	422	422	422	422	4 945	5 163	5 245
Agency services	128	266	510	415	415	415	415	415	415	415	415	906	906	5 130	5 232	5 280
Transfers and Subsidies - Operational	77 123	5 250	-		52 600				66 756					201 729	210 231	220 399
Other revenue	269	197	208	1 533	1 534	534	534	1 345	534	534	1 534	0	0	8 752	17 817	9 425
Cash Receipts by Source	111 082	32 395	33 380	31 158	92 508	31 093	31 648	34 073	99 764	42 133	44 010	38 668	38 668	621 910	702 113	744 367
Other Cash Flows by Source																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 000				17 000	19 000			17 570					76 570	97 919	66 588
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																
Proceeds on Disposal of Fixed and Intangible Assets																
Gains in the disposal of Assets														25 000		
Short term loans																
Borrowing long term/refinancing																
Increase (decrease) in consumer deposits																
Decrease (increase) in non-current receivables																
Decrease (increase) in non-current investments																
Total Cash Receipts by Source	134 082	32 395	33 380	31 158	109 508	50 093	31 648	34 073	117 334	42 133	44 010	38 668	38 668	723 481	800 032	810 955
Cash Payments by Type																
Employee related costs	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	26 599	319 189	333 573	348 234
Remuneration of councillors	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	2 124	25 491	26 766	28 104
Finance charges	317	317	317	317	317	317	317	317	317	317	317	317	317	3 800	4 900	5 000
Bulk purchases - Electricity	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	20 803	249 640	261 600	280 450
Bulk purchases - Water & Sewer																
Other materials	230	230	230	230	230	230	230	230	230	230	230	230	230	2 762	5 826	6 019
Contracted services	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	12 757	21 308	23 526
Transfers and grants - other municipalities																
Transfers and grants - other	430	430	430	430	430	430	430	430	430	430	430	430	430	5 156	5 269	5 400
Other expenditure	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 194	2 193	2 193	26 324	34 503	35 869
Cash Payments by Type	53 760	53 760	53 760	53 760	53 760	53 760	53 760	53 760	53 760	53 760	53 760	53 757	53 757	645 118	693 745	732 602
Other Cash Flows/Payments by Type																
Capital assets	4 520	8 500	4 800	16 500	2 600	5 180	6 500	8 800	3 600	5 200	4 500	5 870	5 870	76 570	97 919	66 588
Repayment of borrowing																
Other Cash Flows/Payments																
Total Cash Payments by Type	58 280	62 260	58 560	70 260	56 360	58 940	60 260	62 560	57 360	58 960	58 260	59 627	59 627	721 688	791 663	799 191
NET INCREASE/(DECREASE) IN CASH HELD	75 802	(29 865)	(25 180)	(39 103)	53 147	(8 847)	(28 612)	(28 487)	59 974	(16 827)	(14 251)	(20 959)	(20 959)	1 793	8 368	11 764
Cash/cash equivalents at the month/year begin:	14 968	90 770	60 906	35 725	(3 377)	49 770	40 923	12 311	(16 176)	43 797	26 970	12 720	12 720	14 968	16 761	25 129
Cash/cash equivalents at the month/year end:	90 770	60 906	35 725	(3 377)	49 770	40 923	12 311	(16 176)	43 797	26 970	12 720	12 720	(8 239)	16 761	25 129	36 894

15 Measurable Performance Objectives (Revenue Source and Vote)

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

EC139 Enoch Mjijima - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 01 - Municipal Manager	Vote 02 - Administration & Human Resources	Vote 03 - Budget & Treasury	Vote 04 - Council Administration	Vote 05 - Community Services	Vote 06 - Technical Services	Vote 07 - Control Room Services	Vote 08 - Iped	Vote 09 - Human Settlements	Vote 10 - Vote 10	Vote 11 - Vote 11	Vote 12 - Vote 12	Vote 13 - Vote 13	Vote 14 - Vote 14	Vote 15 - Other	Total
R thousand	1																
Revenue By Source																	
Property rates		-	-	121 138	-	-	-	-	-	-	-	-	-	-	-	-	121 138
Service charges - electricity revenue		-	-	-	-	-	281 865	-	-	-	-	-	-	-	-	-	281 865
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	57 635	-	-	-	-	-	-	-	-	-	-	57 635
Rental of facilities and equipment		-	-	-	-	12	154	1	-	5 440	-	-	-	-	-	-	5 607
Interest earned - external investments		-	-	1 458	-	-	-	-	-	-	-	-	-	-	-	-	1 458
Interest earned - outstanding debtors		-	-	27 020	-	15 720	17 005	-	-	-	-	-	-	-	-	-	59 744
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	1 550	3 495	-	-	-	-	-	-	-	-	5 045
Licences and permits		-	-	-	-	39	-	4 906	-	-	-	-	-	-	-	-	4 945
Agency services		-	-	-	-	-	-	5 130	-	-	-	-	-	-	-	-	5 130
Other revenue		-	-	447	374	1 719	1 136	5 064	-	12	-	-	-	-	-	-	8 752
Transfers and subsidies		3 996	-	16 747	136 042	21 467	23 477	-	-	-	-	-	-	-	-	-	201 729
Gains		-	-	-	-	-	-	-	-	25 000	-	-	-	-	-	-	25 000
Total Revenue (excluding capital transfers and contributions)		3 996	-	166 810	136 416	96 592	325 187	18 596	-	30 452	-	-	-	-	-	-	778 050
Expenditure By Type																	
Employee related costs		28 445	24 895	46 855	2 907	81 800	68 868	41 563	10 336	13 518	-	-	-	-	-	-	319 189
Remuneration of councillors		-	-	-	25 491	-	-	-	-	-	-	-	-	-	-	-	25 491
Debt impairment		-	-	54 724	-	14 556	7 020	-	-	-	-	-	-	-	-	-	76 300
Depreciation & asset impairment		5 166	-	-	-	-	38 606	-	-	12 847	-	-	-	-	-	-	56 620
Finance charges		-	-	3 800	-	-	-	-	-	-	-	-	-	-	-	-	3 800
Bulk purchases		-	-	-	-	-	249 640	-	-	-	-	-	-	-	-	-	249 640
Other materials		20	2	2	-	153	2 473	108	-	4	-	-	-	-	-	-	2 762
Contracted services		-	-	4 100	2 900	680	2 277	1 800	100	900	-	-	-	-	-	-	12 757
Transfers and subsidies		-	-	5 156	-	-	-	-	-	-	-	-	-	-	-	-	5 156
Other expenditure		10 642	701	1 733	7 367	1 702	3 247	742	75	114	-	-	-	-	-	-	26 324
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		44 273	25 599	116 369	38 665	98 891	372 131	44 214	10 511	27 383	-	-	-	-	-	-	778 037
Surplus/(Deficit)		(40 277)	(25 599)	50 441	97 751	(2 299)	(46 944)	(25 617)	(10 511)	3 069	-	-	-	-	-	-	13
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	17 537	56 660	-	-	2 373	-	-	-	-	-	-	76 570
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)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(40 277)	(25 599)	50 441	97 751	15 238	9 716	(25 617)	(10 511)	5 442	-	-	-	-	-	-	76 583

16 Disclosure on Implementation of MFMA & Other Legislation

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

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

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

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

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

Introduction of municipal Standard Chart of Account

The municipal standard chart of account is a financial reform that aims at standardisation of financial process across all segments of the budget. The municipality went live with the m SCOA programme. To date the municipality is still faced with some challenges with the implementation of the m SCOA financial reform. The asset module is not functional, as the municipality's asset is being converted into a form that can be loaded in to the system.

The municipality is also faced with having a structure that correctly aligned all balance sheet items. This has affected month end reports. Data cleansing was not complete before going live on the 1st of July 2017. The municipality is therefore still in the process of cleansing its data.

Some Supply Chain Management modules are yet to be activated. The municipality is working with the system providers to complete these system configurations.

17 Budgets and SDBIPs – Departmental / Functional (internal)

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

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

The summary of departmental SDBIPs is submitted in a separate document that will be submitted to council on the 31 May 2020 and to the National and Provincial Treasury thereafter.

18 Budgets and SDBIPs - Entities & Other External Mechanisms

The municipality has no entities or other external mechanism

19 Summary of Detailed Capital Plans

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

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

19.2 Table SA 34a - Capital expenditure by asset category

Table SA34b – Capital expenditure on renewal of existing Assets

Table SA35 – Future financial implications of capital budget

Table SA 36 - Detailed Capital Budget

The following pages contain the listing of capital by category.

EC139 Enoch Mqijima - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	34 829	-	6 000	2 482	2 482	2 000	7 000	5 666
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	2 200	2 200	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	2 200	2 200	-	-	-
Water Supply Infrastructure		-	34 829	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Distribution		-	34 829	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	6 000	282	282	2 000	7 000	5 666
Landfill Sites		-	-	-	6 000	282	282	2 000	6 000	5 500
Waste Transfer Stations		-	-	-	-	-	-	-	1 000	166
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	(1 059)	16 969	16 366	19 714	19 714	12 373	7 100	8 422
Community Facilities		-	(191)	5 323	7 420	8 000	8 000	2 373	1 100	-
Halls		-	(191)	4 425	6 270	7 000	7 000	2 373	1 100	-
Centres		-	-	-	-	-	-	-	-	-
Public Open Space		-	-	-	1 150	1 000	1 000	-	-	-
Taxi Ranks/Bus Terminals		-	-	897	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	(868)	11 646	8 946	11 714	11 714	10 000	6 000	8 422
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	(868)	11 646	8 946	11 714	11 714	10 000	6 000	8 422
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	2 000
Operational Buildings		-	-	-	-	-	-	-	-	2 000
Municipal Offices		-	-	-	-	-	-	-	-	2 000
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	495	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	495	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Equipment		-	580	-	-	-	-	-	-	-
Computer Equipment		-	580	-	-	-	-	-	-	-
Furniture and Office Equipment		-	370	-	-	-	-	-	-	-
Furniture and Office Equipment		-	370	-	-	-	-	-	-	-
Machinery and Equipment		-	72	1 156	1 200	1 200	1 200	-	-	-
Machinery and Equipment		-	72	1 156	1 200	1 200	1 200	-	-	-
Total Capital Expenditure on new assets	1	-	35 288	18 125	23 566	23 396	23 396	14 373	14 100	16 088

EC139 Enoch Mqijima - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads										
Capital Spares										
Community Assets		-	1 034	711	-	513	513	-	-	-
Community Facilities		-	1 034	711	-	513	513	-	-	-
Halls										
Centres										
Airports										
Taxi Ranks/Bus Terminals		-	977	-	-	-	-	-	-	-
Capital Spares		-	57	711	-	513	513	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing asse	1	-	1 034	711	-	513	513	-	-	-
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	2.5%	1.1%	0.0%	0.7%	0.7%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	1.8%	1.3%	0.0%	1.0%	1.0%	0.0%	0.0%	0.0%

EC139 Enoch Mgijima - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		1								
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	3 676	47 649	28 848	51 005	51 005	56 660	80 469	44 000
Roads Infrastructure		-	3 882	43 177	18 400	43 646	43 646	43 176	72 612	32 000
<i>Roads</i>		-	3 882	31 245	13 600	40 146	40 146	42 385	72 612	32 000
<i>Road Structures</i>		-	(0)	11 932	4 800	3 500	3 500	791	-	-
<i>Road Furniture</i>		-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Conveyance</i>		-	-	-	-	-	-	-	-	-
<i>Attenuation</i>		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	(206)	4 472	10 448	7 359	7 359	13 484	7 857	12 000
<i>Power Plants</i>		-	-	-	3 000	800	800	4 984	350	4 000
<i>HV Substations</i>		-	-	-	-	-	-	-	-	-
<i>HV Switching Station</i>		-	-	-	-	-	-	-	-	-
<i>HV Transmission Conductors</i>		-	(206)	4 472	7 448	6 559	6 559	8 500	7 507	8 000
<i>MV Substations</i>		-	-	-	-	-	-	-	-	-
<i>MV Switching Stations</i>		-	-	-	-	-	-	-	-	-
<i>MV Networks</i>		-	-	-	-	-	-	-	-	-
<i>LV Networks</i>		-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>		-	-	-	-	-	-	-	-	-
Community Assets		-	833	531	7 640	865	865	5 537	3 350	6 500
Community Facilities		-	833	531	7 640	865	865	5 537	3 350	6 500
<i>Halls</i>		-	-	-	-	-	-	-	-	-
<i>Cemeteries/Crematoria</i>		-	833	531	4 640	665	665	3 164	3 000	3 000
<i>Police</i>		-	-	-	-	-	-	-	-	-
<i>Parks</i>		-	-	-	-	-	-	-	-	-
<i>Public Open Space</i>		-	-	-	3 000	200	200	2 373	350	3 500
<i>Nature Reserves</i>		-	-	-	-	-	-	-	-	-
<i>Public Ablution Facilities</i>		-	-	-	-	-	-	-	-	-
<i>Markets</i>		-	-	-	-	-	-	-	-	-
<i>Stalls</i>		-	-	-	-	-	-	-	-	-
<i>Abattoirs</i>		-	-	-	-	-	-	-	-	-
<i>Airports</i>		-	-	-	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>		-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
<i>Improved Property</i>		-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<i>Improved Property</i>		-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Furniture and Office Equipment</i>		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	-	4 509	48 180	36 488	51 870	51 870	62 197	83 819	50 500

EC139 Enoch Mgijima - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2020/21 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Present value
R thousand								
Capital expenditure	1							
Vote 01 - Municipal Manager		-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	-	-	-	-	-
Vote 04 - Council Administration		-	-	-	-	-	-	-
Vote 05 - Community Services		17 537	16 350	20 588	-	-	-	-
Vote 06 - Technical Services		56 660	80 469	44 000	-	-	-	-
Vote 07 - Control Room Services		-	-	2 000	-	-	-	-
Vote 08 - Iped		-	-	-	-	-	-	-
Vote 09 - Human Settlements		2 373	1 100	-	-	-	-	-
Vote 10 - Vote 10		-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
Total Capital Expenditure		76 570	97 919	66 588	-	-	-	-
Future operational costs by vote	2							
Vote 01 - Municipal Manager								
Vote 02 - Administration & Human Resources								
Vote 03 - Budget & Treasury								
Vote 04 - Council Administration								
Vote 05 - Community Services								
Vote 06 - Technical Services								
Vote 07 - Control Room Services								
Vote 08 - Iped								
Vote 09 - Human Settlements								
Vote 10 - Vote 10								
Vote 11 - Vote 11								
Vote 12 - Vote 12								
Vote 13 - Vote 13								
Vote 14 - Vote 14								
Vote 15 - Other								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates		121 138	127 195	131 749				
Service charges - electricity revenue		281 865	327 370	355 286				
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue		57 635	60 893	63 039				
Rental of facilities and equipment		5 607	6 697	7 790				
<i>List other revenues sources if applicable</i>		1 458	1 475	1 493				
<i>List entity summary if applicable</i>								
Total future revenue		467 704	523 630	559 358	-	-	-	-
Net Financial Implications		(391 133)	(425 711)	(492 769)	-	-	-	-

EC139 Enoch Mgjijima - Supporting Table SA36 Detailed capital budget

R thousand	Function	Project Description	Type	Asset Class	Ward Location	2020/21 Medium Term Revenue & Expenditure Framework				
						Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:										
<i>List all capital projects grouped by Function</i>										
	Finance And Administration	Capital:Non-Infrastructure:New:Investment P	NEW	Non-Revenue Generating	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Finance And Administration	Capital:Non-Infrastructure:New:Machinery A	NEW	Machinery And Equipment	R-EC139 WHOLE OF THE MUN	1 156	1 200	-	-	-
	Finance And Administration	Capital:Non-Infrastructure:Land	NEW	Land	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	Community Facilities	R-EC139 EMLM: WARD 2	458	665	3 164	3 000	3 000
	Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	Community Facilities	R-EC139 EMLM: WARD 24	-	-	-	-	-
	Community And Social Services	Al:Non-Infrastructure:Existing:Upgrading:Co	UPGRADING	Community Facilities	R-EC139 EMLM: WARD 28	73	-	-	-	-
	Community And Social Services	Capital:Non-Infrastructure:New:Community A	NEW	Community Facilities	R-EC139 EMLM: WARD 26	4 425	7 000	2 373	1 100	-
	Community And Social Services	Capital:Non-Infrastructure:New:Community A	NEW	Community Facilities	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Community And Social Services	Capital:Non-Infrastructure:New:Community A	NEW	Community Facilities	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Sport And Recreation	Apital:Non-Infrastructure:Existing:Upgrading:	UPGRADING	Community Facilities	R-EC139 EMLM: WARD 10	-	-	-	-	3 500
	Sport And Recreation	Apital:Non-Infrastructure:Existing:Upgrading:	UPGRADING	Community Facilities	R-EC139 EMLM: WARD 31	-	-	-	-	-
	Sport And Recreation	Apital:Non-Infrastructure:Existing:Upgrading:	UPGRADING	Community Facilities	R-EC139 WHOLE OF THE MUN	-	200	2 373	350	-
	Sport And Recreation	Capital:Non-Infrastructure:New:Machinery A	NEW	Machinery And Equipment	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Community Facilities	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 EMLM: WARD 1	-	-	-	-	-
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 EMLM: WARD 16	-	-	-	-	2 000
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 EMLM: WARD 18	1 576	7 000	4 500	800	-
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 EMLM: WARD 19	8 808	4 714	5 500	1 200	-
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 EMLM: WARD 26	-	-	-	-	3 422
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 EMLM: WARD 27	1 263	-	-	4 000	3 000
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 EMLM: WARD 31	-	-	-	-	-
	Sport And Recreation	Capital:Non-Infrastructure:New:Community A	NEW	Sport And Recreation Facilities	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Public Safety	Capital:Non-Infrastructure:New:Other Assets	NEW	Operational Buildings	R-EC139 WHOLE OF THE MUN	-	-	-	-	2 000
	Planning And Development	Capital:Infrastructure:New:Roads Infrastructu	NEW	Roads Infrastructure	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
	Planning And Development	Capital:Non-Infrastructure:Existing:Renewal:	RENEWAL	Community Facilities	R-EC139 EMLM: WARD 30	711	513	-	-	-
	Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	Community Facilities	R-EC139 EMLM: WARD 19	-	1 000	-	-	-
	Planning And Development	Capital:Non-Infrastructure:New:Community A	NEW	Community Facilities	R-EC139 EMLM: WARD 2	-	-	-	-	-
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 1	-	1 053	-	9 000	-
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 18	-	1 600	6 000	7 000	8 000
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 27	1 901	-	-	-	-
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 30	4 218	2 300	3 000	1 800	-
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 33	18 104	25 500	17 000	35 000	-
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 4	1 139	-	-	-	-
	Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 7	-	600	5 685	7 200	8 500

Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 WHOLE OF THE MUN	5 882	9 092	10 700	12 612	15 500
Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 20	8 790	3 500	791	-	-
Road Transport	Capital:Infrastructure:Existing:Upgrading:Ro	UPGRADING	Roads Infrastructure	R-EC139 EMLM: WARD 32	3 143	-	-	-	-
Road Transport	Capital:Non-Infrastructure:Existing:Upgradin	UPGRADING	Operational Buildings	R-EC139 WHOLE OF THE MUN	-	-	-	-	-
Road Transport	Capital:Non-Infrastructure:New:Community A	NEW	Community Facilities	R-EC139 EMLM: WARD 17	897	-	-	-	-
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	Electrical Infrastructure	R-EC139 EMLM: WARD 15	-	-	-	-	-
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	Electrical Infrastructure	R-EC139 WHOLE OF THE MUN	-	800	4 984	350	4 000
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	Electrical Infrastructure	R-EC139 EMLM: WARD 16	-	3 007	5 000	7 507	-
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	Electrical Infrastructure	R-EC139 EMLM: WARD 27	-	-	-	-	5 000
Energy Sources	Capital:Infrastructure:Existing:Upgrading:Ele	UPGRADING	Electrical Infrastructure	R-EC139 EMLM: WARD 28	4 472	3 552	3 500	-	3 000
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	Electrical Infrastructure	R-EC139 EMLM: WARD 16	-	2 200	-	-	-
Energy Sources	Capital:Infrastructure:New:Electrical Infrastru	NEW	Electrical Infrastructure	R-EC139 EMLM: WARD 28	-	-	-	-	-
Waste Management	Capital:Infrastructure:New:Solid Waste Infrac	NEW	Solid Waste Infrastructure	R-EC139 EMLM: WARD 13	-	-	-	-	-
Waste Management	Capital:Infrastructure:New:Solid Waste Infrac	NEW	Solid Waste Infrastructure	R-EC139 EMLM: WARD 8	-	282	-	-	-
Waste Management	Capital:Infrastructure:New:Solid Waste Infrac	NEW	Solid Waste Infrastructure	R-EC139 WHOLE OF THE MUN	-	-	2 000	6 000	5 500
Waste Management	Capital:Infrastructure:New:Solid Waste Infrac	NEW	Solid Waste Infrastructure	R-EC139 EMLM: WARD 26	-	-	-	1 000	166
Parent Capital expenditure					67 016	75 778	76 570	97 919	66 588

EC139 Enoch Mgijima - Supporting Table SA38 Consolidated detailed operational projects

R thousand	Function	Project Description	Ward Location	Prior year outcomes		2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:								
<i>List all operational projects grouped by Function</i>								
	Executive And Council	Operational:Municipal Running Cost	ADMIN OR HEALTH AND WELFARE	67 321	60 871	74 189	78 068	81 052
	Executive And Council	Operational:Municipal Running Cost	9 WHOLE OF THE MUNICIPALITY	-	-	-	-	-
	Executive And Council	Operational:Municipal Running Cost	9 WHOLE OF THE MUNICIPALITY	-	89	93	94	94
	Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day	ADMIN OR HEALTH AND WELFARE	-	158	-	-	-
	Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Awareness And Education	ADMIN OR HEALTH AND WELFARE	-	-	-	-	-
	Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Awareness And Education	9 WHOLE OF THE MUNICIPALITY	-	-	-	-	-
	Executive And Council	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Support And Day Care	ADMIN OR HEALTH AND WELFARE	-	84	-	-	-
	Executive And Council	Operational:Typical Work Streams:Capacity Building Training And Development	ADMIN OR HEALTH AND WELFARE	-	-	-	-	-
	Executive And Council	Operational:Typical Work Streams:Capacity Building Training And Development	ADMIN OR HEALTH AND WELFARE	1 717	2 116	700	1 198	1 300
	Executive And Council	Operational:Typical Work Streams:Communication And Public Participation:Mayoral/Executive	ADMIN OR HEALTH AND WELFARE	340	365	-	-	-
	Executive And Council	Operational:Typical Work Streams:Communication And Public Participation:Newsletters	ADMIN OR HEALTH AND WELFARE	90	300	-	-	-
	Executive And Council	Operational:Typical Work Streams:Community Development:Gender Development	ADMIN OR HEALTH AND WELFARE	49	154	-	-	-
	Executive And Council	Operational:Typical Work Streams:Community Development:Youth Projects:Youth Development	ADMIN OR HEALTH AND WELFARE	-	-	-	-	-
	Executive And Council	Operational:Typical Work Streams:Financial Management Grant:Financial Systems	9 WHOLE OF THE MUNICIPALITY	917	-	-	-	-
	Executive And Council	Operational:Typical Work Streams:Functions And Events:Civic Functions	ADMIN OR HEALTH AND WELFARE	-	-	-	-	-
	Executive And Council	Operational:Typical Work Streams:Functions And Events:Events And Organisations	ADMIN OR HEALTH AND WELFARE	5 271	4 422	3 996	3 996	3 996
	Executive And Council	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning	ADMIN OR HEALTH AND WELFARE	235	99	-	-	-
	Executive And Council	Operational:Typical Work Streams:Tourism:Tourism Development	ADMIN OR HEALTH AND WELFARE	-	-	-	-	-
	Executive And Council	Operational:Typical Work Streams:Ward Committees:Meetings	ADMIN OR HEALTH AND WELFARE	4 462	3 960	3 960	3 960	3 960
	Executive And Council	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets	9 WHOLE OF THE MUNICIPALITY	0	500	-	-	-
	Finance And Administration	Operational:Municipal Running Cost	ADMIN OR HEALTH AND WELFARE	158 487	170 630	184 922	192 935	199 526
	Finance And Administration	Operational:Municipal Running Cost	9 WHOLE OF THE MUNICIPALITY	-	-	-	-	-
	Finance And Administration	Operational:Municipal Running Cost	9 WHOLE OF THE MUNICIPALITY	5 810	6 209	4 621	5 862	6 183
	Finance And Administration	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day	ADMIN OR HEALTH AND WELFARE	-	-	-	-	-
	Finance And Administration	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day	9 WHOLE OF THE MUNICIPALITY	-	-	-	-	-
	Finance And Administration	Operational:Typical Work Streams:Asset Protection:Vehicle Management System	ADMIN OR HEALTH AND WELFARE	263	419	200	430	435
	Finance And Administration	Operational:Typical Work Streams:Capacity Building Training And Development	ADMIN OR HEALTH AND WELFARE	2 470	736	50	55	60
	Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Budget And Treasury	9 WHOLE OF THE MUNICIPALITY	9	-	-	-	-
	Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Financial Statements	ADMIN OR HEALTH AND WELFARE	10 802	2 112	1 000	1 750	2 852
	Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Financial Systems	9 WHOLE OF THE MUNICIPALITY	-	-	-	-	-
	Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Interns Compensation	9 WHOLE OF THE MUNICIPALITY	-	-	-	-	-
	Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Interns Compensation	9 WHOLE OF THE MUNICIPALITY	2 645	2 706	2 688	2 916	3 084

Finance And Administration	Operational:Typical Work Streams:Financial Management Grant:Training Minimum Cor	OLE OF MUNICI	1 090	903	400	400	400
Finance And Administration	Operational:Typical Work Streams:Functions And Events:Events And Organisations	ADMIN OR HEA	119	-	-	-	-
Finance And Administration	Operational:Typical Work Streams:Municipal Properties	OLE OF MUNICI	4 356	3 408	1 800	3 600	3 700
Finance And Administration	Operational:Typical Work Streams:Occupational Health And Safety	ADMIN OR HEA	9	85	-	-	-
Finance And Administration	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation	ADMIN OR HEA	-	-	-	-	-
Finance And Administration	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation	9 WHOLE OF TH	-	-	-	-	-
Finance And Administration	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation	OLE OF MUNICI	3 826	2 503	2 100	2 300	2 400
Finance And Administration	Operational:Typical Work Streams:Protecting The Poor	OLE OF MUNICI	52	-	-	-	-
Finance And Administration	Operational:Typical Work Streams:Strategic Management And Governance:Administrat	ADMIN OR HEA	58	-	-	-	-
Finance And Administration	Operational:Typical Work Streams:Strategic Management And Governance:Idp Plannin	ADMIN OR HEA	-	-	-	-	-
Finance And Administration	Operational:Typical Work Streams:Strategic Management And Governance:Strategic P	ADMIN OR HEA	445	313	77	86	92
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furnitur	OLE OF MUNICI	11 393	2 381	600	2 520	2 610
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	OLE OF MUNICI	1 080	656	12	12	15
Finance And Administration	Operational:Non-Infrastructure:New:Other Assets:Operational Buildings:Depots	9 WHOLE OF TH	-	-	-	-	-
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	9 WHOLE OF TH	-	-	-	-	-
Finance And Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	OLE OF MUNICI	54	1 555	900	2 100	2 600
Finance And Administration	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Sanitation Inf	ADMIN OR HEA	-	-	-	-	-
Community And Social Services	Operational:Municipal Running Cost	ADMIN OR HEA	15 625	16 574	16 792	17 438	17 967
Community And Social Services	Operational:Municipal Running Cost	9 WHOLE OF TH	-	-	-	-	-
Community And Social Services	Operational:Municipal Running Cost	OLE OF MUNICI	-	-	-	-	-
Community And Social Services	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Awareness And	ADMIN OR HEA	-	-	-	-	-
Community And Social Services	Operational:Typical Work Streams:Capacity Building Training And Development:Works	ADMIN OR HEA	8	33	4	10	11
Community And Social Services	Operational:Typical Work Streams:Community Development:Burials	OLE OF MUNICI	13	12	-	-	-
Community And Social Services	Operational:Typical Work Streams:Human Resources:Human Resource Management	ADMIN OR HEA	3	-	-	-	-
Community And Social Services	Operational:Typical Work Streams:Strategic Management And Governance:Strategic P	ADMIN OR HEA	13	15	3	3	3
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	OLE OF MUNICI	11	10	-	-	-
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	9 WHOLE OF TH	-	-	-	-	-
Community And Social Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	OLE OF MUNICI	24	572	-	-	-

Sport And Recreation	Operational:Municipal Running Cost	ADMIN OR HEAD	17 941	19 898	20 484	21 531	22 635
Sport And Recreation	Operational:Municipal Running Cost	9 WHOLE OF TH	-	-	-	-	-
Sport And Recreation	Operational:Municipal Running Cost	OLE OF MUNICI	28	38	10	12	15
Sport And Recreation	Operational:Typical Work Streams:Capacity Building Training And Development:Works	ADMIN OR HEAD	-	-	-	-	-
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	9 WHOLE OF TH	-	-	-	-	-
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	OLE OF MUNICI	56	52	-	-	-
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	9 WHOLE OF TH	-	-	-	-	-
Sport And Recreation	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	OLE OF MUNICI	2	2	-	-	-
Public Safety	Operational:Municipal Running Cost	ADMIN OR HEAD	36 109	33 775	33 437	36 075	37 715
Public Safety	Operational:Municipal Running Cost	9 WHOLE OF TH	-	-	-	-	-
Public Safety	Operational:Municipal Running Cost	OLE OF MUNICI	348	493	62	75	79
Public Safety	Operational:Typical Work Streams:Capacity Building Training And Development:Works	ADMIN OR HEAD	-	52	2	3	4
Public Safety	Operational:Typical Work Streams:City Cleanliness And Clean-Up:Clean-Up Actions	ADMIN OR HEAD	182	-	-	-	-
Public Safety	Operational:Typical Work Streams:Functions And Events:Special Events And Functions	ADMIN OR HEAD	-	-	-	-	-
Public Safety	Operational:Typical Work Streams:Strategic Management And Governance:Strategic P	ADMIN OR HEAD	1	29	-	-	-
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Commun	OLE OF MUNICI	-	510	-	-	-
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Commun	OLE OF MUNICI	142	228	-	-	-
Public Safety	Default Transactions	9 WHOLE OF TH	-	-	-	-	-
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Mac	9 WHOLE OF TH	-	-	-	-	-
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	9 WHOLE OF TH	-	-	-	-	-
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	OLE OF MUNICI	84	370	-	-	-
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	9 WHOLE OF TH	-	-	-	-	-
Public Safety	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	OLE OF MUNICI	-	284	-	-	-
Public Safety	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastr	ADMIN OR HEAD	66	109	4	12	15
Planning And Development	Operational:Municipal Running Cost	ADMIN OR HEAD	7 777	9 050	10 411	10 911	11 464
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Idp Implem	ADMIN OR HEAD	231	260	100	270	280
Planning And Development	Operational:Typical Work Streams:Strategic Management And Governance:Strategic P	ADMIN OR HEAD	18	20	-	-	-
Planning And Development	Operational:Typical Work Streams:Tourism:Tourism Development	ADMIN OR HEAD	-	19	-	-	-
Road Transport	Operational:Municipal Running Cost	ADMIN OR HEAD	47 394	57 133	59 559	61 714	63 195
Road Transport	Operational:Municipal Running Cost	9 WHOLE OF TH	-	-	-	-	-
Road Transport	Operational:Municipal Running Cost	OLE OF MUNICI	2 674	1 086	168	870	895
Road Transport	Operational:Typical Work Streams:Capacity Building Training And Development:Works	ADMIN OR HEAD	-	-	-	-	-
Road Transport	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	OLE OF MUNICI	604	345	45	46	49

Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastr	ADMIN OR HEAD	17	6	-	-	-
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastr	9 WHOLE OF TH	-	-	-	-	-
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastr	OLE OF MUNICIPAL	1 512	4 331	2 470	4 600	4 700
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastr	9 WHOLE OF TH	-	-	-	-	-
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Sanitation Infra	9 WHOLE OF TH	-	-	-	-	-
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Storm Water Infr	OLE OF MUNICIPAL	18	-	-	-	-
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Water Supply	9 WHOLE OF TH	-	-	-	-	-
Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Water Supply	9 WHOLE OF TH	-	-	-	-	-
Environmental Protection	Operational:Municipal Running Cost	ADMIN OR HEAD	1 175	1 214	1 204	1 268	1 336
Environmental Protection	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastr	9 WHOLE OF TH	-	-	-	-	-
Energy Sources	Operational:Municipal Running Cost	ADMIN OR HEAD	25 609	44 200	42 573	45 506	47 620
Energy Sources	Operational:Municipal Running Cost	9 WHOLE OF TH	-	-	-	-	-
Energy Sources	Operational:Municipal Running Cost	OLE OF MUNICIPAL	121 359	182 370	249 790	262 170	281 030
Energy Sources	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Aids Day	ADMIN OR HEAD	387	1 129	500	1 250	1 300
Energy Sources	Operational:Typical Work Streams:Capacity Building Training And Development:Works	ADMIN OR HEAD	-	104	-	-	-
Energy Sources	Operational:Typical Work Streams:Strategic Management And Governance:Administrat	ADMIN OR HEAD	535	200	-	-	-
Energy Sources	Operational:Typical Work Streams:Strategic Management And Governance:Strategic P	ADMIN OR HEAD	150	96	5	6	7
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infr	ADMIN OR HEAD	48	194	-	-	-
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infr	9 WHOLE OF TH	-	-	-	-	-
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infr	9 WHOLE OF TH	-	-	-	-	-
Energy Sources	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infr	OLE OF MUNICIPAL	2 354	3 750	2 200	4 320	4 450
Energy Sources	Default Transactions	9 WHOLE OF TH	-	-	-	-	-
Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furnitur	ADMIN OR HEAD	-	-	-	-	-
Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furnitur	9 WHOLE OF TH	-	-	-	-	-
Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	9 WHOLE OF TH	-	-	-	-	-
Energy Sources	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	OLE OF MUNICIPAL	192	201	20	260	270
Waste Management	Operational:Municipal Running Cost	ADMIN OR HEAD	39 267	53 296	54 514	56 828	58 790
Waste Management	Operational:Municipal Running Cost	9 WHOLE OF TH	-	-	-	-	-
Waste Management	Operational:Municipal Running Cost	OLE OF MUNICIPAL	5 467	1 873	500	700	750
Waste Management	Operational:Typical Work Streams:Capacity Building Training And Development:Works	ADMIN OR HEAD	-	-	-	-	-
Waste Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machine	OLE OF MUNICIPAL	320	853	680	730	750
Waste Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	9 WHOLE OF TH	-	-	-	-	-
Waste Management	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	OLE OF MUNICIPAL	-	-	-	-	-
Waste Management	Operational:Typical Work Streams:Cost Of Free Basic Services:Waste Management (R	OLE OF MUNICIPAL	-	-	-	-	-
Other	Operational:Municipal Running Cost	ADMIN OR HEAD	155	159	192	202	213
Other	Operational:Typical Work Streams:Capacity Building Training And Development:Works	ADMIN OR HEAD	3	-	-	-	-
Other	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	9 WHOLE OF TH	-	-	-	-	-
Other	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other As	OLE OF MUNICIPAL	-	-	-	-	-
Parent Operational expenditure			611 295	702 681	778 037	829 094	869 902

ENoch MGijima MUNICIPALITY



**Enoch Mgijima Local Municipality
BUDGET
APPENDIX A
RATES AND TARIFFS**

2020/21

TARIFFS FROM REFUSE REMOVAL

PROPOSED REFUSE TARIFFS 2020/21 FY

DESCRIPTION	REMOVALS PER WEEK	CHARGE PER BIN 2018/19	ADDITIONAL BIN 2018/19	PROPOSED	PROPOSED	PROPOSED	PROPOSED
				CHARGE PER BIN 2019/20	ADDITIONAL BIN 2019/20	CHARGE PER BIN 2020/21	ADDITIONAL BIN 2020/21
DOMESTIC	1	R 98,94	R 98,94	R 104,00	R 104,00	R 110,00	R 110,00
BUSINESS/OTHER	2	R 157,16	R 115,68	R 165,00	R 121,46	R 174,00	R 128,00
BUSINESS/OTHER	3	R 231,31	R 173,52	R 243,00	R 182,19	R 256,00	R 192,00
BUSINESS/OTHER	4	R 308,43	R 223,21	R 323,85	R 234,37	R 340,00	R 246,00
BUSINESS/OTHER	5	R 385,53	R 288,99	R 404,80	R 303,43	R 425,00	R 319,00
BUSINESS/OTHER	6	R 462,56	R 301,01	R 485,68	R 316,00	R 510,00	R 323,00
INDIGENTS	1	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00
OLD AGE HOMES	1	R 98,94	R 98,94	R 104,00	R 104,00	R 110,00	R 110,00
BULK CONTAINER - SMALL		R 272,10	R 183,08	R 285,70	R 192,23	R 300,00	R 202,00
BULK CONTAINER - LARGE		R 389,07	R 183,58	R 408,52	R 192,75	R 429,00	R 203,00
4.5M CONTAINERS		R 478,38	R 271,14	R 502,29	R 284,69	R 528,00	R 300,00
18M CONTAINERS		R 737,49	R 395,39	R 774,36	R 415,15	R 813,00	R 436,00
770 LITRE CONTAINERS		R 295,62	R 149,51	R 310,40	R 156,98	R 326,00	R 165,00
REFUSE DISPOSAL SITE			R 98,75		R 104,00		R 110,00

PROPERTY RATES TARIFF INCREASES 2020/21 @ 5.0%

Categories	2019/2020	2020/2021
Domestic (cents in a Rand)	0.00839055	0.0088101
Business/ Commercial (cents in a Rand)	0.01060689	0.0111372
Government/ Parastatals (State Owned) (cents in a Rand)	0.00839055	0.0088101
Agricultural (cents in a Rand)	0.00214305	0.0022502
PSI (cents in a Rand)	0.00214305	0.0022502
Parking Development Rate (cents in a Rand)		
Vacant land	0.03918873	0.0411482
Municipal Properties	Exempted	Exempted
Places of Worship	Exempted	Exempted
PBO	Exempted	Exempted

ELECTRCITY TARIFFS 2020/21

DOMESTIC TARIFFS

Former LUKHANJI:

		2019/20	2020/21	%
Domestic High T1 & Farm Lines				
<i>Tariff Blocks</i>		<i>c/kWh</i>	<i>c/kWh</i>	
Block 1	(0 - 50 kWh)	103.39	111.67154	8%
Block 2	(51 - 350 kWh)	132.92	143.56689	8%
Block 3	(351 - 600 kWh)	187.08	202.06511	8%
Block 4	(>600 kwh)	220.31	237.95683	8%
Basic Charge: R/month		223.37	241.26194	8%

		2019/20	2020/21	%
Domestic Pre-Paid T2				
<i>Tariff Blocks</i>		<i>c/kWh</i>	<i>c/kWh</i>	
Block 1	(0 - 50 kWh)	103.39	111.67154	8%
Block 2	(51 - 350 kWh)	132.92	143.56689	8%
Block 3	(351 - 600 kWh)	187.08	202.06511	8%
Block 4	(>600 kwh)	220.31	237.95683	8%

Former INKWANCA:

		2019/20	2020/21	%
Domestic Consumers High				
Basic Charge: (R/month)		184.71	199.51	8%
Energy Charge (c/kWh):		164.30	177.46	8%

		2019/20	2020/21	%
Domestic Pre-Paid Indigent				
Basic Charge: (R/month)		180.52	194.97965	8%
Energy Charge (c/kWh):		118.97	128.4995	8%

Former TSOLWANA:

		2019/20	2020/21	%
Domestic Indigent Pre-Paid				
Energy Charge (c/kWh):		141.54	152.87735	8%

		2019/20	2020/21	%
Residential Pre-Paid & Demand 0-59Amp Incl. Churches				
Energy Charge (c/kWh):		171.59	185.33436	8%

COMMERCIAL TARIFFS

Former LUKHANJI:

	2019/20	2020/21	% Increase
Commercial Small Users T3			
Basic Charge: (R/month)	602.98	651.28	8%
Energy Charge (c/kWh):			
≤500	191.51	206.849951	8%
>500	154.96	167.372296	8%

Commercial Pre-Paid T4			
Energy Charge (c/kWh)	228.32	246.61	8%

Commercial Old Age Homes			
Basic Charge: (R/month)	903.37	975.73	8%
Energy Charge (c/kWh):	61.25	66.16	8%
Demand Charge (c/KVA)	167.78	181.22	8%

Farm Lines: General Power Users			
Basic Charge: (R/month)	796.52	860.32	8%
Energy Charge (c/kWh):			
≤500	230.49	248.95	8%
>500	180.14	194.57	8%

Former INKWANCA:

Small Commercial/ Government Consumers			
Basic Charge: (R/month)	464.32	501.51	8%
Energy Charge (c/kWh):	191.28	206.60	8%

Former TSOLWANA:

Commercial Pre-Paid			
Energy Charge (c/kWh):	192.46	207.88	8%

Commercial Credit Metering			
Basic Charge: (R/month)	226.30	244.43	8%
Energy Charge (c/kWh):	192.44	207.85	8%

Commercial Bakery			
Basic Charge: (R/month)	211.68	228.64	8%
Energy Charge (c/kWh):	173.96	187.89	8%

Commercial Large kVA			
Basic Charge: (R/month)	398.62	430.55	8%
Energy Charge (c/kWh):	67.54	72.95	8%
Demand Charge (c/KVA)	221.19	238.91	8%

INDUSTRIAL TARIFFS

Former LUKHANJI:

	2019/20	2020/21	% Increase
Large Power Users ≤80kVA T5			
Basic Charge: (R/month)	1 533.42	1 656.25	8%
Energy Charge (c/kWh):	101.99	110.16	8%
Demand Charge (c/KVA)	279.09	301.45	8%
Demand Charge (c/KVA); Where demand <80	9 243.35	9 983.74	8%

Former INKWANCA:

Large Consumers			
Basic Charge: (R/month)	336.53	363.49	8%
Energy Charge (c/kWh):	72.33	78.12	8%
Demand Charge (c/KVA)	156.57	169.11	8%

TIME OF USE (TOU) TARIFFS

Former LUKHANJI:

	2019/20 Approved Tariffs		2020/21 Proposed Tariffs (Excl. Vat)		% Increase	
	Low Season	High Season	Low Season	High Season	Low Season	High Season
TX<100 000kWh <80kVA						
Basic Charge: (R/month)	707.3	0.00	763.95473	0.00	8%	8%
Energy Charge (c/kWh):						
<i>Peak c/kWh</i>	365.63	372.26	394.916963	402.078026	8%	8%
<i>Standard c/kWh</i>	158.98	165.59	171.714298	178.853759	8%	8%
<i>Off-Peak c/kWh</i>	82.13	82.13	88.708613	88.708613	8%	8%
<i>Reactive Energy c/kVArh</i>		17.22		18.599322		8%
T7<100 000kWh >80kVA						
Basic Charge: (R/month)	1359.03	0	1467.888303	0	8%	8%
Demand Charge (c/KVA)	111.84	119.51	120.798384	129.082751	8%	8%
Energy Charge (c/kWh):						
<i>Peak c/kWh</i>	218.57	242.43	236.077457	261.848643	8%	8%
<i>Standard c/kWh</i>	135.12	135.12	145.943112	145.943112	8%	8%
<i>Off-Peak c/kWh</i>	76.88	82.13	83.038088	88.708613	8%	8%
<i>Reactive Energy c/kVArh</i>		17.22		18.599322		8%

FEE FOR DISCONNECTION FOR NON - PAYMENT			
		2019/20	2020/21
Additional deposit		R262.23	R283.47
Administration fee		R79.84	R76.33
Paper Cut - Administration fee		R79.84	R76.33
TESTING OF ELECTRICITY METERS			
Single Phase		R288.51	R311.87
Three Phase		R423.40	R457.70
MD meter (KVA/KWH combination meter)		R718.97	R777.21
SPECIAL METER READINGS			
Town		R148.71	R160.76
Rural		R148.71	R160.76
TEMPER FEES			
Business		R15 000	R 15 000
Domestic		R15 000	R 8 000
Industrial		R15 000	R 25 000

Tariff Ref #	Sub #	Listing of Adopted Tariffs		
		ALL TARIFFS ARE EXCLUSIVE OF VAT		
COMMUNITY SERVICES				
		REFUSE TARIFFS		
		DESCRIPTION	REMOVALS PER WEEK	CHARGE PER BIN
				ADDITIONAL BINS
		DOMESTIC	1	
		BUSINESS/OTHER	2	
		BUSINESS/OTHER	3	
		BUSINESS/OTHER	4	
		BUSINESS/OTHER	5	
		BUSINESS/OTHER	6	
		INDIGENTS	1	
		OLD AGE HOMES	1	
		BULK CONTAINER - SMALL		
		BULK CONTAINER - LARGE		
		4.5M CONTAINERS		
		18M CONTAINERS		
27		770 LITRE CONTAINER		
		REFUSE DISPOSAL SITE		
28		Tip Site Ticket (Per Load)		
		SALE OF PLANTS		
			Incl VAT	Incl VAT
		Seedlings		2020/2021
		Shrubs		4
		Trees (In containers)		R29.48
		Trees (ex open grounds)		R65.52
		Hire of Large plants		R54.60
		Hire of Small plants		R27.30
29		Potting soil bag (small)		R17.78
				R10.92
		BERRY USAGE FEES : VAT Inclusive		
				2020/2021
		Entrance fees : per vehicle with 5 people		R49.14
		Entrance fees : additional people per person		R9.83
32		Season Tickets		R218.40
		BONKOLO USAGE FEES : VAT INCLUSIVE		
		Entrance fee per person - Adult		R21.84
		Entrance fee per person - Children		R10.92
		Fishing permit for overnight persons. Fishing only		R327.60
		Hire of facility for events		R4914.00
		GAME RESERVE ENTRANCE FEES : VAT Inclusive		
				2020/2021
		Entrance fees : per vehicle with 5 people		R49.14
		Entrance fees : additional people per person		R9.83
33		Season Tickets		R218.40
		GAME RESERVE LAPA AND SUNNYSIDE HIRE FEES		
			Excl VAT	Excl VAT
		Hire of Lapa (Maximum of 40 people)		R873.60
		Deposit of Lapa (refundable under conditions)		R382.20
		Overtime - Saturday		R163.80
		Overtime - Sunday		R218.40
		Hire of Sunnyside (maximum of 100 people)		R1567.80
		Deposit for Sunnyside		R546.00
		Guided Vehicle Tour		R131.04
		Caravan or Tent		R131.04
		Electricity		R76.44
34		Only educational tours are free of charge.		

CEMETERY CHARGES EXCLUDING VAT				2020/2021
CEMETRIES ; MLUNGISI, EZIBELENI, WHITTLESEA & Ilinge,MOLTE				
	Adult Plot			R275.19
	Casket Plot			R306.47
	Baby Plot			R158.99
	Digging of a Baby Plot			R180.96
	Digging of Adult Grave			R306.63
	Digging of Casket Grave			R394.62
	Closing of Grave			R193.10
35	Closing of Baby Grave		100	R162.24
CEMETRIES - NEW (Lukhanji and Queenstown)				
BERM SECTION				
	Adult Plot and Casket Plot			R379.60
	Digging of Adult Grave			R379.60
	Digging of Casket Grave			R436.80
	Closing of Grave			R262.08
	Exhumation of Body			R1965.60
36	Funerals on Public Holidays			
CEMETERY - NEW MONUMENTAL SECTION				
	Digging of Adult Grave			R564.46
	Single Plot			R573.30
	Double Plot			R1146.60
	Digging of Casket Grave			R928.20
	Digging of Extra Deep Grave			R262.80
	Digging of Outsize Casket Grave			R262.80
	Closing of Grave			R294.84
	Wall of Remembrance			R327.60
	Ash Grave			R163.80
	Burial of Ashes in existing grave			R163.80
	Erection of monuments : Single Grave			R218.40
	Erection of monuments : Double Grave			R436.80
37				
CEMETERY - NEW BABY SECTION				
	Closing of Baby Grave			R152.88
	Outsize Baby Grave			R54.60
	Digging of Baby Grave			R249.76
38	Baby Plot		155	R262.08
EXHUMATION OF BODY				
39	Exhumation	R 900.00	900	R1965.60
POUND FEES - EXCLUDING VAT				
RATE OF COMPENSATION				
		Excl VAT	Excl VAT	
	For animals delivered to the pound, whether one or more per kilometer or portion of a kilometer			R 683
	For animals transported by vehicle, per kilometer or portion of a kilometer			R17.33
	Use of commonage for initiation school			R367.50
	Deposit of initiation site			R52.50
42	Price of Lucern	Actual	Actual	

	TRESPASSING FEE				
43	Horses, cattle, and pigs per head				R84.00
	Goats & Sheep per head				R57.50
	POUND FEES				
44	Horses, cattle, and pigs per head				R94.50
	Goats & Sheep per head				R57.50
	SUSTENANCE FEES				
45	Horses, cattle, and pigs per head				R94.50
	Goats & Sheep per head				R63.00
	OTHER CHARGES				
46	Dipping Fees - (Cattle)				R73.50
	Dosing Fees - (Goats, Sheep per Head)				73.50
	CALL OUTS				
47	18H00 to 06H00 and over weekends per call out to impound (To be paid by owner of animals)				R409.50
48					
	ALL SPORT STADIUMS				2020/2021
	THOBI KULA INDOOR SPORT CENTRE FEES	Excl VAT	Excl VAT		
	Actual Hire (per hall) main hall				R124.80
	Actual Hire (per hall)				R98.28
	Kitchen				R87.36
	Stove				R109.20
	Administration fee	10% of Invoice	10% of Invoice		
	Cleaning Fees (Per Day)				R436.30
	Overtime: Monday to Saturday				R87.88 per hour
	Overtime: Sunday and Public Holidays				R103.74
	Recognised Charitable Organisation	On discretion of the Director	On discretion of the Director		
	Educational Organisations	On discretion of the Director	On discretion of the Director		
	Cultural Organisations	On discretion of the Director	On discretion of the Director		
	Sporting Related Organisations	On discretion of the Director	On discretion of the Director		
	Government Institutions	On discretion of the Director	On discretion of the Director		
	Religious Organisations	On discretion of the Director	On discretion of the Director		
	Funerals	On discretion of the Director	On discretion of the Director		
	Congress (Non Political)	On discretion of the Director	On discretion of the Director		
	Lecturers	On discretion of the Director	On discretion of the Director		
	Workshops (Non political)	On discretion of the Director	On discretion of the Director		
	Displays	On discretion of the Director	On discretion of the Director		
	Repetitions / Rehearsels	On discretion of the Director	On discretion of the Director		
	Political Parties				R1000.92
	Funfuns where entrance fees are charged - EVENTS				R4914.00
	Dances / Discos				R4914.00
	Competitions / Contests of any nature				R4914.00

ALL SPORT STADIUMS				2020/2021	
THOBI KULA INDOOR SPORT CENTRE FEES			Excl VAT	Excl VAT	
Political Parties					R1000.92
Funtions where entrance fees are charged - EVENTS					R4914.00
Dances / Discos					R4914.00
Competitions / Contests of any nature					R4914.00
Parties					R2184.00
Graduation Ceremonies					R2184.00
Weddings					R3224.00
Use of Athletic track					R382.20
Use of Rugby / Soccer/ Cricket Field per session					R98.28
Use of floodlights per hour					R43.68

FIRE SERVICE TARIFFS

2020/21

■ The following proposed service levies for EMLM to be charged per month on municipal accounts under specialized services: (All prices excluding VAT)

- Normal House hold – R 10,00
 - Entertainment, Public Assembly and Worship – R 35,00
 - Theatrical and Indoor Sports – R 35,00
 - Place of Instruction – R 45,00
 - Shops and Supermarket – R 80,00
 - Factories, Fuel Stations and Depots – R 120,00
- Other services currently provided:
- Occupancy Certificate – R 500,00
 - Flammable Substances – R 500,00
 - Basic Fire Fighting Training – R 80,00

TRAFFIC FEES	
SEARCH FEES	
Lost Traffic Fine	R132.00
eNatis information	R132.00
SERVING OF SUMMONSES	
Non-Personal serving	R45.00
Personal serving	R60.00
CONTROL OVER FUNCTIONS HELD ON A PUBLIC ROAD	
Full time traffic assistance per person per hour	R250.00
Tariff per kilometer per vehicle	R 8.50
IMPOUNDING OF VEHICLES	
Breakdown Charges	R 1000.00
Storage	R 150.00 per day
FUNERALS / EVENTS	
Funeral Escort	R300.00
Events (Fun Run, Marathons)	R300.00
PARKING METER FEES	
DPS	First 9 minutes free R1.00 per 10 minutes R5.00 per hour

TOWN PLANNING AND LAND MANAGEMENT TARIFF STRUCTURE

NOTE: 5% has been factored as next financial years increase (2020/2021).

TARRIF STRUCTURE FOR 2019/20

The following tariff structure is applicable for 2019/20:

<u>No</u>	<u>APPLICATION TYPE</u>	<u>R Amount</u> <u>2019/20</u>	<u>2020/21</u>
1.	<u>Advertising fees</u>	2000-00	2100.00
2.	<u>Rezoning</u>		
2.1	Erven 0 - 2500 m ²	2500-00	2625.00
2.2	Erven 2501 – 5000 m ²	4500-00	4725.00
2.3	Erven 5001-10 000 m ²	9000-00	9450.00
2.4	Erven 1ha - 5ha	12000-00	1260.00
2.5	Erven 5ha and above	15 000-00	15750.00
3.	<u>Departure building lines and Spaza Shop application Fees</u>		
3.1	Erven smaller than 500m ²	350.00	367.50
3.2	Erven between 500 to 750m ²	690.00	724.50
3.4	Erven larger than 750m ²	1380.00	1449.00
4.	<u>Subdivision of land category</u>		
4.1	Basic fee	2200-00	2310.00
4.2	Charge per subdivision (remainder considered subdivision)	170-00	178.50
4.3	Exempted Subdivision	2000-00	2100.00
4.4	Amendment or cancellation of subdivision plan or part thereof (including General Plan)	1500-00	1575.00
5.	<u>Consolidation</u>		
5.1	Permission, Amendment or deletion of consolidations of approval	1000-00	1050.00
5.2	Exempted consolidation	1000-00	1050.00

<u>No</u>	<u>APPLICATION TYPE</u>	<u>R Amount</u> <u>2019/20</u>	<u>2020/21</u>
6.	Removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of the land.	3000-00	3150.00
7.	Cell Phone tower falls under departure or rezoning	4600-00	4830.00
8.	Consent use	2500-00	2625.00
9.	Ancillary application	2000-00	2100.00
10.	Closure of Public Place / part thereof (Permanent)	2000-00	2100.00
11.	Extension of time/validity	1500-00	1575.00
12.	Zoning certificate	65-00	68.25
13.	Occasional use of land	500-00	525.00
14.	The registration of a lease diagram	1 500-00	1575.00
15.	Closure of public roadway	1500-00	1575.00
16.	Minor Amendment of Site Development Plan (15% or less change in GLA or yield or coverage)	1500-00	1575.00
17.	Major Amendment of Site Development Plan (15.1 % or more change in GLA or yield or coverage) + re-advertising	2500-00	2625.00
18.	Disestablishment of Home Owners Association	1500-00	1575.00
19.	Rectification of failure by Home Owners' Association to meet obligations.	3000-00	3150.00
20.	Assessing an Amendment of Home Owners Association Constitution / Design Guidelines	1500-00	1575.00
21.	Any consent or approval provided for in a provincial law	1000-00	1050.00
22.	Issuing of clearance certificate (transfer of land)	1000-00	1050.00
23.	Rectification application (Penalties and fines) – Annexure D of the By-Law	4000-00	4200.00
24.	Applications fee to Lease or Purchase Land		
24.1	Erven 0 - 1000 m ²	500-00	525.00
24.2	Erven 1001 - 2500 m ²	1000-00	1050.00
24.3	Erven 2501 – 5000 m ²	1500-00	1575.00
24.4	Erven 5001-10 000 m ²	2000-00	2100.00
24.5	Erven 1ha - 5ha	2500-00	2625.00
24.6	Erven 5ha and above	3 000-00	3150.00
25.	Other land administration applications	2000-00	2100.00

<u>No</u>	<u>APPLICATION TYPE</u>	<u>R Amount</u> <u>2019/20</u>	<u>2020/21</u>
26	SIGNAGE CONTROL		
26.1	Billboards		
26.1.1	On bridges - per billboard per month	2 530.00	2 656.50
26.1.2	1.5m x 3m billboard per panel per month	185.00	194.25
26.1.3	3m x 6m billboard per panel per month	1 380.00	1 449.00
26.1.4	3m x 12m billboard per panel per month	1 725.00	1 811.25
26.1.52 6.1.6	6m x 4m billboard per panel per month	1 495.00	1 569.75
26.1.7	7.5m x 5m billboard per panel per month	1 725.00	1 811.25
26.1.8	9m x 6m billboard per panel per month	2 645.00	2 777.25
26.1.9	4.5m x 18m billboard per panel per month	5 520.00	5 796.00
26.1.10	Application fee for Billboard (<40 sq meters) on Private Property		
26.1.10.1	Application fee		5 743,00
26.1.11	Application fee for Super Billboard (>40 sq meters) on Private Property		
26.1.11.1	Application Fee		6 890,00
26.1.12	Application fee for estate agent signs		
26.1.12.1	Annual administration fee		8 920.00
26.1.13	Application fee for advertising signs		
26.1.13.1	Per application		1 200.00
26.1.14	Removal charges for loose portable signs (e.g. Estate Agents' for sale / on show)		
26.1.14.1	First offence - per sign		750.00
26.1.14.2	Second offence - per sign		1500.00

<u>No</u>	<u>APPLICATION TYPE</u>	<u>R Amount</u> <u>2019/20</u>	<u>2020/21</u>
26.2.14.3	Third offence - per sign		3000.00
27	RENTALS		
27.1	Camp site per m ² (Open space)		8.00
27.2	Residential Buildings per m ²		40.00
27.3	Government Buildings per m ²		72.00
27.4	Commercial/Industrial Buildings per m ² A Category		75.00
27.5	Commercial/Industrial per m ² B Category		65.00
27.6	Commercial/Industrial per m ² C Category		45.00
	A		

MUNICIPAL HALL

DEPOSITS	2019/20	2020/21
Political parties	R 2 817.27	R 2 958.13
Functions where entrance fees are charged	R 2 817.27	R 2 958.13
Dance and Disco	R 2 817.27	R 2 958.13
Competition/Contests of any nature	R 2 817.27	R 2 958.13
Parties	R 2 817.27	R 2 958.13
Graduation Ceremonies	R 2 817.27	R 2 958.13
Weddings	R 2 817.27	R 2 958.13
Other forms of entertainment	R 2 817.27	R 2 958.13

OTHER FACILITY RENTALS SIDE HALL	2019/20	2020/21
Sada hall		
Queenstown, Ezibeleni, Skweyiya, Sada & Ekuphumleni	R 61.04	R 64.09
Kitchen- Queenstown	R 142.41	R 149.53
Kitchen- Ezibeleni, Skweyiya & Ekuphumleni	R 74.52	R 78.25
Ashley Wyngaard	R 74.52	R 78.25

Administration Fee	2019/20	2020/21
Samro (Civil Centre & Skweyiya)	R 28.12	R 29.53
Ashley Wyngaard & Skweyiya	R 28.12	R 29.53
Sound System	R 246.33	R 258.65
Urn	R 70.38	R 73.90
Stove	R 168.71	R 177.15

CIVIL CENTRE RENTALS	2019/20	2020/21
Civil Centre Queenstown	R 133.21	R 133.21
Civil Centre: Ashley Wyngaard	R 119.75	R 119.75
Civil Centre: Mlungisi	R 64.74	R 64.74
Civil Centre: Ezibeleni Community Hall	R 98.61	R 98.61
Civil Centre: Skweyiya Hall	R 105.57	R 105.57
Civil Centre: Sada and Ekuphumleni	R 105.57	R 105.57
Civil Centre: Mceula and Lessyton	R 64.74	R 64.74
Civil Centre: Ilinge Hall	R 99.63	R 99.63
Civil Centre: Unathi Mkefa Ezibeleni Hall	R 64.74	R 64.74
Civil Centre: Ward 7 Ezibeleni Hall	R 64.74	R 64.74
Civil Centre: Shilon Hall	R 64.74	R 64.74
Civil Centre: Kamastoin Hall	R 64.74	R 64.74
Civil Centre: Machibini Hall	R 64.74	R 64.74

Caretaker fees	PER HR
MONDAY - SATURDAY	R 117.24
SUNDAY - PUBLIC HOLIDAYS	R 148.32
NIGHT WORK ALLOWANCE	R 8.90
LEVY PUBLIC HOLIDAY & SUNDAY	R 163.28
DURING WORKING HOURS BEFORE 15H00	R 129.30
DURING WORKING HOURS AFTER 15H00	R 168.28

ENOCH MGIJIMA MUNICIPALITY



ENOCH MGIJIMA
LOCAL MUNICIPALITY

Enoch Mgiijima Local Municipality
BUDGET
APPENDIX B

REVIEWED AND ADOPTED POLICIES

2020/21

ENOCH MGIJIMA MUNICIPALITY



ENOCH MGIJIMA
LOCAL MUNICIPALITY

CREDIT CONTROL POLICY **CONSOLIDATED** **WITH** **ARRANGEMENT POLICY**

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DEFINITIONS

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

“Act” The Local Government Acts: Systems Act, 2000 (Act No 32 of 2000), The Municipal Finance Management Act (MFMA) (Act No 56 of 2003), as amended from time to time;

“account” means a notification by means of a statement of account to a ratepayer or customer who is liable for payments of any amount to the municipality and any authorized service provider in respect of the following:-

(a) Electricity that is consumed by a consumer based on a meter reading or an estimated consumption and any service and availability fee;

(b) Refuse removal and disposal;

(c) Rates;

(d) Interest;

(e) Connection fees;

(f) Collection charges, miscellaneous; (i) sundry fees;

(g) Default administration charges;

(h) Housing, rentals and instalments

“Arrangement” A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed.

“Arrears” Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

“Authorized Representative” Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

“Average consumption” means the average consumption by a customer of a municipal service during a specific period, which consumption is calculated by dividing by four the total measured consumption of that service by that customer over the preceding four months;

“By-law” means a legislation that is made by a decision taken by the Council of the municipality binding in the municipality on the persons to whom it applies and is published in terms of the Municipal Systems Act;

“Chief financial officer” means the official of the Municipality appointed by council to administer its finances regardless of the designation or title attached to the post. He/she is responsible for the collection of moneys owed to the Municipality and/or any other staff member to whom he/she has delegated specific duties and responsibilities in terms of this Policy;

“Collection costs” means an amount that the Municipality can charge with regard to the enforcement of a consumer’s monetary obligations

“Billing” Refers to the process of charging for services provided by issuing accounts;

“CFO” The person appointed as the Chief Financial Officer of the municipality in terms of the provisions contained in the MFMA, or his or her nominee.

“Council” The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996, of the Enoch Mgijima Municipality established by part 7 of provincial notice 80, dated 27 September 2000;

“Credit Control” Credit control encompasses all the functions relating to the management of the contract with and collection of monies owed by customers of municipal services including but not restricted to:

- Signing of a valid service agreement, the payment of a service deposit and the verification of the customer’s credit worthiness.

- Accurate meter readings at fixed intervals
 - Accurate and regular billing
-

- Regular communication to customers
- Provision of Indigent support
- Maintain efficient and affordable service levels and standards within Councils financial constraints and capacity
- Provide appropriate payment terms and options
- Provide an effective and efficient enquiry system
- Implement consistent credit control measures with the aim to enforce a culture of payment for services and a commitment to pay the current account and service any arrears monthly.
- Furnish monthly reports to Council on the performance of revenue collection.

“Customer” means a person with whom the municipality has concluded or is deemed to have concluded an agreement for the provision of a municipal service;

“Defaulter” means a customer who owes money to the municipality after the due date for payment has expired;

“Debt collection” refers to the debt recovery process and includes sanctions (warning, disconnection, adverse credit rating, legal process and/or eviction, etc.) to be applied in the event of non-payment of accounts;

“Disconnection” means interrupting the supply of electricity to a debtor as a consequence of ignoring a notice for payment;

“Domestic customer” means a customer who, primarily for residential purposes, occupies a dwelling, structure or premises;

“due date” means the date on which an amount payable in respect of an account becomes due, owing and payable by a customer, which date shall be the last working day of the month following the monthly debit raising;

“Effective disconnection” Includes, inter alia, the physical removal of connections and/or equipment as a consequence of unauthorised reconnection (tampering and/or by-passing) of the disconnected service

“Estimated consumption” means the consumption that a customer, whose consumption is not measured during a specific period, is deemed to have consumed and that is estimated by taking into account factors that are considered relevant by the municipality and which may include the consumption of municipal services by the totality of the users of a service within the area where the service is rendered by the municipality, at the appropriate level of service, for a specific time;

“Engineer” The Director: Technical Services and/or his delegated official of Council;

“Equipment” A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

“Financial year” Means any period commencing on year 1 July of calendar year and ending 30 June of the next succeeding year

“Gender” Any reference to the one gender shall include reference to the other

“Household” mean all occupants older than 18 years within the jurisdiction of the

Council regardless whether the person rents or owns the property. The family unit is determined by the municipality to be traditional by taking into account the number of persons in the unit, the relationship between the members of a household, their ages and any other factor that the municipality considers to be relevant;

“Implementing Authority” Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.

“interest” A charge levied with the same legal priority as service fees and calculated at “illegal connection” means a connection to any system through which a municipal service is provided and that is not authorized or approved by the municipality;

“Indigent amount” refers to the applicable value of the indigent subsidy as determine by the Council of the Municipality from time to time;

“Indigent household” a Household qualify as indigent on the following conditions:

(a) Total monthly household income must not be more than twice the monthly State old age pension, and

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(b) The average electricity consumption for the past four months must not exceed 400kwh per month, and

“Infrastructure” means the facilities, installations or devices required for the rendering of a municipal service or for the functioning of a community including but not limited to facilities, installation or devices relating to , power, electricity, transport, gas and waste disposal;

“Interest” means a charge levied on arrear rates, and availability fees and calculated at a rate, the prime interest rate;

“Interest on overdue accounts” is based on a full month and part of a month shall be deemed to be a full month; a rate determined by council from time to time on all arrear monies;

“Municipal account” An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

“Municipality” Means the Enoch Mgijima Municipality.

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

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

“Municipal consumer debt” refers to the non-payment or late payment by consumers of property rates and municipal services (electricity, sanitation, refuse removal) traffic fines and rental housing payments , and includes any amounts considered as irrecoverable;

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

“Municipal Property Rates Act” means the Local Government: Municipal

Property Rates Act No. 6 of 2004;

“Owner” –

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

iii. Any Council of Board established in terms of any legislation applicable to the Republic of South Africa;

iv. Any Embassy or other foreign entity;

“Premises” Includes any piece of land, the external surface boundaries of which

Is delineated on-

a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or

b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

“Poor households” means a household which qualify as a poor household on the

following conditions:

(a) Total monthly household income must be more than twice (2x) the monthly State old age pension and less than the amount determined by council during approval of the annual budget; and

(b) The average electricity consumption for the past four months must not exceed 400kwh per month; and

“Prescribed tariff or charge” means a charge prescribed by the Municipality;

“Principle debt” means a debt that is owed to the municipality in respect of rates and services. It may include interest, collection charges, default administration charges, connection charges and any other charges;

“Property” means any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality;

“Public notice” means publication in the media including one or more of the following:

(a) publication of a notice, in at least two of the official languages in general use within the Province or area in question and, where possible, the notice shall be published in a newspaper appearing predominantly in the language utilised in the publication of the notice:

(i) In any local newspaper or newspapers circulating in the area of supply of the municipality;

(ii) In the newspaper or newspapers circulating in the area of supply of the municipality determined by the council as a newspaper of record; or

(iii) On the official website of the municipality;

(iv) By means of radio broadcasts covering the area of supply of the municipality;

(b) Displaying a notice in or at any premises, office, library or pay-point of either the municipality or of its authorized agent and to which the public has reasonable access; and

(d) Communication with customers through public meetings and ward committee meetings

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

“Ratable property” means a property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act

“Service” means a municipal service rendered by the municipality and includes the supply of electricity and refuse removal

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

“Sundry debt” refers to any debt other than for rates, housing, metered services and refuse removal;

“Supply” means any metered supply of electricity;

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

1. PREAMBLE

WHEREAS section 152 (1) (b) of the Constitution of the Republic of South Africa Act

108 of 1996 („the Constitution“) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

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

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

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

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

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

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

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

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

IT IS HEREBY ADOPTED: a credit control policy consolidated with Arrangement policy of the Enoch Mgijima Municipality.

2. SCOPE OF APPLICABILITY

This Policy applies to the Enoch Mgijima Municipality and all persons of this administration

3. PRINCIPLES AND VALUES

1.1 The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.

1.2 All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be

required to complete new application forms from time to time, as determined by the Municipal Manager.

1.3 A copy of the application form including conditions of services and a copy of the Enoch Mgijima's Council credit control and debt collection policy must be handed to every new customer on date of application for services.

1.4 Billing is to be accurate, timeous and understandable.

1.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.

1.6 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

1.7 Enforcement of payment must be prompt, consistent and effective.

1.8 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.

1.9 Incentives and disincentives may be used in collection procedures.

1.10 Results will be regularly and efficiently reported by the Municipal Manager and the Executive Mayor.

1.11 Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.

1.12 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

4. DUTIES AND FUNCTIONS

4.1. Duties and Functions of Council

- 1) To approve a budget consistent with the needs of communities and ratepayers in line with financial capability of council.
- 2) To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- 3) To facilitate sufficient funds to give access to basic services for the poor.
- 4) To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- 5) To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority. (Debt collection target to be determined by Council annually.)
- 6) To approve a reporting framework for credit control and debt collection.
- 7) To consider and approve by-laws to give effect to the Council's policy.
- 8) To monitor the performance of the Executive Mayor (Supervising Authority) regarding credit control and debt collection.
- 9) To revise the budget should Council's targets for credit control and debt collection not be met;
- 10) To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws or act improperly in terms of such policies.

11) To establish a Municipal Internal Legal Debt Collection Unit to attend to the Legal Process of Collection up to the handover of debtors for the implementation of the Execution process. The utilisation of external role players to achieve this goal in the interim.

12) To ensure that a list of attorneys is compiled in terms of Council's

Procurement Policy, who will be utilised as part of the Legal process of Council in legal action instituted in terms of Council's Policy for matters relating to debt

collection.

13) To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Executive Mayor and Municipal Manager and Service Provider respectively in compliance with the relevant Acts.

14) To provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection.

15) Alternatively to appoint a Service Provider as debt collection agent (such service provider must be a registered debt collection agent in terms of legislation).

16) To assist the Municipal Manager in the execution of his duties, if and when required.

17) To provide funds for the training of staff.

4.2 Duties and functions of Executive Mayor

A. To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.

B. To monitor the performance of the Municipal Manager in implementing the policy and by-laws.

C. To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.

D. To report to Council.

- b) To implement council's credit control and debt collection policy.
- c) To install and maintain an appropriate accounting system as required by the MFMA and appropriate regulations.
- d) To bill customers.
- e) To demand payment on due dates.
- f) To raise penalties for defaults.
- g) To appropriate payments received.
- h) To collect outstanding debt.
- i) To provide different payment methods.
- j) To determine credit control and debt collection measures.
- k) To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- l) To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- m) To set performance targets for staff.
- n) To submit the appointment of staff to Council to execute council's policy and by-laws in accordance with council's staff policy.
- o) To delegate certain functions to the Directors of departments.
- p) To determine control procedures.
- q) To monitor contracts with service providers in connection with credit control and debt collection

r) To report to the Executive Mayor.

4.4 Duties and functions of communities, ratepayers and residents

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

4.5 Duties and functions of Ward Councillors

- a) To hold regular ward meetings wherein the credit control and debt collection policy and procedures of Council are addressed.
- b) To adhere to and convey council policies to residents and ratepayers and in particular the credit control and debt collection policy and procedure.
- c) To adhere to the Code of Conduct for Councillors.
- d) Ward Committees will act in terms of roles and functions as approved by Council and assist in the dissemination and distribution of information relating of Council.

4.6 Responsibilities of all Councillors

(a) To always pay amounts that are owed in respect municipal rates, taxes and services as required by section 12A of Schedule 1 of the Municipal Systems Act and not to default on payments for a period longer than 3 months.

(b) The Municipality may deduct any outstanding amounts from a councillor's allowance, if the councillor has not paid amounts that are due to the Municipality for more than 3 months.

(c) The normal credit control procedures shall also apply to any arrear account of a councillor.

(d) All agreements with councillors must not exceed the expiry date of the term of office

(e) To report to the Municipal Manger any person who;

(i) receives a subsidy and does not qualify;

(ii) Is illegally connected to services.

4.7 Responsibilities of all municipal staff

(a) To always pay amounts that are owed in respect of municipal rates, taxes and services and not to default on payments for a period longer than 3 months.

(b) The Municipality may deduct any outstanding amounts from a staff member, if the staff member has not paid amounts that are due to the municipality for more than 3 months.

(c) The normal credit control procedures shall also apply to any arrear account of an official.

(d) Keep the municipality informed of his/her correct address

5.PERFORMANCE EVALUATION

The municipal council in consultation with the Accounting Officer must establish a mechanism to set targets for debt collection, customer care and administrative performance, evaluate performances and take corrective actions on a regular basis to enhance credit control and debt collection.

5.1 Income collection targets

Council must create targets that include reductions in present monthly increase in debt in line with performance agreements as determined by council from time to time.

5.2 Consumer Service Targets

Council to create targets that would include:

- (a) Response time to consumer queries;
- (b) Date of first account delivery to new consumers;
- (c) Reconnection time lapsed;
- (d) Meter reading cycle

5.3 Administrative Performance

Council to create targets that will include:

- (a) Cost efficiency of debt collection;
- (b) Query and appeal periods;
- (c) Enforcement mechanism ratios

5.4 Reporting

a) The Chief Financial Officer shall report monthly to the Accounting Officer in a suitable format to enable the Accounting Officer to report to the Executive Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on performance against targets agreed to in item 6.8 of this policy document.

(b) If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent to the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Accounting Officer who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels

(c) The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 9(c) of the Systems Act.

6. CUSTOMER CARE

6.1 Objective

To focus on the client"s needs in a responsible and pro-active way, to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received, and the Municipality, and where applicable, any service provider.

In terms of Section 95 of the Local Government Municipal Systems Act

2000, in relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a Municipality must, within its financial and administrative capacity to provide for:

6.2 Service Delivery:

Establish a sound Customer Management System that aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality itself;

6.3 Communication:

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- (a) Establish mechanisms for users of services and ratepayers to provide feedback to the Municipality or other service provider regarding the quality of the services and the performance of the service provider;
- (b) take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilized;
- (c) Within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which may include targets for credit control and debt collection;
- (d) Make available Council's Credit Control and Debt Collection Policy by general publication, on specific request, and which will also be available for perusal at Council's offices;
- (e) Endeavor to distribute a regular newsletter, which will give prominence to customer care and debt issues;
- (f) Require Ward councillors to hold regular ward meetings, at which Customer care and debt collection issues will be given prominence;
- (g) Encourage the press to give prominence to Council's Customer Care, Credit control and Debt Collection policies, and will be invited to Council or Committee meetings where these are discussed.

6.4 Personal contact

Telephonic contact, agents calling on clients:

(a) Council will endeavour, within the constraints of affordability and available capacity, to make personal, electronic or telephonic contact with certain arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigent subsidies, other related

matters and will provide information on how and where to access such arrangements or subsidies.

(b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue in the absence of such contact for whatever reason.

(c) A minimum percentage of 10% on the full outstanding balance will be required to be paid before arrangement and reconnection will take place. A third party may also assist the municipality in above when appointed to do so.

6.5 customer service agreements

a) Customer service agreements are those agreements that are entered into between the client and the Municipality for the supply of municipal services and shall include the documentary annexures as required.

b) The contents of the agreement include this policy as well as:

An undertaking by clients:

I. That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs on an attorney client basis, interest, any administrative levy relating to disconnection and/or reconnection of services and personally liable as surety for legal entities;

II. That any alleged non-receipt of an account does not stop the collection process;

III. To agree that Council may conduct an ITC credit verification of his credit affairs.

IV. An additional/higher deposit may be required to be paid depending on the associated risk as determined by Council from time to time.

V. That they will provide Council with all information and documentation required to assess credit worthiness of the customer.

VI. To furnish Council on application with all information relating to insolvency, sequestration, administration and or any other legal impediment relating to his status

7. APPLICATION FOR SERVICES

7.1 Application for Municipal Services

a) All consumers of services will be required to sign an agreement governing the supply and cost of municipal services. Owners (with their written consent) may allow tenants to sign separate agreements with the Municipality, which the Municipality may at its own discretion accept or reject. (No tenant accounts will be opened. The owner is liable for all payments and services)

b) The process must occur at least seven days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.

c) Applicants for municipal services may be checked for creditworthiness including banking details and information from credit bureaus, other local authorities, trade creditors and employers. This will require the provision of, an Identity Document, binding lease agreement, proof of ownership (such as a title deed) and other supporting documents as required by Council from time to time.

d) Applications for services from businesses, including but not limited to trusts, companies, close corporations and partnerships must include a resolution delegating authority to the applicant to apply for the relevant service and furnishing, if applicable, the business entity"s registration number or ID number, the names, addresses and all

relevant contact particulars of all the business"s directors, members, trustees, proprietors or partners.

e) An applicant must provide all the information and documentation which the Municipality requires.

- f) If an applicant for municipal service is an existing customer of the Municipality in respect of any other municipal service and such customer has an outstanding amount that is due and payable to the municipality:
- g) The arrears must be paid; or
- h) An agreement for payment of arrears must be concluded with the municipality before an application for services can be approved.
- i) If a consumer fails or refuses to sign a new service agreement or pay the deposit the municipality may discontinue services until the necessary agreement has been signed or deposit been paid.
- j) The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.
- k) Customers who require a service must enter into a written service agreement with the Municipality which service agreement shall incorporate documentary annexures as determined and required by the municipality.
- l) The process must occur at least five days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken.
- m) Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.
- n) The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.
- o) Customers who illegally consume services without this agreement will be subject to punitive action.
- p) No tenant accounts are allowed.

q) If an existing tenant vacates the property where services are being provided without written notice to the Municipality then the owner of said property will be liable for any outstanding balance.

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8. DEPOSITS

8.1 General

(a) Every consumer must, on application for the provision of municipal services pay a deposit to the municipality prior to the provision of any municipal services. A minimum deposit will be payable equal to twice the largest consumption used during the previous six months or the amount determined by Council from time to time, whichever is the largest. The council may adjust deposits according to consumption.

(b) The Council may require a consumer to whom services are provided and who was not previously required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period.

(c) The Council may from time to time review the sum of money deposited by a consumer in terms of this section and, in accordance with such review require that an additional amount be deposited by the consumer.

(d) The Municipality shall give the owner or occupier of premises, where municipal services are rendered reasonable notice of any increase of the deposit.

(e) An aggrieved owner or occupier of property where municipal services are provided may within the prescribed time lodge an objection to any increase of the deposit.

(f) An amount deposited with the Municipality in terms of this Section shall not be regarded as being in payment or part payment of an account due for services rendered except in the case of a final account where the final amount will first be cleared before the remaining portion of the deposit can be paid back.

(g) No interest shall be payable by the Municipality on the amount of a deposit held by it in terms of this Section.

(h) An agreement for the provision of services may contain a condition that a deposit shall be forfeited to the Municipality or its authorised agent if it has not been claimed within twelve months of the termination of the agreement.

(i) The Municipality will not accept a bank guarantee as a deposit.

(j) Only on the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the consumer or transferred to any other outstanding account of the client..

8.2 Residential properties:

(i) The deposit is payable in cash or direct bank deposit for all clients.

(ii) Only the destitute are exempted from paying the deposit.

(iii) Indigent clients: R150.00

(iv) Prepaid meter Domestic: R350.00

(v) Conventional electricity meter: R800.00

(Should the client require to change over from conventional to a pre-paid meter the following will apply:

R350. Dep + R 450 change over = R800

If the client is an old resident only R450.00 for change over will be charged)

(vi) Non-Profit Organisation: R500.00

(vii) Name change are done in Whittlesea, Ezibeleni and Mlungisi, Tsolwana and iNkwanca

(viii) Deceased Owners name change will be done with only a letter of authority / supporting documents from the family members involved and memo from Human

Settlement Directorate. No deposit required if there is already a sufficient deposit hold by the Municipality.

Consumer need to note that only the account holder name will be changed at the municipality and not at the Deeds Office.

(x) Deposit that are paid will only be refunded at the closure of the account after settlement of all levies, service charges, sundry charges, rates & taxes due to the Municipality. All current and previous accounts will be checked for zero balances before any refund will be done

(xi) Cash deposits retained on behalf of customers shall not earn interest.

(xii) Any deposit held by or on behalf of a customer shall, on being claimed, be refunded within 60 days after the termination of the clients agreement after deducting any amount due by the client to the Municipality.

(xiii) Unclaimed deposits will be forfeited, after allocation to any arrears /refund to consumer the final account has been processed.

(xiv) The Municipality may at any time when the deposit is found to be inadequate require a customer to increase the deposit, in which event the customer shall, within 30 days after being so required, deposit with the Municipality such additional sum.

(xv) Deposits of new Business and Industrial clients will be determined based on the type of business being established and will be determined by the Revenue Manager or his/her delegate.

8.3 Customers must pay a deposit.

(i) Residential properties as determined by Council's Tariff Policy annually.

(ii) Non-SA Citizens -

All persons who are not SA Citizens and do not hold fixed property shall be required to pay triple the deposit as determined for residential properties.

(iii) Non-Domestic -

As determined by Council's Tariff Policy annually.

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

The Municipality may apply the deposit towards any, and all arrears arising on a service account and thereafter shall apply.

8.4 Commercial, Business and Industrial

- (i) Minimum deposits of R 2500 – R100 000.00 for businesses may be levied;
 - according to the size and type of the business determined at the discretion of the CFO or Manager Revenue or;
 - highest bill during the previous 12 months for similar businesses.

- (ii) New connections at new extensions of businesses will be as specified in the tariff list for the current year.

- (l) For any changes requested on the connection type the deposit will be adjusted accordingly and in accordance with the current approved tariff list.

9. ACCOUNTS, BILLING AND RESPONSIBILITY FOR PAYMENT

- a) Customers will receive one consolidated bill for all Enoch Mgijima municipal services to a property, which is situated within the boundaries of the municipality.

- b) Accounts are produced in accordance with the meter reading cycles.

- c) An account will be rendered each month in cycles of approximately 30 days.

- d) The consolidated account can include property rates charges

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

- f) Accounts must be paid on the due date as indicated on the account.
 - a. Interest on arrears will accrue after due date if the account remains unpaid as at due date, irrespective of the reason for non-payment.
 - b. Indigents and destitute indigents are exempted from all interest charges
-

c. A levy on late payments as determined by Council's Tariff Policy will be raised if the account remains unpaid as at due date irrespective of the reason for non-payment.

g) Payments for accounts must be received by

a. Close of business on or before the due date at a Municipal pay-point.

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

h) Inter-Governmental Transfers

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

l) Customers who have failed

a. To pay the service charges levied by due date,

b. or to comply with the conditions of supply of services shall receive no further notification of Councils intention to disconnect services as such notification is supplied on the services account the debt collection process will be implemented.

9.1 Payment for Municipal Services provided

(a) A customer shall be responsible for the payment of all municipal services accounts rendered to him/her from the commencement date of the agreement until the account have been paid in full and the municipality shall be entitled to recover all payments due to it from the customer concerned.

(b) Payments will always be appropriated to the oldest account (notwithstanding the kind of service), where after it will be appropriated in order of a priority as determined

by the municipality. Post-dated cheques are not acceptable unless prior arrangements have been made.

(c) If a customer uses a municipal service for a use other than that for which it is rendered by the municipality in terms of an agreement and if he is charged an amount lower than the applicable prescribed charge, the municipality may alter the amount so charged and recover from him/her the difference between the altered charge and the amount initially charged to him/her.

(d) Discontinuation of services and rendering of a final account will always be between two debit raisings. Thus any request for discontinuation of services after the 16th of a month (or if on a weekend or public holiday the first working day thereafter) will only be finalised with the next debit raising of the following month and the basic for that period will be payable.

(e) The basic fee for electricity will only be levied on accounts with active meters. This is to ensure that the basic fee is not duplicated where one consumer vacates a property and a new consumer moves in. For example if a final account is requested during a period as mentioned in (d) above, the meter will stay active until the following debit raising when the account will be finalised and transferred to the new consumer.

(f) "Full and final settlement" of an amount: Where an account is not settled in full, any lesser amount tendered to and accepted by the municipality shall not constitute a full and final settlement of such an account despite the fact that the payment was tendered in full and final settlement unless the Municipal Manager or his nominee or the manager of the municipality's authorized agent expressly accepts such payment in writing as being in full and final settlement of the amount reflected on the relevant account.

(g) Responsibility for payment of amounts due and payable

(i) Notwithstanding any other provision in this policy, an owner of premises shall be liable for the payment of any amount that is due and payable to the municipality by a customer who is a lessee or occupier of such premises to which municipal services have been provided.

(ii) The owner is liable to make sure his/her tenant's accounts are up to date.

(iii) Basic services on vacant properties - the owner should inform the municipality if the premises will be vacant in writing. Such letter should be handed in at Budget and treasury and Community Services to cancel refuse removal for the specific period. It is the liability of the owner to inform the municipal in writing when such services will resume.

(h) Dishonoured payments

(i) If the drawer of the cheque, or the consumer who received value from the depositing of the cheque, is an existing consumer of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the consumer. Such fee shall be deemed to be a tariff charge and shall be recovered from the consumer. Council reserves the right to refuse to accept further cheques from the drawer or beneficiary, to place the matter on the National Adverse Credit Listing and also institute legal action which may include criminal charges against the offender.

(ii) If the drawer of the cheque is not an existing debtor of Council, then a sundry debtor account is opened and the debit and penalty is raised. Once the account is submitted and the debtor fails to honour the cheque and pay the penalty within 14 days of receipt, a final demand is generated and submitted.

(iii) If the drawer of the cheque, or the debtor who received value from the depositing of the cheque is an existing debtor of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. Council reserves the right to refuse to accept further cheques from the drawer or beneficiary and also institute legal action which may include criminal charges against the offender.

(i) The Council may, by resolution, approve incentive schemes to encourage prompt payment of charges for services rendered and to reward customers who pay their accounts regularly and on time.

(j) The aforementioned incentive schemes may include the conclusion of a written agreement with the employer of a customer in terms of which such employer undertakes to deduct outstanding rates and service charges or to settle regular monthly accounts, through deductions from the relevant customer's salary or wages, in exchange for a monetary reward either by way of payment of a commission or the grant of a rebate on the charges owing by the employer concerned to the municipality in respect of services rendered to such employer.

(k) Pay points and payment methods

(i) A customer must pay his account at pay points specified by the municipality or by an approved agent of the municipality.

(ii) The municipality must inform customers of the location of specified pay-points and the identity of approved agents who may receive payments on its behalf in respect of services rendered to customers.

(iii) Subparagraphs (i) and (ii) must not be construed as prohibiting a customer from paying amounts due to the municipality or its authorized agent by means of electronic payment methods provided that the date of receipt of a payment shall be the date such payment appears on or is reflected in the banking account of the municipality.

9.2 Payment of interest

(a) Except where expressly provided to the contrary in this Policy, the Municipality may levy interest on all rates and availability arrears at a rate of prime plus 1%, subject to review as part of the budget review process

(b) Interest on arrear debt shall be calculated for each month for which such payment remains unpaid and part of the month shall be deemed to be a month

(c) The interest that is payable cannot exceed the capital amount that is owed by the consumer at any time

10. METERING OF CONSUMABLE (ELECTRICITY) SERVICES

- 1) The municipality may introduce various metering equipment and customers may be required to convert to a system preferred by the municipality.
- 2) Customers who default (fail to pay by a due date) will be required by the municipality to convert to a prepaid metering system.
- 3) Prepayment metering will be installed for all new domestic if there is a problem. The bills are due and payable on receipt.
- 4) Meters (credit) will generally be read monthly. Should circumstances prevent reading, the municipality is entitled to estimate a reading that is within reason comparable.
- 5) A customer is responsible to allow municipal officials access to their property to execute municipal functions and will accept any cost to ensure access (such as relocating the meter) if satisfactory access is not possible.
- 6) Routine or special maintenance of metering equipment will be communicated to the customer. The meter replacement advice will indicate the removal reading.
- 7) the tariffs to calculate the electricity are determined annually and approved by Council and are contained in the tariff book produced by Council

11. SUNDRY DEBTOR ACCOUNTS

- a) Sundry debtor accounts are raised for miscellaneous charges for services provided by Council or charges that rose against the debtor as a result of an action by a debtor or person which necessitates a charge to be raised by council against the debtor or person in terms of Council policies, bylaws and decisions.
- b) The sundry debtor account is included in the Monthly consolidated account produced by Council.

12. PROPERTY RATES

12.1 Property rates charges are billed annually or monthly as preferred customer

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12.2 Property rates charged annually are billed in July account of each year and due date for the payment of these charges is 30 September of each year

12.3 Property rates and refuse charges charged monthly are billed on monthly accounts and the due date for the payment of charges will be indicated on the accounts

12.4 Tariffs are determined annually and approved by council in the tariffs register produced by Council

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

13. BILLING OF GOVERNMENT FUNDED (RDP) HOUSES

a) The Municipality will only commence to raise charges in respect of rates and services once the property has been officially handed over to the beneficiary (i.e the keys to the house) by Human Settlement and the applicable service agreement must have been entered into.

14. RATES REBATE

a) Council may grant rebates on rates in terms of Council's rates policy.

15. ARRANGEMENTS FOR SETTLEMENT

a) Arrangements are permissible for debtors who experience difficulties in paying their accounts in accordance with council policy.

15.1 Principles for Residential Debtors

- i. Current charges will be paid in full
-

- ii. The debtor may be required to prove the levels of income and must agree to monthly payment towards arrears based on such debtor's ability to pay or based on such debtors liquidity if the Municipality so requires.
- iii. All negotiations with the debtor should strive to result in an arrangement that is in the interests of both parties and is sustainable
- iv. Interest on:
 - a) Arrears in respect of all services may be suspended and
 - b) Rates may be calculated as the provisions of the Tarrifs Policy
- v. Debtors who default on three occasions in respect of arrangements will be denied the privilege of making further arrangements and the full amount becomes payable. Interest will be calculated from the original due date of the debt, taking any payments into consideration.
- vi. All arrangements may be subject to periodic review
- vii. Electricity may be disconnected, and legal action may be taken against debtors referred above and such debtors may be referred to third party debt collectors for recovery

15.2 Arrangements Criteria for Residential Debtors

In case where residential debtors wishes to make arrangements to liquidate their arrears, the following payment criteria, inter alia will apply:

- 1. Current account and
- 2. An agreed payment towards arrears based on principles contained in this policy and minimum payment adjusted by the Municipality from time to time
- 3. Each debtor will be required to pay instalment as determined in (1) above

4. Should the debtor default, payment will be as follows:

(a) The first default: current account and monthly payment, the debtor may make new arrangements

(b) Second Default: current account and double monthly payment as determined in 4(a) above

(c) Final default: current account and full arrears

5. In all cases failure to respond to notices will result in normal credit control procedures and all debt collection processes as provide for in this Policy may be taken

15.3 Principles of Non –Residential (Businesses) Debtors

1) In cases where non-residential debtors wish to make arrangements to liquidate their arrears, the following criteria, inter alia will apply:

2) Debtors may be required to furnish the Municipality with their latest audited annual financial statements and other supporting documentation relevant to their financial position in order to negotiate a settlement arrangement acceptable to the Municipality

3) All negotiations with debtors should strive to result in an agreement that is in the Municipalities best interests and sustainable

4) Interest will be charged on arrears at an interest rate that shall be determined by council from time to time

5) Interest on:

5.1 Arrears in respect of all services may be suspended ad

5.2 Rates may be calculated timeously whilst the debtor adheres to the conditions of the arrangements

6) All arrangements may be subject to periodic review

7) The final decision to make these arrangements will rest with the Chief Financial Officer

15.4 Arrangement Criteria for Non –Residential (Businesses) Debtors

- 1) If the non-residential debtor wishes to make arrangements, interest may be charged or suspended on any outstanding amount and such arrangement will be subject to approval of the official as delegated
- 2) Should the debtor default on any arrangements electricity may be disconnected or terminated and legal action may be taken and such debt may be referred to a third party for recovery. Interest will be calculated from the original due date of debt taking any payments into consideration.

15.5 Special Condition for Regarding Arrangements

- 1) Where any residential or non –residential debtor has entered into an arrangement in respect of arrears on a property, the prescribed certificate as referred to Section 118 of the systems act will not be issued until such time as the full outstanding amount is paid
- 2) The conditions contained in the municipality arrangement document as amended from time to time will be deemed to form part of arrangement criteria in this policy.
- 3) Should the current account be higher than normal due to, but not limited to under estimation and faulty meters, previous accounts will be taken into consideration when determining an amount to pay in order to enter into an arrangement.

4) All debtors entered into an arrangements shall provide their banking details and those who have the facility to sign a debit order with their financial instructions shall do so.

- 5) The Municipal Manager would normally only enter into arrangement with the property owners
- 6) Enter into an agreement with such a tenant or occupier only if they have a written consent from the owner, in terms of this policy to pay off arrears on an account which is a charge against the property.

15.6 Municipal Staff and Councillors Payments

Section 10 of schedule 2 of the Municipal systems at no 32 of 2000 provides the following:

- (i) “ A staff member of a Municipality may not be in arrears to the municipality for rates and service charges for a period longer than three months and a municipality may deduct any outstanding amounts from a staff member”s salary after this period”
- (ii) Arrear debt relating to rates and services charges will be collected from staff and councillors in terms of collection arrangements approved by Municipal Manager from time to time
- (iii) Financial situation of each applicant will be assessed
- (iv) If the staff member or Councillor cannot afford to repay the debt over six months the debt be spread over twelve months or repayment will not be more that 50% of the net salary. In case the size of the debt and net salary will be considered
- (v) Municipal staff and Councillors are not entitled to benefit from the Indigent support subsidy and write off policy whilst employed and if it discovered that a staff member or a councillor has benefitted from indigent support and write off policy after the date of their employment with the Municipality this will result in disciplinary action being taken against the relevant staff member or Councillor

(vi) No owner or tenant of a property may benefit from the indigent subsidy or write off policy whilst a staff member or Councillor is residing in the same property.

16. PAYMENT OF RATES BY INSTALMENTS

- (i) May pay the property rates:
- (ii) Annually in advance or
- (iii) By application in writing on the prescribed form, to pay in equal monthly instalments over a period of 12 months.
- (iv) A service charge will be levied for customers who elect for monthly instalments (or discount for annual payments) to cover the administrative costs associated with this activity as laid out in the tariff policy.
- (v) Interest shall accrue on all rates accounts if they are not paid by the due date as indicated on the account (except as specifically exempted by council policy).
- (vi) Regular monthly instalment payments must be maintained. Failure to maintain monthly instalment payment for three (3) consecutive months shall result in the cancellation of the facility and all future instalments become payable.

17. GOVERNMENT DEPARTMENTS.

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

18. RENTAL OF FACILITIES

General Principles

1) Interest may be charged on all overdue accounts at an interest rate that shall be determined by council from time to time

- 2) Interest charges on arrears will be frozen subject to the rescheduled debt arrangements being honoured
- 3) A debt rescheduling arrangement requires the payment of the current monthly charges plus a mutually agreed amount towards the arrears each month
- 4) If a debt arrangement is not honoured, the debt collection process or legal action will resume from where it was suspended and not restart at the beginning of the debt management process
- 5) The municipality will be reasonably sent the notification of defaulting debtors following the issuing of the letter of demand and when judgement is granted against occupant
- 6) Home visits may be undertaken by officials or representatives on behalf of the Municipality following the issuing of the letter of demand to the debtor. Where the tenant and spouse are not home at the time of the visit ,a letter for the tenant to call debt collection division of the municipality will be left at the dwelling (After one recorded unsuccessful attempt by the Municipal officials or representatives ,house visits will be deemed to have been completed). The visiting official or representatives will make every effort to encourage the defaulting debtor to pay their current account and enter into an arrangement for arrears.
- 7) The Municipal Manager may recover from the debtor the following costs in instances where such costs are incurred by or on behalf of the Municipality:
 - i. Cost and administration fees where payments, made to the Municipality by negotiable instruments are dishonoured by the banks when presented for payment
 - ii. Legal and administrative costs, including attorney and client costs and tracing fees incurred in the recovery of debts
 - iii. Any collection commission

8) The following minimum payment equal to monthly rental charge will be added to legal costs are required from the debtor prior stopping the legal processs

i. Following the service of summons1 x total monthly

- ii. Where judgement has been granted.....2 x total monthly
 - iii. On day of eviction.....3 x total monthly
- 9) The Municipality may use discretion where tenant is found to be indigent
- 10) If the debtor defaults on arrangement which was made on the day of eviction or re-issued warrant of eviction will be obtained and the subsequent eviction process can be stopped if 12 x total monthly rental charge plus legal costs are paid.
- 11) Should the debtor default on this second arrangement, no further arrangements will be entered into and the eviction will be enforced unless the debtor pays amount owing in full.
- 12) There will no restatement after eviction

19. COLLECTION PROCESS RENTAL OF FACILITIES

- I. Rental payable in advance by due date
- II. If payment is not received, a first contact letter /sms/ email requesting payment and offering the debtor an opportunity to make arrangements within 30 days from the date of the communication mentioned above
- III. If the debtor fails to respond to this letter of demand within 30 days, the debtor may within the next 30 days receive a house visit
- IV. Failure to respond after house visit, will result in legal proceedings
- V. The legal collection process will start with a letter demanding payment within a stipulated period

VI. If the debtor fails to respond within the allowed time summons will be issued

VII. No response to the summons will result in default judgement and ultimate

sanction of eviction

19.1 Communication

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

20. PAYMENT FACILITIES AND METHODS

- (i) Municipal payment and enquiry facilities will be maintained subject to acceptable levels of activity when compared to the operational costs. The Municipal Manager or his designate has the discretion to open and close offices as required.
- (ii) The customer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the customer. In addition the customer must take into account the transfer time of the particular agent.
- (iii) A range of payment methods is available and may be extended as required subject to financial implications. The Municipality shall actively monitor the effectiveness of pay facilities, methods and convenience for customers.
- (iv) The Chief Financial Officer shall allocate payments according to pre-determined priorities.
- (v) The customer is not allowed to selectively nominate any monies paid for specific services. The allocation of payments are automatically done according to priorities as determined by the CFO in line with Councils direction.
- (vi) No allegation for the non-receipt of an account will be exempted from the responsibility to pay on or before the due date.

(vii) Officials and Councillors service accounts are to be deducted on a monthly basis from their salary remuneration.

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

21. ENQUIRIES AND APPEALS

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

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

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

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

(v) The testing of electricity meter may be done on request of the customer upon payment of the prescribed fee, which will be published in Council's annual tariff schedule.

(vi) The fee will be refundable to the customer on the following conditions:

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

(viii) If the outcome of any test shows that a measuring device is within a prescribed range of accuracy, the customer will be liable for the costs of such test and any other amounts outstanding and the paid fee will be forfeited by the customer.

Outside a prescribed range of accuracy, the Council will be liable for the costs of such test and the customer must be informed of the amount of any credit to which he, or it is entitled.

22. APPEALS AGAINST FINDINGS

a) A consumer may, in writing, appeal against a finding of the Municipality. (b) An appeal shall be in writing and shall clearly state that it is an appeal, set out the reasons for the appeal and be lodged with the Municipal Manager within 21 days from the date the consumer was advised of the findings of the dispute investigation.) An appeal must be decided by the Council of the Municipality at its first ordinary meeting held after the appeal was lodged.

(d) The decision of the Council shall be final and the consumer must pay any amounts due and payable in terms of such decision within 14 days from the date of the letter of him/her being advised of the Council's decision.

(e) The Council may, in its sole discretion, condone the late lodging of an appeal or other procedural irregularity.

(f) If the consumer is not satisfied with the outcome of the appeal, he may, under protest, pay the amount in dispute and redress his action in a court of law.

23. DEBT COLLECTION

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

(ii) The following mechanisms are to be used to collect:

- (iii) Disconnection / restriction of Prepaid metered services for all overdue rates and service accounts.
- (iv) Disconnected customers will be reconnected within a minimum of 24 hours after receiving an appropriate payment towards the municipal service account. The following will be payments desired for these below respective categories in order to be reconnected.
- (v) Businesses – 65%
- (vi) Households with income from R5000 and above – 30%
- (vii) Households with income from R4999 and below – 15%
- (viii) Registered approved indigents – 10%
- (ix) Households without income must be registered on the indigent register to be exempted.

- (x) Barring from buying prepayment services by debtors who are in arrears with all overdue rates and service accounts.

- (xi) Allocating a portion of any payment for prepayment services to arrear debt.

- (xii) Insisting that a prepayment meter be installed.

- (xiii) Withholding of rates clearance certificates under certain conditions. (Refer to section 118 of the Systems Act of 2000.)

- (xiv) Legal process, including proceeding(s/arrangements) in terms of section 57 of the Magistrates court act, an emoluments attachment order on the debtors salary, summons, the attachment and sale of moveable or immovable property, section 65 proceedings.

- (xv) Withholding payments of grants-in-aid.

- (xvi) Any other method authorised by Council.

24. BLOCK FROM THE PURCHASE OF ELECTRICITY:

- (i) Council will block a customer from the purchase of electricity on the prepayment electricity system if the account rendered by council is not paid by the due date as indicated on the account

- (ii) The blocking from the purchase of electricity will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the debt collection and not just for the electricity portion of the account

- (iii) The blocked from purchase of electricity for the non-payment of an account will be during the 30-day period following due date

- (iv) Non indigent or ordinary customers with arrears and having been blocked will be required to pay the above stipulated amount in respect of his /her category due to Council.

If the consumer is behind in his/her municipal account, on purchase of the electricity automatically 40% of the said amount will be directed to electricity token and remaining 60% will be allocated to the outstanding debt.

25. SECTION 118 OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT NO 32 OF 2000

- (i) Council will issue a certificate required for the transfer of immovable property in terms of section 118 of the above mentioned act which is lodged with Council in the prescribed manner, only when all amounts that became due in connection with the property for Municipal service fees, surcharges on fees, property rates and other services, levies and duties during the two years preceding the date of application for the certificate have been fully paid. The Municipality will not accept letters of undertaking and will only release the clearance once the charges contemplated

above have been fully paid, whether in cash or irrecoverable bank guaranteed cheque or an Attorneys Trust account Cheque.

(ii) Debt older than two years on property irrespective of whether the owner of the property had accumulated the debt will also have to be paid before the transfer of the property by the owner.

(iii) If the owner refuses to pay the debt which is older than two years, then council will apply to a competent court for an order in the following manner:

(a) In the case where there is already a judgement for the payment of the amount ,an order that the judgement debt be paid out of the proceeds of the sale before the mortgage debt is settled

(b) In the case where there is no judgement debt for an order staying transfer of the property pending finalization of a civil action to be instituted against the person who is in law liable for the payment of outstanding debt

(c) The above action must be taken before the property is transferred as the statutory lien created by section 118 (3) of the act only endures until property has been transferred and in terms of section 118(5) of the act can the new owner of the property not being held liable for the debt that became due before a transfer of a residential property took place.

26. WITHHOLDING APPROVAL OF BUILDING PLANS

a) Institutions or individual persons, who apply to Council for the approval of a building plan and who are in arrears with their services account, will have approval of the building plan withheld by council until the arrear debt with council is settled. Any write offs previously allowed will be reversed when an application for approval of plans is considered.

27. OTHER DEBT COLLECTION METHODS

a) The debt collection methods mentioned in the above are not exhaustive list of methods that can be applied to collect debt and any other methods that can be initiated will be implemented with the consent of council to collect debt.

28. DEBT COLLECTION COSTS

a) Any costs which include collection costs, charges, disbursement and legal fees to any of the debt collection methods applied to collect the debt, will be debited to the account of the defaulting debtor. The reconnection fee charged is due and payable irrespective of whether the supply was disconnected or not.

29. EMPLOYER DEDUCTIONS

The Council may, enter into a written agreement with any employer within the Council's area of jurisdiction to deduct outstanding rates and service charges or to settle regular monthly accounts through deductions from salaries or wages of its employees.

30. RATES

(a) Rates (and other annual levies)

(i) Where rates, and availability fees (on vacant erven) are paid on a monthly basis or annually, such payment must be made before the due date for payment. Failing this, interest at the standard rate of prime will be levied on the outstanding amount.

(ii) If an account is not paid by the due date as displayed on the account, a notice shall be issued showing the total amount owed to Council.

(iii) If an account is not settled or there is no response from the consumer to make acceptable arrangements to repay the debt, summons shall be issued and the legal process followed.

(iv) At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in-execution is avoided or taken only as a last resort. The Council, however, has total commitment to a sale-in-execution should the consumer fail to make use of the alternatives provided for by the Council from time to time.

(v) All rate payers will be placed on the monthly rates payment arrangement but on request can be changed to an annual rates payment.

(b) Monthly Rates

(i) Interest will be charged on all overdue accounts at an interest rate of Prime. +1%

(ii) The monthly amount payable for current annual rates will be calculated to allow the total balance of such amount to be paid in equal instalments by the end of that financial year.

(c) Rates Clearance Certificate:

No rates clearance certificate will be issued by the Municipality contrary to the provisions of Section 118 of the Local Government: Municipal Systems Act, 2000. The Municipality may only issue a rates clearance certificate, valid for 120 days, after the relevant fee for the certificate was deposited in the Municipality's primary account. Debt older than two years that remain unpaid shall remain as a charge against the property and the new owner shall become liable thereof. On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges in connection with a property are paid by withholding a rates clearance certificate.

Any write off previously effected will be reversed when applying for rates clearance

31. METER READINGS

a) Meters will be read on a monthly basis, or as determined as the most efficient timetable by the Chief Financial Officer. Deviation lists are to be verified every month to ensure the correctness of the billing process. Deviations of more than 25% of the

norm reported on electricity consumption are to be investigated by an inspector before billing is rendered on the account

32. THEFT AND FRAUD

32.1 The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities. Fines to be charged will be as per the yearly tariff schedule.

32.2 The Council may approve specific penalties for cases of vandalism and theft.

1st offence: for the disconnection at the pole and removal of the meter as well an estimate of lost revenue.

2nd offence: for the double tamper for the disconnection at the pole and removal of the meter and entire service as well as an estimate of lost revenue.

3rd offence: for the disconnection at the pole and removal of the meter as well as an estimate of the lost revenue and full outstanding debt should be paid.

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

33. IRRECOVERABLE DEBT

Criteria for irrecoverable debt

(i) Debt will only be considered as irrecoverable if it complies with the following criteria:

(ii) (a) all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or

(iii) any amount as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or

- (iv) The cost to recover the debt does not warrant further action; or

- (v) The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or

- (i) There is a danger of a contribution; or

- (ii) No dividend will accrue to creditors; or

- (vi) A deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or

- (i) Where the estate has not been reported to the Master and there are no assets of value to attach; or

- (vii) It has been proven that the debt has prescribed; or

- (viii) The debtor is untraceable or cannot be identified so as to proceed with further action; or

- (i) The debtor has emigrated leaving no assets of value to cost effectively recover Councils claim; or

- (ix) It is not possible to prove the debt outstanding; or

- (i) A court has ruled that the claim is not recoverable; or

- (x) The outstanding amount is due to an irreconcilable administrative error by the Municipality; or

- (xi) Arrears owed by previous Administrations, amongst themselves, that now form part of the Enoch Mgijima Local Municipality; or

- (xii) Expenditure incurred, in respect of internal accounts raised in the name of the Enoch Mgijima Local Municipality, in any previous financial year; or

(xiii) conversion of old dormant account balances of debtors, inherited from the previous municipalities which now form part of the Enoch Mgijima Local Municipality, and where reasonable steps have been taken to recover these debts; or

- (xiv) All debtors who are registered as indigent as more fully set out in item 10 will have their arrears written off; or
- (xv) If an offer of full and final settlement is confirmed in writing by the Accounting Officer in terms of section 14 (2) of the Enoch Mgijima Local Municipality: Credit Control and Debt Collection policy; or
- (xvi) All arrears may be written off to bad debts where Council-
- (i) Expropriates any property; or
 - (ii) Purchases any property in terms of item 10 (1) (f); or
- (xvii) all arrears may be written off to bad debts where a property has been forfeited to the State in terms of the Prevention of Organised Crime Act 121 of 1998; or
- (i) Where the occupiers have been evicted from Council, Provincial or State properties due to criminal activities; or
- (xviii) Through supporting the municipality"s housing related debt management
- (xix) processes and in instances where a housing debtor has applied for and been granted a housing indigent grant in terms of the Housing Indigent Policy, all debt related to that property for that debtor (excluding capital debt of home ownership units), up to the date of granting of indigent status will be written back. Such write back will occur only once for any debtor, thereby allowing for a once off rehabilitation, where after the debtor will immediately be subject to the housing debt management policy should the account again fall into arrears; or
- (xx) where an item 7 dispute or a section 62 appeal determines what needs to be written off; or
- (xxi) where the Director: Housing advises the Director: Revenue that a housing debtor has been granted a housing indigent grant such debtors rates, services and sundry debt related to that property for that debtor shall be written off once; or

(xxii) where registered non-profit organisations or public benefit organisations would, except for there being arrears on their Municipal accounts, qualify to receive a 100% rates rebate, in terms of the Rates Policy, will, with effect from the date of

qualification, have all their arrears written off, thus ensuring that they meet all the criteria to receive the rates rebate and;

(i) this assistance will only be granted once to an organization subject to the condition that an electricity prepayment meter management device must be installed, where applicable;

(ii) should any tampering with or bypassing of electricity meters be discovered, any arrears written-off, in terms of this sub-item, will become payable with immediate effect and any other action as per any legislation or policy that applies to such tampering and/or bypassing will be instituted;

(ii) should the Accounting Officer become aware that the focus of the organization has changed, or its financial position has improved or its registration as a non-profit organisation or public benefit organisation has lapsed or terminated within three years after the arrears were written-off, such arrears will become payable with immediate effect.

34. TAMPERING

(a) Section 97(1) (h) of the Act stipulates that a municipality's Credit Control and Debt Collection Policy must provide for matters relating to unauthorised consumption of services, theft and damages.

(b) The objective of this Policy is to provide in this policy an extension of Credit Control and Debt Collection Policy for the matters referred to in that section.

34.1 Implementing Authority

The Accounting Officer must implement and enforce this policy and any by-laws enacted to give effect to this policy.

34.2 Unauthorized use of property of the Council

- (a) No one may tamper with any municipal equipment or property.
- (b) An authorized officer must inspect the equipment and property of the municipality when he or she suspects tampering.
- (c) That any illegal connections were attached to such equipment or property, or
- (d) That any unauthorized consumption or use of services is taking place, or
- (e) Any theft of such equipment or property, or
- (e) Any damage to such equipment or property.

34.3 Municipality's right of access to premises

In terms of section 101 of the Act the occupier of premises in a municipality must give an authorized officer access at all reasonable hours to the premises in order to read, inspect, repair; any meter or service connection for reticulation, or to stop or restrict the provision of any service.

34.4 Power to restrict or terminate supply of services

- (a) Where the municipality has suffered any loss or damage as a result of any act contemplated in paragraph 35.2 a penalty equal to the amount of damages or loss may be imposed on the occupier of the premises concerned.

(b) The occupier must be notified of the amount of damage or loss by means of a notice which is hand delivered, or sent per mail, to the latest recorded address of the occupier, and such notice must also stipulate the date on or before which such amount must be paid to the municipality.

(c) The Council may in addition to the steps contemplated in this policy limit or discontinue the supply of electricity in terms of the prescribed disconnection procedures or discontinue any other service to any premises.

(d) The Council may hand deliver or send per mail to the latest recorded address of the consumer a discontinuation notice informing such consumer –

(i) That the provision of the service will be, or has been discontinued on the date stated on the discontinuation notice, and

(ii) Of the steps which can be taken to have the service reconnected.

(e) The council shall reconnect or restore full levels of supply of any of the restricted or discontinued municipal services only after the full amount of the penalty, including the costs of such disconnection and reconnection, if any, have been paid in full, or any other relevant condition or conditions of the Council's credit control policy as it may deem fit have been complied with.

34.4 Illegal reconnections and/or tampering

The Accounting Officer shall, as soon as it comes to the notice of the Accounting Officer that any terminated or restricted service has been irregularly reconnected or reinstated, institute one, some or all of the following enforcement actions

35. APPLICATION OF THE POLICY

- a) The Council reserves the right to differentiate between different categories of customers, debtors, services or service standards when applying the Policy. The

Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

36. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

37. POLICY REVIEW

- a) The municipal council must annually review, and if necessary, amend its policy. Any amendments to the Credit Control and Debt Management policy must accompany the municipality's annual 5 budget when it is tabled in the council in terms of section 16 (2) of the Municipal Finance Management Act.

38. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Resolution No:

Approval Date:

-

ENOCH MGIJIMA LOCAL MUNICIPALITY



ENOCH MGIJIMA
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REVIEWED ASSET MANAGEMENT POLICY

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DEFINITIONS

Asset Categories: Means asset categories defined by GRAP 17.

Infrastructure assets: Are defined as any asset that is part of a network of similar assets. It is specialised in nature and does not have an alternative use. It is immovable and may be subject to constraints on disposal.

Heritage assets: Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Community assets: Are defined as any asset that contributes to the community's wellbeing, eg. parks, libraries and fire stations

Investment assets: Are defined as properties (land or buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years

Intangible assets: Are defined as identifiable non-monetary assets without physical substance

Other assets: Are defined as assets utilised in normal operation, eg. plant and equipment, motor vehicles and furniture and fittings

Capitalisation: Is the recognition of expenditure as an Asset or Inventory item in the Asset Register

Carrying amount: Is the amount at which an asset is included in the Statement of Financial Position after deducting any accumulated depreciation thereon

CFO: Chief Financial Officer

Cost Is the amount of cash or cash equivalent paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction plus costs incidental to the acquisition or acquirement. Also known as historical cost/value

Cost of acquisition: Are all the costs incurred in bringing an item of plant, property or equipment to the required condition and location for its intended use

Deemed cost: is a surrogate value for the cost or fair value of an asset at its initial acquisition, and is determined by reference to the fair value of the asset at the date of adopting the Standards of GRAP measurement date).

Deferred maintenance : Is the extent of preventative maintenance that has not been performed

Depreciation: Is the systematic allocation of the depreciable amount of an asset over its useful life

Depreciable amount: Is the cost of an asset, or the other amount of an asset, or other amount substituted for cost in the financial statements, less its residual value

Fair value: Is the amount for which an asset could be exchanged between knowledgeable willing parties in an 'arms length' transaction

Fixed asset register: Is the controlled register recording the financial and other key details for municipal assets recognized in accordance with this policy

Finance Lease: A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease

GRAP: Generally Recognised Accounting Practice

IAS International Accounting Standards

Impairment: is a a loss in the future economic benefit or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation

PPE - Property, plant and equipment Are tangible assets that (a) Are held by a municipality for use in the production of goods and services, for rental to others, for administrative purposes; and

(b) are expected to be used more than one reporting period

Recognition : the cost of an item of PPE shall be recognized as an asset only if:

(a) It is probable that future economic benefits or service potential associated with the item will flow to the entity; and The cost or fair value of the item can be measured reliably

Recoverable amount: Is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal

Replacement value: Is the amount which is needed in current terms to replace an asset

Residual value Is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal

Stewardship: Is the act of taking care of and managing property, plant or equipment on behalf of others

Useful life a) The estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, or
b) The estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality

LEGISLATIVE FRAMEWORK

The statutory framework for this policy is:

- a) The Constitution of the Republic of South Africa, 1996
- b) Municipal Systems Act, 2000
- c) Municipal Finance Management Act, 2003.
- d) The Constitution's prime mandate for Local Government is that services are provided in a sustainable manner. (Section 152)
- e) The MSA in sections 4(2)(d) states that a municipality has the duty to -
- f) strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner

Local Government Capital Asset Management Guideline (LGCAMG). Some of the following directives applicable to this policy are as follows:

- a) GRAP 11 on Construction Contracts.
- b) GRAP 12 on Inventories
- c) GRAP 13 on Leases
- d) GRAP 16 on Investment Properties
- e) GRAP 17 on Property, Plant & Equipment (PPE)
- f) GRAP 21 on Impairment of Non-cash-generating Assets
- g) GRAP 26 on Impairment of cash-generating Assets
- h) GRAP 27 on Agriculture
- i) GRAP 31 Intangible assets
- j) GRAP 103 Heritage assets

1. PREAMBLE

B Asset Management Policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting. The purpose of the Asset Management Policy is to ensure that assets owned by Enoch Mgijima Municipality are managed, controlled, safeguarded and used in an efficient and effective manner. Asset Management Policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting. This policy is necessary to facilitate the effective management, control and maintenance of the assets of the Municipality. The objectives of the Asset Management Policy are to ensure that the assets of the Municipality are properly managed and accounted for.

2. PURPOSE

The purpose of the Asset Management Policy is to ensure that assets owned by Enoch Mgijima Municipality are managed, controlled, safeguarded and used in an efficient and effective manner.

3. SCOPE OF APPLICABILITY

This policy applies to all employees of the Enoch Mgijima Municipality and any person employed by the municipality in a temporary or contractual capacity.

4. POLICY OBJECTIVES

The objective of this policy is to:

- a) To ensure the effective and efficient control, utilization, safeguarding and management of the Enoch Mgijima property, plant and equipment are achieved.
- b) To ensure that the Functional Heads are aware of their roles and responsibilities regarding property, plant and equipment.
- c) To set out the standards of physical asset management, recording and internal controls to ensure property, plant and equipment are safeguarded against loss and/or inappropriate utilisation.
- d) To specify the processes required for acquisition, transfer and disposal of assets.

5. Asset Management Strategy

The goal of asset management is to achieve the required level of service in the most cost effective manner, which is achieved through management of the asset's life cycle.

To be effective, asset management in municipalities should include the following:

- a) Service level needs, identified in the IDP process, drive asset management practices and decision-making;
- b) Asset management plans that are an integral part of the municipal planning process;
- c) Asset acquisition decisions that are based upon the evaluation of alternatives, including demand management and non-asset solutions;
- d) Asset acquisition proposals that include a full business case, including costs, benefits and risks across each phase of an asset's life cycle;
- e) Defined responsibility and accountability for performance, safe custody and use.
- f) Disposal decisions based upon an analysis of disposal options, designed to achieve the best possible return for the municipality and made in accordance with the provisions of the MFMA;
- g) Sound risk-based internal controls supporting all asset management practices.

5.1. Key Strategy Principles

Effective asset management will:

- a) Maximise the service potential of existing assets by ensuring that they are appropriately used; maintained, safeguarded and that risks are mitigated;
- b) Optimise the life cycle costs of owning and using these assets by seeking cost-effective options throughout an asset's life cycle;
- c) Reduce the demand for new assets through optimal use of existing assets and management of demand through the use of non-asset service delivery options; and
- d) Establish clear lines of accountability and responsibility for performance.

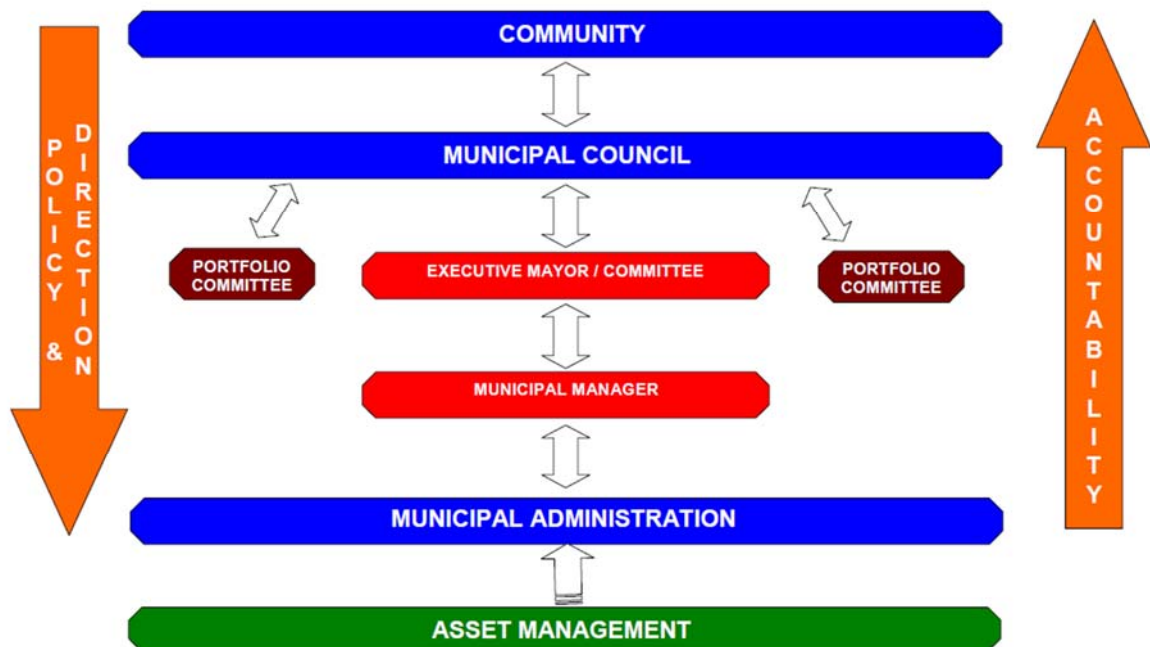
Enoch Mgijima is working towards adopting a fully integrated approach to asset management:

- a) Taking the municipal strategy, converting that into an asset management strategy and producing plans based upon an analysis of service delivery options;
- b) Formulating an asset management strategy consisting of detailed plans for acquisitions and replacements, operation and maintenance as well as disposals in terms of the municipality's policies;
- c) Informing the IDP (and revised IDP) and then the annual budget, using the detailed plans;

- d) Funding each approved asset management plan appropriately through the budget;
- e) including in the Service Delivery and Budget Implementation Plan (SDBIP) the measurable objectives and targets of each asset management plan;
- f) Reporting on the performance of assets as measured in terms of service delivery based upon an approved SDBIP, budget and IDP.

6. Roles & Responsibilities

Enoch Mgijima has a clear and up-to-date system of delegations and accountability within the administration, and between the administration and municipal council. The council is ultimately accountable to the wider community. The municipality has clear monitoring and reporting lines between asset managers, senior managers, municipal manager, executive mayor and municipal council.



6.1. The Council must:

- a) Approve the temporary and/or permanent transfer of all moveable assets exceeding approved limits, as stipulated in the “Powers of Delegation” of the municipality and
- b) Approve the writing-off, disposal of obsolete or redundant assets.

6.2. Role of the Municipal Manager (MM)

- a) The Municipal Manager shall ensure that the Municipality maintains an asset identification system, which shall be operated in conjunction with its computerized assets register.
- b) The identification system shall be determined by the Municipal Manager, acting in consultation with the CFO and other Heads of Departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor General as indicated in the Enoch Mgijima Municipality’s audit report(s), and shall be decided upon within the context of the Enoch Mgijima Municipality’s budgetary and human resources.
- c) Every Functional Head shall ensure that the asset identification system approved for the Enoch Mgijima is meticulously applied in respect of all assets controlled or used by the Department in question.

As the accounting officer of the Municipality (section 63 of the MFMA), the Municipal Manager shall be the principal custodian of all the Municipality’s assets, and shall be responsible for ensuring that the asset management policy is meticulously applied and adhered to.

The Municipal Manager must ensure that:

- a) the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- b) the municipality’s assets are valued in accordance with standards of generally recognised accounting practice;
- c) the municipality has and maintains a system of internal control of assets, including an asset register; and
- d) Senior managers and their teams comply with this policy and that this asset management policy is reviewed annually. The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- e) The municipality’s assets are valued in accordance with standards of generally recognized accounting practice;
- f) The municipality has and maintains a system of internal control of assets, including an asset register; and

g) The senior managers and their teams comply with this policy.

In consultation with the asset managers, he approves the temporary or permanent transfer of a movable asset between departments as determined in the “Delegation of Authority to officials of the Enoch Mgijima Municipality”.

6.3. Role of the Chief Financial Officer (CFO)

The CFO is responsible to the municipal manager for ensuring that the financial investment in the municipality’s assets is safeguarded and maintained.

The CFO must ensure that:

- a) Appropriate systems of financial management and internal control are established and carried out diligently;
- b) The financial and other resources of the Municipality are utilized effectively, efficiently, economically and transparently;
- c) Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- d) The systems, processes and registers required to substantiate the financial values of the municipalities’ assets are maintained to standards sufficient to satisfy the requirements of the Treasury and the Auditor General;
- e) 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;
- f) The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- g) 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;
- h) The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring that these activities are performed.

6.4. Asset Management Section (AMS)

This section consists of officials that operate at corporate level and some deployed within the finance and asset management section. The officials in this section are not accountable for physical assets dedicated to the Functional Head’s or Asset Users.

Some critical duties of AMS include the following tasks:

- a) Maintain the asset register by recording all asset acquisitions purchased by ENOCH MGIJIMA MUNICIPALITY.
- b) Maintain asset the audit evidence for items recorded on the asset register.
- c) Perform asset verification, annually for movable assets and over three years for immovable assets.
- d) Conduct, manage and facilitate an asset disposal process annually.
- e) Facilitate and manage the transfer of ENOCH MGIJIMA MUNICIPALITY's assets; internally between the various units (sections) and end-users, as well as between external government bodies
- f) Facilitate and manage auctioning of ENOCH MGIJIMA MUNICIPALITY's assets, and/or asset donations etc.
- g) Capture and maintain accurate records and asset information on ENOCH MGIJIMA MUNICIPALITY's financial management system.
- h) Maintain and adhere to the internal controls enforced by the CFO and senior management
- i) Maintain and adhere to the statutes stipulated by National Treasury in terms of best practise asset management accounting

6.5. Heads of Departments (Functional Heads)

Functional Heads must ensure that:

- a) The appropriate internal controls (including asset internal control processes) are established and carried out for assets in their area of responsibility.
- b) The municipal assets assigned to them are utilized effectively, efficiently, economically and transparently.
- c) Any unauthorized, irregular, fruitless or wasteful utilization, and losses resulting from criminal or negligent conduct, is prevented.
- d) The management controls that they implement and enforce can provide an accurate, reliable and up-to date account of assets under their control.
- e) They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally in order achieve the Municipality's strategic objectives.
- f) They nominate officials to support the Asset Management Unit to perform physical verification, stocktaking of assets.

The Functional Head may nominate officials who shall safeguard the assets on their behalf, but they shall remain accountable for ensuring that these activities are performed.

Every Functional Head is, in terms of the employment contract, directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.

In exercising this responsibility, every Functional Head shall adhere to all written directives issued by the Municipal Manager to the Department in question, or generally to all

Departments, regard the control of or safekeeping of the ENOCH MGIJIMA MUNICIPALITY's assets.

Every Functional Head shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the Department in question is promptly reported in writing to the CFO, to the internal auditor and in cases of suspected theft or malicious damage, also to the South African Police Service.

6.6. Asset Control Committee (ACC)

- a) Finance Committee will serve as Asset Control Committee (ACC) which will be responsible only in an advisory capacity to assist the Asset Management Section with the formulation of policy, procedures and updating of the Asset Management Policy and Procedures Manual.
- b) The committee meets quarterly, and as and when necessary.
- c) Functional Heads must forward details of asset/s loss/es or damage/s to the Asset Control Committees for further investigation.

6.7. Asset Users

Listed below are the responsibilities of all ENOCH MGIJIMA MUNICIPALITY's officials utilising or entrusted with assets:

- a) Each user is responsible for the assets under their control, allocated to/used by them in the performance of their duties.
- b) Each user must sign an asset inventory list (movable assets list) containing the barcoded assets allocated to them. These lists must be visibly displayed for audit purposes, preferable at the back of the doors. The Asset Management Unit must keep copies of the movable assets lists.
- c) Asset users are prohibited to move/transfer assets from the location recorded in the asset register without proper authorisation from the Asset Management Unit.
- d) Each user must take all reasonable precautions to protect their assets against losses and/or damage.
- e) Each user must maintain or take steps to maintain their assets for their useful life. Users must check and verify their physical assets against their assets lists regularly and ensure that changes in physical assets in their possession are updated in their assets lists.

- f) Any damage to the asset items must be immediately reported to superiors as well as to Asset Management Unit who will advise on the appropriate steps to be taken in relevant incidents.
- g) The assets users must avail assets under their control at any time, at the request of the ENOCH MGIJIMA MUNICIPALITY or the Asset Management Section or External Audit or Internal Audit Section for verification purposes.
- h) In the event of such assets being missing stolen or lost, the responsible user shall accordingly report the incident to the SAPS. The reported case information will be the source document used to report missing/stolen/lost assets to their superiors, as well as to their responsible Asset Controllers who will take further appropriate action in the relevant incidents.
- i) Should it be found that users were not properly utilizing/maintaining/securing assets under their control/stewardship leading to asset/s damages/losses such users' Functional Head must recover the replacement costs of such assets from relevant users.
- j) On resignation, the user must complete the Exit Clearance form have it signed by all the parties concerned (Functional Head, Asset Management Unit etc.), to ensure that all assets have been handed back to ENOCH MGIJIMA MUNICIPALITY, in working condition.
- k) The purpose of this section is to prescribe the responsibilities of the various functionaries within ENOCH MGIJIMA MUNICIPALITY,

6.8 ASSET MANAGERS / DIRECTORS

- a) The manager referred to in Section 56 of the municipal systems act being someone reporting directly to the Municipal Manager and has the functional accountabilities for the physical management of a particular set of assets in order to achieve the municipalities strategic objectives relevant to their directorate.
- b) Directors shall be directly responsible for the physical safeguarding of any fixed asset controlled or used by the directorate in question. In exercising this responsibility,

directors shall adhere to the stipulations of this policy as well as any other written directives issued by the municipal manager to the directorate in question, or generally to all directorates, in regard to the control of or safeguarding of the municipality's fixed assets.

Asset managers should:

- i. ensure that employees in their departments adhere to the approved Asset Management Policy;
- ii. ensure that all assets are procured in terms of the SCM Policy;
- iii. ensure that council are properly informed about any contributed(donated) assets and that approval from council is obtained timeously
- iv. ensure that the contributed asset is recorded on the NARC form and communicated with the Asset Management Department.
- v. ensure that employees with delegated authority have been nominated to implement and maintain physical control over assets in their departments. Although authority has been delegated, responsibility remains with the respective Directors of the departments and overall accountability with the Executive Directors of relevant directorates;
- vi. ensure that the termination of service asset verification form for staff, is duly completed and submitted to the Human Resource Management Directorate;
- vii. ensure that assets are properly maintained in accordance with their respective asset maintenance policy;
- viii. ensure that, where applicable, all their movable assets as reflected on the Fixed Asset Register are barcoded to exercise control;
- ix. ensure that the Asset Control Department is notified via the AT form within 10 working days of any changes in the status of assets under the department's control;
- x. ensure that transfers between departments within directorates are administered internally;
- xi. ensure that a complete asset verification of all inventory and asset items is performed annually;
- xii. ensure that all obsolete, damaged and unused assets, supported by relevant asset and condemnation forms, are handed in at the Asset Management Department without delay;
- xiii. be responsible for maintaining and managing their own DIR;

xiv. ensure that all assets are safeguarded against loss/theft and that they are adequately insured; and

xv. ensure that location changes are made timeously and location/room information are updated and reported on the relevant form to the Asset Control Department regularly.

6.9 Asset Champions

Asset Champions are senior officials appointed by the Asset Manager in the different Departments or Sections within the Asset Management Directorate.

The Asset Champion must:

- i. Assist the Asset Manager in performing his/her functions and duties.
- ii. Ensure that all new assets (purchased or donated) are recorded on the NARC form.
- iii. Ensure that the NARC forms are completed in full and send with copies of the relevant documentation to the asset control department within 7 working days after receipt of the assets.
- iv. Ensures that all their movable assets, where applicable, are barcoded.
- v. Ensure that asset listings are verified and kept up to date in collaboration with the Finance Department.
- vi. Assist the Finance Department with the annual verification of movable assets by making sure that the assets, as per asset listing, are at the correct locations, that these locations are accessible when the verification of assets takes place and provides a full report on any missing assets to the Asset Manager.
- vii. Notify the Finance Department when he/she identifies obsolete and redundant assets so that these assets can be moved to the Write-off Store.
- viii. Report all changes affecting asset listing sheets to the Director: Finance and the Finance Department: Asset Management Division within 7 days of occurrence.

The following require the written recommendation of the Asset Manager and approval of Municipal Manager on the prescribed form:

- a) The temporary or permanent transfer of all movable assets between departments.
- b) The writing off or disposal of obsolete or redundant assets.

6.10 Finance Department: Asset Management Division

- i. Is the asset registrar of the municipality and shall ensure that a complete, accurate and up to date asset register is maintained that conforms to the GRAP specifications.
- ii. Ensures that physical asset verification is performed annually by all departments to verify the assets on the asset register. The assets that are not verified must be tabled to council for writ off in asset register.
- iii. Will perform reconciliations between the asset register and the General Ledger on a monthly basis.
- iv. Ensures adequate bar codes and equipment to exercise the function relating to asset control is available at all times.
- v. Will ensure that all audit queries are resolved in a timely manner.
- vi. Dispose of asset in accordance with the SCM policy
- vii. Handles the administrative functions with regards to the transfers received.

6.10.1 The responsibility of the Budget and Treasury

- i. Ensure that a clear description is provided with each project and the appropriate funding source is identified.
- ii. Release capital funds only after receiving written authority and a clear and concise description of the item to be purchased.
- iii. Ensure that any changes in the capital budget, with regards to funds transferred or project description changes are communicated to the Asset Management Division.

6.10.2 The Human Resources Management Department.

The Human Resources Management Department shall ensure that no monies are paid out to the staff on termination of their service prior to receiving the relevant asset resignation form signed off by the relevant directorate- refer to Termination of Service Asset Confirmation form.

7.Asset Life-Cycle

- a) A clear understanding of asset life-cycle costs is crucial for the development of cost-effective asset management plans and options. Knowledge of these asset life-cycle costs is also a legislative requirement
- b) The analysis of life-cycle costs should cover the four broad phases, thus covering the entire life of the asset, including any environmental rehabilitation at the end of its life.
- c) This analysis will be based upon estimates and include all cash flows such as operation, maintenance, administration, capital, and financing costs. The budget should have a split between capital and operational costs including depreciation.

These are typical asset life-cycle costs:

- a) Planning-phase costs. These costs include items such as concept design costs, scientific studies, environmental impact studies and feasibility studies. These costs are usually incurred when weighing up the different options, before deciding on the best option, and are excluded from the cost of an asset.
- b) Acquisition-phase costs & revenues. An example of these are; special levies, purchase price / construction costs (labour, materials, and components), detailed design costs (not feasibility analysis), transportation costs, installation and commissioning cost, use of own assets in construction (limited to depreciation over duration of use), freight, legal fees, warehousing costs, initial consumables (e.g. initial set of tyres for a vehicle) and all other costs required to bring that asset to its proper working condition and location for intended use (excluding training on use of the new asset, should this be required).
- c) Operation and maintenance-phase costs:
 - i. **Operation** - fuel or energy costs, operational labour, security costs, safety costs, training costs, performance monitoring costs, cleaning costs and consumables.
 - ii. **Maintenance** - spare parts and repair labour.
 - iii. **Administration (asset specific)** - insurance, rates and taxes, management fees, etc.
 - iv. **Rehabilitation and renewal** - upgrade costs, modification costs if this improves asset life (capital), re-training costs (current), etc.
 - v. **Asset-related receipts** – tariffs, rates and equitable share (only to the extent that it relates to this asset acquisition).
- d) Disposal-phase costs:
An example of disposal costs (like auctioneer fees, etc.) would be; storage costs, environmental rehabilitation costs, decommissioning costs, demolition costs and etc.

Also, before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider:

- a) the projected cost covering all financial years until the project is operational; and
- b) the future operational costs and revenue on the project, including municipal tax and tariff implications.
- c) (d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs,
- d) and interest charges;
- e) 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; the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

Asset Life-Cycle is the cycle of activities that an asset goes through – including planning, design, initial acquisition and/or construction, cycles of operation and maintenance and capital renewal, and finally disposal.

This policy will address the process ENOCH MGIJIMA MUNICIPALITY has adopted for all phases within the asset life cycle.

7.1.1 Planning

The identification of assets needs and financing options, where the requirement for a new/replacement asset is planned for and established, must be done at the planning stage.

7.1.2 Financial Planning

Property, Plant and Equipment financial planning and decision making must be informed by the Integrated Development Plan (IDP) and strategic business initiatives in line with prevailing economic conditions and the Municipality's financial affordability.

7.1.3 Pre -Acquisition Planning

Before a capital project is included in the budget for approval, the Functional Head must demonstrate that they have considered:

- a) The projected cost over all the financial years including initial setup costs;
- b) The future operational costs and revenue on the project, including tax and tariff
- c) implications;
- d) The financial sustainability of the project over its life including revenue generation and subsidisation requirements;

- e) The physical and financial stewardship of that asset through all stages in its life including acquisition, installation, maintenance, operations, disposal and
- f) rehabilitation;
- g) The inclusion of this capital project in the IDP and future budgets: and
- h) Alternatives to this capital purchase.

7.1.4 Approval to Acquire Property Plant and Equipment

This can only be approved on a capital asset/project if:

- a) The funds for the project have been appropriated in the capital budget,
- b) The project, including the total cost, has been approved by the ENOCH MGIJIMA MUNICIPALITY Council,
- c) The CFO confirms that funding is available for that specific project. (Any contract that will impose financial obligations beyond two years after the budget year must be appropriately disclosed)

7.1.5 Capital Projects Funding Planning

Within the Municipality's on-going financial, legislative or administrative capacity, the CFO will establish and maintain the funding strategies that optimize the Municipality's ability to achieve its strategic objectives as stated in the IDP.

The acquisition of assets shall not be funded over a period longer than the useful life of that asset.

7.1.6 Replacement Planning

- a) Property, Plant and Equipment are to be replaced when:
 - i. They have reached the end of their useful or economic life (i.e. when the asset is fully depreciated); and the cost of maintaining such asset outweighs the economic benefit,
 - ii. they have been lost, stolen, damaged beyond repair; or
 - iii. they have been determined as obsolete, provided there is a continuing need for the services provided by such an asset.
- b) The future usefulness of an asset should be assessed continuously especially when the asset is fully depreciated. If it is found that there is no evidence of any continuing need, the asset should not be replaced, and if it still in good working condition; the asset could be transferred to where the need for such asset can still be identified. (AMS has a facility to publish on the intranet movable assets that are still in good condition on behalf of Departments) The selling of such assets should result as quickly as possible if there is no longer a need for such an asset.
- c) The asset will only be replaced if:

- i. It has reached the end of its economic life,
- ii. It was lost, stolen or non-repairable,
- iii. It has become unserviceable,
- iv. It is not economical to continue using the asset when a replacement would ultimately bring economic saving benefit,
- v. It has been superseded by a later or more technologically superior model and;
- vi. There is a continuing need for the service provided by the asset in question or economic benefit.

7.2 Acquisition of property, plant and equipment

The Property, Plant and Equipment acquisition phase take effect through outright purchase or development/construction. Such Property, Plant and Equipment acquisitions must only be funded out of capital budget votes in line with IDP and not through the operational budget.

7.2.1 Physical Receipting and Management

The Functional Head or his/her nominee must:

- a) Ensure that the purchase of property, plant of equipment complies with all ENOCH MGIJIMA MUNICIPALITY's policies and procedures.
- b) Ensure all movable assets received into their stewardship are appropriately identified and safeguarded or prevented from inappropriate usage or loss. This will include appropriate control over the physical access to these assets and regular stock takes to ensure any losses do not occur. Any known losses should be immediately reported to the CFO.

7.2.2 The date of acquisition

The date of acquisition of property, plant and equipment is deemed to be the time when risk and rewards passes to the Municipality.

7.2.3 Donations

The CFO must be informed about any donation to ENOCH MGIJIMA MUNICIPALITY and form "Asset 001" must be submitted to the AMS. Where an item of property plant and equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the assets register if the fair value is greater than the recognition threshold. Where the value of the asset is known, such value shall be included in the register in line with recognition criteria. It shall be the responsibility of the Functional Head or his/her nominee to notify the CFO and AMU of such assets for capitalisation purposes.

The Municipal Manager or his/her delegated official shall authorize all capital assets donated through inter ENOCH MGIJIMA MUNICIPALITY Council donations, or public, individuals,

private enterprises, Provincial or National Government, to the Municipality, prior to capitalization.

7.3 Maintenance of property, plant and equipment

Accountability for the operation and maintenance of all assets is delegated from the municipal manager, through the senior managers, to the asset manager. The asset manager is accountable for ensuring that municipal resources assigned to him/her are utilised effectively, efficiently, economically and transparently. This would include:

- a) complying with systems of management and internal controls established by the municipality;
- b) preventing inappropriate losses;
- c) appropriately managing, safeguarding and maintaining assigned assets; and
- d) providing all asset-related information as and when required.

The asset manager will delegate custodianship of assets to specific users.

The custodians will be required to perform functions assigned to the asset manager in respect of their specific assets.

7.3.1 Maintenance Plans

Every Functional Head 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 Municipal Manager for approval. The maintenance plans contemplated in these are subject to budgetary provision in terms of the normal budget process.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the ENOCH MGIJIMA MUNICIPALITY Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Functional Head controlling or using the infrastructure asset in question, shall annually report to the Municipal Manager of the ENOCH MGIJIMA MUNICIPALITY, not later than in July, of the extent to which the relevant maintenance plan has been complied with.

7.3.2 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 CFO shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements.

Such note shall also indicate any plans, which the authoritative body of the ENOCH MGIJIMA MUNICIPALITY 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 CFO shall re-determine the useful operating life of the asset in question if necessary, in consultation with the Functional Head controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

7.3.3 General Maintenance of Assets

Every Functional Head shall be directly responsible for ensuring that all assets are properly maintained and in a manner, which will ensure that such assets attain their useful operating lives.

7.4 Disposal phase of property plant and equipment

The MFMA (section 14 & 90) and the Municipal Supply Chain Management Regulations have specific requirements regarding the disposal of assets. Specifically:

- a) Enoch Mgiijima Municipality will permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.
- b) Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy.

Where assets have been identified as under-performing, or no longer functionally suited for basic service-delivery needs, consideration should be given to the possible alternatives to disposal.

A factor to consider is whether utilisation can be increased (for example by adapting the asset to another function or using it in another programme).

The cost benefit of such alternatives should be included in the disposal strategy.

Reasonable grounds for determining that a capital asset is not required for the provision of the minimum level of basic municipal services may include:

- a) The asset was acquired specifically for resale or distribution, e.g. investment property or stands held for distribution
- b) The asset is impaired (in respect of which the asset custodian can provide evidence).
- c) The municipality no longer performs the function for which the asset was purchased, e.g. the case of a clinic where the province has taken over that healthcare function.
- d) It is an immovable asset no longer located close to where the service is required, e.g. a taxi rank on a disused road.
- e) The asset has been replaced.
- f) The asset no longer performs the required level of service.

Processes should be in place to ensure that:

- a) under-utilised and under-performing assets are identified as part of a regular systematic review process;
- b) the reasons for under-utilisation or poor performance are critically examined, and corrective action taken to remedy the situation or a decision to dispose of the asset is made;
- c) the analysis of disposal methods takes into consideration the potential market or other intrinsic values; the location and volume of assets to be disposed of; the ability to support other government programmes; and environmental implications;
- d) regular evaluation of disposal performance is undertaken.

To ensure that a disposal is fair, equitable, transparent and competitive, the

Following should happen:

- a) The supply chain management policy should state the mechanism for determining the market value for different types of assets.
- b) The process should be open to the public and public scrutiny.
- c) Consideration should be given to the fair market value of the asset, and to the economic and community value to be received in exchange for the asset.
- d) Reasonable efforts should be made to ensure that an appropriately competitive process for disposal is adopted.

Council or the municipal manager (where delegated) will need to know what the expected market price is in order to demonstrate that it has considered the market value of that asset.

In compliance with the principles and prescriptions of the MFMA, the transfer of ownership of any asset shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy.

Every Functional Head shall report in writing to the CFO on 31 October and 30 April of each financial year, on all assets controlled or used by the Department concerned which such Functional Head wishes to alienate by public auction or public tender. The CFO shall thereafter consolidate the requests received from the various Departments, and shall promptly report such consolidated information to the Enoch Mgijima Municipality or the Municipal Manager, as the case may be, recommending the process of alienation to be adopted.

The disposal of capital assets must be dealt with in terms of Section 14 of the Municipal Finance Management Act in conjunction with the relevant delegated powers as approved by Council from time to time.

Once the assets are alienated, the CFO shall delete the relevant records from the assets register.

If the proceeds of the alienation are less than the carrying value recorded in the assets register, such difference shall be recognised as a loss in the income statement of the vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the income statement of the vote concerned.

All gains realised on the alienation of assets shall be appropriated annually to the Municipality's asset financing reserve (except in the cases outlined below), and all losses on the alienation of assets shall remain as expenses on the income statement of the vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the assets of any vote, only the net gain (if any) on the alienation of such assets shall be appropriated.

Transfer of assets to other municipalities, municipal entities (whether or not under the Municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

8 Transfer of property plant and equipment

8.1 Permanent transfers to another Functional Head

- a) The Functional Head retains managerial accountability and control for a particular asset unless;
 - i. Another Functional Head agrees in writing to accept responsibility for that assets, and

- ii. The asset manager or his/her nominee endorses this transfer.
- b) The Finance Department appropriately amends the Assets Register for all approved transfers.
- c) The new Functional Head assumes all the accountabilities of the previous Functional Head.

8.2 Relocation or Reassignment of Property, Plant or Equipment

- a) The Functional Head must ensure that the asset is appropriately safeguarded for loss, damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions.
- b) The Functional Head must advise the CFO whenever an asset is permanently relocated or reassigned from the location (or base) or cost centre recorded in the Assets Register.
- c) The Functional Head must advise the CFO whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Asset Register. In this case, the Functional Head must also advise the CFO when this asset is returned.

9 Assets to be Written Off

- a) An asset, even though fully depreciated shall be written off only on the recommendation of the Functional Head controlling or using the asset concerned, and with the approval of the Enoch Mgijima Council.
- b) In cases where assets are disposed, the asset will be disposed in the fixed asset register on the date of the auction/ disposal even though the Council approval may be at an earlier date.
- c) In cases where assets are written-off (Not auctioned), the asset will be written-off in the fixed asset register on the date of the Council resolution or as the Council determines.
- d) Every Functional Head shall provide the CFO, before year end, with a list of all assets, which they wish to have written off, stating in full the reason for such recommendation.
- e) The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the Enoch Mgijima Council on the assets to be written off.
- f) The normal disposal of written-off assets is through auction but the Enoch Mgijima Council may decide on any other method as deemed fit in line with Enoch Mgijima 's supply chain management policy. Writing off of assets not fully depreciated should be avoided since there is direct financial implication on operating revenue. Preferably, fully depreciated assets may be written off. In every instance where a not fully

depreciated asset is written off, the CFO shall effect such accounting adjustments in terms of appropriate accounting standards.

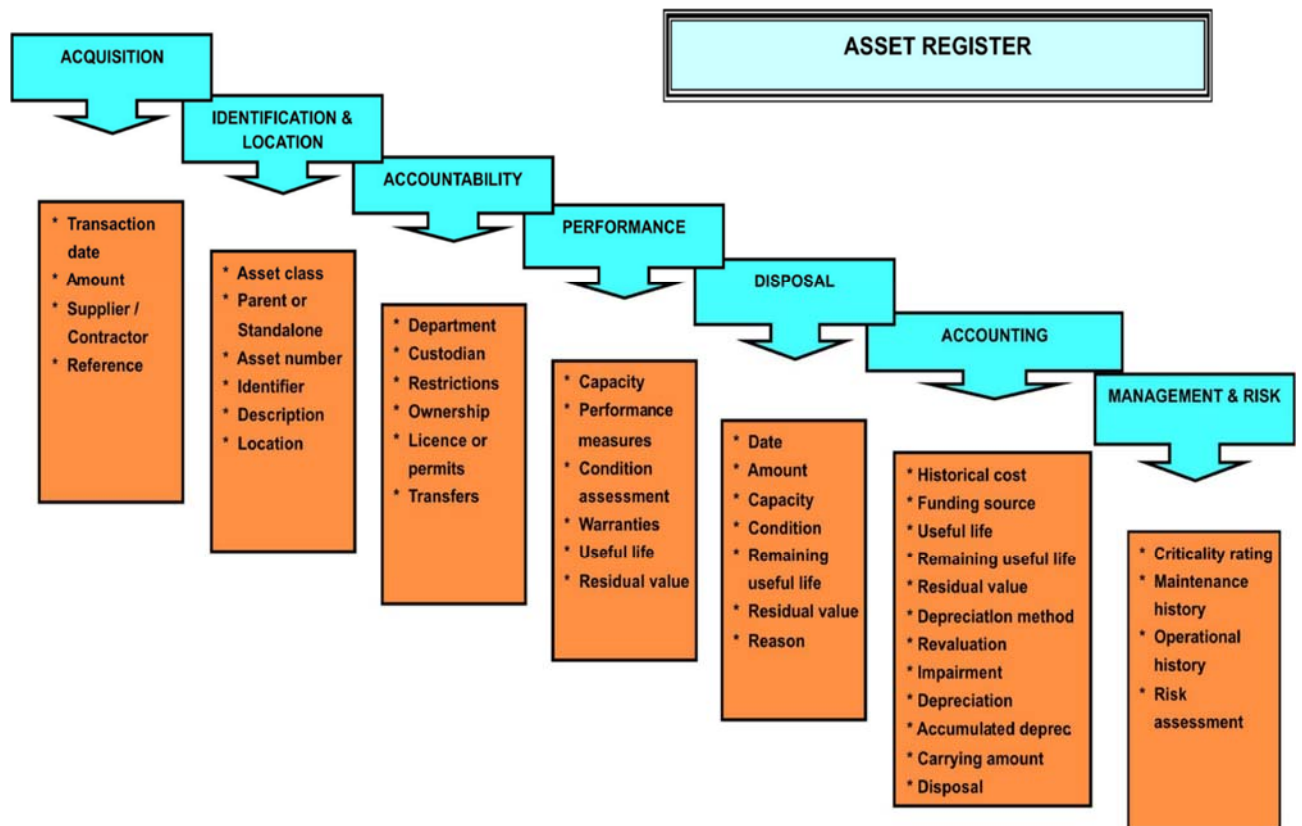
10 The Required format of the Asset Register

The assets register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of generally recognised accounting practice (GRAP).

The assets register shall reflect the following information:

- a) A brief but meaningful description of each asset.
- b) The date on which the asset was acquired or brought into use.
- c) The location of the asset.
- d) The vote(s) within which the assets will be used.
- e) The title deed number, in the case of property.
- f) The stand number, in the case of property.
- g) The original cost, or the re-valued amount determined in compliance with the policy or the fair value if no costs are available.
- h) The (last) revaluation date of the assets subject to revaluation.
- i) The re-valued value of such assets.
- j) References to supporting documentation to support re-valuation
- k) Accumulated depreciation to date.
- l) The depreciation charge for the current financial year.
- m) The carrying value of the asset.
- n) The method and rate of depreciation.
- o) Accumulated impairment losses to date
- p) Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- q) The source of financing.
- r) The current insurance arrangements.
- s) Whether the asset is required to perform basic municipal services.
- t) Whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements.

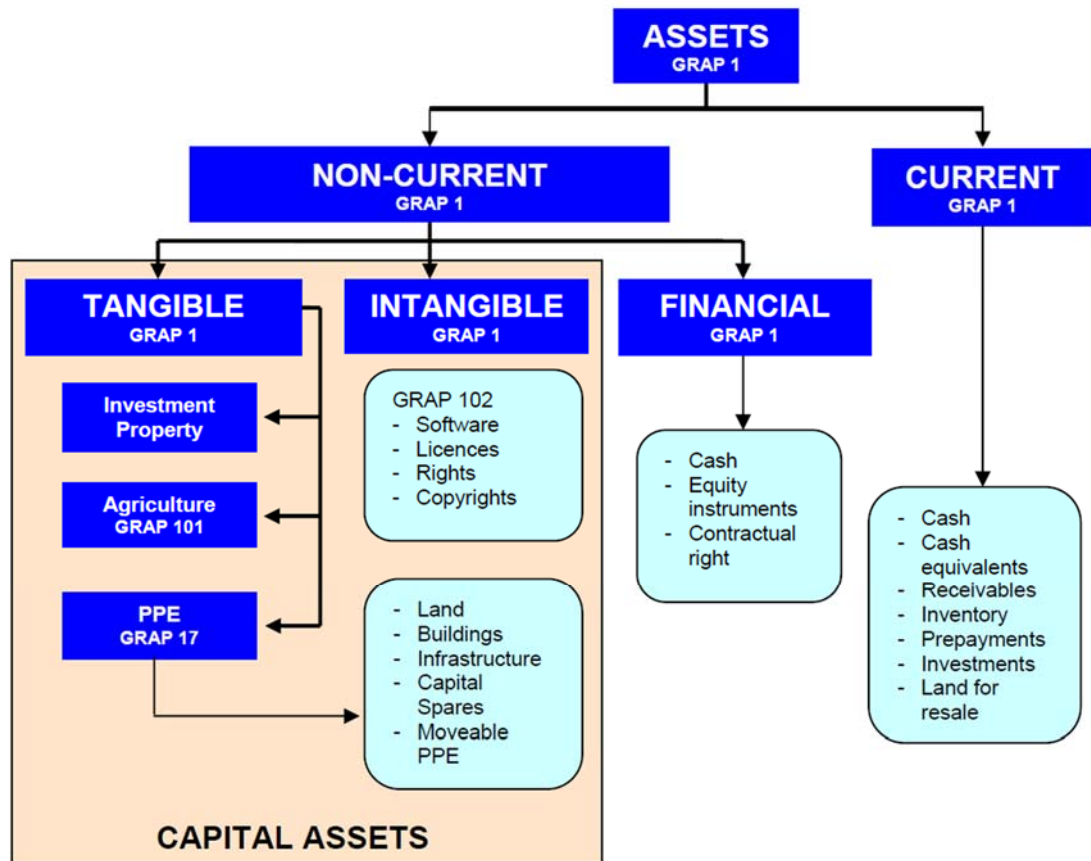
- u) The date on which the asset is disposed/written-off.
- v) The disposal price.
- w) The date on which the asset is removed from operations, if not disposed of.
- These fields have been depicted in pictorially to indicate and show their importance



An asset shall be capitalised, that is, recorded in the assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as Work In Progress until it is available for use, where after it shall be appropriately capitalised as an asset. An asset shall remain in the assets register for as long as it is in physical existence. The fact that an asset has been fully depreciated shall not in itself be a reason for writing off such an asset.

11. Classification of Assets

When accounting for capital assets, municipalities should follow the various standards of GRAP relating to the capital assets. The diagram below indicates the various standards that impact the accounting for capital assets as well as the relation between the capital assets and other assets.



Class of Property, Plant and Equipment means a grouping of assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the financial statements. (GRAP 17) (This definition of class applies to all capital assets.) Class of assets is also sometimes referred to as the asset hierarchy.

In compliance with the requirements of the National Treasury, the CFO shall ensure that all assets are classified under the following headings in the assets register, and Functional Heads shall in writing provide the CFO with such information or assistance as is required to compile the proper classification

12. Property, Plant and Equipment

- a) Land (not held as investment assets)
- b) Infrastructure assets (assets which are of a network of similar assets)
- c) Community assets (resources contributing to the general wellbeing of the community)
- d) Movable assets (ordinary operational resources)
 - i. vehicles

- ii. furniture
- iii. office equipment
- iv. computer equipment
- v. mobile plant

12.1 Inventory (*Housing (rental stock or housing stock not held for capital gain)*)

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 assets register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.

This could include the following types of properties:

- RDP related housing schemes
- Sub-economical Housing selling schemes.

12.2 Investment Property (*Investment assets /resources held for capital gain*)

- a) The CFO shall adhere to the classifications and useful lives stipulated in the Local Government Capital Asset Management Guideline, and in the case of an asset not appearing under the asset lives listing, the CFO shall use the classification applicable to the asset most closely comparable to the asset in question.
- b) Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the Municipality's statement of position.
- c) Investment assets shall comprise land or buildings (or s of buildings) or both held by the Municipality, as the owner or as lessee under a lease, to earn rental revenues or for capital appreciation or both.
- d) Investment assets shall be recorded in the assets register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.
- e) Investment property shall be measured initially at its cost. Where an investment property is acquired at no cost, or for a nominal cost, its cost will be is its fair value as at the date of acquisition.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	

The following are examples of investment property:

(a) land held for long-term capital appreciation rather than for disposal, e.g. through sale or transfer, in the ordinary course of operations. For example, land held by a hospital for capital appreciation which may be sold at a beneficial time in the future;

(b) Land held for a currently undetermined future use. Land is held for a currently undetermined future use when: GRAP 16 Issued February 2010 11 Investment Property

(i) An entity has not determined that it will use the land as owner-occupied property.

(ii) An entity does not hold the land for sale in the ordinary course of operations.

(iii) An entity has not determined that it holds the land for strategic purposes as outlined in paragraph

- If the Enoch Mjijima Council resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

12.3 Heritage Assets

If no original costs or fair values are available in the case of one or more or all heritage assets, the CFO 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 assets register without an indication of the costs or fair value concerned. For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note

12.4 Movable Assets

Movable assets are all assets with a life cycle of greater than one year and above the capitalisation threshold (where applicable). For example, this would include property, plant and equipment and intangible assets.

12.5 Donates Assets

Where an asset is donated to the Municipality or an asset is acquired by means of an exchange of assets between the Municipality and entities, the asset concerned shall be recorded in the assets register at its fair value, as determined by the CFO.

13 Assets Accounting and Reporting

13.1 Definition and recognition criteria for assets

A capital asset should be recognised as an asset in the financial and asset records when:

- a. it is probable that future economic benefits or potential service delivery associated with the item will flow to the municipality;
- b. the cost or fair value of the item to the municipality can be measured reliably;
- c. the cost is above any municipal capitalisation threshold (if any); and
- d. the item is expected to be used during more than one financial year.

13.2 Capitalisation Criteria: Material Value

- a) Buildings, infrastructure, all fixtures and other tangible and non-tangible assets of a non – consumable nature of which the value is R1 000 and more, and the normal expected life of which is one year and more will be treated as fixed assets and be capitalised as such; and
- b) All tangible property with a value of less than R1 000 will be funded from the capital budget and included in the fixed asset register for control purposes, but depreciated in full in the year of acquisition. These assets will therefore be recorded in the fixed asset register at a carrying value of R1.

13.3 Capitalisation Criteria: Reinstatement, Maintenance and other expenses

- a) Only expenses incurred in the enhancement of an asset (in the form of improved or increased services or benefits flowing from the use of such asset) or expenses incurred in the material extension of the useful operating life of an asset shall be capitalised.
- b) Expenses incurred in the maintenance or reinstatement of an 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.
- c) Expenses, which are reasonably ancillary to bringing into operation of an asset, may be capitalised as of such asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, and installation, assembly and communication costs.

13.4 Depreciation of Assets

- a) All assets, except land and heritage assets, shall be depreciated or amortised in the case of intangible assets.
- b) Depreciation may be defined as the monetary quantification of the extent to which an asset is used or consumed in the provision of economic benefits or the delivery of services.
- c) Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the vote in which the asset is used or consumed.
- d) However, depreciation shall initially be calculated from the day following the day in which an asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.
- e) Each Functional Head, acting in consultation with the CFO, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable assets controlled or used by the Department in question or expected to be so controlled or used during the ensuing financial year.
- f) The procedures to be followed in accounting and budgeting for the paying back of intangible assets shall be identical to those applying to the depreciation of other assets.

13.5 Rate of Depreciation

- a) The CFO shall assign a useful operating life to each depreciable asset recorded on the Municipality's assets register. In determining such a useful life, the CFO shall adhere to the useful lives set out in terms of The Local Government Capital Asset Management Guideline.
- b) In the case of an asset which is not listed in this annexure, the CFO shall determine a useful operating life, if necessary in consultation with the Functional Head who shall control or use the asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

13.6 Method of Depreciation

- a) The CFO shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

13.7 Impairment Review

- a) Impairment is a loss in the future economic benefits or service potential of an asset, over and above depreciation.
- b) Impairment means the carrying amount of an asset exceeds its recoverable amount or recoverable service amount. Indications for impairment should be assessed at each reporting date.
- c) Cash-generating assets are those that are held to generate a commercial return.
- d) An asset generates a commercial return when it is deployed in a manner consistent with that Non-cash-generating assets are assets other than cash-generating assets
- e) The municipality will undertake the following when determining or considering impairing their assets:
 - i. Review External Sources to determine if there are significant long-term changes in technology, market, economic, government or legal environment have taken place or will take place in the near future.
 - ii. Review internal Sources to determine if;
 - a. There is evidence of the obsolescence of or physical damage to an asset.
 - b. Significant long-term changes in the operational environment will impact on the future expected use of the asset, e.g. discontinued operations, early disposal or reassessment of useful life.
 - c. There is internal reporting that indicates worse than expected economic and/or service performance in respect of an asset or specific assets.
 - d. Assets with significantly decreased remaining useful lives (includes various types of obsolesces);
 - e. Assets with significantly decreased residual values
 - f. Asset with significantly decreased replacement costs.

13.7.1 Specific to non-cash-generating assets

- Review external sources to determine if there is cessation, or near cessation, of the demand or need for services provided by the asset.
- Review internal sources to determine if a decision was taken to halt the construction of the asset before it is complete or in a usable condition.

13.7.2 Specific to cash-generating assets

- a) Review external sources to determine the following:
 - i. The 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 materially decrease the asset's recoverable amount.

- ii. If an asset's market value has declined significantly during the reporting period, more than would have been expected as a result of the passage of time or normal use.

The impairment reduction should be recognised as an immediate expense, unless it reverses a previous revaluation in which case it should be charged to a "revaluation surplus". It is then necessary to link each asset to its impact on the "revaluation surplus" because a revaluation is usually based upon a class of assets whereas impairment could affect a single asset or class of assets. If an asset is impaired it should be written down to its recoverable amount.

13.8 Amendment of Asset Useful lives

- a) Only the CFO may amend the useful operating life assigned to any asset.
- b) The CFO shall amend the useful operating life assigned to any asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.
- c) If the value of an asset has been diminished to such an extent that, it has no or a negligible further useful operating life or value, such asset shall be dealt with in terms of the appropriate accounting standards.
- d) Similarly, if an asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the asset has physically ceased to exist, it shall be written off from the assets register.
- e) In all the foregoing instances, any accounting adjustments shall be dealt with in terms of the appropriate accounting standards.
- f) If any of the foregoing events arises in the case of a normally non-depreciable asset, and such asset has been capitalised at a value other than a purely nominal value, such asset shall be fully depreciated, as the case may be, as though it were an ordinary depreciable asset.

13.9 *Alternative Methods of Depreciation in Specific Instances*

- a) The CFO may employ the sum of units method of depreciation in the case of assets which are physically wasted in providing economic benefits or delivering services.
- b) The CFO shall only employ this method of depreciation if the Functional Head controlling or using the asset in question gives a written undertaking to the Municipal Manager to provide:
 - i. estimates of statistical information required by the CFO to prepare estimates of depreciation expenses for each financial year; and
 - ii. actual statistical information, for each financial year.

c) The Functional Head concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the CFO.

d) Where the CFO decides to employ the sum of units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the CFO shall inform the Enoch Mjijima of such decision.

13.10 Carrying Value for Assets

All assets shall be carried in the assets register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation.

The only exceptions to this rule shall be re-valued assets and heritage assets in respect of which no value is recorded in the assets register.

13.11 Revaluation of Assets

When assets are carried at revalued amounts, an impairment loss is treated as a revaluation decrease – i.e. is recognised in the revaluation reserve to the extent of a revaluation surplus available. The reversal of an impairment loss previously recognised, should be treated as a revaluation increase – i.e. is recognised in the revaluation reserve (unless it is first recognised in surplus or deficit to reverse a previous impairment loss recognised in surplus or deficit, in which case, only any excess will be recognised in the revaluation reserve).

13.12 Asset Verification

The asset management shall at least once a year during every financial year undertake a comprehensive verification of all movable assets controlled or used by the Municipality. Verification of immovable assets shall be done over a three year cycle.

Physical verification procedures:

- a) Prior identification of all locations at which assets are located.
- b) Areas to be counted are allocated to teams of counters.
- c) A systematic approach is taken to ensure a full physical verification (assets should not be omitted or double counted).
- d) All assets are verified at the same time to ensure no movement takes place to cover irregularities and avoid any double counting or omissions.
- e) In the event that verification cannot be performed at the same time, processes are put into place to ensure as little movement of the assets as possible and very strict written authorisation where movements are required.
- f) Before physical verification commences counters should be given written instructions on the verification procedures. Verbal instructions are given to reinforce the written

instructions and to ensure that the counters understand the procedures, know what is required and are familiar with follow-up procedures for resolving variances.

- g) The instructions clearly delineate the roles and responsibilities of all involved in the physical verification process. A practice asset verification session to illustrate the procedures may be helpful for those who have not previously participated in a physical count.
- h) Responsibility for the control of the physical verification rests with the asset count supervisor. The supervisor oversees the process to ensure that counting is carried out and that counters are following the procedures laid down.
- i) The asset count supervisor, together with the asset manager, secures (in advance to ensure availability) staff (other than members of the Asset Management Team (AMT)) to participate in the physical verification procedure as well as independent observers (individuals not ordinarily involved in asset management, for example the internal auditors).
- j) The master listing of assets should be available for verification and includes the following information:
 - i. Asset number;
 - ii. Description;
 - iii. Serial number;
 - iv. Last known location;
 - v. Custodian;
 - vi. Space for condition assessment.
 - vii. Previous condition recorded
- k) On the day prior to the physical verification procedure, the responsible AMT member verifies that:
 - i. all assets received on the day are entered into the system and, where applicable, a barcode label affixed;
 - ii. all movements in the assets under their control throughout the period of review are updated and fully accounted for on the system, and that barcode labels are affixed.
- l) On the day of the count:
 - i. staff conducting the physical verification:-
 - are assigned areas to count;
 - are provided with the master listing of the assets;
 - verify the assets within the assigned areas, taking care to identify the assets correctly;
 - mark assets/attractive items once they have been counted to ensure they are only counted once;
 - investigate discrepancies as directed by the supervisor and recount assets as requested

13.13 Replacement Norms

- a) The Municipal Manager, in consultation with the CFO and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets.
- b) Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the Enoch Mgijima Council for approval. This policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

13.14 Insurance of Assets

- a) Movable assets shall be insured from date of delivery. The Municipal manager 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.
- b) If the Municipality operates a self-insurance reserve (assuming such reserve to be allowed), the CFO shall annually determine the premiums payable by the Departments or votes after having received a list of the assets and insurable values of all relevant assets from the Functional Heads concerned.
- c) The Municipal Manager shall recommend to the Enoch Mgijima Council, after consulting with the CFO, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Municipality.
- d) The CFO shall annually submit a report to the ENOCH MGIJIMA MUNICIPALITY Council on any reinsurance cover which it is deemed necessary to procure for the Municipality's self-insurance reserved.

13.15 Work In Progress

- a) Halted projects now will be reported in the notes of the AFS.

Technical service shall at year end indicate to the asset management section which project are halted for how long and the reasons for thereto. Impairment test should be conducted on such assets.

13.16 Standard operating procedure when an employee or employer terminate employment.

The employees' responsibility before the date of termination is to;

1. Disclose all assets under his/her custody on the asset transferee form.
2. Must give the asset transferee form accompanied by the assets to the IT manager (hand delivery).

The responsibility of IT manager before the pension, leave pay and the last salary is made to the employee.

3. Confirm receipt of the assets in working order.

4. Confirm if all the tools of trade have been returned.

The responsibility of HR manager before the pension, leave pay and the last salary is made to the employee.

5. To have all the documentation from IT Manager before authorising the payment.

14 Asset Useful lives

Local Government Capital Asset Management Guideline has the following asset useful lives as a guideline for municipalities. These should be used as a guide to the minimum useful lives only because actual asset lives experienced greatly exceed those recommend lives.

- a) Each Asset Controller, verifying assets, needs to determine the useful life of a particular item of property, plant and equipment (using these recommendations as a guide);
- b) The useful life of the item of property, plant and equipment should be reviewed annually.

Classes of Assets

c)

USEFUL LIFE IN YEARS		
MIN		MAX

PROPERTY, PLANT AND EQUIPMENT

LAND

Developed land N/A

Undeveloped land N/A

BUILDINGS

DWELLINGS

Caravans

5	-	10
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Children's homes

25	-	30
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Foreign mission dwellings	25	-	30
Homes for the aged	25		30
Hostels	25	-	30
Military personnel dwellings	25	-	30
Mobile homes	5	-	10
Places of safety (children)	25	-	30
Prisons and rehabilitation facilities	25	-	30
Residences (presidential, embassies)	25	-	30
Residences (personnel) include garages and parking	25	-	30
Secure care centres	25	-	30

NON RESIDENTIAL DWELLINGS

Airport and associated buildings (control towers, transfer halls, parking, hangars and warehousing)	25	-	30
Border and custom control points	25	-	30
Bus terminals	25	-	30
Bus shelters	10	-	15

	USEFUL LIFE IN YEARS		
	MIN		MAX
Civic theatres	25	-	30
Clinics and community health facilities	25	-	30
Community centres and public entertainment buildings	25	-	30
Driver and vehicle testing centres	25	-	30
Fire stations	25	-	30
Foreign mission offices	25		30
Hospitals and ambulance stations	25	-	30
Industrial buildings	20	-	30
Laboratories	25	-	30
Libraries	25	-	30
Mortuaries	25	-	30
Museums and art galleries	25	-	30
Office buildings (including air conditioning systems)	25	-	30
Public parking (covered and open)	25	-	30
Police stations (and associated buildings)	25	-	30
Railway and associated buildings	25	-	30
Research facilities (including weather)	25	-	30
Stadiums	25	-	30
Taxi ranks	10	-	15
Universities, colleges, schools etc.	25	-	30
Warehouses (storage facilities, including data)	25	-	30

OTHER STRUCTURES (INFRASTRUCTURE ASSETS)

ELECTRICITY

Cooling towers	25	-	30
Mains	15	-	20
Meters			
Prepaid	10	-	20

Credit	20	-	25
Power stations			
Coal	50	-	60
Gas	50	-	60
Hydro	50	-	60
Nuclear	60	-	80
Supply/reticulation	15	-	25
Transformers	25	-	50
Lines			
Underground	25	-	45
Overhead	20	-	30
Cables	25	-	45
Substations			
Switchgear	20	-	30
Equipment			
Outdoor	20	-	30
GIS	15	-	30
Indoor	30	-	40
Electrical panels	3	-	5
Telemetry	7	-	15

USEFUL LIFE IN YEARS		
MIN		MAX

ROADS (Roads, Pavements, Bridges & Storm Water)

BRIDGES

Vehicle

Bridges - Concrete

Bridges - Steel

Bridges - Timber

Pedestrian

Bridges - Concrete

Bridges – Steel

Bridges – Timber

Railway

Bridges - Concrete

Bridges – Steel

Bridges - Timber

Reinforced retaining walls

Earth

Concrete

Expansion and construction joints

STORM WATER

Culverts

Concrete

Armco

Drains

Earthworks

Concrete lining

Stop banks

Pipes

60	-	80
40	-	50
25	-	40
60	-	80
40	-	50
25	-	40
60	-	80
40	-	50
25	-	40
10	-	15
25	-	30
15	-	20
25	-	40
40	-	60
25	-	40
80	-	100
25	-	50
40	-	50
25	-	50

Coastal			
Structure (Retaining walls)	20	-	40
Piers	60	-	80
Storm water outfalls	60	-	80
ROADS			
Kerb and channels	40	-	50
Municipal roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
National roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
Provincial roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30

			USEFUL LIFE IN YEARS		
			MIN		MAX
	- Concrete layer		30	-	50
	- Gravel surface		3	-	10
	Crash barriers		10	-	30
	Retaining walls		30	-	60
	Overload control centres		15	-	20
	Electronic hardware		10	-	15
	Other equipment		10	-	20
	Pedestrian footpaths		15	-	30
	Street lighting		25	-	40
	Subways		40	-	50
	Traffic islands		40	-	50
	Traffic lights		15	-	20
	Traffic lights – coastal		10	-	15
	Traffic signs		5	-	15
	Toll road plazas		20	-	30

AIRPORTS

	Airports and radio beacons		25	-	30
	Aprons		25	-	30
	Runways		15	-	20
	Taxiways		15	-	20
	Specialised equipment				
	Luggage movement equipment		20	-	25
	Communication equipment		10	-	15

WATER

	Dams				
	Structure				

- concrete	80	-	100
- earth	30	-	50
Mechanical and electrical	15	-	40
Meters	10	-	20
Standpipes	5	-	20
Metalwork (steel stairs, ladders, handrails, weirs)	10	-	30
Pump stations			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Reservoirs			
Structure	30	-	50
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Supply/reticulation	20	-	50
Underground chambers			
Valves	15	-	25
Meters	10	-	20
Transition	10	-	15

USEFUL LIFE IN YEARS		
MIN		MAX
Other	5	- 10
Water purification works		
Structure	30	- 55
Electrical	15	- 40
Mechanical	15	- 40
Perimeter protection	10	- 25
Meters	10	- 15
Telemetry	10	- 15

SEWERAGE

Bulk pipelines (outfall sewers)		
Rising mains	40	- 50
Gravity mains	40	- 50
Sewerage pump stations		
Structure	30	- 55
Electrical	15	- 40
Mechanical	15	- 40
Perimeter protection	10	- 25
Metalwork	10	- 30
Sewers/reticulation	30	- 60
Waste purification works		
Structure	30	- 55
Electrical	15	- 40
Mechanical	15	- 40
Perimeter protection	10	- 25
Meters	10	- 15

SOLID WASTE DISPOSAL

Collection		
Vehicles	5	- 10

Containers/Bins	10	-	15
Transfer stations and processing facilities			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Landfill site			
Earthmoving and compaction equipment	10	-	15
Landfill preparation	NA		
Structure	30	-	55
Weighbridge			
Mechanical	15	-	40
Electrical	15	-	40
Perimeter protection	10	-	25

RAILWAYS

Power supply units	25		30
Railway sidings	25	-	30
Railway tracks	15	-	20

USEFUL LIFE IN YEARS		
MIN		MAX
15		20
25		30

Signalling systems

Shunting yards

GAS SUPPLY SYSTEMS

Structure

Electrical

Mechanical

Perimeter protection

Stations

 Trunk receiving

 District regulating

Mains/pipelines

Meters

Storage facilities

Supply/reticulation

40	-	50
20	-	25
20	-	25
10	-	15
40	-	50
40	-	50
15	-	20
15	-	20
15	-	20
15	-	20

CEMETERIES

25	-	30
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CAPITAL/INFRASTRUCTURE WORK IN PROGRESS

N/A

Buildings

Infrastructure

Other

OTHER MACHINERY AND EQUIPMENT

Audiovisual equipment

Building air conditioning systems

Cellular phones (over R5 000)

Cellular routers

Domestic equipment (non kitchen appliances)

Electric wire and power distribution equipment
(compressors, generators & allied equipment)

Emergency/rescue equipment

5	-	10
10	-	5
0	-	2
3	-	
3	-	5
5	-	7
5	-	10

Elevator systems	15	-	20
Farm/Agricultural equipment	5	-	15
Fire Fighting equipment	3	-	5
Gardening equipment	2	-	4
Irrigation equipment	10	-	15
Kitchen appliances	5	-	10
Laboratory equipment - Agricultural	5	-	7
- Medical testing	5	-	7
- Roads and transport	5	-	7
Laundry equipment and industrial sewing machines	10	-	15
Learning, training support and library material (curriculum equipment)	5	-	10
Machines for metallurgy	5	-	10
Machines for mining and quarrying	5	-	10
Machines for textile production	10	-	15
Medical and allied equipment	5	-	10
Music instruments	10	-	15
Photographic equipment	5	-	7

	USEFUL LIFE IN YEARS		
	MIN		MAX
Pumps, plumbing, purification and sanitation equipment	5	-	10
Radio equipment	5	-	7
Road construction and maintenance equipment	10	-	15
Saddles and other tack	5	-	7
Security equipment/systems/ materials - Fixed	3	-	5
- Movable	3	-	5
Ship and marine equipment	5	-	10
Sport and recreational equipment	5	-	10
Survey equipment	5	-	7
Telecommunication equipment	3	-	5
Tents, flags and accessories	5	-	10
Woodworking machinery and equipment	5	-	10
Workshop equipment and loose tools - Fixed	5	-	10
- Movable	3	-	5

FURNITURE AND OFFICE EQUIPMENT

Advertising boards	3	-	5
Air conditioners (individual fixed & portable)	3	-	5
Cutlery and crockery	5	-	10
Domestic and hostel furniture	10	-	15
Linen and soft furnishings	5	-	10
Office equipment (including fax machines)	5	-	7
Office furniture	5	-	7
Paintings, sculptures, ornaments (home and office)	5	-	10

COMPUTER EQUIPMENT

Computer hardware including operating systems	3	-	5
Networks	5	-	10

TRANSPORT ASSETS

Aircraft	10	-	15
Aircraft engines	5	-	7
Airport transport equipment (stairs and luggage)	10	-	15
Busses	10	-	15
Cycles	4	-	7
Emergency vehicles (Ambulances and fire engines)	5	-	10
Mobile clinics	10	-	15
Motor vehicles	4	-	7
Railway rolling stock	10	-	15
Ships	15	-	20
Ships engines	5	-	7
Trailers and accessories	5	-	10
Trucks	5	-	7

HERITAGE ASSETS

Archives		N/A	
Areas of land of historic or specific significance (i.e. world heritage site)		N/A	

USEFUL LIFE IN YEARS		
MIN		MAX
Culturally significant buildings (parliamentary buildings)	N/A	
National monuments	N/A	
National parks/reserves (i.e. Kruger Park)	N/A	
Paintings	N/A	
Sculptures	N/A	
Municipal jewellery	N/A	
Works of art	N/A	
Other antiques and collections	N/A	

BIOLOGICAL OR CULTIVATED ASSETS

Dairy cattle	-	
Feathered animals (for eggs and feathers)	-	
Forests and plantations	-	
Fruit trees	-	
Game animals	-	
Animals for reproduction (cattle, goats, sheep, pigs)	-	
Animals for wool or milk (goats and sheep)	-	
Dogs (law enforcement and security)	-	
Horses (law enforcement and working)	-	
Plants (for production of seeds)	-	
Vines	-	
Other animals	-	

INVESTMENT PROPERTY

INTANGIBLE ASSETS

Capitalised development costs		-	
Computer software	2	-	5
Mastheads and publishing titles		-	
Patents, licences, copyrights, brand names and trademarks		-	
Recipes, formulae, prototypes, designs and models		-	
Service and operating rights		-	
Other intangibles		-	

ASSET TYPES			EUL
HV Transformers			50
HV Lines			50
HV Cables		PLIC	50
		XPLE	45
HV Substation Equipment			50
MV Transformer			45
MV Cables & Lines			45
MV Substation and Switch Gear			45
LV Network			50
Network Management			20
Consumer Meters		prepaid	15
		credit	30
Telemetry			20
Buildings			60
Generation			40

C 14. Reassessment of depreciation methods, useful lives and residual values
D

- a) The depreciation method applied to an asset shall be reviewed at least at each reporting date. Any changes in the depreciation method should be accounted for as a change in accounting estimate in accordance with GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.
- b) Similarly, the estimate of the useful life and residual value of an asset should also be reviewed **at least at each reporting date**. Any changes in the estimated useful life or residual value of an asset should be accounted for as changes in accounting estimates and applied prospectively in accordance with GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

15. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

15. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA MUNICIPALITY as follows:

Resolution No:

Approval Date:

BUDGET POLICIES

In 2017, the municipality developed 15 Budget related policies. In 2018, some of these policies have been reviewed and workshopped.

The following is the list of these policies:

1. Budget Policy
2. Irregular, fruitless and wasteful expenditure
3. Credit Control Policy
4. Rates Policy
5. Tariff Policy
6. Fleet Management Policy
7. Indigent Policy
8. Land Disposal Policy
9. Asset Management Policy
10. Contract Management Policy
11. Account Payable Policy
12. Cask and Investment Management Policy
13. Rental Management Policy
14. SCM Policy
15. Investment Policy

The budget and budget related policies approved with the 2018/19 MTREF budget are obtainable at the Budget and Treasury Office of the Municipality and at the Municipal Manager's Office . These full policies are contained in the Appendix B to the Budget Document and forms part of the 2018/19 Budget Document.



ENOCH MGIJIMA
LOCAL MUNICIPALITY

COST CONTAINMENT POLICY

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12. Sponsorships, events & catering
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14. Conferences, meetings & study tours
15. Other related expenditure items
16. Cost Containment Strategies
17. Enforcement procedures
18. Disclosures of cost containment measures
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1. DEFINITIONS

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

"Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

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

“cost containment” means the measures implemented to curtail spending in terms of this policy.

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

“municipality” means Enoch Mgijima Local Municipality (“EMLM”)

“political office bearers” means, in terms of this policy, all councillors serving on the council of Enoch Mgijima Local Municipality

2. PURPOSE

The purpose of the policy is to regulate spending and to implement cost containment measures at Enoch Mgijima Local Municipality.

3. OBJECTIVES OF THE POLICY

The object of this policy is to ensure that the resources of the municipality are used effectively, efficiently and economically by implementing cost containment measures.

4. SCOPE OF THE POLICY

This policy will apply to all Councillors, members of Oversight Committees and Municipal employees.

5. LEGISLATIVE FRAMEWORK

This policy must be read in conjunction with other policies of Council applicable to matters raised in this policy. In the event that other policies have different limits/criteria than this policy in relation to matters covered in both, the stricter limits/criteria will apply.

6. POLICY PRINCIPLES

This policy will apply to the procurement of the following goods and/or services:

- (a) Use of consultants
- (b) Vehicles used for political office-bearers
- (c) Travel and subsistence
- (d) Domestic accommodation
- (e) Credit cards
- (f) Sponsorships, events and catering
- (g) Communication
- (h) Conferences, meetings and study tours
- (i) Any other related expenditure items

7. USE OF CONSULTANTS

7.1 Consultants may only be appointed after an assessment of the needs and requirements confirms that EMLM does not have the requisite skills or resources in its full-time employ to perform the function. The User Department must submit needs analysis for Accounting Officer's approval.

7.2 The accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates -

(a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor -General of South Africa ", issued by the South African Institute of Chartered Accountants;

(b) set out in the "Guide on Hourly Fee Rates for Consultants ", issued by the Department of Public Service and Administration; or

(c) as prescribed by the body regulating the profession of the consultant.

7.3 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 par 7.2 above.

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

7.5 When consultants are appointed the accounting officer must:

(a) appoint consultants on a time and cost basis with specific start and end dates;

(b) where practical, appoint consultants on an output- specified basis, subject to specific measurable objectives and associated remuneration;

(c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;

(d) ensure the transfer of skills by consultants to the relevant officials of the municipality;

(e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's supply chain management policy; and

(f) develop consultancy reduction plans to reduce the reliance on consultants.

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

7.7 The specifications and performance of the service provider must be used as a monitoring tool for the work that is to be undertaken and performance must be appropriately recorded and monitored.

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

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

8. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

8.1 The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed seven hundred thousand rand (R700 000) or 70% (VAT inclusive) of the total annual remuneration package for EMLM's grade, as defined in the Public Office Bearers Act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.

8.2 The procurement of vehicles in par. 8.1 must be undertaken using the national government transversal mechanism, unless it may be procured at a lower cost through other procurement mechanisms.

8.3 Before deciding on another procurement process as contemplated in 8.2, the accounting officer must provide the council with information relating to the following criteria that must be considered:

(a) Status of current vehicles;

(b) Affordability of options including whether to procure a vehicle as compared to rental or hire thereof, provided that the most cost-effective option is followed, and the cost is equivalent to or lower than that contemplated in par. 8.1;

(c) Extent of service delivery backlogs;

(d) Terrain for effective usage of vehicle; and

(e) Any other policy of council

8.4 If the rental referred to in par. 8.3 is preferred, the accounting officer must review the costs incurred regularly to ensure that value for money is obtained.

8.5 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometers.

8.6 Notwithstanding par. 8.5, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometers only in instances where the vehicle experiences serious mechanical problems and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

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

9. TRAVEL & SUBSISTENCE

9.1 The accounting officer:

(a) May approve the purchase of economy class tickets for officials or political office bearers where the flying time for a flight is five (5) hours or less; and

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

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

9.3 Notwithstanding par. 9.1-9.2, the accounting officer, or the mayor in the case of an accounting officer, may approve the purchase business class tickets for an official or a political office bearer with a disability or a medically certified condition.

9.4 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.

9.5 The accounting officer, or the mayor in the case of the accounting officer, must approve accommodation costs that exceed an amount as determined by paragraph 10.

(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.

9.6 An official or a political office bearer of the municipality must:

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

(b) make use of available public transport or a shuttle service if the cost of such a service provider is lower than:

(i) the cost of hiring a vehicle;

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

(iii) the cost of parking.

(c) not hire vehicles from a category higher than Group B or an equivalent class; and

(d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

9.7 The municipality must use the negotiated rates for flights and accommodation as communicated by National Treasury, from time to time, or any other cheaper flight or accommodation that is available.

10. DOMESTIC ACCOMMODATION

10.1 The accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum rates for domestic accommodation and meals of not more than R1 600.00

10.2 Accommodation costs during peak holiday periods and when there are major local/ international events on the area must not exceed R2 500,00.

10.2 Municipal Rates

Dinner, bed and Breakfast	R1600,00
Breakfast	R 150,00
Dinner	R 200,00

10.3 The municipality may incur costs for private accommodation of not more than R600.

10.4 Daily Subsistence will not be paid.

10.5 Overnight accommodation may only be booked where the return trip exceeds 500 kilometres, unless deemed to be impractical and prior approval is obtained from the applicable Executive Manager (or Speaker in case of councillors) after providing proper written motivation to deviate from this stipulation. For example, in instances where attendance is required over a number of days, or there is a risk to the health of the official or councillor and cost vs benefit considerations can warrant such expenditure.

11. CREDIT CARDS

11.1 The accounting officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office bearer.

11.2 Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials and public office bearers must use their personal credit cards or cash or arrangements made by the municipality, and request reimbursement from the municipality in terms of the travel and subsistence policy and petty cash policy.

12. SPONSORSHIPS, EVENTS & CATERING

12.1 The municipality must not incur catering expenses for meetings that are only attended by persons in the employ of the municipality.

12.2 Catering expenses will not be incurred by the accounting officer for the following:

- (a) meetings;
- (b) conferences;
- (c) workshops;
- (d) courses;
- (e) forums;
- (f) recruitment interviews; and
- (g) council proceedings
- (h) IDP roadshows / imbizo

12.3 Expenses on entertainment allowances must not be incurred.

12.4 Expenses must not be incurred on alcoholic beverages, unless the municipality recovers the cost from the sale of such beverages.

12.5 Social events, team building exercises, year-end functions, sporting events and budget vote dinners must not be financed from the municipal budget or by any supplier or sponsor.

12.6 Expenditure must not be incurred on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials or is an integral part of the business model.

12.7 Expenditure may be incurred to host farewell functions in recognition of officials who retire after serving the municipality for ten (10) or more years, or retire on grounds of ill health, the expenditure should not exceed the limits of the petty cash usage as per the petty cash policy of the municipality.

13. COMMUNICATION

13.1 All municipal related events must, as far as possible, be advertised on the municipal website and notice boards, instead of advertising in magazines or newspapers.

13.2 Officials will be held liable for the reimbursement of costs to EMLM relating to private calls and data usage that exceed the cellphone and data packages assigned to officials, as applicable.

13.3 Newspapers and other related publications for the use of officials must be discontinued on the expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.

13.4 External newsletter letter publications may be published electronically on the municipal website and social network pages.

13.5 The acquisition of mobile communication services may be done by using the transversal term contracts that have been arranged by the National Treasury.

14. CONFERENCES, MEETINGS & STUDY TOURS

14.1 Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa. (Note that "conference or event" referenced above excludes attendance of government forums, user groups and workshops.)

14.2 The benchmark costs for conferences, study tours and workshops may not exceed R2 500.

14.3 When considering applications from officials to conferences or events within and outside the borders of South Africa, the 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 will address the relevant concerns of the municipality;
- (c) The appropriate number of officials to attend the conference or event, not exceeding three officials; and
- (d) Availability of funds to meet expenses related to the conference or event.

14.4 The amount referred to in 14.2 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.

14.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.

14.6 Meetings and planning sessions that entail the use of municipal funds must, as far as practically possible, be held in-house.

14.7 Municipal offices and facilities must be utilized for conferences, meetings and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.

14.8 An accounting officer must grant the approval for officials and in the case of political office-bearers, oversight committee members and the accounting officer, the mayor, as contemplated in par 14.3

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

Par 14.3 and 14.5 be excluded from the policy and be replaced by "no attendance to conferences"

15. OTHER RELATED EXPENDITURE ITEMS

15.1 All commodities, services and products covered by a transversal contract by the National Treasury must be procured through that transversal contract before approaching the market, in order to benefit from savings and lower prices or rates that have already been negotiated.

15.2 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 the election periods.

16.COST CONTAINMENT STRATEGIES

The municipality must develop and implement cost containment strategies.

17. ENFORCEMENT PROCEDURES

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

18. DISCLOSURES OF COST CONTAINMENT MEASURES

18.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.

18.2 The measures implemented, and aggregate amounts saved per quarter, together with the regular reports on reprioritization 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.

18.3 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.

19. IMPLEMENTATION & REVIEW PROCESS

This policy will be reviewed at least annually or when required by way of a council resolution, or when an update is issued by National Treasury.

20. SHORT TITLE

This policy shall be called the Cost Containment Policy of the Enoch Mgijima Local Municipality

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Resolution No:

Approval Date:

Executive Mayor

Municipal Manager

ENOCH MGIJIMA LOCAL MUNICIPALITY



TARRIFS POLICY

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DEFINITION AND TERMS

1. **“Agricultural consumers** “means consumers engaged in agriculture,
2. **“break even”** means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;

3. **"commercial consumers"** means shops, offices, liquor stores, governmental institution (unless otherwise stated), supermarkets, public garages, gathering places (unless otherwise stated), nurseries, places of entertainment, service stations, hairdressing salons, caravan parks, game farms, eco-tourism, banks, hotels, hospitals, clinics, guesthouses, boarding houses and doctor and dentist consulting rooms and suchlike business undertakings;
4. **"community service"** means the services referred to in paragraph 5(1)(c) [that the Council has classified as such] and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;
5. **"consumer"** Means any occupier of any property to which the municipality has agreed to supply services or already supplies services to, or any owner/landlord of a property to which the municipality has agreed to supply services or already supplies services, and any owner of a property not receiving services but for which property services had been made available, and any person liable to the Municipality for taxes, rates or other charges.
6. **"the council"** means Enoch Mjijima Municipal Council, and "municipal council" shall have a corresponding meaning;
7. **"councillor for financial services"** means the councillor of the municipal council responsible for financial services;
8. **"domestic properties"** means residential properties, group housing, town houses, semi-detached houses and suchlike properties;
9. **"due date"** –in relation to accounts payable monthly on a recurring basis, the 15th day of the month which follows on the month during which an account is rendered; in relation to accounts payable annually, 30th September unless otherwise provided by any other law; and in all other instances, as and when demand for payment is made by the Municipality.

10. "**economic services**" means services referred to in paragraph 5(1)(b) and in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;
11. "**educational institutions**" means schools (unless otherwise stated), [crèches on municipal properties], colleges, universities and suchlike institutions;
12. "**flat rates**" means the unit charge.
13. "**the Finance Act**" means the Local Government : Municipal Finance Management Act, 2003 (Act No 56 of 2003);
14. "**fixed costs**" means costs which do not vary with consumption or volume produced and as more fully set out in this policy
15. "**indigent households**" means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;
16. "**industrial consumers**" means industrial undertakings, factories, warehouses, workshop, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;
17. "**Municipality**" means when referred thereto as—an entity, Enoch Mgijima Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Enoch Mgijima Municipality; and a geographical area, the area of jurisdiction of Enoch Mgijima Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998).
18. "**owner**" in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;

19. "**public benefit organizations**" means public benefit organizations as defined in Section 30 of the Income Tax Act No 58 of 1962;
20. "**resident**" means a person who ordinarily resides in the municipal area;
21. "**special agreements**" means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;
22. "**sport and recreation facilities**" means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;
23. "**the Systems Act**" means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);
24. "**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."
25. "**total cost**" means the sum of all fixed and variable costs associated with a service;
26. "**trading services**" means services referred to in paragraph 5(1)(a) and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;
27. "**two-part tariffs**" means tariffs that are raised to recover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed. Applicable to all household consumers which use an average of less than 400kWh per month, based on an average usage of the past 4 months, and

classified as non-permanent residents .i.e. reside less than 9 months in dwelling.

28. "**units consumed**" means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 7;
29. "**variable costs**" means costs that vary with consumption or volume produced and as more fully set out in paragraph 5(3)(ii);
30. "**VAT**" means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended; any reference in this tariff policy to 'an availability charge' in relation to a particular service (albeit water, electricity, sanitation and refuse removal) shall mean an amount payable by the consumer in respect of the service as the consumer may reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced. In contrast hereto a 'charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time. For subdivisions or group housing developments, where the developer provides the internal civil services, availability charges for all erven approved and subdivided within the development for water, electricity, refuse removal and sanitation (where applicable) become payable 12 months after the issue of the Completion Certificate in terms of GCC 2010. If an individual erf within the development is transferred before the 12 month period has expired, availability charges for that specific erf will become payable for water and sewer as on the date of transfer, the submission of a building plan or the request for a Certificate of Registered Title. The date of the completion certificate must be confirmed by the director responsible for the specific service and which certificate a copy must be submitted immediately on receipt to the financial department.
31. In this tariff policy, a word or expression derived from a word or expression defined in Subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

32. This tariff policy must be read with all other Acts, Ordinances and Regulations pertaining to the supply of services by the Municipality and the tariffs and fees payable in respect thereof. In the event of any inconsistency between this tariff policy and any other legislation in force when this tariff policy comes into effect, this tariff policy shall prevail.

LEGISLATIVE FRAMEWORK

Tariff in terms of this Policy shall comply with the:

- a) Constitution of the Republic of South Africa, 1996 as amended;
- b) Local Government: Municipal Finance Management Act, 2003
- c) Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

1. PREAMBLE

Tariffs are a significant revenue source to local authorities they are also a key point of engagement between local government and the people they serve. A municipality speaks directly to its citizens when it sends them a bill for services rendered. Clearly, getting tariffs right and maximising the revenue available from tariffs is vital for ensuring financial sustainability. The tariff policy is a key statement where the municipality can explain to citizens what it intends to achieve through its tariffs, and assure them that tariffs are set based on strategic decisions the municipality needs to make. The tariff policy provides citizens with information that helps them to understand and interpret the bill they pay.

2. PURPOSE

It is intended that this policy document guides the annual setting (or revision) of tariffs, hence the policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the Tariff listing, which must be read in conjunction with this Policy, and is issued on annual basis together with the Municipal Budget.

3. SCOPE OF APPLICABILITY

This Policy shall be applicable to the services provided or delivered by the Municipality and shall also be applied by an agent, contractor or other form of municipal service provider acting on behalf of the Municipality in terms of an agreement.

The policy is applicable to all tariffs for electricity , water, sanitation and solid waste services including availability charges and capital contribution charges as applicable and this policy is also applicable to all sundry tariffs, as provided for in the Tariff listing of Enoch Mgijima Municipality.

4. PRINCIPLES AND VALUES

- i. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
- ii. To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Act.
- iii. To give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.

5. POLICY OBJECTIVES

The objective of the tariff policy is to ensure the following:

- a) The tariffs of the Municipality conform to acceptable policy principles;
- b) Municipal services are financially sustainable;
- c) There is certainty in the Council, of how the tariffs will be determined;
- d) Tariffs of the Municipality comply with the applicable legislation; and
- e) Tariffs should take into consideration relief to the indigent.

6. POLICY PROVISIONS

6.1 Guiding principles

Enoch Mgijima Municipality wishes to record that the following tariff principles will apply:

- (a) All users of municipal services will be treated equitably as practically possible;
- (b) The amount payable by consumers and / or owners will generally be in proportion to usage of the service and compliance with municipal by-laws;
- (c) Poor households must have access to basic services, however relief will be granted to poor households in line with the applicable Indigent Policy from financial year to financial year, and approved by Council;
- (d) Free basic services will only be possible if National Government pay to the municipality in terms of the Division of Revenue Act (DORA) an equitable share allocation which covers the full costs of the free basic services;
- (e) Tariffs must reflect the total cost of services or must be cost reflective;
- (f) Tariffs must be set at a level that facilitates the sustainability of services.

Sustainability will be achieved by ensuring that:

- (i) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made;
- (ii) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services in order to subsidize rates and general services; and
- (iii) Service providers retain a fair rate of return on their investments;
- (iv) There is constant improvement on key financial ratios that are utilized to measure financial performance of the municipality.
- (g) Provision may be made in appropriate circumstances for surcharges on tariffs;
- (h) Efficient and effective use of resources may be encouraged by providing for penalties or stepped tariffs to prohibit or restrict exorbitant use;

(i) The extent of subsidization of tariffs will be disclosed and such disclosure will include the extent of subsidization of the poor or incentives for local economic development;

(j) Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users, more especially when they are to promote job opportunities around the metropolitan area OR improve the economic viability of the municipal area;

(k) VAT is excluded from all tariffs and will be additional to these tariffs when applicable;

(l) The Enoch Mgijima Municipality can introduce new tariffs or strategies thereof as part of the budget process, which must be subjected to due processes and final approval by Council, and

(m) This policy shall be binding on all tariffs other than those governed by legislation, which supersedes the Local Government: Municipal Systems Act, No 32 of 2000.

E

6.2 Free Basic Services

F Municipality recognizes that Indigent is entitled to a minimum amount of free basic services in line with provision of Indigent policy. Basic services refer to:

G i) Portable Water

H iii) Domestic refuse removal

I iv) Municipal Health services

J v) Household Sanitation, Septic

K vi) Tank and V.I.P toilet

6.2. Affordable Tariffs

L

M a) Enoch Mgijima undertakes to keep tariffs at affordable levels and will ensure that:

N i) Services are delivered at an appropriate level;

O ii) Efficiencies are built into all Municipal operations;

P iii) A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used;

Q iv) Any service that is provided for which there is little demand, that is priced under the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where the Municipality is by law required to provide such as service.

R

S b) To increase affordability for indigent persons, Municipality will ensure that its share of revenue raised nationally, will be used to efficiently subsidise a certain level of basic services for them.

6.3. Categories of consumers

6.3.1 Separate tariff structures may be imposed for the following categories of Consumers (which the council may change):

- i) Domestic consumers;
- ii) Indigent consumers;
- iii) Commercial consumers;
- iv) Industrial consumers;
- v) Agricultural consumers; where applicable;
- vi) Municipalities;
- vii) Consumers with whom special agreements were made;
- viii) Consumers in certain geographical areas;
- ix) Sport and recreation facilities;
- x) Educational institutions; and
- xi) Public benefit organisations and suchlike institutions;
- xii) State Departments.

Where substantially different demands are made on the infrastructure used to provide a service to a specific group of users within a category or the standard of services required by such users, the council may, after having considered a report by the Municipal Manager or the relevant Head of Department, determine differentiated tariffs for the different consumers within the specific category.

Services shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

6.3.2 Cost elements

The following cost elements will be used to calculate the tariffs of the different services:

- a) *Fixed costs* which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
- b) *Variable cost*: This includes all other variable costs that have reference to the service.
- c) *Total cost*: consist of the fixed cost and variable cost.

7. TARIFF TYPES

In determining the type of tariff applicable to the type of service the municipality shall make use of the following six options or a combination of the same.

- a) *Single tariff*: this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.
- b) *Cost related two to three part tariff*: this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

- c) *Inclining block tariff*: this tariff is based on consumption levels being categorized into blocks, the tariffs being determined and increased as consumption levels increase. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.
- d) *Declining block tariff*: this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit determined by council from time to time by the volume consumed. This tariff will only be used for special agreements.
- e) *Regulating tariff*: this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.
- f) *Time-of-use tariff*: this tariff is based on fixed charges and seasonally and time differentiated energy and demand charges.
- g) Stage based public transport tariff based on a 5km stage distance with 15km as the base distance.
- h) Duplicate Statements (History)
- i) Valuation certificates
- j) Clearance figures application

7.1. Payment for Services Rendered

T

U a) Notwithstanding the provision for a minimum amount of free basic services, consumers of services must pay for the amount of services that they use.

V b) Where it is possible to measure the consumption of services, the municipality to install metering systems as in the case of water usage, and to take into account the free service element.

W c) In this regard the municipality will develop and fast-track a programme of installing meters where such meters remain outstanding. In line with the latter, it is Council's policy that the tariff for such services must include all relevant cost factors as stated above.

X

7.2. Local Economic Development and Competitiveness

Y

Z a) The size of the service charge accounts presented to local businesses is a significant business overhead for any business enterprise in the municipal area. The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival.

AA b) The municipality will therefore be sensitive that municipal accounts presented to local businesses are fair by amongst others, considering the desire:

BB i) To promote local economic competitiveness; and

CC ii) To promote local economic development and growth.

DD

7.3. Service Delivery Sustainability

EE a) The Municipality must ensure that the service 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.

FF b) The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

GG c) Sustainability does not only mean that the price of the services must include all relevant costs element, it also means that the charges to be levied must be collected.

HH d) The Council shall therefore adopt and apply a Credit Control and Debt Collection policy to ensure that service charges are recovered.

II

7.4. Tariff Determination

JJ a) Tariffs represent charges levied by Council on consumers for the utilization of services provided by the Municipality. Tariffs shall be calculated in various different ways, dependent upon the nature of the service being provided.

KK b) Tariffs shall 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.

LL c) In special circumstances, such as significant increases in the cost price of goods and services, the Council will review its tariffs during the preparation of the annual budget.

MM d) Proposed tariffs shall be presented to the community during the Council's consultations about the budget. Immediately after the Council has determined or amended a tariff, the Accounting Officer must clearly display it at all offices of the Municipality as well as at such other places within the municipal area as he/she may determine. The notice must state:

NN i) The general purpose of the resolution;

OO ii) The date on which the determination or amendment comes into operation;

PP iii) The date on which the notice is displayed;

QQ iv) That any person who desires to object to such determination or amendment must do so in writing within 21 days after the date on which the notice was displayed; and

RR v) That any person who cannot write may come during office hours to a place where a staff member of the Municipality named in the notice will assist that person to transcribe his objection.

SS e) If no objection is lodged within the period stated in the notice the determination or amendment will come into operation on the date determined by the municipality. Where an objection is lodged, the Municipality will consider every objection.

TT f) The municipality shall, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another, on the date on which the determination or amendment will come into operation.

UU g) After the Council has considered the objections it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.

7.5. Revenue Sources

VV a) The Council shall finance the affairs of the Municipality by:

WW i) Charging fees for services; and

XX ii) Imposing surcharges on fees, and to the extent authorized by national legislation, other taxes, levies and duties.

YY b) The Municipality shall establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its budget.

ZZ c) The following provisions shall be applicable:

AAA i) Interest shall be charged at a prime rate per annum/per month; must be paid to the Municipality on accounts that have not been paid within thirty days from the date on which such accounts became due.

BBB ii) Interest shall not be applicable to persons with a qualifying indigent status (refer to Indigent Policy);

CCC iii) Accounts outstanding for more than six months should incur a prime rate collection charge

DDD iv) 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.

EEE

FFF

GGG

7.6. Reconnection Fees

HHH Reconnection fee shall be charged on all disconnected services.

7.7. Classification of Services, Categories & Levels of Consumers

III a) Traditionally, municipal services have been classified as trading, rates & general services (economic, subsidized and community services) and housing services based on how they are financed. The categorization is as follows:

JJJ

7.7.1. Trading Services

KKK a) The tariffs for trading services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidise the tariffs of non-trading services.

LLL

7.7.2. Economical Services

MMM a) The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. The tariffs shall be determined in such a way that the costs for providing a service are recovered.

NNN

7.7.3. Subsidized Services

OOO a) A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service.

PPP

7.7.4. Sundries

QQQ

RRR i) The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

SSS a) Building plan fees

TTT b) Photostat copies and fees

UUU ii) The following charges and tariffs shall be considered as regulatory or punitive and shall be determined as appropriate in each annual budget:

VVV a) Advertising sign fees

WWW b) Reconnection fees to water only

XXX c) Other charges imposed in line with the credit and debt control policy

YYY d) Penalties related to dishonored, stale, post-dated or otherwise unacceptable cheques

ZZZ

8. TARIFF STRUCTURES AND METHODS OF CALCULATIONS

8.1 Calculation of tariffs for major services

i) In order to determine the tariffs which must be charged for the supply of the four major services (water, electricity, refuse removal and sewerage) the municipality

shall identify all the operational costs of the undertakings concerned, including specifically the following:

- a) Cost of bulk purchases in the case of water and electricity.
- b) Purification costs (water and sewer)
- c) Distribution costs.
- d) Distribution losses in the case of electricity and water.
- e) Depreciation expenses.
- f) Maintenance of infrastructure and other fixed assets.
- g) Administration and service costs, including:
 - (1) Service charges levied by other departments such as finance, human resources and legal services;
 - (2) Reasonable general overheads, such as the costs associated with the office of the municipal manager;
 - (3) Adequate contributions to the provisions for bad debts and obsolescence of stock;
 - (4) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).
- ii) The intended surplus to be generated for the financial year, such surplus to be applied:
 - a) As an appropriation to capital reserves; and/or
 - b) Generally in relief of rates and general services.

8.2 The cost of approved indigent relief measures.

8.3 The municipality shall provide the first 50kWh of electricity per month as a standard plus any additional units as decided upon from time to time and the first 6 kl of water per month free of charge to consumers who have registered as indigents in terms of the municipality's indigent relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.

8.4 Tariffs for pre-paid meters shall be less than the ordinary consumption tariffs levied on the category of consumer concerned.

The following tariff structure will, where possible, be used to determine tariffs:

8.1.1 ELECTRICITY

8.1.1.1. Tariff structure

- i) Maximum demand (kVA) plus fixed tariff plus kWh consumed.
- ii) Fixed tariff plus kWh consumed.
- iii) Unit tariff (kWh consumed) (Pre-payment meters).

Method of calculation

- I. Guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.
- II. To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users.
- III. Cross subsidization between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

8.1.1.2 The one-part single energy rate tariff:

For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:

- i) The rands/kVA/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.
- ii) The rands/customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a

level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.

iii) The qualification criteria to be placed on one part tariff -where the average of consumption is less than 400kWh per month, is as follows;

(a) All Households that are defined as indigent household consumers as per the credit control policy of Council.

(b) All consumers which have been identified as permanently inhabited households and meet the following criteria;

(i) Reside for a minimum period of 9 months per year in the dwelling.

(ii) A consumer must submit a sworn affidavit form before any Commissioner of Oath to this effect.

(iii) A new affidavit must be handed in annually before 1 July of each financial year in order to remain on the one part tariff.

iv) If the monthly consumption of the Indigent Household exceeds 450 kWh per month, the electricity tariff will be changed to the higher tariff for normal households.

v) Backyard-dwellers also qualify for the free basic electricity units, as determined by Council, if they are deemed to be indigent. The safety of the electrical network on the property is the responsibility of the owner of the property. A valid certificate of compliance (COC) must be made available to the Municipality on request.

8.1.1.3 The two-part tariff:

i) The rands/kVA/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.

ii) The rands/customer/month charge is not reallocated into other tariff elements.

iii) The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.

iv) This is applicable to all conventional household credit meters where households have an average consumption of less than 400kWh per month and where households are categorised as non-permanent household and don't meet the criteria

8.1.1.3 The two-part time-of-use tariff:

- i) The rands/kVa/ month charge must be reallocated into different time-of-use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.
- ii) The rands/customer/month charge is not reallocated.

8.1.1.4 The three-part tariff:

- i) The rands/kVA charge recovers the network cost elements. Some of this cost must be reallocated into different tariff elements.
- ii) The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA costs.
- iii) The rands/customer/month charge is not reallocated.

8.1.1.4 The three-part time-of-use tariff:

- I. As with the standard three-part tariff, a portion of the rands/kVA/month charge is reallocated into the various time-of-use cents/kWh charges. The amount of the reallocation takes place with regard to the customer's load factor. The time-variation of the municipality costs is taken into account in the reallocation of the rands/kVA charge into the various time-of-use cents/kWh charges.
- II. The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA charges.
- III. The rand /customer/month charge is not reallocated.
- IV. Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- V. Where properties are not connected to the electricity municipality service but can reasonably be connected to the service an availability tariff will be payable. The tariff will be calculated by adding a surcharge of 50% to the fixed costs applicable to be connected consumers per category.
- VI. When bulk consumers with electronic type meters close during December/January (one metering period), and use maximum demand for less than 5 days during the metering period and the municipality demand does not coincide with the customers demand reading, then the minimum demand

charge will apply for that month if arrangements are made with the Technical services at least one week before the period.

8.1.1.5 The Pre-Paid System

No refund for ppm tokens will be given to clients that move to another address with a different prepaid meter.

8.1.1.6 Theft and fraud

The responsibility for outstanding costs for meter tampering and penalties will be the responsibility of the owner of the property in cases where the tenants tampered with the prepaid meter.

9. REFUSE REMOVAL

9.1 Tariff structure

- i) Plastic bags per week (volume).
- ii) Containers per week (volume) (240 litre) (1,1m³).
- iii) Bulk Refuse Containers
- iv) Truck load <2000kg.
- v) Truck load >2000kg.

9.2 Method of calculation

i) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service. The unit charge per cubic meter\ will be converted to a cost per black bag. A cost per month will be calculated for domestic consumers based on the average number of bags removed per week.

(1) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.

- ii) A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans.
- iii) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariffs will be determined based on the estimated volume that will be removed per month.
- iv) Opportunity costs for once-off removals will be calculated by recovering the costs of the volume removed plus a percentage surcharge as determine by council.
- v) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity municipality distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
- vi) No refuse removal tariffs will be raised where council has not introduced a refuse removal service.

10. CALCULATION OF MINOR TARIFFS

10.1 All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3(4) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidized by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

10.2 All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

- i) The following services shall be considered as subsidized services, Burials and cemeteries.
- ii) Rentals for the use of municipal sports facilities.

- iii) Municipal swimming pool.
- iv) Municipal public transport.

10.3 The following services shall be considered as community services, and no tariffs

shall be levied for their use:

- i) Municipal museum and art gallery.
- ii) Disposal of garden refuse at the municipal tip site.
- iii) Municipal reference library.
- iv) Municipal lending library (except for fines set out below).
- v) Municipal botanical garden, and all other parks and open spaces.

10.4 The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

- i) Maintenance of graves and garden of remembrance (cremations).
- ii) Housing rentals.
- iii) Rentals for the use of municipal halls and other premises (subject to the proviso set out below).
- iv) Building plan fees.
- v) Sales of plastic refuse bags.
- vi) Sales of refuse bins.
- vii) Cleaning of stands.
- viii) Electricity, sewerage: new connection fees.
- ix) Sale of livestock and plants.
- x) Photostat copies and fees.
- xi) Clearance certificates for purposes of property transfers.
- xii) Town planning fees.
- xiii) Parking Fees.

10.5 The following charges and tariffs shall be considered as regulatory or punitive:

- i) Fines for lost or overdue library books.
- ii) Advertising sign fees.
- iii) Pound fees.
- iv) Electricity municipality, water: disconnection and reconnection fees.

- v) Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- vi) Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.
- vii) Industrial Effluent.
- viii) All tariffs as approve in terms of the drought relief program.
- ix) Fines- All relevant fines to be implemented by Council.

10.6 Market-related rentals shall be levied for the lease of municipal properties. i) In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community and for arts and culture groups, the municipal manager may allow a discount of 50% on the rental that would otherwise have applied. The abovementioned will not apply to political parties and political parties

may not use the halls for free.

ii) The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality sustaining damages as a result of the use of the facilities concerned.

11. Tariff structure

The unit of measurement as reflected in the separate list of tariffs approved annually will be used to determine regulatory community and subsidized services. Halls can be rented at an hourly rate for a maximum of up to three (3) hours.

12. Method of calculation

These tariffs will be adjusted annually by increasing the tariff that applied during the previous financial year by a percentage increase as determined by the majority councillors present at the meeting where the budget is approved.

13. Overdue Amounts

- i) The Municipality shall be entitled to levy an administration fee on a month to month basis on all overdue accounts subject to such maximum amount per month as the Council may determine.
- ii) The Municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the Municipality and signed by the consumer. Upon signature of such an acknowledgment of debt, the consumer will become liable for payment of an administration fee in such amount as the Council may determine for attending on the debtor and entering into the acknowledgment of debt with the consumer.

14. CAPITAL CONTRIBUTIONS

14.1 For purposes of these tariffs the under mentioned words and expressions shall have the following meanings assigned to them unless the context otherwise requires:

- i. "capital contributions", the tariffs payable in respect of the water, electricity , sewerage, storm water, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
- ii. "equivalent erf", in relation Enoch Mgijima Municipality to –
 - 1. electricity, a property with a hypothetical design capacity of 10kVA before diversity as determined by Enoch Mgijima Municipality's Director: Technical Services in accordance with his standard formula, subject thereto that (a) a 3 phase domestic supply shall be equal to 2 equivalent erven (i.e. 20kVA); (b) a 3 phase business supply shall be equal to 3 equivalent erven (i.e. 30 kVA); and (c) any other cases

shall be determined by Municipality's Director: technical Services on a basis of what is fair and reasonable; and

iii. solid waste removal, a property of which the hypothetical solid waste generation is equal to that of a three-bedroom residential unit calculated in accordance with the standard formula as determined by the Director:

Community Services.

iv. "Transfer", transfer of the relevant property in terms of the Deeds Registries Act 47 of 1937 or any similar transfer of ownership.

14.2 Capital contributions are payable in addition to any service charges, charges for consumption, availability charges and connection fees.

14.3 The capital contributions provided for in these tariffs may be imposed by any person or authority when granting any authorization, exemption or application contemplated in terms of any other legislation that may be applicable : Provided that these tariffs shall not limit or restrict the conditions that may be imposed by such person or authority and such person or authority shall be free to impose such other capital contributions as it may deem necessary or expedient under the circumstances.

14.4 All capital contributions are adjusted annually and will be charged and be payable at the revised tariffs which are applicable at the time of transfer of the erf or property concerned or the approval of building plans in respect of such erf or property, whichever takes place first : Provided that should the number of erven, residential units, equivalent erven or other basis on which capital contributions may previously have been based, increase, additional capital contributions shall be payable calculated in accordance with the then existing tariffs when such changes take place or building plans are approved, as the case may be, whichever shall be the earlier.

14.5 Should the floor area of an existing building be increased or should approved building plans be changed or should an existing or authorised use of any building be changed or should new buildings be erected, or the electricity supply be increased, as the case may be, the owner shall be liable for payment of capital contributions in respect of such extensions, additions or changes, as the case may be, in accordance with the tariffs applicable from time to time, which capital contributions shall become payable upon approval of the building plans in respect of such extensions or additions or the occurrence of such change, as the case may be.

14.6 Should any capital contributions have been paid upon approval of building plans or at any time before transfer of a property and any changes as contemplated in this

policy paragraphs 14.4) and e 14.5) subsequently occur, the provisions of paragraphs) 14.4) and e) shall apply *mutatis mutandis* in determining the additional capital contributions payable.

14.7 The capital contributions for roads and solid waste removal shall be calculated in accordance with the applicable standard formula of Enoch Mgijima Municipality's Director: Civil Engineering Services and Director: Community Services.

14.8 To the extent that storm water drainage is not provided for in the standard formula referred to in paragraph (g) above in respect of roads or if, in the opinion of Enoch Mgijima Municipality's Director: Civil Engineering Services, it would be more appropriate, the capital contribution in respect of storm water drainage shall be equal to the direct costs of the storm water drainage infrastructure provided or to be provided.

14.9 Capital contributions shall be payable by the registered owner of the property concerned at the time when the contribution is due and payable, which shall be upon transfer or approval of building plans, whichever shall be applicable, unless any conditions of approval provide otherwise.

14.10 The capital contributions provided for in these tariffs shall be payable unless the payment of such amount is replaced by a condition imposed in or any other legislation that may be applicable.

14.11 The following transitional arrangements shall apply in respect of these tariffs:

i) Should any building plans have been submitted for approval in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977) on or before 30th June 2006 and such approval is granted after 30th June 2006, the capital contributions in force on 30th June 2006 shall, subject to sub-paragraph (iv), apply.

ii) Should application for a certificate (generally referred to as a rates clearance certificate) as contemplated in Section 118 of the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000) have been made on or before 30th June 2006 and such certificate is issued after 30th June 2006, the capital contributions in force on 30th June 2006 shall, subject to sub-paragraph (iv), apply in respect of any tariff payable before transfer of the property concerned.

iii) Should the approval of any building plans in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977), lapse after 30th June 2006 without being extended, the capital

contributions in force at the time of any subsequent approval of building plans for the property concerned shall, subject to sub-paragraph (iv), apply.

iv) Should any authorisation, exemption or application in terms of any other legislation that may be applicable, granted on or before 30th June 2006 not have provided for the payment of any tariffs or amounts in respect of any particular infrastructure provided for in these tariffs, the registered owner shall not as a result of these tariffs only become liable for payment of a capital contribution for which the registered owner would otherwise not have been liable : Provided that if any changes as contemplated in paragraph

(e) Subsequently occur, the provisions of paragraphs (d) and (e) shall apply *mutatis mutandis* in determining the capital contributions payable.

15. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

15.1 The tariffs will be approved as part of the annual budget.

15.2 The tariffs will come into effect as and when determined by the Council.

16. IMPLEMENTING AND PHASING IN OF THE POLICY

16.1 The principles contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by-laws referred to in section 75 of the Systems Act.

17. ADJUSTMENT OF ACCOUNTS

- a. Where incorrect debits were raised, the accounts under query will be rectified for the current financial year and two preceding years.
- b. Adjustments made to the customers' service account, where the adjustment is in the customers favour, will be made for the three preceding years.

- c. Adjustments made to the consumers' service account, where the adjustment is in the municipality's' favour, will be made for the twelve preceding months.(1 Year).
- d. Where the customer caused the adjustment, for example through the by-passing of meters or by supplying the incorrect information, the adjustment will be made for the three preceding years.

18. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

Acting Municipal Manager

D. van Wyk

ENOCH MGJIMA LOCAL MUNICIPALITY



ENOCH MGJIMA
LOCAL MUNICIPALITY

BUDGET POLICY

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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, 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 legislation regulating municipal property rates; or
- (c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"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;

"Councilor" 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) a cash-flow statement;
- (d) any other statements that may be prescribed; and
- (e) any notes to these statements;

"Financial year" means a twelve months period commencing on 1 July and ending on 30 June each year

"Financing agreement" includes any loan agreement, lease, and installment 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 "unauthorized 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;

"Mayor" means the councilor elected as the 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 dematerialized 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(1) (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 26 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(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

- (a) projections for each month of-
 - (i) revenue to be collected, by source; and

- (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(1) (c) of the MFMA;

"Short-term debt" means debt repayable over a period not exceeding one year;

"Standards of generally recognized accounting practice," means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

"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.

"Unauthorized 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/vote

"vote" means ;

- (a) One of the main segments into which a budget of a municipality is divided for the

appropriation of funds for different departments or functional areas; and

(b) Which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.

1. PREAMBLE

The purpose of this policy is to ensure that policy is in line with the provisions of the Constitution S160 (6) and the Municipal Systems Act S11(3)(h), a sound and sustainable management of the budget compilation and approval process.

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, analyzed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realize 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 conceptualization and the operationalization of the budget must be located within the national government's policy framework.

2. POLICY OBJECTIVES

The objective of the budget policy is to set out:

- a) The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- b) The responsibilities of the mayor, the accounting officer, the chief financial officer and other Directors in compiling the budget
- c) To establish and maintain procedures to ensure adherence to Enoch Mgijima's IDP review and budget processes

3. BUDGET PRINCIPLES AND VALUES

- a) The budget will be funded from realistically anticipated revenues to be collected, cash backed accumulated funds not committed for other purposes and borrowed funds.
- b) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- c) Incremental based budgeting shall be used, except in cases of new programmes where zero based budget shall apply.
- d) A three-year budget (medium term revenue and expenditure framework (MTREF)) shall be prepared, reviewed annually and approved by Council.
- e) The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.
- f) The municipality shall not budget for a deficit.
- g) The maintenance budget shall be based on the submissions made by various departments but shall not be less than a particular proportion of the total value of property, plant and equipment, which shall be determined by Council from time to time.
- h) Tariff increases shall respond to DORA allocations and population growth in the Enoch Mgijima area of jurisdiction.

4. BUDGET PREPARATION PROCESS

4.1 Formulation of the budget

The Accounting Officer with the assistance of the Director responsible for IDP and Chief Financial Officer shall draft the IDP and Budget process plan timetable for the municipality for the ensuing financial year.

- (b) The executive mayor shall table the IDP and Budget process plan to Council by 31 August 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 as well as the guidelines set by National Treasury.

- (d) The Mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc).
- (g) The Chief Financial Officer shall issue budget instructions in September to all Head of Departments based on the approved process plan.
- (h) The Chief Financial Officer and senior managers undertake the technical preparation of the budget. The budget must be in the prescribed format, 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
- (j) The expenses reflected in the budget must be divided into line items.
- (k) The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

4.2 Public participation process

Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public, stakeholder organizations, to make representation at the council hearings and to submit comments in response to the draft budget.

4.3 Approval of the budget

- (a) Council shall consider the next medium term expenditure framework budget for approval may not later than 31 May (30 days before the start of the budget year).

- (b) The council resolution, must contain budget policies and performance measures be adopted.
- (c) The annual budget must be approved before the start of the budget year. Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance in the Province 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 and levying property rates, other taxes and tariffs for the financial year concerned;
 - ii. Draft resolutions;
 - 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 councilors, 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 organizations such as Non-governmental Organizations, welfare institutions and so on;
 - ix. particulars of the municipality's investments; and
 - x. Resolutions be crafted in line with National Treasury Budget guidelines

4.4 Publication of the budget

- (a) Within time frames stipulated to circular 75 immediately after the draft annual budget has been tabled, the budget and other budget-related documentation must advertise for comments in a local newspaper, posted onto the municipal website so that it is accessible to the public as well as

send hard copies to National and Provincial Treasury .

- (b) The Chief Financial Officer must within 10 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as advertise to local newspaper and post it on the municipal website.

5. CAPITAL BUDGET

- (a) *Expenditure shall be included in the capital budget if it meets the asset definition as defined in GRAP 17.* The threshold value will also be used to determine which items need to be capitalized and included in the fixed asset register. The threshold value will be reviewed on an annual basis.
- (b) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (c) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.

Before approving a capital project, the Council must consider:

- 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).
 - iii. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - iv. depreciation of fixed assets,
 - v. maintenance of fixed assets, and
 - vi. any other ordinary operational expenses associated with any item on such capital budget.
- (f) Council shall approve the annual or adjustment capital budget only if it has

been properly balanced and fully funded.

- (g) The capital expenditure shall be funded from the following sources:

6. REVENUE OR SURPLUS

- (a) If any project is to be financed from revenue this financing must be included in the
- (b) Operation budget to raise sufficient cash for the expenditure.
- (c) If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

7. EXTERNAL LOANS

- (a) External loans can be raised only if it is linked to the financing of an asset;
- (b) 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;
- (c) The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure
- (d) Interest payable on external loans shall be included as a cost in the revenue budget;
- (e) Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

8. GRANT FUNDING

- (a) Non capital expenditure funded from grants
- o must be budgeted for as part of the revenue budget;
 - o Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
 - o Capital expenditure must be budgeted for in the capital budget;
- Interest earned on investments of Conditional Grant Funding shall be capitalized if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.

- Grant funding does not need to be cash backed but cash should be secured before spending can take place.

9. OPERATING BUDGET

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
 - i. provision for accrued leave entitlements equal to 100% of the accrued leave
 - ii. Provision for bad debts in accordance with its rates and tariffs policies
 - iii. Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - vi. At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance.
- (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
- (c) interest payable on external borrowings
- (d) Other operating expenses.
- (e) The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.

10.FUNDING OF 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. *Allocations from other spheres of government.*

11. 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 in line with guidelines set in circular 74 and 75 of National Treasury
- (d) Adjustments to the rolled over budget shall be done during the 2nd budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- (f) No funding for projects funded from the own funds shall be rolled over to the next budget year except in cases where a commitment has been made before the end of the financial year.
- (g) No unspent operating budget shall be rolled over to the next budget year except for vacant funded position which shall remain in the personnel budget until the position is filled

12. DELEGATION OF BUDGET ADJUSTMENT POWERS AND DUTIES

The council hereby delegates such additional powers and duties to the *accounting officer* so as to enable the *accounting officer* –

- i. to discharge the financial management responsibilities conferred on him in terms of –
 1. chapter 8 of the *MFMA*; and

2. ensuring an effective control system for this Budget Adjustment policy;
- ii. to maximise administrative and operational efficiency in the implementation of the Budget policy;
- iii. Sections 79 and 106 of the *MFMA* apply to the sub-delegation of powers and duties delegated to an *accounting officer* in terms of paragraph 3.1 of this policy.
- iv. There can be no budget adjustment between capital and operating budgets, at any level, unless approved in advance by the council.
- v. *Budget adjustments* from an employee budget (salary or benefit related) to a non-employee budget, and vice versa, is not permitted without the specific prior approval of the Accounting Officer.
- vi. The council or *accounting officer* may not delegate or sub-delegate any virement powers or duties to a person who is not an official of the municipality.

13. SUB-DELEGATIONS

13.1 The council hereby delegates authority to the *accounting officer* to approve budget adjustments within and between *sub-votes* up to a cumulative value for the financial year of R1 million or 25% of the total *sub-vote* (whichever is the lesser amount). Above this level requires council approval.

13.2 The *accounting officer* may in terms of section 79 or 106 of the MFMA sub-delegate any budget adjustment responsibilities, including those delegated to the *accounting officer* in terms of this policy, but any such sub-delegation must be consistent with other provisions within this policy.

13.3 The power to approve a budget adjustment –

- vii. between votes may not be sub-delegated except as outlined in paragraph 5.1;
- viii. between different departments or within the same department, and within the same vote, may be sub-delegated by the *accounting officer*, but only to the CFO and only in line with this policy.;

14. BUDGET ADJUSTMENT PROCESS

14.1 Budget adjustments between *votes* must be approved by the council in advance of their implementation, except in the case of an emergency as determined by the *accounting officer* including, but not limited to, –

- i. unforeseen and unavoidable expenditure for which no provision was made in the budget

and in line with the adopted policy; and

- ii. Expenditure in relation to cases of emergency as described in the municipality's supply chain management policy; in which case the *accounting officer* must agree the budget adjustment with the mayor and report it to the next council meeting as per policy.

14.2 All budget adjustments must be reported to council as required in terms of sections 71 and 72 of the *MFMA* and, if required, as part of the adjustments budget in accordance with section 28 of the *MFMA*.

14.3 All budget adjustments must be reported to, and recorded by, the *CFO*. *Senior managers* must provide the *CFO* with relevant and timely information in accordance with the prescribed format as determined by the *CFO*.

15. APPENDIX TO ADJUSTMENTS PROCESS

15.1 Appropriation of funds for expenditure

A municipality may, except where otherwise provided in this Act, incur expenditure only –

- a. In terms of the approved budget; and
- b. Within the limits of the amounts appropriated for the different votes in the approved budget.

15.2 Municipal adjustments budget

(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget -

15.3 must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

15.4 may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

15.5 may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;

15.6 may authorise the utilisation of projected savings in one vote towards spending under another vote;

15.7 may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;

15.8 may correct any errors in the annual budget; and

15.9 may provide for any other expenditure within a prescribed framework.

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency. adjustments budget must be in a prescribed form.

(5) When an adjustments budget is tabled, it must be accompanied by-

- a. an explanation how the adjustments budget affects the annual budget;
- b. a motivation of any material changes to the annual budget;
- c. an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
- d. any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

16. BUDGET IMPLEMENTATION

(1) The accounting officer of a municipality is responsible for implementing the municipality's approved budget, including taking all reasonable steps to ensure –

- a. that the spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget or in the service delivery and budget implementation plan; and
- b. that revenue and expenditure are properly monitored.

(2) When necessary, the accounting officer must prepare an adjustments budget and submit it to the mayor for consideration and tabling in the municipal council.

(3) The accounting officer must no later than 14 days after the approval of an annual budget submit to the mayor-

- a. a draft service delivery and budget implementation plan for the budget year;

and

b. drafts of the annual performance agreements as required in terms of section 57(1) (b) of the Municipal Systems Act for the municipal manager and all senior managers

17. MONTHLY BUDGET STATEMENTS

(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month –

- a. actual revenue, per revenue source;
- b. actual borrowings;
- c. actual expenditure, per vote;
- d. actual capital expenditure, per vote;
- e. the amount of any allocations received;
- f. actual expenditure on those allocations, excluding expenditure on –
 - i. any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - ii. any material variances from the service delivery and budget implementation plan; and
 - iii. any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

(2) The statement must include-

- a. a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
- b. the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

(3) The amounts reflected in the statement must in each case be compared with

the corresponding amounts budgeted for in the municipality's approved budget.

(4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.

(5) The accounting officer of a municipality which has received an allocation referred to in subsection (1) (e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1) (e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.

(6) The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.

(7) The provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

18. MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

(1) The accounting officer of a municipality must by 25 January of each year—

a. assess the performance of the municipality during the first half of the financial year, taking into account—

i. the monthly statements referred to in section 71 for the first half of the financial year;

ii. the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

iii. the past year's annual report, and progress on resolving problems identified in the annual report; and

iv. the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

b. submit a report on such assessment to-

i. the mayor of the municipality;

ii. the National Treasury; and

iii. the relevant provincial treasury.

(3) The accounting officer must, as part of the review-

a. make recommendations as to whether an adjustments budget is necessary;
and

b. recommend revised projections for revenue and expenditure to the extent that this may be necessary.

19. BUDGET IMPLEMENTATION

19.1 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;

- expenses are reduced if expected revenues are less than projected;
and

- revenue 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 Mayor for consideration and tabling to Council.

(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.

20. FINAL ADOPTION

Council is the formulator of, and decision maker where, policies are concerned. The final approval of this policy rests with the Enoch Mgijima Council on recommendation of the Executive Mayor.

21. IMPLEMENTATION AND REVIEW OF THIS POLICY

- a) This policy shall be implemented once approved by Council. All future budget preparation must be made in accordance with this policy.
- b) In terms of section 17 (1) (e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

22. AUTHENTICATION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMA LOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

Acting Municipal Manager

D. van Wyk

ENOCH MGIJIMAMGIJIMA LOCAL MUNICIPALITY



ENOCH MGIJIMA
LOCAL MUNICIPALITY

Supply Chain Management Policy

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1. Definitions

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

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

"All applicable taxes" includes value-added tax, pay as you earn, income tax, skills development levies and unemployment insurance fund contributions;

"B-BBEE" means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

"B-BBEE status level of contributor" means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment;

“Bid” means a written offer in a prescribed or stipulated form in response to an invitation to bid issued by the Enoch Mgijima Local Municipality for the procurement of goods, services or works through price quotations, advertised competitive bidding processes, limited bids or proposals or for the disposal of assets and **“tender”** has a corresponding meaning;

“Bid Committees” means the committees established in terms of this policy to prepare bid specifications, bid documentation, evaluate responsive bids and, where so authorized, to adjudicate responsive bids and any reference in section 117 of the Municipal Finance Management Act to municipal tender committees shall be construed as a reference to the aforesaid committees;

“Bid documentation” means all documentation relating to or necessary in order to complete a procurement or disposal including but not limited to such specification, bidding, certification and contractual documentation as may be prescribed by National Treasury or the Construction Industry Development Board, as the case may be, for municipal supply chain management purposes and the implementation of this policy;

“Bidder” means any person who submits a bid or quotation to the Enoch Mgijima Local Municipality in response to an invitation to bid or quote and includes a **“tenderer”**;

“Bid rigging” means a prohibited collusive bidding practice in terms of which bidders that would normally be expected to compete in a procurement process either singularly or by association with other persons or firms in a horizontal relationship, secretly conspire to raise prices or lower the quality of goods and/or services or agree not to compete against each other in such process;

"Black people" is a generic term which means Africans, Coloureds and Indians;

"Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act No. 53 of 2003;

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

“CIDB” means the Construction Industry Development Board;

“CIDB regulations” means any regulations issued in terms of the Construction Industry Development Board Act No. 38 of 2000;

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

“Comparative price” means the price after the factors of a non-firm price and all unconditional discounts that can be utilized, have been taken into consideration;

“Competitive bidding process” means a transparent procurement method in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, terms and conditions of the proposed contract as well as the criteria by which responsive bids received will be evaluated;

“Competitive bid” means a bid in terms of a competitive bidding process;

“Consortium or joint venture” means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;

“Construction works” or **“works”** means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure;

“Contractor” means a person or body of persons who undertakes to execute and complete procured construction works for or on behalf of the Enoch Mgijima Local Municipality;

"Contract" means the agreement that results from the acceptance of a bid by the Enoch Mgijima Local Municipality in accordance with this policy;

"Council" means the council of Enoch Mgijima Local Municipality;

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

"Delegating authority" means the council, a duly authorized political structure or office bearer thereof, the Accounting Officer or other employee to whom original powers are assigned in terms of legislation and, in relation to a sub-delegation of a power, that delegated body;

"Delegation" means the issuing of a written authorization by a delegating authority to a delegated body to act in his stead and, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty and "delegate" and sub-delegate has a corresponding meaning;

"Delegated body" in relation to the delegation of a power means the person to whom a power has been delegated by the delegating authority in writing;

"Designated Official" means the official of the Enoch Mgijima Local Municipality to whom the accounting officer or the chief financial officer, as the case may be, have, in accordance with sections 79 and 82 of the Municipal Finance Management Act No. 56 of 2003 delegated or sub-delegated powers, functions and duties in connection with the application and implementation of this policy provided that a sub-delegation by the chief financial officer to an official that has not been allocated to him by the accounting officer or to a person contracted by the Enoch Mgijima Local Municipality for the work of its budget and treasury

office may only be so authorized with the concurrence of the accounting officer and provided further that the said chief financial officer is satisfied that effective systems and procedures are in place to ensure control and accountability by the person concerned;

"Designated sector" means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;

"Disposal" means a process of preparing, negotiating and concluding a written contract relating to the alienation of a capital asset whether movable or immovable owned by or under the control of the Enoch Mgijima Local Municipality or rights in respect thereof, by means of a sale, lease, donation or cession and **"dispose of"** has a similar meaning;

"Final award" in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote was accepted;

"Firm price" means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy or tax which, in terms of any applicable law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies or the rendering costs of any service, for the execution of a contract;

"Formal written price quotations" means quotations referred to in paragraph 12 (1) (c) of this policy;

"Functionality" means the measurement according to predetermined norms, as set out in the bid specification, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;

“Fronting” means a deliberate circumvention or attempted circumvention of the "Broad-Based Black Economic Empowerment Act and the Codes of Good Practice;

“Head of Department” means a senior manager as defined in the Municipal Finance Management Act and who is responsible for a vote as assigned by the accounting officer;

"Imported content" means that portion of the bid or tender price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its sub-contractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry;

“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 Enoch Mgijima Local 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 Act and the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(e) A member of the accounting authority of any national or provincial public entity; or

(f) An employee of Parliament or a provincial legislature;

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

"Line manager" means a manager reporting directly to a senior manager and who is responsible for a cost centre as assigned by the relevant senior manager;

"Local content" means that portion of the bid or tender price which is not included in the imported content, provided that local manufacture does take place;

"Long term contract" means a contract with a duration period exceeding one year;

"List of accredited prospective providers" means the list of accredited prospective providers which the Enoch Mgijima Local Municipality must keep in terms of paragraph 15 of this policy;

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

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

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

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

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

“Non-firm prices” means all prices other than “firm” prices;

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

- (a) the Preferential Procurement Policy Framework Act No. 5 of 2000;
- (b) the Broad-Based Black Economic Empowerment Act No. 53 of 2003;
- (c) the Construction Industry Development Board Act No. 38 of 2000;
- (d) the Local Government: Municipal Systems Act No. 32 of 2000 (Municipal Systems Act);
- (e) the Promotion of Administrative Justice Act No. 3 of 2000;
- (f) the Promotion of Access to Information Act No. 2 of 2000;
- (g) the Protected Disclosures Act No. 26 of 2000;
- (h) the Competition Act No. 89 of 1998;
- (i) the Prevention and Combating of Corrupt Activities Act No. 12 of 2004;
- (j) Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017

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

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

"Petty cash" means a relatively small amount of cash kept at hand for making immediate payment for miscellaneous small \pm incurred by the Enoch Mgijima Local Municipality.

"Preferential Procurement Regulations" means the Preferential Procurement Regulations, 2011 contained in Government Notice R 502 of 8 June 2011 promulgated in Government Gazette No. 34350 of this date;

"Procurement" means the processes leading to the negotiation and conclusion of contracts whether in writing or verbally for the acquisition of goods, services or construction works or any combination thereof or the disposal of assets whether movable or immovable or any rights in such assets by means of purchase, sale, lease or donation and includes the preparation of all associated bid and contractual documentation and **"procured"** or **"procuring"** has a similar meaning;

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)

“Quotation” means a stated price that a supplier expects to receive for the provision of specified services, goods or works;

“Responsive bid” means a bid that complies in all material aspects with the requirements set out in or contained in an invitation to bid including the applicable specification;

"Small enterprise" means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule to the National Small Business Act No. 102 of 1996 which is contained in Annexure B to this policy and classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the said schedule;

"Stipulated minimum threshold" means that portion of local production and content as determined by the Department of Trade and Industry from time to time;

"Sub-contract" means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of a contract;

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

“SANAS” means the South African National Accreditation System;

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

"Total revenue" bears the same meaning assigned to this expression in the Codes of Good Practice;

"Trust" means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person;

"Trustee" means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person;

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

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

"Verbal Quotations" means a verbal process of inviting quotations from an identified limited number of potential suppliers for the supply goods, services and/or works;

"Verification Certificate" means a B-BBEE certificate issued in compliance with the B-BBEE Codes of Good Practice and all Sector Codes issued in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act;

"Written quotations" means quotations referred to in paragraph 12 (1) (c) of this policy.

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

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 Enoch Mgijima Local Municipality must implement this policy in a way that -

- (a) gives effect to Section 217 of the Constitution and Part 1 of Chapter 11 and other applicable provisions of the Act;
- (b) is fair, equitable, transparent, competitive and cost effective;
- (c) complies with the Regulations and any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and the conduct of business with the public sector.

(2) This policy applies when the Enoch Mgijima Local Municipality –

- (a) procures goods or services or undertakes construction works through a procurement process;

- (b)** disposes goods no longer needed;
 - (c)** selects contractors to provide assistance with the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (d)** selects 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, but not limited to -
 - (a)** water from the Department of Water Affairs or a public entity, another local municipality or a municipal entity; and
 - (b)** electricity from Eskom or another public entity, another municipality or a municipal entity.
- (4)** Notwithstanding anything to the contrary in this policy, the municipality shall not award a contract to a contractor in respect of the undertaking, carrying out or completion of any construction works or a portion thereof in terms of a competitive bidding or quotation process provided for in this policy unless such contractor is registered with the Construction Industry Development Board established by section 2 of the Construction Industry Development Board Act No. 32 of 2000 and holds a valid registration certificate issued by such Board or is exempted from such registration either in terms of this Act or the "CIDB Regulations".

3. Amendment and adoption of the supply chain management policy

- (1)** The accounting officer must at least annually review the implementation of this policy and, when necessary, submit proposals for the amendment thereof to the council through the Mayor acting in conjunction with the mayoral committee.
- (2)** If the accounting officer submits proposed amendments to this policy to the council, he must ensure that same comply with the Regulations and Treasury guideline standards determining standards for municipal supply chain management policies.
- (3)** The accounting officer must report any deviation from the Regulations and Treasury guideline standards determining standards for municipal supply chain management policies to the National and Provincial Treasuries.
- (4)** When amending this policy, the need for uniformity in supply chain practices, procedures and forms between all spheres of organs of state particularly to promote accessibility of supply chain management systems for small businesses, must be taken into account.
- (5)** By adopting this policy the council further pledges itself and the municipal administration, to the full support of the Proudly SA campaign and to the observance of all applicable national legislation, including specifically the:
 - (i) Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations
 - (ii) Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
 - (iii) Municipal Finance Management Act No. 56 of 2003, including the regulations relating to the prescribed framework for supply chain management.
 - (iv) Where applicable the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and regulations and
 - (v) National Small Business Act of 1996.

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 him -
- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -
 - (i) chapters 8 of the Act; and
 - (ii) this policy; and
 - (b) to maximize administrative and operational efficiency in the implementation of this policy; and
 - (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 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 the municipality or to a committee which is not exclusively composed of officials of the municipality.
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 27 of this policy.

5. Sub-delegations

- (1) The accounting officer may, in terms of section 79 of the Act, sub-delegate any supply chain management powers and duties, including those vested in him in terms of legislation or delegated to him in terms of this policy or by resolution of the council, but any such sub-delegation must be consistent with subparagraph (2) and paragraph 4 of this policy.
- (2) The power to make a final award -
 - (a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;
 - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated by the accounting officer but only to -
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member;

(c) not exceeding R2 million (VAT included) may be sub-delegated by the accounting officer but only to -

(i) the chief financial officer;

(ii) a senior manager;

(iii) a manager directly accountable to the chief financial officer or a senior manager; or

(iv) a bid adjudication committee.

(3) An official or bid adjudication committee to whom or which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must, within five days of the end of each month, submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including -

(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 (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 was a member;

- (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 was not a member.

- (5) Subparagraphs (3) and (4) 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 27 of this policy.

- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. *Oversight role of the council*

- (1) No councillor may be a member of a bid committee or any other committee evaluating or approving quotations or bids nor attend any meeting of such committees as an observer.

- (2) The council must maintain oversight over the implementation of this policy to ensure that the accounting officer implements all supply chain management activities in accordance therewith.

- (3) For the purposes of such oversight, the accounting officer must -

- (a) within 30 days of the end of each financial year, submit a report on the implementation of this policy to the council through its mayor;
 - (b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.
- (4) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.
- (5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. *Supply chain management unit*

- (1) A supply chain management unit is hereby established to implement this policy.
- (2) Subject to subparagraph (3), the supply chain management unit shall operate under the direct supervision of the chief financial officer to whom this duty is hereby delegated by the accounting officer in terms of section 80 of the Act.
- (3) Where, due to operational reasons, the council appoints a senior manager to be responsible for the direct supervision of the supply chain unit referred to in subparagraph (1), the application and implementation of this policy and the municipality's supply chain management system, the accounting officer shall, in terms of section 79 of the Act, delegate appropriate duties, functions and powers to such senior manager to enable him to perform his duties aforesaid and such senior manager shall be included in the definition of "designated official" in section 1 of this policy.

- (4) Where the council appoints a senior manager in terms of subparagraph (3) for the purposes stated therein, any reference to the chief financial officer in paragraph 5 (2) of this policy shall be construed as reference to the said designated official acting after consultation with the chief financial officer.

8. *Training of supply chain management officials*

- (1) The Accounting Officer and all other officials involved in the implementation of the SCM Policies and Procedures Manual of ENOCH MGIJIMA LOCAL MUNICIPALITY; must meet the prescribed competency levels as prescribed by National Treasury.
- (2) ENOCH MGIJIMA LOCAL MUNICIPALITY must, for the above purposes, provide resources or opportunities for the training of officials referred, to meet the prescribed competency levels.
- (3) The National Treasury, or the Provincial Treasury, or any other appropriate accredited body, may be requested to assist ENOCH MGIJIMA LOCAL MUNICIPALITY in the training of such officials.
- (4) The training of officials involved in implementing this SCM Policies and Procedures Manual, should be in accordance with any guidelines on SCM training as issued by Treasury.

It is the responsibility of the Head of SCM Unit to ensure that SCM officials are adequately developed and capacitated.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. *Format of supply chain management system*

This policy provides systems for -

- (i) Demand management;
- (ii) Acquisition management;
- (iii) Logistics management;
- (iv) Disposal management;
- (v) Risk management; and
- (vi) Performance management.

Part 1: Demand management

10. System of demand management

- (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality supports its operational commitments and its strategic goals as outlined in the municipality's Integrated Development Plan.
- (2) The demand management system must -
 - (a) include timely planning and management processes to ensure that all goods, services and works required by the municipality are quantified, budgeted for

and timely and effectively delivered at the right locations and at the critical delivery dates and are of the appropriate quality and quantity procured at a fair cost;

- (b)** take into account any benefits of economies of scale that may be derived in the case of procurements of a repetitive nature;
- (c)** provide for the compilation of the required specifications to ensure that municipal needs are met;
- (d)** allow for the undertaking of appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (e)** Demand management must translate the annual plan (SDBIP) and multi-year business plan (IDP) of Enoch Mgijima Local Municipality into current and future needs. The process should consider the following as a minimum:
 - i) Understanding of the current and future needs;
 - ii) Ensuring that the need forms part of the IDP of the municipality;
 - iii) Consideration of the optimum method to satisfy the need e.g. possibility of procuring goods and services using transversal or ad hoc contracts;
 - v) Consideration of an analysis of previous expenditure in order to determine the manner in which the particular need was fulfilled in the past;
 - v) Indication of the frequency of the specified requirement;
 - vi) Assessment of available assets;
 - vii) Determination of the economic order quantity;
 - viii) Identification of lead and delivery times and;
 - ix) Planning for publication;
- f)** The demand management function is a cross functional exercise which necessitates end users involvement in SCM activities and this shall be

performed by a Cross Functional Sourcing Team (CFST) that consists of individuals having the relevant expertise.

The CFST composition shall be as follows:

i) Head of Supply Chain

ii) Financial/budget manager

iii) Demand Management Specialist/ delegated official(s)

v) Relevant end-users from Clusters

g) The Head of SCM Unit is responsible for the appointment of the CFST

(3) The accounting officer must, prior to issuing an invitation to bid-

(a) properly plan for, and, as far as possible, accurately estimate the costs for the provision of goods, services and/or works for which an invitation to bid is to be issued;

(b) determine the appropriate preference point system to be utilized in the evaluation and adjudication of bids to be received in response to the contemplated invitation to bid; and

(c) determine whether the goods, services and/or works for which an invitation to bid is to be issued has been designated for local production and content in terms of section 9 of the Preferential Procurement Regulations and paragraph 29(5) of this policy.

(4) The accounting officer must indicate in an invitation to submit a bid and in the applicable bid specification or terms of reference-

(a) that such bid will be evaluated on functionality and, in such event, the following shall be clearly stated:

- (i) the evaluation criteria for measuring functionality which criteria must be objective;
 - (ii) the weight of each criterion which should not be generic but be determined separately for each bid on a case by case basis;
 - (iii) the applicable values that will be utilized when scoring each criterion which values must be objective;
 - (iv) the minimum qualifying score for functionality in order to enable the bid concerned to be further evaluated in terms of this policy provided that the aforesaid qualifying score:
 - (a) should not be generic but be determined separately for each bid on a case by case basis; and
 - (b) should not be prescribed so low that it may jeopardize the quality of the service or works required nor be so high that it may be restrictive to the extent that it jeopardizes the fairness of the supply chain management system;
 - (b) the fact that no bid will be regarded as an acceptable bid if the bidder or the goods, services and/or works to be procured, as the case may be, fails to achieve the minimum qualifying score for functionality as indicated in the invitation to bid and the relevant bid specification or terms of reference; and
 - (c) that bids that have achieved the minimum qualification score for functionality will be evaluated further in terms of the preference point systems referred to in paragraphs 29(3) and 29(4) of this policy.
- (5) Any system designed in terms of this paragraph shall take cognizance of the provisions of this policy.

6. Pre-qualification criteria for preferential procurement

- (1) The municipality may apply pre-qualifying criteria to advance certain designated groups,
- (2) If the pre-qualifying criteria is implemented the tender must be advertised with a the tender with a specific tendering condition that only one or more of the following tenderers may respond-
 - (a) A tenderer having a stipulated minimum B-BBEE status level of contributor;
 - (b) an EME or QSE;
 - (c) A tenderer subcontracting 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.
- (3) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.
- (3) The specification will be recommended by the Bid Specification Committee for approval of the accounting officer

7. EVALUATION CRITERIA

- a. All specification must stipulate an evaluation criteria that will be used when evaluating the bid
- b. The evaluation for price and BBBEE status level must be stipulated in the bidding documents/specification

Part 2: Acquisition management

11. System of acquisition management

- (1) The accounting officer of Enoch Mgijima Local Municipality must implement an efficient system of acquisition management in order to ensure -
 - (a) that goods, services and works are procured by the municipality in accordance with authorized processes only;
 - (b) that expenditure on goods, services and works is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria and the general conditions of a contract, are in accordance with any applicable legislation; and

- (e) that any Treasury guidelines on acquisition management are properly taken into account.
 - (f) Enoch Mgijima Local Municipality avoids/minimize incurring unauthorized, irregular, fruitless and wasteful expenditure.
- (2) This supply chain management policy, except where provide otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- (a) Water from the Department of Water 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) When procuring goods or services from an organ of state as 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.

(4) Range of procurement processes

<u>GOODS / SERVICES VALUE</u>	<u>PROCUREMENT METHOD</u>	<u>APPROVAL AUTHORITY</u>
R0 – R2000	Petty Cash / One Quotation	Middle Manager/ Director
R2001 – R15 000	Three Quotations	Middle Manager/ Director
R15 001 – R30 000	Three Quotations	Director

R30 001 – R200 000	7 Day Notice Quotations	Director/Chief Financial Officer/Municipal Manager
R200 001 – R10 000000	Competitive Bidding	Adjudication Committee of which the chief financial officer or senior manager is a member
R10 000 000 and above	Competitive Bidding	Municipal Manager Subject to the Recommendations of the Bid Adjudication Committee

(5) If quotations are over R30 000.00 in this range the following MBD documents need to be filled in by the companies that are quoting.

MBD 2 - Tax Clearance

MBD 4 - Declaration of Interest

(12) (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) – Middle Manager or Director. Suppliers must be selected from the Central Supplier database to assist in performing validation functions of key supplier information.

(b) 1 quotation for procurement up to a transaction value of R 2000(VAT included)- Middle Manager or Director. Suppliers must be selected from the Central Supplier database to assist in performing validation functions of key supplier information.

(c) 3 written or verbal quotations for procurements of a transaction value over R2 001 up to R15 000 (VAT included) – Middle Manager or Director. Suppliers must be selected

from the Central Supplier database to assist in performing validation functions of key supplier information.

(d) 3 formal written price quotations for procurements of a transaction value Over R15 001 up to R30 000 (VAT included) – Director. Suppliers must be selected from the Central Supplier database to assist in performing validation functions of key supplier information.

(e) Seven day notice formal written price quotations for procurement of a transaction value over R30 001 up to R200 000 (VAT included) – Director or Municipal Manager or Chief Financial Officer as per Accounting Officer sub-delegation authority.

(f) A competitive bidding process for–

(i) Procurements above a transaction value of R200 000 (VAT Included); and

(ii) The procurement of long term contracts – Municipal Manager subject to the recommendation of the bid adjudication committee.

(2) The following exceptions may be permitted but must only be approved by the Accounting Officer in writing:

(a) lower but not increase, the different threshold values specified in subparagraph (1) above; or

(b) direct that written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2000;

(c) direct that formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

(d) direct that a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Procurement invitations may not deliberately be split into parts or items of a lesser value than the threshold amounts referred to in subparagraph (1) merely to avoid compliance with the requirements of this policy or any applicable legislation. When determining transaction values, a requirement for goods, services or works consisting of different parts or items must, as far as possible, be treated and dealt with as a single transaction.

(4) All intended expenditure transactions shall be motivated for approval by the Municipal Manager in the municipal reporting format subject to compliance with the other requirements of the supply chain management policy.

12.2 Special categories of bidders and suppliers

In order to promote B-BBEE and comply with applicable legislation including the Codes of Good Practice, this policy recognizes the following special categories of bidders and suppliers:

12.1 Exempted Micro-Enterprise

(a) An exempted Micro-Enterprise (EME) is an entity with an annual turnover of R5 million or less provided that this amount may be reduced in accordance with sector charter thresholds for specific sectors or industries.

- (b) The current thresholds for the Tourism and Construction Sector charters are R2.5 million and R1.5 million respectively.
- (c) Exempted Micro-Enterprises are deemed to possess a B-BBEE Status of "Level Four Contributor", having a B-BBEE procurement recognition of 100%.
- (d) An Exempted Micro-Enterprise qualifies for a promotion to a B-BBEE Status of "Level Three Contributor" having a B-BBEE procurement recognition of 110% if it is more than 50% owned by black people or by black women.
- (e) Exempted Micro-Enterprises are allowed to be measured in terms of the QSE scorecard contained in the applicable code of good practice in the event of them wishing to maximize their points and move to the next procurement recognition level.
- (f) Sufficient evidence of qualification as an Exempted Micro-Enterprise is an auditor's certificate or similar certificate issued by an accounting officer of a closed corporation or a verification agency accredited by SANAS.

12.2 Qualifying Small Enterprise

- (a) Any enterprise with an annual Total Revenue of between R5 million and R35 million qualifies as a Qualifying Small Enterprise.
- (b) Enterprises claiming qualifying small enterprise status must include in any bid submitted to the municipality, an original and valid B-BBEE status level certificate or a certified copy thereof, substantiating their B-BBEE rating. This certificate must be issued by a verification agency accredited by SANAS or a Registered Auditor approved by the Independent Regulatory Board of Auditors.

12.3 Start-up enterprises

- (a)** Start-up enterprises must be measured as Exempted Micro-Enterprises for the first year following their formation or incorporation. This provision applies regardless of the expected total revenue of the start-up enterprise.
- (b)** Start-up Enterprises are deemed to have a "B-BBEE Status of Level Four Contributor".
- (c)** In order to qualify as a Start-up Enterprise, the enterprise must provide an independent confirmation of its status.
- (d)** Despite subparagraphs (a) and (b), Start-up Enterprises must submit a QSE Scorecard when tendering for any contract or seeking any other business with a value higher than R5 million but less than R35 million. For contracts above R35 million, they should submit the generic scorecard. The preparation of such scorecards must use annualized data.
- (e)** The accounting officer shall reserve the right to require a Start-up Enterprise referred to in subparagraph (d) to submit a verification certificate issued by either a verification agency approved by SANAS or a Registered Auditor approved by the Independent Regulatory Board of Auditors.

13. General preconditions for consideration of written quotations or bids

The SCM Unit shall be solely responsible for sourcing quotations from prospective providers who are registered on the database of accredited prospective providers, in the relevant category and region.

- (1)** A written quotation or bid may not be considered unless the bidder who submitted the quotation or bid concerned -

- (a)** has furnished his -

 - (i)** full name or names including trading name;
 - (ii)** identification number or company or other registration number;
 - (iii)** tax reference number and VAT registration number, if any;

- (b)** has provided the municipality with an original valid tax clearance certificate from the South African Revenue Services stating that his tax matters are in order;

- (c)** has, where applicable, provided the municipality with a clearance certificate from the Construction Industry Development Board to the effect that he holds a valid registration certificate issued by the Board;

- (d)** has provided the municipality with a “Certificate of Independent Bid Determination” on Form MBD 9 or a similar form;

- (e)** has provided a certificate issued by the municipality or any other municipality to which he may be indebted to the effect that he and, in the event of the bidder being a company, also any of its directors, is not indebted to the municipality or to any other municipality or municipal entity for rates, taxes and/or municipal service charges which are in arrear for a period of more than three months and that no dispute exists between such bidder and municipality or municipal entity concerned in respect of any such arrear amounts;

- (f)** has submitted an affidavit certifying -

 - (i)** that he is not in the service of the state or has been in the service of the state in the previous twelve months;

- (ii) that, in the event of the bidder not being a natural person, none of its directors, managers, principal shareholders or stakeholders are in the service of the state nor have they been in the service of the state in the previous twelve months;
- (iii) that neither his spouse, child or parent nor a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months;
- (iv) that he is not an advisor or consultant contracted by the municipality to advise it on the procurement under consideration;

(2) This paragraph must be read in conjunction with paragraph 22 of this policy.

14. Lists of accredited prospective providers

- (1) The accounting officer must -
 - (a) keep a list of accredited prospective providers of goods and services that must be used for procurements through written or verbal quotations and formal written price quotations; and
 - (b) at least once a year through newspapers commonly circulating locally, the municipal website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) specify the listing criteria for accredited prospective providers; and

- (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

- (2) The aforesaid list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

- (3) The aforesaid list must also be compiled per commodity and per type of service.

15. Petty cash purchases

- (a) Petty cash purchases may only be made in accordance with the Petty Cash policy of the municipality. The conditions for the procurement of goods by means of petty cash purchases should be according to paragraph 12(1) (a) of this policy.

- (b) The accounting officer may delegate responsibility for the management of petty cash to an official directly or indirectly reporting to the chief financial officer.

- (c) No item that is an approved stores item may be purchased by means of a petty cash transaction.

- (d) Petty cash should not be used to purchase the following items: fuel, payroll related expenses and other expenses which can and should have been planned in advance for bulk purchases.

- (e) No fixed asset regardless of value may be purchased through petty cash.

- (f) The council must, from time to time, determine the maximum amount of the permissible petty cash expenditure per month;

- (g) A monthly reconciliation report must be provided to the chief financial officer within five days of the end of each month by the official authorized to make petty cash purchases and such report shall contain particulars of each final award made by such official during that month, including:
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and supporting documents for each purchase.

16. Written or verbal price 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, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not so listed, such providers must meet the listing criteria determined by the accounting officer in terms of paragraph 15(1)(c) of this policy;*

- (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 for such inability must be recorded on the invitation to submit quotations and reported quarterly to the chief financial officer;
- (d) The designated officer must record the names of the potential providers requested to provide quotations with their quoted prices; and
- (e) If a quotation was submitted verbally, the order may be placed only against written confirmation of the price and conditions of supply from the selected provider within the period stipulated in the invitation to submit quotations.
- (f) An amendment of a quoted price during the original validity period is not allowed.

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

(a) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;

(b) In the event of it not being possible to obtain quotations from at least three different providers whose names appear on the list of accredited prospective providers of the municipality, quotations may be obtained from providers who are not so listed, provided that such providers meet the listing criteria determined by the accounting officer in terms of paragraph 15(1)(c) of this policy and, provided further, that the reasons for obtaining such quotations from the providers concerned must be recorded on the invitation to submit quotations and be approved by the chief financial officer.

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:

(a) When using the list of accredited prospective providers, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

(b) All requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website of and on the official notice board of the municipality;

(c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) Offers below R30 000 (all taxes included) must be awarded based on compliance with specifications, conditions of contract, ability, capacity and capability to deliver the required goods and/or services and lowest price; provided that the accounting officer may direct, in appropriate cases, that the applicable provisions of the Preferential Procurement Regulations be applied in respect of the calculation of preference points for price;

- (e) Offers above R30 000 (all applicable taxes included) must be awarded based on compliance with specifications, conditions of contract, ability, capacity and capability to deliver the required goods and/or services and lowest price provided that the accounting officer may direct, in appropriate cases, that the applicable provisions of the Preferential Procurement Regulations be applied in respect of the calculation of preference points for price;
- (f) Prior to the award of a contract with a price in excess of R10 000, the designated official must verify the status of recommended bidders (including their directors(s), owners(s) or trustee(s) by checking the Data Base of Restricted Suppliers maintained by National Treasury in order to ensure that no recommended bidder or any of its directors/owners/trustees are listed as companies or persons prohibited from doing business with the public sector;
- (g) A call for quotations in terms of the preceding paragraphs must be in writing and contain a specification for the goods and/or services to be procured as well as details of the preference points system to be used in adjudicating quotations;

(h) The designated official must, in writing, notify the chief financial officer within 3 days after the end of each month of all written, verbal and formal written price quotations accepted or approvals given in terms of this paragraph;

(i) The chief financial officer must ensure that adequate systems are in place to meet the requirements for proper record keeping;

- (j) The procurement contract must be awarded to the bidder who scored the highest points in accordance with the stipulated preference points system.

19. Competitive bidding process

- (1) Subject to paragraph 11 (2) of this policy, goods, services or works above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process.
- (2) Subject to subparagraph (3), 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) The accounting officer may split unduly large quantities of work into smaller contracts (units) to promote manageability and provide opportunities for emerging entrepreneurs. This procedure may only be followed when technically, logistically and financially feasible.
- (4) A senior manager responsible for a vote must submit the under-mentioned information to the chief financial officer prior to the publication of any public invitation of bids in respect of procurements estimated to exceed R10m (all taxes included):
 - (i) proof that budgetary provision exists for the procurement concerned;
 - (ii) details of any ancillary budgetary implications related to the bid concerned;
 - (iii) details of any multi-year budgetary implications associated with a project which will be undertaken over a period of more than one year as well as details of the anticipated expenditure per financial year.

- (5) A procurement referred to in subparagraph (4) may only be advertised for competitive bids after the chief financial officer has verified in writing that budgetary provisions exists to enable the relevant project to commence.

- (6) Procurement requirements referred to in subparagraph (4) may not be deliberately split into parts or items of lesser value merely to avoid the information being submitted.

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 22;
- (b) Public invitation of bids as detailed in paragraph 23;
- (c) Site meetings or briefing sessions as detailed in paragraph 23;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 24;

- (e) Evaluation of bids as detailed in paragraph 32;
- (f) Award of contracts as detailed in paragraph 33;
- (g) Administration of contracts - after the award of a bid, the accounting officer and the bidder must enter into a written agreement.

- (h) Proper record keeping;

- (i) Original/legal copies of written contracts agreements should be kept in a secure place for reference and audit purposes.

21. Bid documentation for competitive bids

Bid documentation for a competitive bidding process must, in addition to compliance with the requirements listed in paragraph 13, comply with the following requirements:

- (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;
 - (iii)** the requirements of the Construction Industry Development Board, in the case of a bid relating to construction works;
 - (iv)** relevant B-BBEE verification and certification requirements;
 - (v)** relevant local content or production requirements.
- (b)** Include the preference points system to be used in adjudicating bids, namely 80/20 or 90/10 as prescribed in the Preferential Procurement Regulations;
- (c)** Compel bidders to declare, by means of an affidavit, 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, his audited annual financial statements -
 - (a) for the past three years; or
 - (b) since establishment, if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that he has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contracts;
 - (iv) a statement indicating whether or not any portion of the goods or services required by the municipality are expected to be sourced from outside the Republic, and, if so, what portion and also whether or not any portion of the payment to be made by the municipality 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.

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 and in any other appropriate manner (which may include an advertisement in the Government Tender Bulletin); and

- (b)** the information contained in such public advertisement, must include -
 - (i)** subject to subparagraph 2, 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, reckoned from the date on which the advertisement is first placed in the aforesaid newspapers;
 - (ii)** a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - (iii)** the date, time and venue of any compulsory site meeting or briefing session;
 - (iv)** a statement to the effect that a bid from a prospective bidder who did not attend a prescribed compulsory site meeting or briefing session referred to in subparagraph (iii) will not be considered.
- (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 in any exceptional case where it is impractical or impossible to follow the official procurement process and such fact shall, for auditing purposes, be recorded in the authority to invite bids.
- (3)** Bids submitted must be sealed and marked in a manner stipulated in the invitation to bid.

- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies which must reach the accounting officer before the closing time for the receipt of bids on the bid closing date as stipulated in the invitation to bid.
- (5) Where the municipality invites expressions of interest or bids for construction works with a value in excess of R30 000, it must publish such invitations on the website of the CIDB.
- (6) The municipality must also comply with the applicable provisions of the Standard for Uniformity in Construction Procurement contained in Board Notice No. 86 of 2010 issued by the Construction Industry Development Board insofar as such provisions relate to the invitation of bids.

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 published closing time or period for the submission of bids; and
 - (iii) received after the published closing time or period should not be considered and be immediately returned to the bidder, unopened;

- (b)** Any bidder or member of the public has the right to request that the names of the bidders who submitted bids before the closing time or period be read out and, if practical, also each bidder's total bidding price;
- (c)** No information, except the information referred to in subparagraph (b), relating to a bid should be disclosed to bidders or other persons until the successful bidder is notified of the award of the relevant bid; and
- (d)** The designated official opening received bids must -
- (k)** record in a register to be provided for this purposes, all bids received before the closing time or period for the submission of same and such register shall contain as least the following information in addition to such information as may be prescribed in terms of section 75 of the Act:

 - (a)** the reference number of the bid concerned;
 - (b)** the description of the relevant goods, services or works project to be procured;
 - (c)** the names of all bidders;
 - (d)** the B-BBEE status level of contribution of all bidders, where applicable;
 - (e)** the local content percentages of the goods offered, where applicable; and
 - (f)** where practical, the total price submitted by all bidders that submitted bids in relation to the relevant bid invitation;

- (ii) make the aforesaid register available for public inspection during the normal office hours of the municipality; and
- (iii) publish the entries in the aforesaid register on the website of the municipality within ten (10) working days from the date referred to in subparagraph (i) and ensure that such entries remain on the website for a period of at least thirty (30) days from date of publication.

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 -
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted; and
 - (d) will not be contrary to any legal requirement or amount to a prohibited practice.
- (2) Minutes of such negotiations must be kept for record and audit purposes.

25. Two-stage bidding process

- (1) A two-stage bidding process is permissible 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.

26. Committee system for competitive bids

- (1) The accounting officer shall establish a procurement committee system for competitive bids consisting of at least the following committees:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- (2) The accounting officer shall, in writing, appoint the members of each committee in respect of each competitive bid invitation, taking into account the provisions of section 117 of the Act in terms of which no councillor may be a member of any such committee nor attend any of its meetings as an observer.
- (3) A neutral or independent observer, appointed by the accounting officer, may attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with -

- (a) paragraphs 28, 32 and 33 of this policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may, in appropriate cases and in his sole discretion, apply the committee system to formal written price quotations.

27. Bid specification committees

- (1) A bid specification committee must compile the specifications or, where applicable, the terms of reference for the procurement of goods, services or works by the municipality.
- (2) A bid specification committee must be composed of one or more officials of the municipality preferably the line manager responsible for the function concerned and may, when appropriate, include external specialist advisors.
- (3) 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.
- (4) Where a bid specification or terms of reference are compiled with due regard to the findings and recommendations contained in a prior, associated feasibility study, the person, advisor or corporate entity who or which prepared the said feasibility study may be prohibited from bidding for the resulting contracts in circumstances where such person, advisor or corporate entity may or is likely to obtain an unfair advantage or where a conflict of interest may arise.
- (5) A specification or terms of reference referred to in this paragraph must be approved by the accounting officer in writing prior to publication of the invitation for bids in terms of paragraph 23.

27.1 Bid Specifications or Terms of Reference

27.1 General Requirements

Bid Specifications or terms of reference, as the case may be -

- (a)** must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services to the municipality;

- (b)** must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;

- (c)** 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";

27.2 Functionality

Where functionality is utilized as an evaluation criterion, bid specifications or terms of reference, as the case may be, must clearly specify:

- (i) the evaluation criteria for measuring functionality which criteria must be objective, the weight of each criterion, the applicable values and the minimum qualifying score for functionality; and
- (ii) the fact that no bid will be regarded as an acceptable bid if it or the relevant bidder fails to achieve the minimum qualifying score for functionality as indicated in the bid specification or terms of reference concerned; and
- (iii) that bids or bidders that have achieved the minimum qualification score for functionality will be evaluated further in terms of the preference point systems referred to in subparagraphs 29.3 and 29.4 below.

27.3 80/20 Preference Points System

(3.1) Where applicable, bid documentation must include the following preference points evaluation system for the procurement of goods, services or works up to a Rand value of R1 000 000 (all applicable taxes included):

- (i) the following formula will be used to calculate the points for price in respect of bids (including price quotations) with a Rand value equal to, or above R 30 000 and up to a Rand value of R 50 million (all applicable taxes included):

$$Ps = 80 \left(1 - \frac{Pt - Pmin}{Pmin} \right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid or offer.

- (ii) subject to subparagraph (iii), points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following tables:

B-BBEE Status Level of	Number of Points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

Or

In respect of Exempted Micro Enterprises (EME's)

Black Ownership of EME	Deemed B-BBEE Status Level of Contributor	Number of Preference Points
More than 50%	3	16
Less than 50%	4	12

- (iii) a maximum of 20 points may be allocated under subparagraph (ii);

- (iv) the points scored by a bidder in respect of B-BBEE contribution contemplated in subparagraph (ii) must be added to the points scored for price as calculated in accordance with subparagraph (i);

- (3.2) The B-BBEE status level attained by a bidder must be used to determine the number of

- (3.3) Bid documentation must also must provide that, in the event of all bids received exceeding the estimated Rand value of R50 million, the bid invitation will be cancelled, provided that if one or more of the acceptable bids received are within the aforesaid threshold of R 50 million, all bids received will be evaluated in accordance with this preference point system.

- (3.4) A tenderer must submit proof of its B-BBEE status level of contributor.
 - (1.) 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-
 - (a) May only score points out of 80 for price; and
 - (b) Scores 0 points out of 20 for B-BBEE.
 - (5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
 - (6) The points scored by a tenderer for B-BBEE in terms of subregulation (2) must be added to the points scored for price under subregulation (1).
 - (7) The points scored must be rounded off to the nearest two decimal places.
 - (8) Subject to subregulation (9) and regulation 11, the contract must be awarded

to the tenderer scoring the highest points.

(9)(a) 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.

(b) The municipality may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) 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;

(iii) 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.

(c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the Municipality must cancel the tender.

27.4 90/10 Preference Points System

(4.1) Where applicable, bid documentation must include the following preference points evaluation system for the procurement of goods, services or works with a Rand value above R50 million (all applicable taxes included):

(i) the following formula will be used to calculate the points for price in respect of bids with a Rand value above R50 million (all applicable taxes included):

$$P_s = 90 \left[1 - \frac{P_t - P_{min}}{P_t - P_{min}} \right]$$

Pmin)

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid or offer.

- (ii) subject to subparagraph (iii), points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following tables:

B-BBEE Status Level of	Number of Points
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

Or

In respect of Exempted Micro Enterprises (EME's)

Black Ownership of EME	Deemed B-BBEE Status Level of Contributor	Number of Preference Points
More than 50%	3	8
Less than 50%	4	5

(iii) a maximum of 10 points may be allocated under subparagraph (ii) above.

(iv) the points scored by a bidder in respect of the level of B-BBEE contribution contemplated in subparagraph (ii) must be added to the points scored for price as calculated in accordance with subparagraph (i);

(4.2) The B-BBEE status level attained by a bidder must be used to determine the number of points contemplated in subparagraph 4.1 (ii) above.

(4.3) Bid documentation must also provide that, in the event of all bids received being equal to, or below R50 million, the invitation to bid will be withdrawn and all bids received shall be regarded as having been cancelled provided that, if one or more of the acceptable bids received are above the prescribed threshold of R 50 million , all bids received will be evaluated in accordance with this preference point system.

27.5 Local Production

(5.1) Where, in the case of bids in designated sectors, local production and content is of critical importance, the relevant bid documentation must clearly state, as a bid condition, that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content, will be considered.

(5.2)

The relevant bid documentation must also stipulate:

- (a)** that the exchange rate to be used for the calculation of local content or local production will be the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the invited bid;

- (b)** that only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x will be used to calculate local content in accordance with the following formula:

$$LC = 1 - \frac{X}{Y} \times 100$$

Where

x imported content

y bid price excluding value added tax (VAT)

and that the prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid;

- (c)** that Form MBD 6.2 (Declaration Certificate for Local Content) issued by National Treasury, duly completed and signed, must form part of the bid documentation;

(d) that the municipality reserves the right to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the aforesaid Certificate.

(5.3) The accounting officer may decide to include in any bid documentation a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by National Treasury in consultation with the Department of Trade and Industry and, in such event, the requirements stipulated in subparagraph 5.2 shall be inserted in the relevant bid documentation.

(5.4) Where necessary, bid documentation for bids referred to in subparagraph 5.1 may state that a two- stage bidding process will be followed, where the first stage will involve functionality and minimum threshold for local production and content and the second stage price and B-BBEE status with the possibility of price negotiations only with the short listed bidders with a view to effecting cost savings in circumstances where the tendered prices are obviously inflated or to ensure the award of the bid concerned within budgetary constraints provided that, where such negotiations take place, the principles contained in paragraph 25.1 of this policy shall be applied.

(5.5) Any bid specification issued in terms of this subparagraph must be capable of being measured and audited.

27.6 B-BBEE status level certificates and scorecards

Bid documentation must provide that:

- (i) Those bidders who qualify as Exempted Micro Enterprises (EME's) in terms of the Broad-Based Black Economic Empowerment Act, must submit, together with their bid, a certificate to this effect issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporations Act, 1984 (Act No. 69 of 1984)) or an accredited verification agency provided that a certificate issued by an Accounting Officer of a closed corporation must be on his letterhead which should also contain his practice number and contact number clearly specified on the face of such certificate.
- (ii) Bidders other than Exempted Micro-Enterprises (EME's) must submit, with their bid, their original and valid B-BBEE Status Level Verification Certificate complying at least with the provisions of subparagraphs (v) and (vi) below, or a certified copy thereof, in support of their B-BBEE rating.
- (iii) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as a legal entity, provided it submits its B-BBEE Status Level Verification Certificate with its bid.
- (iv) A trust, consortium or joint venture will qualify for points for its B-BBEE status level as an unincorporated entity, provided that it submits its consolidated B-BBEE scorecard as if were a group structure and, provided further, that such a consolidated B-BBEE scorecard is prepared for every separate bid.
- (v) As a minimum requirement, all valid B-BBEE Status Level Verification Certificates should have the following information detailed on the face of the certificate:
- The name and physical location of the measured entity;
 - The registration number and, where applicable, the VAT number of the measured entity;
 - The date of issue and date of expiry;

- The certificate number for identification and reference purposes;
 - The scorecard that was used (for example EME, QSE or Generic);
 - The name and / or logo of the Verification Agency;
 - The SANAS logo;
 - The signature of the authorized person from the Verification Agency concerned;
and
 - The B-BBEE Status Level of Contribution obtained by the measured entity.
- (vi) The format and content of B-BBEE Status Level Verification Certificates issued by registered auditors approved by the Independent Regulatory Board of Auditors (IRBA) must -
- Clearly identify the B-BBEE approved registered auditor by the auditor's individual registration number with IRBA and the auditor's logo;
 - Clearly record an approved B-BBEE Verification Certificate identification reference in the format required by SANAS;
 - Reflect relevant information regarding the identity and location of the measured entity;
 - Identify the Codes of Good Practice or relevant Sector Codes applied in the determination of the scores;
 - Record the weighting points (scores) attained by the measured entity for each scorecard element, where applicable, and the measured entity's overall B-BBEE Status Level of Contribution;
 - Reflect that the B-BBEE Verification Certificate and accompanying assurance report issued to the measured entity is valid for 12 months from the date of issuance;

- Reflect both the issuance and expiry date of the Verification Certificate.

27.7 Additional Conditions

Bid documentation must include a reference to the following additional conditions, where applicable:

27.7.1 Sub-contracting

(a) A bidder will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub-contractor is an exempted micro enterprise that has the capability and ability to execute the sub-contract as follows:

- a. An EME or QSE;
- b. An EME or QSE which is at least 51% owned by black people;
- c. An EME or QSE which is at least 51% owned by black people who are youth;
- d. An EME or QSE which is at least 51% owned by black people who are women;
- e. An EME or QSE which is at least 51% owned by black people with disabilities;
- f. An EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
- g. A cooperative which is at least 51% owned by black people;
- h. An EME or QSE which is at least 51% owned by black people who are military veterans; or
- i. More than one of the categories referred to in paragraphs (a) to (h).

(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 regulation (2) from which the tenderer must select a supplier.

- (b) A bidder awarded a contract may not sub-contract more than 30% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the bidder concerned, unless the contract is sub-contracted to an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- (c) A bidder 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.
- (d) Criteria for breaking deadlock in scoring**

(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.

(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.

(3) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

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.

(2) If an organ of state intends to apply objective criteria in terms of section 2(1)(f) of the Act, the organ of state must stipulate the objective criteria in the tender documents.

Subcontracting after award of tender

12.(1) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.

(2) A person awarded a contract in relation to a designated sector, may not subcontract 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.

(3) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

27.8 Miscellaneous Special Conditions of Contract

Bid documentation must, inter alia, include the following conditions as Special Conditions of Contract:

27.8.1 General

- (a) Only a bidder who has completed and signed the declaration part of a bid may be considered;
- (b) When comparative prices must be calculated, any discounts which have been offered unconditionally will be taken into account;
- (c) A discount which has been offered conditionally will, despite not being taken into account for evaluation purposes, be implemented when payment to a bidder in respect of an accepted bid is effected;
- (d) Points scored in any applicable scoring system will be rounded off to the nearest 2 decimal places.
- (e) (i) In the event that two or more bids score equal total points, the successful

bid will be the one scoring the highest number of preference points for B-BBEE;

- (ii) However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid will be the one scoring the highest score for functionality.

- (iii) Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

27.8.2 Cancellation of a bid invitation

- (f) The accounting officer may, prior to the award of a bid, by notice in the media in which the original bid was advertised, cancel such bid invitation if, due to changed circumstances, there is no longer a need for the goods, services or works requested or if funds are no longer available to cover the total envisaged expenditure or if no acceptable bids are received.

27.8.3 Declarations

- (g) A bidder must -
 - (i) declare that the information provided in any bid document is true and correct;
 - (ii) declare that the signatory to a bid document is duly authorized; and
 - (iii) undertake to submit documentary proof regarding any bidding issue when required to the satisfaction of the municipality.

27.8.4 Remedies

- (h)** In addition to the action contemplated in paragraph 41 of this policy which shall be read in conjunction with this subparagraph:
- (i)** The municipality will, upon detecting that the B-BBEE status level of contribution has been claimed or obtained by a bidder on a fraudulent basis or any of the conditions of a contract awarded to such bidder or person have not been fulfilled, act against such bidder or person.
 - (ii)** The municipality may, in addition to any other remedy it may have against the person contemplated in subparagraph (i) above -
 - (a)** disqualify the person concerned from participating in any future bidding process with the municipality;
 - (b)** recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
 - (c)** cancel the relevant contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
 - (iii)** The municipality may restrict a bidder or contractor, its shareholders and directors or only the shareholders and directors, as the case may be, who acted on a fraudulent basis in connection with a bid, from obtaining business from the municipality for a period not exceeding 10 years, provided that, before exercising this right, the municipality shall give the persons or parties concerned an opportunity to make representations and be heard in defence of such contemplated action; and

- (iv) The municipality may refer any fraudulent action on the part of a bidder or contractor or any party aforesaid to the South African Police Services with a view to criminal prosecution.

- (i) Where a bidder or contractor is restricted in terms of subparagraph (h)(iii) above, the accounting officer shall forward the relevant details to National Treasury for inclusion in the Central Database of Restricted Suppliers.

27.9 Savings

- (k) In terms of section 7 of the Preferential Procurement Regulations, a contract may be awarded to a bidder that did not score the highest number of points only in accordance with section 2 (1)(f) of the Preferential Procurement Policy Framework Act No. 5 of 2000.

- (l) In the application of section 2 (1)(f) of the aforesaid Act, the accounting officer may, for justifiable reasons which must be substantiated, explicitly determine in any bid documentation that a bidder shall be required to attain a specific goal or goals other than and excluding the goals of contracting with historically disadvantaged persons and implementing Reconstruction and Development Programmes in order to qualify for the award of a contract.

27.9.1 Procurement from tertiary institutions

- (1) Where the municipality is in need of a service provided by only tertiary institutions, such services must be procured through a bidding process with the identified tertiary institutions.

- (2) Tertiary institutions referred to in subparagraph (a) will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

- (3) Should the municipality require a service that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a contractor will be done by means of a bidding process.
- (4) Public entities must be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.
- (5) For purposes of this paragraph, a bidding process includes a written offer in a prescribed or stipulated form in response to an invitation by the municipality for the provision of services, through price quotations, advertised competitive bidding processes or proposals.

27.9.2 Re-invitation of bids

The accounting officer must re-invite bids cancelled in terms of paragraphs 27 (3.3) and 24 (4.3) and must, in the new bid documents, stipulate the correct preference point system to be applied.

28. Bid evaluation committees

- (1) A bid evaluation committee must, as far as possible, be composed of-
 - (a) officials from departments requiring the goods, services or works; and
 - (b) at least one supply chain management practitioner of the municipality.
- (2) The National Treasury issued the Preferential Procurement Regulation, 2011 in terms of the Preferential Policy Framework Act No. 5 of 2000. In terms of these regulations all suppliers and service providers are required to be verified by either verification agencies,

registered auditors or accounting officers in order to qualify for any BBBEE Contribution points when applying for quotations and bids.

(i) Cabinet approval 22 March 2011

(ii) Ministry approval and issue 08 June 2011

(iii) Effective Date: 07 December 2011

(3) A bid evaluation committee must -

(a) evaluate bids in accordance with the relevant bid specification or terms of reference, as the case may be, inclusive of unconditional discounts, sub-contracting and this policy; and

(b) evaluate each bidder's ability to execute the contract provided that, where bids are invited on the basis of functionality as a criterion, they must be evaluated in the following two stages:

(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.

48. Sponsorships

The accounting officer must promptly disclose to the National Treasury and Eastern Cape Provincial Planning and 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 to the Enoch MgijimaLocal Municipality; or
- (b) a recipient or prospective recipient of goods disposed of or to be disposed of by the Enoch MgijimaLocal Municipality.

49. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of the supply chain management system, may lodge with the accounting officer, within 14 days of the decision or action, a written objection or complaint against the decision or action concerned.

50. Resolution of disputes, objections, complaints and queries

- (1) The accounting officer must appoint an independent and impartial person who is not directly involved in the supply chain management processes -
 - (a) to assist in the resolution of disputes between the Enoch MgijimaLocal 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 Provincial Planning and Treasury and Treasury if -

 - (a) if it is not resolved within 60 days of lodgment; or
 - (b) no response is forthcoming within 60 days of lodgment.
- (5) If the Provincial Planning and Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query concerned 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 competent court, at any time, for such order as may be just and necessary in the circumstances.

51. Contracts providing for compensation based on turnover

If a service provider acts on behalf of the Enoch Mgijima Local Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to him is fixed as an agreed percentage of turnover for the service concerned or the amount collected, the contract between such service provider and the Enoch Mgijima Local Municipality must stipulate -

- (a) a cap on the compensation payable to him; and
- (b) that such compensation must be performance based.

52. Contract Management – issue of expansion and variation orders

(a) The accounting officer or nominee may, subject to the provisos to this subparagraph and subparagraphs (b) to (d) authorize the issue of expansion or variation orders (herein referred to as “variations orders”) in respect of contract specifications or conditions of contract in order to accommodate costs for additional work either unforeseen when contracts were awarded for infrastructure projects, essential or necessary additional work or in instances where factors beyond the control of an appointed contractor has led to or will lead to a delay in a contract completion date provided that:

- (i) No expansion or variation order may be authorized for an amount exceeding 20% of the initial contract price for works related goods, services and/or infrastructure projects; or
- (ii) 15% for all other goods and/or services; and, provided further –

that any expansion or variation order issued in excess of the aforesaid thresholds shall be dealt with in a manner provided in section 116 (3) of the Act.

(b) A variation order may only be issued after -

- (i) the need for such order has been fully motivated by the responsible project manager and supported by the head of department concerned; and
 - (ii) the chief financial officer has certified that funds are available to cover the cost the required additional work.

- (c) A request for the issue of a variation order in an amount exceeding R200 000 shall first be referred to the Bid Adjudication Committee which considered the initial bid for approval provided that the accounting officer may constitute a new Bid Adjudication Committee for this purpose.

- (d) No request for a variation order may be approved in circumstance where new bids may be invited for the additional work concerned.

- (e) The line manager responsible for the implementation of a project undertaken either departmentally or through an appointed contractor must keep a proper record of all variation orders issued in respect of a project.

- (f) The original copy of an issued variation order must be filed with the original bid and contract documents.

- (g) The responsible line manager must, upon completion of additional work or the expiry of any extended contract period authorized by a variation order, certify that the terms and conditions of such variation order have been complied with.

52.1. Fronting

- (a) For purposes of this paragraph, “fronting” shall include the under-mentioned acts on the part of a bidder or any person or party associated with a bidder:

- (i) **Window-dressing:** This includes cases in which black people are appointed or introduced to an enterprise on the basis of tokenism and may subsequently be discouraged or inhibited from substantially participating in the core activities of the enterprise concerned and/or be discouraged or inhibited from substantially participating in the declared areas and/or levels of their participation;
 - (ii) **Benefit Diversion:** This includes initiatives where the economic benefits received by an organization for having B-BBEE Status do not flow to black people in the ratio specified by law;
 - (iii) **Opportunistic Intermediaries:** This includes enterprises that have concluded agreements with other enterprises in order to leverage the opportunistic intermediary's favourable B-BBEE status in circumstances where the agreement involves:
 - (a) Significant limitations or restrictions on the identity of the opportunistic intermediary's suppliers, service providers, clients or customers;
 - (b) The maintenance of their business operations in a context reasonably considered improbable having regard to resources; and
 - (c) Terms and conditions that are not negotiated at arms-length on a fair and reasonable basis.
- (b) Where the accounting office detects fronting, he must act against the bidder concerned in terms of paragraph 29(8.4) and, in addition, report such fronting to the Department of Trade and Industry.

53. SUPPLY CHAIN INFRASTRUCTURE PROCUREMENT PROVISIONS

53.1 Implementation of Infrastructure Procurement and Delivery

- i. The municipality shall implement the National Treasury Standard for Infrastructure Procurement and Delivery Management to establish a suitable infrastructure procurement and delivery supply chain management policy to implement this standard.
- ii. Such a policy is required as a minimum to:
 - a) Assign responsibilities for approving or accepting deliverables associated with a gate in the control framework or authorizing a tender process ;
 - b) Establish committees which are required by law;
 - c) Establish delegations for the awarding of a contract or the issuing of an order;
and
 - d) Establish ethical standards for those involved in the procurement and delivery of infrastructure.
- iii. Infrastructure procurement shall include immovable assets which are acquired, constructed or which results from construction operations or moveable assets which cannot function independently from purpose built immovable assets
- iv. Infrastructure delivery shall include “the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

AAAA 53.2. Institutional arrangements

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53.2.1 Committee system for procurement

a. General

- I. A committee system comprising the documentation committee, evaluation committee and tender 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.
- II. 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.
- III. The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting. Such advisers and experts shall not participate in the decisions making proceedings of such meetings.
- IV. No person who is a political officer bearer, a public office bearer, a political advisor or or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.
- V. Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterized 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.
- VI. 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 sixty percent 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.

CCCC 53.2.2 PROCUREMENT DOCUMENTATION COMMITTEE

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- 1) The accounting officer or the appropriately delegated authority shall appoint in writing on a procurement by procurement basis:
 - i. The persons to review the procurement documents and to develop a procurement documentation review report in accordance with standards; and
 - ii. The members of the procurement documentation committee.

- 2) The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of Enoch Mgijima Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the institution requiring infrastructure delivery.

- 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.

EEEE 53.2.3 EVALUATION COMMITTEE

FFFF

- 1) The accounting officer or accounting authority or the appropriately delegated authority shall appoint on a procurement by procurement basis in writing:
 - i. the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with the standard, respectively; and
 - ii. the members of the evaluation committee.

- 2) The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of Enoch Mgijima Municipality with

requisite skills. Other members shall, where relevant, include a representative of the end user or the institution requiring infrastructure delivery.

- 3) The evaluation committee shall review the evaluation reports prepared in accordance the standards 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 compliance status;
 - c) the Compulsory Declaration has been completed; and
 - d) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.
- 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.

GGGG 53.2.4 TENDER COMMITTEE

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- 1) Where no separate tender committee is established, this section should simply refer to the bid adjudication committee which is set up to deal with tenders with both the supply chain for general goods and services and for infrastructure the tender committee shall comprise the following persons or their mandated delegate.
- 2) No member of the evaluation committee may serve on the tender 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.
- 3) The tender committee shall:

III

- i. Consider the report and recommendations of the evaluation committee and:
- ii. Verify that the procurement process which was followed complies with the provisions of this document;

- iii. Confirm that the report is complete and addresses all considerations necessary to make a recommendation;
- iv. Confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
- v. 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
- vi. Refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorized person on the award of a tender, with or without conditions, together with reasons for such recommendation.
- vii. The tender committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorized person on the course of action which should be taken.
- viii. The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the [accounting officer / accounting authority].
- ix. The tender committee shall report to the Accounting Officer 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.
- x. The tender 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.

JJJJ 53.2.5 ACTIONS OF AN AUTHORIZED PERSON RELATING TO THE AWARD OF A CONTRACT OR AN ORDER

1. Award of a contract

The authorised person shall, if the value of the contract inclusive of VAT is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the designated person, and either:

- 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.

KKKK 53.2.6 REPORTING OF BREACHES

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- a. Employees and agents of Enoch Mgijima Municipality shall promptly report to the [accounting officer / accounting authority or chief financial officer or appropriately delegated authority] any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

MMMM 53.2.7. Insurances

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- a) Contract shall be required to take out all insurances required in terms of the contract. 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 below unless otherwise directed Accounting Officer

OOOO

b) Minimum Insurance Cover

PPPP Type of insurance	QQQQ Value RRRR
<p>SSSS Engineering and construction contracts - 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</p> <p>TTTT</p>	<p>UUUU Not less than R20 million</p> <p>VVVV</p>
<p>WWWW Professional services and service contracts - 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 or damage to property</p> <p>XXXX</p>	<p>YYYY Not less than R10 million</p> <p>ZZZZ</p>
<p>AAAAA Professional indemnity insurance</p> <p>BBBBB</p>	<p>CCCCC geotechnical, civil and structural engineering: R5,0 million</p> <p>DDDDD electrical, mechanical and engineering: R3,0 million</p> <p>EEEEEE architectural: R5,0 million</p> <p>FFFFF other R3,0 million</p>

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54. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

55. . POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMALOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

Acting Municipal Manager

D. van Wyk

ANNEXURE A

Enoch Mgijima Local Municipality

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

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.

1. General Principles

The Enoch Mgijima Local 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 which implies 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 gratuity from any person or provider / contractor either for themselves, their family, their friends and business associates.

Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively, with integrity and in accordance with applicable legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

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 and they should also 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 and fairly;
- (b)** may not use his/her position for private gain or to improperly benefit another person;
- (c)** may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d)** must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e)** must declare to the accounting officer details of any private or business interest which that person or any close family member, partner or associate, may have in any proposed procurement or disposal process or in any award of a contract by the Enoch Mgijima Local 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 give rise to 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 him/her in the performance of his/her official duties; and

- (i) should not take improper advantage of his/her previous office after leaving his/her official position.

3. Accountability

3.1 Practitioners are accountable to the public for their decisions and actions.

3.2 Practitioners should use public property scrupulously.

3.3 Only accounting officers or their delegates have the authority to commit the Enoch Mgijima Local Municipality to any transaction for the procurement of goods, services or works.

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 in such a system for any reason whatsoever.

3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favoritism, 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 they may become aware of, including but not limited to -

- (i) any alleged fraud, corruption, favoritism 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 mayor 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 the supply of information only if it is in the public interest to do so.

5. Confidentiality

- 5.1** Any information that is the property of the Enoch MgijimaLocal 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 the relevant bidder's/contractors personal rights.

- 5.2** 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 they have left the service of the Enoch MgijimaLocal Municipality.

6. Bid Specification / Evaluation / Adjudication Committees

- 6.1** Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the Enoch MgijimaLocal Municipality 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 Enoch Mgijima Local Municipality; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

7. Combative Practices

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.

ANNEXURE B

SCHEDULE TO SMALL BUSINESSES ACT NO. 102 OF 1996

Column 1	Column 2	Column 3	Column 4	Column 5
Sector or sub-sector in accordance with the Standard Industrial Classification	Size of class	The total full-time equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R 5 m	R 5 m
	Small	50	R 3 m	R 3 m
	Very small	10	R 0.50 m	R 0.50 m
	Micro	5	R 0.20 m	R 0.10 m
Mining and Quarrying	Medium	200	R 39 m	R 23 m
	Small	50	R 10 m	R 6 m
	Very small	20	R 4 m	R 2 m
	Micro	5	R 0.20 m	R 0.10 m
Manufacturing	Medium	200	R 51 m	R 19 m
	Small	50	R 13 m	R 5 m
	Very small	20	R 5 m	R 2 m
	Micro	5	R 0.20 m	R 0.10 m
Electricity, Gas and Water	Medium	200	R 51 m	R 19 m
	Small	50	R 13 m	R 5 m
	Very small	20	R 5.10 m	R 1.90 m
	Micro	5	R 0.20 m	R 0.10 m
Construction	Medium	200	R 26 m	R 5 m
	Small	50	R 6 m	R 1 m
	Very small	20	R 3 m	R 0.50 m
	Micro	5	R 0.20 m	R 0.10 m
Retail and Motor Trade and Repair Services	Medium	200	R 39 m	R 6 m
	Small	50	R 19 m	R 3 m
	Very small	20	R 4 m	R 0.60 m
	Micro	5	R 0.20 m	R 0.10 m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R 64 m	R 10 m
	Small	50	R 32 m	R 5 m
	Very small	20	R 6 m	R 0.60 m
	Micro	5	R 0.20 m	R 0.10 m
Catering, Accommodation and other Trade	Medium	200	R 13 m	R 3 m
	Small	50	R 6 m	R 1 m
	Very small	20	R 5.10 m	R 1.90 m
	Micro	5	R 0.20 m	R 0.10 m
Transport, Storage and Communications	Medium	200	R 26 m	R 6 m
	Small	50	R 13 m	R 3 m
	Very small	20	R 3 m	R 0.60 m
	Micro	5	R 0.20 m	R 0.10 m

Finance and Business Services	Medium	200	R 26 m	R 5 m
	Small	50	R 13 m	R 3 m
	Very small	20	R 3 m	R 0.50 m
	Micro	5	R 0.20 m	R 0.10 m
Community, Social and Personal Services	Medium	200		
	Small	50		
	Very small	20		
	Micro	5		

This policy has been considered and approved by the COUNCIL OF ENOCH MGIJIMALOCAL MUNICIPALITY as follows:

Approval Date: 29/05/2018

Acting Municipal Manager

D. van Wyk

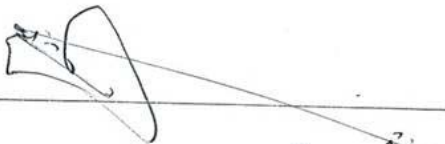
Quality Certificate

I, Chris Magwangana, the Municipal Manager of Enoch Mgijima Local Municipality, hereby certify that the Budget and Supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Budget and Supporting documentation are consistent with the Integrated Development Plan of the municipality.

Municipal Manager

Enoch Mgijima Local Municipality EC 139

Signature



Date

