WITZENBERG
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|---|---|
| Kennis word hiermee gegee in terme van Artikel 29 van die Plaaslike Regering : Munisipale Strukture Wet, 1998 (Wet 117 van 1998) soos gewysig, dat 'n **Gewone Raadsvergadering** van die Munisipaliteit Witzenberg gehou sal word op **Dinsdag, 29 Mei 2018** om **11:00** in die **Raadsaal, Munisipale Kantore, Voortrekkerstraat 50, Ceres**. | Notice is hereby given in terms of Section 29(2) of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) as amended, that an **Ordinary Council Meeting** of the Witzenberg Municipality will be held in the **Council Chambers, Municipal Offices, 50 Voortrekker Street, Ceres** on **Tuesday, 29 May 2018** at **11:00**. |

**Raadslede en Amptenare / Councillors and officials**

| | | |
|---|---|---|
| Councillor TE Abrahams | Councillor K Adams (Deputy Executive Mayor) | Councillor P Daniels |
| Councillor TT Godden (Speaker) | Councillor P Heradien | Councillor SJ Hugo |
| Councillor MD Jacobs | Councillor D Kinnear | Councillor BC Klaasen (Executive Mayor) |
| Councillor GG Laban | Councillor C Lottering | Councillor M Mdala |
| Councillor TP Mgoboza | Councillor ZS Mzauziwa | Councillor N Phatsoane |
| Councillor JT Phungula | Alderman JW Schuurman | Councillor EM Sidego |
| Councillor RJ Simpson | Alderman HJ Smit | Councillor D Swart |
| Councillor HF Visagie | Councillor JJ Visagie | |
| Municipal Manager | Director: Finance | Director: Community Services |
| Director: Technical Services | Director: Corporate Services | Deputy Director: Finance |
| Head: Internal Audit | Manager: Projects and Performance | Manager: Administration |
| IDP Manager | Legal Advisor | Principal Administrative Officer |
| Committee Clerk | | |

## TER INLIGTING / FOR INFORMATION

| Volledige stukke | | |
|---|---|---|
| Voorsitter: IMATU<br>(Mnr. S Josephs) | Ondervoorsitter: SAMWU<br>(Mnr. C Appolis) | |
| Bella Vista Biblioteek | Emfundweni Biblioteek | John Steyn Biblioteek |
| Rietvallei Biblioteek | Montana Biblioteek, Wolseley | Wolseley Biblioteek |
| Tulbagh Biblioteek | Witzenville Biblioteek, Tulbagh | Op-die-Berg Biblioteek |
| Prince Alfred's Hamlet Biblioteek | Alderlady MC du Toit | |

| Per e-pos | | |
|---|---|---|
| Ceres Business Initiative<br>Mr N Bettesworth.<br>Cell: (083) 462-8345<br>E-mail: manager@cerescbi.co.za | DAWI<br>Mnr. M Mentor<br>Cell: (073) 620-0238<br>E-mail:<br>markmentor585@gmail.com | |

**COUNCILLOR TT GODDEN**
**SPEAKER**

22 May 2018

# AGENDA

## 1. OPENING AND WELCOME

## 2. CONSIDERATION OF APPLICATION FOR LEAVE OF ABSENCE, IF ANY (3/1/2/1)

## 3. STATEMENTS, ANNOUNCEMENTS OR MATTERS RAISED

### 3.1 Gratitude, Congratulations and Commiseration (11/4/3)

Council's congratulations are conveyed to the following councillors and spouse on their birthdays:

- Mr S Phungula — 3 April
- Councillor P Daniels — 8 April
- Alderman J Schuurman — 13 April
- Councillor C Lottering — 21 April
- Ms R Schuurman — 12 May

**NOTED.**

### 3.2 Matters raised by the Speaker (09/1/1)

### 3.3 Matters raised by the Executive Mayor (09/1/1)

## 4. MINUTES

### 4.1 Approval of minutes (3/1/2/3)

The minutes of the Council Meeting, held on 28 March 2018, are attached as **annexure 4.1**.

**RECOMMENDED**

*That the minutes of the Council Meeting, held on 28 March 2018, be approved and signed by the Speaker.*

**4.2 Outstanding matters**
**(3/3/2)**

This item will be tabled at the next council meeting.

**NOTED**

## 5. MOTIONS AND NOTICE OF SUGGESTIONS

## 6. INTERVIEWS WITH DELEGATIONS

## 7. GEDELEGEERDE BEVOEGDHEDE / DELEGATED POWERS

**7.1 Minutes: Committee meetings**
**(03/3/2)**

This item will be tabled at the next council meeting.

**NOTED**

## 8. GERESERVEERDE BEVOEGDHEDE / RESERVED POWERS

### 8.1 Direktoraat Finansies / Directorate Finance

### 8.1.1 Section 71 monthly reports of the Department Finance: December 2017 and January 2018 (9/1/2/2)

**Note: The applicable reports are not attached as it was already tabled to the Executive Mayoral Committee and Council.**

The following items refer:

(a) Item 8.1 of the Performance, Risk and Audit Committee meeting, held on 2 March 2018.

(b) Item 7.1.1 of the Executive Mayoral Committee meeting, held on 26 March 2018.

(c) Item 8.1.1 of the council meeting, held on 28 March 2018.

(d) Item 7.1.1 of the Executive Mayoral Committee meeting to be held on 28 May 2018..

Extract from minutes of Performance, Risk and Audit Committee meeting of 2 March 2018

The Director: Finance submitted the Section 71 monthly reports of the Department Finance for December 2017 and January 2018. The following was highlighted:

- that electricity sales had decreased from October 2017, possibly due to the drought. Increase noticeably since January 2018.
- Farmers are concerned about the size of fruit as a result of not enough water. The result of the drought on the economy and municipality is still unknown.
- Water from a revenue point is above the target due to the higher tariffs. The installation of water meters was referred back by Council to the Executive Mayoral Committee to make recommendations to Council.
- Enough funds to do daily operations. However, the 1 % increase of VAT will have an effect on the affordability of municipal tariffs, especially on the poor. Businesses can claim the 1 % back.
- Debt collection under pressure due to factories not working the normal day and night shifts due to the effect of the drought. Council appointed a Task Team to look in depth at the matter and to improve the matter of debt.
- A drop in prepaid electricity during 2018.
- That the SARS return on the split between the 14 % and 15% will be complicated and is a source of concern.
- First National Bank was appointed as the new banker of the municipality.
- Impractical deviation in terms of Exeo Khokela Civil Engineering Construction (Pty) Ltd for the upgrading of the Bella Vista bulk water pipeline was due to a mistake in the design of the pipeline. Their insurance paid out R3 million to the municipality. The contract was halfway and it could not be cancelled.
- The higher salaries of employees during November 2017 were due to bonuses paid out. Difference between December 2017 and January 2018 due to employee benefit provisions.
- that the municipality adheres to the local content, especially in furniture for bidders.

The Performance, Risk and Audit Committee resolved on 2 March 2018:

That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council:

that notice be taken of the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 and same be approved and accepted.

The Executive Mayoral Committee resolved on 26 March 2018

That the Executive Mayoral Committee recommends to Council:

that notice be taken of the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 and same be approved and accepted.

Extract from minutes of council meeting of 28 March 2018

The Director: Finance submitted the Section 71 monthly reports of the Department Finance for December 2017 and January 2018. The following matters were highlighted:

- Alderman J Schuurman expressed appreciation for the decrease in deviations and also the improvement with regard to meter readings.
- The Alderman expressed concern with regard to the writing off of arrear monies and also the payment of municipal accounts.

Council unanimously resolved on 28 March 2018 that notice be taken of the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 and same be approved and accepted.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

(a) that notice be taken of the comments and recommendation of the Performance, Risk and Audit Committee regarding the Section 71 monthly reports of the Department Finance for December 2017 and January 2018.

(b) that notice be taken that the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 have already been tabled to and approved by Council in March 2018.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*(a) that notice be taken of the comments and recommendation of the Performance, Risk and Audit Committee regarding the Section 71 monthly reports of the Department Finance for December 2017 and January 2018.*

*(b) that notice be taken that the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 have already been tabled to and approved by Council in March 2018.*

## 8.1.2 Section 71 monthly report of the Department Finance: February 2018 (9/1/2/2)

The following items refer:

(a) Item 7.1 of the meeting of the Committee for Corporate and Financial Services, held on 19 April 2018.

(b) Item 8.1 of the meeting of the Performance, Risk and Audit Committee, held on 4 May 2018.

(c) Item 7.1.2 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

The Section 71 monthly report of the Department Finance for February 2018 is attached as **annexure 8.1.2**.

Extract from the minutes of the meeting of the Committee for Corporate and Financial Services, held on 19 April 2018:

"The Director: Finance submitted the monthly report of the Directorate Finance for February 2018. The following were highlighted:

- The Committee requested that credit control measures be increased.
- that Council deals with the electricity losses."

The Committee for Corporate and Financial Services resolved on 19 April 2018 to recommend to the Executive Mayoral Committee and Council:

that the content of the monthly report of the Department Finance for February 2018 be noted and same be accepted.

Extract from the minutes of the Performance, Risk and Audit Committee meeting, held on 4 May 2018:

The Director: Corporate Services submitted the Section 71 monthly report of the Department Finance for February 2018. The following matters were highlighted:

- that the deviation for the amount of R855 508-69 in favour of Bytes was because Bytes is the only contractual service provider for the municipality. Could not go out on a tender.
- The Performance, Risk and Audit Committee expressed concern about the debt collection. The negative effect of the drought is noticeable.
- The Performance, Risk and Audit Committee took notice of the establishment of a task team for various financial reasons, but especially the writing off of bad debt.

The Performance, Risk and Audit Committee resolved on 4 May 2018 to recommend to the Executive Mayoral Committee and Council:

that notice be taken of the Section 71 monthly report of the Department Finance for February 2018 and same be accepted.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that notice be taken of the Section 71 monthly report of the Department Finance for February 2018 and same be accepted.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*that notice be taken of the Section 71 monthly report of the Department Finance for February 2018 and same be accepted.*

**8.1.3 Quarterly Budget Statement Report [Section 52(d)] for period 1 October 2017 to 31 December 2017**
**(9/1/2/2)**

**Note: The applicable report is not attached as it was already tabled to the Executive Mayoral Committee and Council.**

The following items refer:

(a) Item 7.1.2 of the Executive Mayoral Committee meeting, held on 23 January 2018.

(b) Item 8.1.3 of the council meeting, held on 24 January 2018.

(c) Item 8.3 of the Performance, Risk and Audit Committee meeting, held on 2 March 2018.

(d) Item 7.1.3 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

The Executive Mayoral Committee resolved on 23 January 2018 that the Executive Mayoral Committee recommends to Council:

that notice be taken of the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017 and same be accepted.

Council unanimously resolved on 24 January 2018 that notice be taken of the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017 and same be accepted.

The Performance, Risk and Audit Committee resolved on 2 March 2018 that the Performance, Risk and Audit Committee recommends to Council:

that notice be taken of the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017 and same be approved and accepted.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

(a) that notice be taken of the recommendation of the Performance, Risk and Audit Committee regarding the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017.

(b) that notice be taken that the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017 has already been tabled to and approved by Council.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*(a) that notice be taken of the recommendation of the Performance, Risk and Audit Committee regarding the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017.*

*(b) that notice be taken that the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017 has already been tabled to and approved by Council.*

## 8.1.4 Mid-year Budget Statement and Performance Assessment (Section 72 Report) for period 1 July to 31 December 2017 (9/1/1)

The following items refer:

(a) Item 7.2 of the Municipal Public Accounts Committee meeting, held on 23 February 2018.

(b) Item 6.2 of the Performance, Risk and Audit Committee meeting, held on 2 March 2018.

(c) Item 7.1.4 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

The Mid-year Budget Statement and Performance Assessment (Section 72 Report) for the period 1 July to 31 December 2017 is attached as **annexure 8.1.4**.

Extract from the minutes of the Municipal Public Accounts Committee meeting, held on 23 February 2018:

The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP [MFMA s17(3)(b)]. The accounting officer must include these objectives in the annual report and report on performance accordingly. The Municipal Public Accounts Committee needs to assess the PRAC annual report and progress made towards the implementation of recommendations and whether an assessment of any arrears on municipal taxes and service charges was made.

Frequency: Bi-annual

The Municipal Public Accounts Committee resolved on 23 February 2018 to recommend to Council:

that notice be taken of the Mid-year budget and performance assessment for the financial year 2017/2018: Section 72 and same be approved and accepted.

Extract from the minutes of the Performance, Risk and Audit Committee meeting, held on 2 March 2018:

The Director: Finance submitted the Mid-year Budget Statement and Performance Assessment (Section 72 Report) for the period 1 July to 31 December 2017. The following were highlighted:

- that Council established a Task Team with regard to debt collection.
- that the Adjustment Budget was approved by Council.

The Performance, Risk and Audit Committee resolved on 2 March 2018:

That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council:

that notice be taken of the Mid-year Budget Statement and Performance Assessment (Section 72 Report) for the period 1 July to 31 December 2017 and same be approved and accepted.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that notice be taken of the Mid-year Budget Statement and Performance Assessment (Section 72 Report) for the period 1 July to 31 December 2017 and same be approved and accepted.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*that notice be taken of the Mid-year Budget Statement and Performance Assessment (Section 72 Report) for the period 1 July to 31 December 2017 and same be approved and accepted.*

**8.1.5 Quarterly reports of Mayor on implementation of budget and state of affairs of municipality / SDBIP: Section 52(d): 1 July 2017 until 30 September 2017 and 1 October 2017 until 31 December 2017**
**(9/1/2/2)**

The following items refer:

(a) Item 7.1 of the Municipal Public Accounts Committee meeting, held on 23 February 2018.

(b) Item 7.1.5 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

The following documents are attached:

(a) Quarterly Budget Statement Report: 1 July 2017 to 30 September 2017: **Annexure 8.1.5(a)**.

(b) Quarterly Budget Statement Report: 1 October 2017 to 31 December 2017: **Annexure 8.1.5(b)**.

The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP [MFMA s17(3)(b)]. The accounting officer must include these objectives in the annual report and report on performance accordingly.

Frequency: Quarterly

The Director: Finance submitted the Quarterly Report of the Mayor on implementation of budget and state of affairs of municipality / SDBIP: Section 52(d). The following matters were highlighted:

- In terms of compliance the quarterly report of the Mayor (Section 52(d) and the Mid-year budget and performance assessment (Section 72) must be submitted after six (6) months to Council.

- Some matters will be removed from the capital budget in the Adjustment Budget such as the Tulbagh Dam. Department Water Affairs failed to pay over funds although taken up in the DORA.

- That Council take care for the previously disadvantaged people in municipal policies and ensure that a percentage of work can be allocated to them. Provincial Treasury will provide a framework for all municipalities in this regard and it will be submitted to Council when received.

- The Committee requested that the Committee for Local Economic Development investigate how locals can be involved in sub-contracting. There is however no preference for locals but certain projects can be ring fenced for the previously disadvantaged. The price of locals still need to be the best to get the job. The municipality utilize also a municipal database alongside the national / central data base to provide projects to the local suppliers. This matter will be presented by Senior Management to Managers how to take care for previously disadvantaged people in the pre-qualification criteria of tenders.

The Municipal Public Accounts Committee resolved on 23 February 2018 to recommend to Council:

(a) that notice be taken of the Quarterly Report of the Mayor on the implementation of budget and state of affairs of the municipality and same be approved and accepted.

(b) that Council appoints a Task Team to negotiate with the Department Water Affairs in respect of the Tulbagh Dam.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

(a) that notice be taken of the Quarterly Reports of the Mayor on the implementation of the budget and state of affairs of the municipality for the quarters 1 July 2017 until 30 September 2017 and 1 October 2017 until 31 December 2017 respectively and same be approved and accepted.

(b) that Council appoints a Task Team to negotiate with the Department Water Affairs in respect of the Tulbagh Dam.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*(a) that notice be taken of the Quarterly Reports of the Mayor on the implementation of the budget and state of affairs of the municipality for the quarters 1 July 2017 until 30 September 2017 and 1 October 2017 until 31 December 2017 respectively and same be approved and accepted.*

*(b) that Council appoints a Task Team to negotiate with the Department Water Affairs in respect of the Tulbagh Dam.*

**8.1.6 Finance: Budget 2017/2018 and IDP 2018/2019 to 2021/2022 (5/1/1/17 & 2/2/1)**

The following documents are attached:

(a) Memorandum from the Director: Finance, dated 22 May 2018: **Annexure 8.1.6(a)**.

(b) Budget for 2018/2019 – 2020/2021: **Annexure 8.1.6(b)**.

(c) Rates and tariffs 2018/2019: **Annexure 8.1.6(c)**.

(d) IDP for 2018/2019 – 2021/2022: **Annexure 8.1.6(d)**.

(e) Budget related policies 2018/2019: **Annexure 8.1.6(e)**.

(f) Capital budget 2018/2019: **Annexure 8.1.6(f)**.

(g) MFMA Budget Circular no. 91: **Annexure 8.1.6(g)**.

(h) Provincial Treasury Circular 13 of 2018: **Annexure 8.1.6(h)**.

(i) LG MTEC Integrated Planning and Budgeting Assessment: **Annexure 8.1.6(i)**.

(j) LG MTEC responses 2018/2019: **Annexure 8.1.6(j)**.

**RECOMMENDED**

*(a)* *That the annual budget of Witzenberg Municipality for the financial year 2018/2019; and indicative for the two projected years 2019/2020 and 2020/2021, as set out in the schedules contained in Section 4, be approved:*

*(i)* *Table A2: Budgeted Financial Performance (expenditure by standard classification).*

*(ii)* *Table A3: Budgeted Financial Performance (expenditure by municipal vote).*

*(iii)* *Table A4: Budgeted Financial Performance (revenue by source).*

*(iv)* *Table A5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.*

*(b)* *Property rates reflected in Annexure 8.1.6(c) and any other municipal tax reflected in Annexure 8.1.8(c) are imposed for the budget year 2018/2019.*

*(c)* *Tariffs and charges reflected in Annexure 8.1.6(c) are approved for the budget year 2018/2019.*

*(d)* *The measurable performance objectives for revenue from each source reflected in Table A4 - Budgeted Financial Performance (revenue and expenditure) are approved for the budget year 2018/2019.*

*(e)* *The measurable performance objectives for each vote reflected in SA8 are approved for the budget year 2018/2019.*

*(f)* *That the new amended budget related policies be approved with implementation as from 1 July 2018:*

*(i)* *Tariff Policy*
*(ii)* *Property Rates Policy*
*(iii)* *Credit Control and Debt Collection Policy*
*(iv)* *Cash Management and Investment Policy*
*(v)* *Consumer Payment Incentive Policy*
*(vi)* *Municipal Supply Chain Management Policy*
*(vii)* *Petty Cash Policy*
*(viii)* *Indigent Policy*
*(ix)* *Budget Policy*
*(x)* *Budget Virement Policy*
*(xi)* *Asset Management Policy*
*(xii)* *Funding and Reserves Policy*
*(xiii)* *Cellular telephone and data card policy*
*(xiv)* *Borrowing Policy*
*(xv)* *Long Term Financial Plan Policy*
*(xvi)* *Transport, Travel and Subsistence Allowance*
*(xvii)* *Post-Employment Medical Aid Contributions*

*(g)* *That the review of the five year Integrated Development Plan (IDP) for the 2018/2019 financial year be approved.*

**8.1.7 Water demand management meters (5/12/4)**

**Annexure 8.2.1(b) refers.**

The following items refer:

(a) Item 7.1.10 of the Executive Mayoral Committee meeting, held on 26 February 2018.
(b) Item 8.1.10 of the council meeting, held on 28 February 2018.
(c) Item 7.1.3 of the Executive Mayoral Committee meeting, held on 26 March 2018.
(d) Item 8.1.4 of the council meeting, held on 28 March 2018.

The following memorandum, dated 20 February 2018, was received from the Director: Finance:

"1. Purpose

The purpose of this report is to submit a report to Council for consideration on the installation of water demand management meters.

2. Background

The monthly consumption of water is still above the required norms to address the drought. Eight hundred water demand management meters with prepaid functionality have been procured and must be installed.

3. Legal framework

The Drought Management Plan stipulates that flow reducing devices shall be installed where the prescribed usage limits are exceeded. Except for a registered indigent household, the offender will be charged for the cost of the installation.

4. Discussion

It is proposed that the water demand management meters be installed to identified users/areas after the customers have been informed. The perception that the water demand management meters are discriminating can be partially addressed by installing the water demand management meters to all councillors and senior officials."

The Executive Mayoral Committee resolved on 26 February 2018 that the matter regarding water demand management meters be referred to Council for further discussion.

The Director: Finance tabled the report in respect of the water demand management meters. The following were highlighted:

- Various Council members debated that the water meters only be installed where people waste water and that the municipality deals with the culprits and not with innocent people. A list must be made available for Council of the high usage home owners of water and they must be attended to. Expenditure must be limited.
- Other Councillors debated that all leakages be repaired before the project is rolled out. The focus will be on the people with at least double the usage as prescribed. The concern raised was about the 800 meters in the stores which need to be installed.

Council referred the matter to the Executive Mayoral Committee for further deliberation and a recommendation to Council.

Council unanimously resolved on 28 February 2018 that the matter in respect of the water demand management meters be referred to the Executive Mayoral Committee for further deliberation and a recommendation to Council.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter in respect of the water demand management meters be held in abeyance until the next meeting.

Council unanimously resolved on 28 March 2018 that the matter in respect of the water demand management meters be held in abeyance until the next meeting.

**RECOMMENDED**

*For consideration.*

**8.1.8 Finance: Writing off of interest and arrear monies: Household debt and other irrecoverable outstanding amounts (5/12/1/3)**

The following items refer:

(a) Item 8.2 of the Performance, Risk and Audit Committee meeting, held on 26 March 2018.

(b) Item 7.1.4 of the Executive Mayoral Committee meeting, held on 26 March 2018.

(c) Item 8.1.5 of the council meeting, held on 28 March 2018.

(d) Item 7.1.6 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

A memorandum from the Director: Finance, dated 23 February 2018, is attached as **annexure 8.1.8**.

Extract from minutes of Performance, Risk and Audit Committee meeting of 2 March 2018

The Director: Finance submitted the writing off of interest and arrears monies report in terms of household debt and other irrecoverable outstanding amounts. The following was highlighted:

- that no legal process was followed in some instances as the account holders are poor and cannot afford the legal fees, in some instances the account holders have already passed away or cannot be traced.
- The Performance, Risk and Audit Committee enquired with regard to the possibility to get any commitment from the people benefiting from the writing off as an incentive to pay in future and that it be included in the report.
- An interaction and consultation process will be followed by Senior Management to get payments from those benefiting from the writing off.
- that, if needed, a change be included in the policy for the amendment.

The Performance, Risk and Audit Committee resolved on 2 March 2018:

That the Performance, Risk and Audit Committee recommends to Council:

(i) that notice be taken of the report with regard to the writing off of interest and arrear monies for household debt and other irrecoverable outstanding amounts and same be approved and accepted.

(ii) That the irrecoverable arrears to the value of R51 486 498-58 be written off.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter in respect of the writing off of interest and arrear monies be held in abeyance until after the meeting of the Task Team.

Council unanimously resolved on 28 March 2018 that the matter in respect of the writing off of interest and arrear monies be held in abeyance until after the meeting of the Task Team.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

(a) that notice be taken of the comments and recommendation of the Performance, Risk and Audit Committee regarding the writing off of interest and arrear monies for household debt and other irrecoverable outstanding amounts.

(b) That the irrecoverable arrears to the value of R58 061 640.96 be written off.

(c) That indigent household's outstanding balance be written off upon approval as an indigent on condition that no debt was written off from May 2018.

(d) That the Municipality's Credit Control and Debt Collection Policy be implemented in respect of all debt incurred after the write off even if the household is indigent.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*(a) that notice be taken of the comments and recommendation of the Performance, Risk and Audit Committee regarding the writing off of interest and arrear monies for household debt and other irrecoverable outstanding amounts.*

*(b) That the irrecoverable arrears to the value of R58 061 640.96 be written off.*

*(c) That indigent household's outstanding balance be written off upon approval as an indigent on condition that no debt was written off from May 2018.*

*(d) That the Municipality's Credit Control and Debt Collection Policy be implemented in respect of all debt incurred after the write off even if the household is indigent.*

## 8.2 Direktoraat Tegniese Dienste / Directorate Technical Services

### 8.2.1 Strategy to address illegal electrical connections in the Witzenberg Municipality's electricity supply area (16/03/P)

The following items refer:

(a) Item 7.1 of the meeting of the Committee for Technical Services, held on 18 April 2018.

(b) Item 7.2.1 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

A memorandum from the Manager: Electro-Technical Services, dated March 2018, is attached as **annexure 8.2.1(a)**.

The Senior Manager: Electro-Technical Services reported that the Legal Division was consulted with regard to a strategy to address illegal electrical connections in the Witzenberg Municipality's electricity supply area. After the consultation legal amendments were made to the process and procedures.

The Senior Manager: Electro-Technical Services informed the meeting that they have been monitoring Nduli informal settlement since July 2017 until present. A loss of 82 % of unpaid energy was reported due to illegal connections.

The Committee for Technical Services resolved on 18 April 2018 that the Committee for Technical Services recommends to the Executive Mayoral Committee and Council:

(a) that the strategy to address illegal electrical connections in the Witzenberg Municipality's electricity supply area to include background information to recommend to Council for approval.

(i) that the strategy be discussed with all departments and plan for implementation.

(ii) that a Public Participation Process and information session be followed.

(iii) that a service provider in terms of the Supply Chain Management process be appointed to audit the installation and remove the illegal connections.

(iv) that the Electrical Department monitors all areas for illegal connections.

(v) that the Electrical Department instructs the service provider to disconnect illegal connections.

(b) that the strategy to address illegal electricity connections in the Witzenberg Municipality's electricity supply area be workshopped by Council.

The minutes of an Ad hoc Committee meeting of the Task Team, held on 8 May 2018, are attached as **annexure 8.2.1(b)**.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

(a) that the strategy to address illegal electrical connections in the Witzenberg Municipality's electricity supply area to include background information to recommend to Council for approval.

(i) that the strategy be discussed with all departments and plan for implementation.

(ii) that a Public Participation Process and information session be followed.

(iii) that a service provider in terms of the Supply Chain Management process be appointed to audit the installation and remove the illegal connections.

(iv) that the Electrical Department monitors all areas for illegal connections.

(v) that the Electrical Department instructs the service provider to disconnect illegal connections.

(b) that the strategy to address illegal electricity connections in the Witzenberg Municipality's electricity supply area be workshopped by Council.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*(a) that the strategy to address illegal electrical connections in the Witzenberg Municipality's electricity supply area to include background information to recommend to Council for approval.*

*(i) that the strategy be discussed with all departments and plan for implementation.*

*(ii) that a Public Participation Process and information session be followed.*

*(iii) that a service provider in terms of the Supply Chain Management process be appointed to audit the installation and remove the illegal connections.*

*(iv) that the Electrical Department monitors all areas for illegal connections.*

*(v) that the Electrical Department instructs the service provider to disconnect illegal connections.*

*(b) that the strategy to address illegal electricity connections in the Witzenberg Municipality's electricity supply area be workshopped by Council.*

## 8.3 Direktoraat Gemeenskapsdienste / Directorate Community Services

### 8.3.1 Leasing of unregistered erf 740, Op-die-Berg to Witzenberg Honey Bee Farming Primary Co-operative Limited (17/19/1 & 7/1/4/1)

The following items refer:

(a) Item 7.3.4 of the Executive Mayoral Committee, held on 26 March 2018.

(b) Item 7.1 of the meeting of the Committee for Local Economic Development and Tourism, held on 18 April 2018.

(c) Item 7.3.3 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

A memorandum from the Legal Advisor and Acting Manager: Socio-Economic Development, dated 13 March 2018, is attached as **annexure 8.3.1**.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter regarding the leasing of unregistered erf 740, Op-die-Berg to Witzenberg Honey Bee Farming Primary Co-operative Limited be referred to the Committee for Local Economic Development for deliberation and after that be tabled to the Executive Mayoral Committee.

The Committee for Local Economic Development and Tourism resolved on 18 April 2018 to recommend to the Executive Mayoral Committee and Council:

(a) that Council enters into a lease agreement with the Honey-Bee Co-op for five years with the discretion to renew for another five years.

(b) that the Municipal Manager be mandated to sign the contract on behalf of Council.

(c) that the Local Economic Development Unit facilitates the following services:

- Rezoning and registration of the erf.
- Connection with municipal services, including electricity from ESKOM.
- Capacity building support through a site visit at a similar Honey Bee project in Swellendam.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

(a) that Council enters into a lease agreement with the Honey-Bee Co-op for five years with the discretion to renew for another five years.

(b) that the Municipal Manager be mandated to sign the contract on behalf of Council.

(c) that the Local Economic Development Unit facilitates the following services:

- Rezoning and registration of the erf.
- Connection with municipal services, including electricity from ESKOM.
- Capacity building support through a site visit at a similar Honey Bee project in Swellendam.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*(a)* *that Council enters into a lease agreement with the Honey-Bee Co-op for five years with the discretion to renew for another five years.*

*(b)* *that the Municipal Manager be mandated to sign the contract on behalf of Council.*

*(c)* *that the Local Economic Development Unit facilitates the following services:*

- *Rezoning and registration of the erf.*
- *Connection with municipal services, including electricity from ESKOM.*
- *Capacity building support through a site visit at a similar Honey Bee project in Swellendam.*

## 8.4 Direktoraat Korporatiewe Dienste / Directorate Corporate Services

### 8.4.1 Proposed council meeting program: June until December 2018 (3/1/2/3)

The following items refer:

(a) Item 7.4.2 of the Executive Mayoral Committee meeting, held on 26 February 2018.
(b) Item 7.4.1 of the Executive Mayoral Committee meeting, held on 26 March 2018.
(c) Item 8.4.1 of the council meeting, held on 28 March 2018.
(d) Item 7.4.1 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

The following recommendation was tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that the proposed council meeting program for March until December 2018 be approved.

The Executive Mayoral Committee resolved on 26 February 2018 that the matter regarding the proposed council meeting program for March until December 2018 be held in abeyance until the next meeting.

The following recommendation was tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that the proposed council meeting program for March until December 2018 be approved.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter regarding the proposed council meeting program for March until December 2018 be held in abeyance until the next meeting.

Council unanimously resolved on 28 March 2018 that the matter regarding the proposed council meeting program for March until December 2018 be held in abeyance until the next meeting.

A memorandum from the Manager: Administration, dated 21 May 2018, is attached as **annexure 8.4.1**.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that the proposed Council Meeting Program for June until December 2018 be approved and accepted.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*that the proposed Council Meeting Program for June until December 2018 be approved and accepted.*

**8.4.2 Council's representatives on SALGA Working Groups (03/1/1/5)**

Item 7.4.2 of the Executive Mayoral Committee meeting, to be held on 28 May 2018, refers.

Item 9.1 of the council meeting, held on 24 January 2018, refers.

The following report, dated 24 January 2018, was received from the Municipal Manager:

Council appointed its representatives to the SALGA Working Groups as per **annexure 8.4.2**.

The Speaker's office has linked the KPI's of Council's Section 79 Committees to that of the various working groups and has nominated the Chairpersons of the various committees as Council representatives to the various committees. SALGA has now requested a formal council decision on Witzenberg Municipality's representatives to its committees. The matter is tabled for a resolution."

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that notice be taken of Council's representatives on the SALGA Working Groups and same be accepted.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*that notice be taken of Council's representatives on the SALGA Working Groups and same be accepted.*

**8.4.3 Donation of land to municipality: Portion of Portion 200 of the farm Wagenboomsriver no. 372 in the Municipality of Witzenberg Division Ceres: Die Bossie, Prince Alfred's Hamlet (7/1/1/1)**

Item 7.4.3 of the Executive Mayoral Committee meeting, to be held on 28 May 2018, refers.

The following memorandum, dated 22 May 2018, was received from the Municipal Manager:

"Purpose

For Mayco to consider and to recommend to Council to accept the donation of Poituers Boerdery (the Donor) of a portion of portion 200 of the farm Wagensboomsriver no. 372 in the Municipality of Witzenberg division Ceres, approximately three hectares, more commonly known as Die Bossie, Prince Alfred's Hamlet in favour of the Witzenberg Municipality as the Donee.

Deliberation

Poituers Boerdery (Mr Du Plessis) is the owner of the mentioned property under discussion, marked as X on the locality plan as per **annexure 8.4.3(a)** attached hereto. Most of the families and household staying on the property and also those staying on Mendoza are not employees of the Donor. In recent years the municipality has received numerous complaints from the households with regard to access to basic services, especially sanitation and running water. Households on the Mendoza farm were forced to use the open field for ablution facilities which created a health hazard not only for those on the farm, but also the adjacent neighbouring farms. This has compelled the municipality to lease mobile toilets for the households as a temporary solution for the problem. The households staying at Die Bossie are dependent on agricultural water from the Koekedouw scheme to the owner of the farm.

During the summer months the households either receive no water during day time or when they do have access the water pressure is so low that they cannot use the ablution facility or certain equipment where water is pivotal for its activation. This creates tremendous inconvenience for the households, so much so that the municipality started with engagements with the owner to transfer the land in the name of the municipality. The owner at the time wanted an excessively high amount of money for the land which led to the negotiation failing. The owner has now indicated through their attorneys that they are prepared to donate the land to the municipality free of charge on certain conditions which are contained in the donation agreement, which is attached as **annexure 8.4.3(b)**.

Legal implications

There is constitutional obligation on the municipality to render certain basic series to people within its municipal jurisdiction especially where there is no agreement between the land owner and any occupier of land on its property. The municipality will not pay for the land which does not make it fall within the ambit of Council's Supply Chain process. If the donation is accepted Council will be responsible for any donation tax that might be levied as well as the cost incidental to the subdivision and transfer of the land in the name of the municipality. The property is within the urban edge of Prince Alfred's Hamlet and has always been earmarked for farmworker housing.

Financial implications

The municipality might be responsible for donation tax if any and the legal cost for the subdivision and transfer of the land. Council does have a UKey for the transfer of the land which can be dealt with operationally. A valuer will have to be appointed to value the property before any cost can be determined."

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

(a) That the donation of a portion of portion 200 of the farm Wagensboomsriver no. 372 in the Municipality of Witzenberg division Ceres, approximately three hectares, more commonly known as Die Bossie Prince Alfred Hamlet in favour of the Witzenberg Municipality as the donee.

(b) That the Municipal Manager be mandated to sign the donation agreement on behalf of Council.

(c) That the process to initiate the subdivision of the mentioned property as referred to in paragraph 1 be commenced forthwith.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*(a) That the donation of a portion of portion 200 of the farm Wagensboomsriver no. 372 in the Municipality of Witzenberg division Ceres, approximately three hectares, more commonly known as Die Bossie Prince Alfred Hamlet in favour of the Witzenberg Municipality as the donee.*

*(b) That the Municipal Manager be mandated to sign the donation agreement on behalf of Council.*

*(c) That the process to initiate the subdivision of the mentioned property as referred to in paragraph 1 be commenced forthwith.*

## 8.4.4 Alienation of municipal property: Erf 935, Wolseley (7/1/4/2)

The following items refer:

(a) Item 7.4.2 of the Executive Mayor and Mayoral Committee meeting, held on 9 December 2016.

(b) Item 8.4.4 of the council meeting, held on 13 December 2016.

(c) Item 7.4.3 of the Executive Mayoral Committee meeting, held on 24 July 2017.

(d) Item 7.4.3 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

The following memorandum, dated 6 December 2016, was received from the Municipal Manager:

"Purpose

To consider recommending to Council the selling of erf 935, Wolseley (extent 5 505 m$^2$) to Wolseley Fruit Packers (Pty) Ltd (Wolfpack).

Deliberation

Council is the owner of erf 935, Wolseley, in extent 5 505 m$^2$, and which is situated between the current Wolfpack premises and portion 13 of Farm 301. See in this regard **annexure 8.4.4**.

Wolfpack has concluded a transaction to purchase portion 13 of Farm 301 from Rassie Bester Family Trust. This transaction is subject to a suspensive condition that a successful transaction also be concluded with the Witzenberg Municipality for the purchase of erf 935, Wolseley. Wolfpack intends to extend their current operations with an investment of approximately R50 million which will provide employment opportunities for at least a further hundred people.

The municipal property is vacant land and is only encumbered with a municipal storm water canal. The municipal property holds no value for any other person except that of the adjacent landowners, because there is no access from the provincial road. The municipality obtains access through the property of Wolfpack. The property is only accessed to clean and maintain the storm water canal. If Council sells the property to Wolfpack they will consolidate and join the two properties and build a bridge over the storm water canal to incorporate their new development with their existing operations. The Director: Technical Services has indicated that there is no objection to the selling of the municipal property subject to a servitude of three meter on both sides of the canal being registered in favour of the municipality. It will be a further condition that Wolfpack will continue to give access to the canal via their current property. (Wolfpack has already agreed to these conditions).

Legal requirements

It is trite law that Council can only sell property through a competitive process unless the sale is important for local economic development and further where the participation of other members of public in the process is impractical. Council needs to resolve in terms of the Municipal Finance Management Act that the land is not required for basic minimum services and that it be sold at a market related price.

Financial implication

There is no negative financial implication attached to the transaction. If Council considers the sale it will enhance and improve the value of the properties if consolidated. This will effectively mean that Council will generate more income through services and rates. This development ties in perfectly with the new development of an economic zone which Council wants to embark on in Wolseley. This will allow Wolfpack to expand and potentially supply products to the logistic HUB for export purposes."

The following recommendation was tabled to the Executive Mayor and Mayoral Committee:

To recommend to Council:

(i) that the Executive Mayoral Committee considers recommending to Council the alienation of the municipal property in favour of Wolfpack.

(ii) that erf 935, Wolseley is not required for minimum basic services.

(iii) that erf 935, Wolseley be sold at a market related price.

(iv) that the potential sale be advertised in the local newspaper for public comment and/or any objection.

(v) that the Municipal Manager be mandated to sign all documentation to effect the transfer of the property to Wolfpack.

The Executive Mayor and Mayoral Committee resolved on 9 December 2016:

(a) that the Municipal Manager arranges an in loco site inspection in respect of erf 935, Wolseley for the Executive Mayor and Mayoral Committee.

(b) that the matter in respect of the alienation of erf 935, Wolseley be held in abeyance until the site inspection has taken place.

Council resolved on 13 December 2016 that the matter in respect of the alienation of erf 935, Wolseley be held in abeyance until the next meeting.

The Executive Mayoral Committee resolved on 24 July 2017 that the Executive Mayor and Mayoral Committee recommend to Council that erf 935, Wolseley not be alienated.

The Executive Mayor requested that the matter in respect of the alienation of erf 935, Wolseley be tabled again.

**RECOMMENDED**

*For consideration of the Executive Mayoral Committee's recommendation to Council.*

## 9. URGENT MATTERS SUBMITTED AFTER DISPATCHING OF THE AGENDA

## 10. FORMAL AND STATUTORY MATTERS

### 10.1 Feedback on matters of outside bodies (3/R)

## 11. QUESTIONS and/or MATTERS RAISED by COUNCILLORS

### 11.1 Non-attendance of ward committee members, Pine Valley Hall and municipal grading (3/3/1/5; 17/8/3 & 2/7)

The ANC Chief Whip, Councillor JT Phungula, requested that the following matters be placed on the agenda:

(a) Non-attendance of ward committee members
(b) Pine Valley Hall
(c) Municipal grading

**RECOMMENDED**

*For consideration.*

## 12. ADJOURNMENT

## 9. URGENT MATTERS SUBMITTED AFTER DISPATCHING OF THE AGENDA

### 9.1 Quarterly report of Mayor on implementation of budget and state of affairs of municipality / SDBIP: Section 52(d): 1 January 2018 to 31 March 2018 (9/1/1 & 9/1/2/2)

The following items refer:

(a) Item 7.1 of the Municipal Public Accounts Committee meeting, held on 18 May 2018.
(b) Item 7.1.7 of the Executive Mayoral Committee meeting to be held on 28 May 2018.

The Quarterly Budget Statement Report from the Chief Financial Officer for the period 1 January 2018 to 31 March 2018 is attached as **annexure 9.1**.

The following recommendation was tabled to the Committee:

That the Committee considers:

(i) Whether the performance has met the expectations of Council and the community.
(ii) Whether the objectives (targets) have been met.
(iii) What explanations have been provided for any non-achievement.
(iv) What was the impact on the service delivery and expenditure objectives in the budget.

The Municipal Public Accounts Committee resolved on 18 May 2018:

That the Municipal Public Accounts Committee recommends to the Executive Mayoral Committee and Council:

that notice be taken of the Section 52(d) quarterly report of the Executive Mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP for the period 1 January 2018 to 31 March 2018 and same be accepted.

The following recommendation is tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that notice be taken of the Section 52(d) quarterly report of the Executive Mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP for the period 1 January 2018 to 31 March 2018 and same be accepted.

**RECOMMENDED**

*That the Executive Mayoral Committee recommends to Council:*

*that notice be taken of the Section 52(d) quarterly report of the Executive Mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP for the period 1 January 2018 to 31 March 2018 and same be accepted.*

**MINUTES OF THE COUNCIL MEETING OF WITZENBERG MUNICIPALITY, HELD IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, 50 VOORTREKKER STREET, CERES ON WEDNESDAY, 28 MARCH 2018 AT 10:00**

**PRESENT**

Aldermen and Councillors

Councillor TT Godden (Speaker)
Councillor BC Klaasen (Executive Mayor)
Councillor K Adams (Deputy Executive Mayor)
Alderman JW Schuurman
Alderman HJ Smit
Councillor TE Abrahams
Councillor P Daniels
Councillor SJ Hugo
Councillor MD Jacobs
Councillor D Kinnear
Councillor GG Laban
Councillor C Lottering
Councillor M Mdala
Councillor TP Mgoboza
Councillor ZS Mzauziwa
Councillor N Phatsoane
Councillor JT Phungula
Councillor EM Sidego
Councillor RJ Simpson
Councillor D Swart
Councillor HF Visagie
Councillor JJ Visagie

Officials

Mr D Nasson (Municipal Manager)
Mr J Barnard (Director: Technical Services)
Ms J Krieger (Director: Community Services)
Mr HJ Kritzinger (Director: Finance)
Mr M Mpeluza (Director: Corporate Services)
Ms L Nieuwenhuis (Legal Advisor)
Mr A Hofmeester (IDP Manager)
Mr CG Wessels (Manager: Administration)
Mr C Titus (Committee Clerk)
Ms M Badela (Interpreter)
Ms MJ Prins (Acting Principal Administrative Officer)

Other attendees

Mr N Bettesworth (Ceres Business Initiative)

## 1. OPENING AND WELCOME

The Speaker welcomed everyone present after which he requested Councillor C Lottering to open the meeting with a prayer.

The Speaker announced that the whip system has been implemented and only members on the list will be allowed to speak in accordance with the Code of Conduct.

**NOTED.**

## 2. CONSIDERATION OF APPLICATION FOR LEAVE OF ABSENCE, IF ANY (3/1/2/1)

An application for leave of absence from the meeting was received from Councillor P Heradien (ICOSA).

Apology for absence from the meeting was received from the Head: Internal Audit.

**UNANIMOUSLY RESOLVED**

*(a) that the application for leave of absence from the meeting, received from Councillor P Heradien (ICOSA) be approved and accepted.*

*(b) that notice be taken of the apology for absence from the meeting, received from the Head: Internal Audit, and same be approved and accepted.*

The ANC requested a caucus break from 10:10 until 10:25.

Councillor SJ Hugo left the meeting at 10:25.

## 3. STATEMENTS, ANNOUNCEMENTS OR MATTERS RAISED

### 3.1 Gratitude, Congratulations and Commiseration (11/4/3)

Councillor J Phungula conveyed congratulations on behalf of Council to Councillor G Laban on his birthday on 19 March.

**NOTED.**

### 3.2 Matters raised by the Speaker (09/1/1)

The Speaker reported that he and three (3) other Councillors had attended the funeral of the former Deputy Executive Mayor of the Witzenberg Municipality, Mr Zola Mdala, in the Eastern Cape.

**NOTED**

**3.3 Matters raised by the Executive Mayor**
**(09/1/1)**

The Executive Mayor conveyed best wishes and a blessed Easter on behalf of Council to all in Witzenberg.

**NOTED**

## 4. MINUTES

**4.1 Approval of minutes**
**(3/1/2/3)**

The minutes of the council meeting, held on 28 February 2018, are attached as **annexure 4.1**.

**UNANIMOUSLY RESOLVED**

*That the minutes of the Council Meeting, held on 28 February 2018, be approved and signed by the Speaker.*

**4.2 Outstanding matters**
**(3/3/2)**

| Number | File reference | Heading, item no. and date | Directorate | Action | Progress | Target date |
|---|---|---|---|---|---|---|
| 4.2.1 | 16/4/6 | 5.1 of 25 October 2017 Motion: Naming of streets in Bella Vista housing project without a public participation process | Municipal Manager | To be investigated by Council and if deemed necessary, the applicable changes and corrections be done. | Public meeting scheduled for 12 April 2018. | |
| 4.2.2 | 17/9/2 | 8.3.2 van 25 Oktober 2017 Instandhouding van speelparktoerusting | Gemeenskapsdienste | Dat die aangeleentheid oorstaan en na die UBK verwys word vir 'n aanbeveling aan die Raad. | Besig met openbare deelnameproses. | |
| 4.2.3 | 7/1/4/2 | 8.4.2 of 5 December 2017 Request to purchase erf 3605, Ceres or a portion thereof | Municipal Manager | That the matter be held in abeyance until the next meeting. | Awaiting outcome of investigation by MEC for Housing on housing needs of Bella Vista community | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4.2.4 | 17/4/2/1 & 17/4/2/P | 12/2/1 of 5 December 2017 Constitutional obligation of municipalities to provide suitable alternative accommodation in evictions | Corporate Services | That the matter be held in abeyance until being workshopped by Council. | Speaker to confirm date for workshop. | |
| 4.2.5 | 3/1/1/5 | 9.1 of 24 January 2018 Council's representatives on SALGA Working Groups | Municipal Manager | That the Municipal Manager finalises the matter. | Matter finalised by Speaker. | |
| 4.2.6 | 3/2/1 | Upgrade of tablets for Councillors | Finance | Further quotations of other service providers to be obtained to determine best and most viable option for Councillors | Item will be tabled at April 2018 council meeting. | |

Item 4.2.2: Instandhouding van speelparktoerusting

Die Direkteur: Gemeenskapsdienste rapporteer dat die Direktoraat Gemeenskapsdienste terugvoering sal gee rakende die openbare deelnameproses met betrekking tot speelparke.

Raadslid TE Abrahams versoek dat die aangeleentheid rakende erf 1567, Tulbagh ook op die lys vir Uitstaande Sake geplaas word.

**RESOLVED**

*(a) that the Director: Community Services will give feedback to Council at the next meeting with regard to the Public Participation Process in respect of the maintenance of play parks.*

*(b) that the Municipal Manager tables the matter pertaining to erf 1567, Tulbagh as an outstanding item at the next meeting.*

*(c) that the Municipal Manager tables all outstanding matters on the agenda with target dates at the next council meeting.*

*(d) that notice be taken of the outstanding matters and same be accepted.*

## 5. MOTIONS AND NOTICE OF SUGGESTIONS

### 5.1 Mosie: Ingryping in Afdeling Afvalbestuur en Reiniging (4/10/1)

'n Mosie vanaf raadslid TT Godden, gedateer 5 Maart 2018, word aangeheg as **bylae 5.1**.

Raadslid T Godden dien 'n mosie in rakende ingryping in die Afdeling Afvalbestuur en Reiniging.

Verskeie raadslede neem deel aan die bespreking en rapporteer:

- dat werkers in Prince Alfred's Hamlet inklok vir diens, maar dan huis toe gaan of in die dorp rondstaan.
- dat werkers onder die invloed van drank aan diens is.
- dat werkers opsetlik nie munisipale werkersdrag dra nie.
- dat die waterslootjies in Wolseley skoongemaak word, maar die vullis bly op die sypaadjies lê.
- dat die kanaal in Wolseley vuil is.
- dat mense in die vullisbakke in Wolseley slaap.
- dat huisvullis in plaas van tuinvullis in die vullisbakke gegooi word.

**EENPARIGE BESLUIT**

*(a) dat die Munisipale Bestuurder en Direkteur: Tegniese Dienste die aangeleentheid rakende werkersprobleme in die Afdeling Afvalbestuur en Reiniging deeglik ondersoek en 'n verslag by die volgende vergadering vir die Raad ter tafel lê.*

*(b) dat raadslede wat oor bewyse beskik van werkerongedissiplineerdheid in terme van die Gedragskode vir Werknemers dit sal aanmeld by die Munisipale Bestuurder.*

## 6. INTERVIEWS WITH DELEGATIONS

### 6.1 Presentation: Vredebes Housing Plan (17/04/1/1/1)

A presentation will be made by Ms Karen Siebrits from Messrs ASLA regarding the types of houses to be built for the Vredebes Housing Project.

Ms Karen Siebrits from Messrs ALSA made a presentation with regard to the Vredebes Integrated Residential Project. The presentation is attached as annexure 6.1.

The following matters/remarks/questions were highlighted:

Question: How many houses will be allocated to the military veterans?

Answer: Not yet determined.

Question: When was the housing plans in the presentation approved? The request at the last meeting was that the housing plans be changed.

Answer: This presentation is all about the housing outlay and not to approve the housing plans. That must still be done.

Question: When will the housing process start?

Answer: June 2018.

**UNANIMOUSLY RESOLVED**

*that Council takes notice of the presentation with regard to the Vredebes Integrated Residential Project.*

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## 7. GEDELEGEERDE BEVOEGDHEDE / DELEGATED POWERS

### 7.1 Minutes: Committee meetings (03/3/2)

The reports/minutes of the following meetings are attached:

(a) Committee for Technical Services, held on 15 November 2017: **Annexure 7.1(a)**.

(b) Committee for Local Economic Development and Tourism, held on 15 November 2017: **Annexure 7.1(b)**.

(c) Committee for Corporate and Financial Services, held on 16 November 2017: **Annexure 7.1(c)**.

(d) Performance, Risk and Audit Committee, held on 15 January 2018: **Annexure 7.1(d)**.

(e) MPAC workshop, held on 16 January 2018: **Annexure 7.1(e)**.

(f) Municipal Public Accounts Committee, held on 16 January 2018: **Annexure 7.1(f)**.

(g) Executive Mayoral Committee, held on 23 January 2018: **Annexure 7.1(g)**.

(h) Committee for Housing Matters, held on 8 February 2018: **Annexure 7.1(h)**.

(i) Committee for Community Development, held on 15 February 2018: **Annexure 7.1(i)**.

**UNANIMOUSLY RESOLVED**

*that notice be taken of the minutes of the committee meetings and same be accepted.*

## 8. GERESERVEERDE BEVOEGDHEDE / RESERVED POWERS

### 8.1 Direktoraat Finansies / Directorate Finance

### 8.1.1 Section 71 monthly reports of the Department Finance: December 2017 and January 2018 (9/1/2/2)

The following items refer:

(a) Item 7.1 of the meeting of the Committee for Corporate and Financial Services, held on 15 March 2018.

(b) Item 7.1.1 of the Executive Mayoral Committee meeting held on 26 March 2018.

The following Section 71 monthly reports of the Department Finance are attached:

| | | |
|---|---|---|
| (a) | December 2017 | **Annexure 8.1.1(a)** |
| (b) | January 2018 | **Annexure 8.1.1(b)** |

The Committee for Corporate and Financial Services resolved on 15 March 2018:

To recommend to the Executive Mayoral Committee and Council:

that notice be taken of the monthly reports of the Department Finance for December 2017 and January 2018 and same be approved and accepted.

The Executive Mayoral Committee resolved on 26 March 2018.

That the Executive Mayoral Committee recommends to Council:

that notice be taken of the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 and same be approved and accepted.

The Director: Finance submitted the Section 71 monthly reports of the Department Finance for December 2017 and January 2018. The following matters were highlighted:

- Alderman J Schuurman expressed appreciation for the decrease in deviations and also the improvement with regard to meter readings.
- The Alderman expressed concern with regard to the writing off of arrear monies and also the payment of municipal accounts.

**UNANIMOUSLY RESOLVED**

*that notice be taken of the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 and same be approved and accepted.*

**8.1.2 Disciplinary Board for Financial Misconduct (5/P)**

The following items refer:

(a) Item 8.1.6 of the council meeting, held on 27 August 2014.
(b) Item 7.1.2 of the Executive Mayoral Committee meeting, held on 26 March 2018.

Council resolved on 27 August 2014:

(a) That a Board be established in terms of Government Gazette 37699 of 30 May 2014 to address any financial misconduct, as described in the Municipal Finance Management Act, in the municipality.

(b) That any investigation regarding financial irregularities applicable to councillors be conducted in terms of the Code of Conduct for Councillors as regulated by the Municipal Systems Act.

(c) That the Board does not consist of more than five members, as stated in the Regulations.

(d) That the Executive Mayoral Committee will have delegated powers to co-opt any person to the Board.

A memorandum from the Head: Internal Audit, dated 5 September 2017, is attached as **annexure 8.1.2**.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

that the current five members be appointed for a further period of three years.

**UNANIMOUSLY RESOLVED**

*that the current five members be appointed for a further period of three years.*

**8.1.3 Finance: Draft Budget, Draft Review IDP and Draft Top Layer SDBIP: 2018/2019 (5/1/1/17; 2/2/1 & 5/1/5/11)**

The following memorandum, dated 22 March 2018, was received from the Director: Finance:

"1. Purpose

The purpose of this report is to table the 2018/2019 Draft Budget, the Draft Review IDP and the Draft Top Layer SDBIP for consideration to the Executive Mayor and Council.

2. Legal framework

Section 16 - 18 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

**'Annual budgets**

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

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

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.'

**'Contents of annual budgets and supporting documents**

17. (1) An annual budget of a municipality must be a schedule in the prescribed format –

(a) setting out realistically anticipated revenue for the budget year from each revenue source;
(b) appropriating expenditure for the budget year under the different votes of the municipality;
(c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
(d) setting out –
(i) estimated revenue and expenditure by vote for the current year; and
(ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
(e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.

(2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

(3) When an annual budget is tabled in terms of Section 16 (2), it must be accompanied by the following documents:

(a) draft resolutions –
(i) approving the budget of the municipality;
(ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year;
(iii) approving the budgets for the relevant financial year of each municipal entity under the sole or shared control of the municipality; and
(iv) approving any other matter that may be prescribed;
(b) measurable performance objectives for each vote in the budget, taking into account the municipality's integrated development plan;
(c) a projection of cash flow for the budget year by revenue source, broken down per month;

(d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
(e) any proposed amendments to the budget-related policies of the municipality;
(f) particulars of the municipality's investments;
(g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
(h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
(i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;

(j) particulars of any proposed allocations or grants by the municipality to –
(i) other municipalities;
(ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
(iii) any other organs of state;
(iv) any organisations or bodies referred to in section 67(1);
(k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of –
(i) each political office-bearer of the municipality;
(ii) councillors of the municipality; and
(iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality at a remuneration package at least equal to that of a senior manager;
(l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of –
(i) each member of the entity's board of directors; and
(ii) the chief executive officer and each senior manager of the entity; and
(m) any other supporting documentation as may be prescribed.'

**'Funding of expenditures**

18. (1) An annual budget may only be funded from –
(a) realistically anticipated revenues to be collected;
(b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
(c) borrowed funds, but only for the capital budget referred to in section 17 (2).

(2) Revenue projections in the budget must be realistic, taking into account –
(a) projected revenue for the current year based on collection levels to date; and
(b) actual revenue collected in previous financial years.'

The following documents are attached:

(a) Draft Budget: 2018/2019 – 2020/2021: **Annexure 8.1.3(a)**.
(b) Draft Review Integrated Development Plan: 2018/2019: **Annexure 8.1.3(b)**.
(c) Draft Budget Related Policies: 2018/2019: **Annexure 8.1.3(c)**.
(d) Draft Budget Schedules: 2018/2019 – 2020-2021: **Annexure 8.1.3(d)**.
(e) Draft Top Layer SDBIP: 2018/2019: **Annexure 8.1.3(e)**.

**UNANIMOUSLY RESOLVED**

*(a) that Council takes notice of the Draft Budget, the Draft Review IDP and the Draft Top Layer SDBIP of the Witzenberg Municipality for the financial year 2018/2019 and the indicative budget for the two years 2019/2020 and 2020/2021 that have been tabled by the Executive Mayor in Council.*

*(b) that the public participation process as per the IDP and Budget Process Plan be followed.*

**8.1.4 Water demand management meters**
**(5/12/4)**

The following items refer:

(a) Item 7.1.10 of the Executive Mayoral Committee meeting, held on 26 February 2018.
(b) Item 8.1.10 of the council meeting, held on 28 February 2018.
(c) Item 7.1.3 of the Executive Mayoral Committee meeting, held on 26 March 2018.

The following memorandum, dated 20 February 2018, was received from the Director: Finance:

"1. Purpose

The purpose of this report is to submit a report to Council for consideration on the installation of water demand management meters.

2. Background

The monthly consumption of water is still above the required norms to address the drought. Eight hundred water demand management meters with prepaid functionality have been procured and must be installed.

3. Legal framework

The Drought Management Plan stipulates that flow reducing devices shall be installed where the prescribed usage limits are exceeded. Except for a registered indigent household, the offender will be charged for the cost of the installation.

4. Discussion

It is proposed that the water demand management meters be installed to identified users/areas after the customers have been informed. The perception that the water demand management meters are discriminating can be partially addressed by installing the water demand management meters to all councillors and senior officials."

The Executive Mayoral Committee resolved on 26 February 2018 that the matter regarding water demand management meters be referred to Council for further discussion.

The Director: Finance tabled the report in respect of the water demand management meters. The following were highlighted:

- Various Council members debated that the water meters only be installed where people waste water and that the municipality deals with the culprits and not with innocent people. A list must be made available for Council of the high usage home owners of water and they must be attended to. Expenditure must be limited.
- Other Councillors debated that all leakages be repaired before the project is rolled out. The focus will be on the people with at least double the usage as prescribed. The concern raised was about the 800 meters in the stores which need to be installed.

Council referred the matter to the Executive Mayoral Committee for further deliberation and a recommendation to Council.

Council unanimously resolved on 28 February 2018 that the matter in respect of the water demand management meters be referred to the Executive Mayoral Committee for further deliberation and a recommendation to Council.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter in respect of the water demand management meters be held in abeyance until the next meeting.

**UNANIMOUSLY RESOLVED**

*that the matter in respect of the water demand management meters be held in abeyance until the next meeting.*

**8.1.5 Finance: Writing off of interest and arrear monies: Household debt and other irrecoverable outstanding amounts**
**(5/12/1/3)**

Item 7.1.4 of the Executive Mayoral Committee meeting, held on 26 March 2018, refers.

A memorandum from the Director: Finance, dated 23 February 2018, is attached as **annexure 8.1.5**.

The following recommendation was tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that the irrecoverable arrears to the value of R51 486 498-58 be written off.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter in respect of the writing off of interest and arrear monies be held in abeyance until after the meeting of the Task Team.

**UNANIMOUSLY RESOLVED**

*that the matter in respect of the writing off of interest and arrear monies be held in abeyance until after the meeting of the Task Team.*

**8.1.6 Draft 2018/2019 Top Layer SDBIP**
**(5/1/5/11)**

The matter was dealt with under item 8.1.3.

**NOTED**

## 8.2 Direktoraat Tegniese Dienste / Directorate Technical Services

### 8.2.1 Approval of Water Services Development Plan (16/02/P)

The following items refer:

(a) Item 7.1 of the meeting of the Committee for Technical Services, held on 14 March 2018.

(b) Item 7.2.1 of the Executive Mayoral Committee meeting, held on 26 March 2018.

The following documents are attached:

(a) Memorandum from Manager: Water and Sewerage: **Annexure 8.2.1(a)**.
(b) Draft Water Services Development Plan: **Annexure 8.2.1(b)**.

The Manager: Water and Sewerage submitted a memorandum with regard to the approval of the Water Services Development Plan.

The Committee for Technical Services resolved on 14 March 2018:

That the Committee for Technical Services recommends to the Executive Mayoral Committee and Council:

(a) that the draft Water Services Development Plan be advertised in the local newspapers for comment for a period of 30 (thirty) days.

(b) that the draft Water Services Development Plan be sent to relevant stakeholders within our area of jurisdiction, including business, agriculture and industry.

(c) that the draft Water Services Development Plan be sent to the Minister, the Minister for Provincial Affairs and Constitutional Development, the relevant Province and neighbouring authorities.

(d) that a copy of the draft Water Services Development Plan be made available for inspection at the offices of the municipality.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

(a) that the draft Water Services Development Plan be advertised in the local newspapers for comment for a period of 30 (thirty) days.

(b) that the draft Water Services Development Plan be sent to relevant stakeholders within our area of jurisdiction, including business, agriculture and industry.

(c) that the draft Water Services Development Plan be sent to the Minister, the Minister for Provincial Affairs and Constitutional Development, the relevant Province and neighbouring authorities.

(d) that a copy of the draft Water Services Development Plan be made available for inspection at the offices of the municipality.

**UNANIMOUSLY RESOLVED**

*(a) that the draft Water Services Development Plan be advertised in the local newspapers for comment for a period of 30 (thirty) days.*

*(b) that the draft Water Services Development Plan be sent to relevant stakeholders within our area of jurisdiction, including business, agriculture and industry.*

*(c) that the draft Water Services Development Plan be sent to the Minister for Provincial Affairs and Constitutional Development, the relevant Province and neighbouring authorities.*

*(d) that a copy of the draft Water Services Development Plan be made available for inspection at the offices of the municipality.*

**8.2.2 Power X "Proof of Concept" – Memorandum of Understanding – Proposed way forward (16/3/R)**

The following items refer:

(a) Item 7.2 of the meeting of the Committee for Technical Services, held on 14 March 2018.

(b) Item 7.2.2 of the Executive Mayoral Committee meeting, held on 26 March 2018.

The following documents are attached:

(a) Memorandum from Senior Manager: Electro-Technical Services: **Annexure 8.2.2(a)**.

(b) Memorandum between Witzenberg Municipality and Power X (Pty) Ltd: **Annexure 8.2.2(b)**.

The Senior Manager: Electro-Technical Services submitted the memorandum with regard to Power X "Proof of Concept" and the proposed way forward.

- The Senior Manager: Electro-Technical Services informed the Committee that the municipality is not responsible for any cost.

The Committee for Technical Services resolved on 14 March 2018:

That the Committee for Technical Services recommends to the Executive Mayoral Committee and Council:

that a preliminary investigation, no risk, Memorandum of Understanding as attached be finalised and then signed with Power X in order to finalise various studies and enable Power X to compile a proposal that can be acceptable to Council for implementation.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

that a preliminary investigation, no risk, Memorandum of Understanding as attached be finalised and then signed with Power X in order to finalise various studies and enable Power X to compile a proposal that can be acceptable to Council for implementation.

**UNANIMOUSLY RESOLVED**

*(a) that a preliminary investigation, no risk, Memorandum of Understanding as attached be finalised and then signed with Power X in order to finalise various studies and enable Power X to compile a proposal that can be acceptable to Council for implementation.*

*(b) that the Municipal Manager be authorised to sign the Memorandum of Understanding on behalf of Council.*

**8.2.3 Water Demand Management: Investigation for extension of grey water network (16/02/R)**

The following items refer:

(a) Item 7.3 of the meeting of the Committee for Technical Services, held on 14 March 2018.

(b) Item 7.2.3 of the Executive Mayoral Committee meeting, held on 26 March 2018.

A memorandum from the Manager: Water and Sewerage, dated 19 October 2017, is attached as **annexure 8.2.3**.

The Manager: Water and Sewerage submitted the memorandum with regard to an investigation for extension of the grey water network.

- that the network be extended in Tulbagh and Ceres.
- the water is tested for irrigation and comply with all the regulations.

The Committee for Technical Services resolved on 14 March 2018

That the Committee for Technical Services recommends to the Executive Mayoral Committee and Council:

(a) that the project for the investigation to extend the current grey water networks be approved.

(b) that Cape Winelands District Municipality be informed that the allocation of R500 000-00 will be utilised for the investigation and upgrade of our current grey water system to irrigate parks, open spaces and school sport grounds.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

(a) that the project for the investigation to extend the current grey water networks be approved.

(b) that Cape Winelands District Municipality be informed that the allocation of R500 000-00 will be utilised for the investigation and upgrade of our current grey water system to irrigate parks, open spaces and school sport grounds.

**UNANIMOUSLY RESOLVED**

*(a) that the project for the investigation to extend the current grey water networks be approved.*

*(b) that Cape Winelands District Municipality be informed that the allocation of R500 000-00 will be utilised for the investigation and upgrade of our current grey water system to irrigate parks, open spaces and school sport grounds.*

*(c) that the Municipal Manager obtains an audit who else utilises the grey water and that a cost analysis thereof be done.*

*(d) that the matter supra (c) be tabled to Council after the audit process.*

**8.2.4 Mandate to adopt a Process to Implement an Integrated Zoning Scheme By-law (15/4/P)**

The following items refer:

(a) Item 8.1 of the meeting of the Committee for Technical Services, held on 14 March 2018.

(b) Item 7.2.4 of the Executive Mayoral Committee meeting, held on 26 March 2018.

A report from the Directorate Technical Services is attached as **annexure 8.2.4**.

The Manager: Town Planning and Building Control submitted the memorandum with regard to the Mandate to adopt a Process to Implement an Integrated Zoning Scheme By-law.

The Committee for Technical Services resolved on 14 March 2018:

That the Committee for Technical Services recommends to the Executive Mayoral Committee and Council:

that approval be granted to adopt the Proposed Standard Draft Zoning Scheme By-law to commence a process as described in the subject report for the approval and implementation of an Integrated Zoning Scheme By-law for the Witzenberg Municipality.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

that approval be granted to adopt the Proposed Standard Draft Zoning Scheme By-law to commence a process as described in the subject report for the approval and implementation of an Integrated Zoning Scheme By-law for the Witzenberg Municipality.

**UNANIMOUSLY RESOLVED**

*that approval be granted to adopt the Proposed Standard Draft Zoning Scheme By-law to commence a process as described in the subject report for the approval and implementation of an Integrated Zoning Scheme By-law for the Witzenberg Municipality.*

**8.2.5 Request for DBSA's infrastructure planning support regarding development of various master plans: Witzenberg Municipality (16/P)**

Item 7.2.5 of the Executive Mayoral Committee meeting, held on 26 March 2018, refers.

A memorandum from the Manager: Projects and Performance, dated 20 March 2018, is attached as **annexure 8.2.5**.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

(a) that the application for identified master plans be approved by Council.

(b) that Council approves the provision for co-funding to the total amount of R350 000 in the 2018/2019 budget.

(c) that the Municipal Manager be mandated to sign the necessary Memorandum of Agreement with the Development Bank of South Africa agreements.

**UNANIMOUSLY RESOLVED**

*(a) that the application for identified master plans be approved by Council.*

*(b) that Council approves the provision for co-funding to the total amount of R350 000 in the 2018/2019 budget.*

*(c) that the Municipal Manager be mandated to sign the necessary Memorandum of Agreement with the Development Bank of South Africa agreements.*

## 8.3 Direktoraat Gemeenskapsdienste / Directorate Community Services

### 8.3.1 Lease agreement: Governing Body for Zanokhanyo Crèche: Chris Hani, Tulbagh (7/1/4/1)

The following items refer:

(a) Item 7.1 of the meeting of the Committee for Community Development, held on 15 February 2018.

(b) Item 7.3.2 of the Executive Mayoral Committee meeting, held on 26 March 2018.

A memorandum from the Director: Community Services, dated 17 January 2018, is attached as **annexure 8.3.1**.

The Committee for Community Development resolved on 15 February 2018:

To recommend to the Executive Mayoral Committee and Council:

(a) that the property situated on a portion of erf 389, Tulbagh is not required for the provision of minimum level of basic municipal services in terms of Section 14.2(a)of the Municipal Finance Management Act.

(b) that Council enters into a lease agreement with Zanokhanyo Crèche for a period of three years for the purposes of operating a crèche.

(c) that Council considers granting Zanokhanyo Crèche the option for renewal in the new lease agreement on the discretion of the municipality.

(d) that the fair market value is not applicable due to the economic and community value that are received in exchange for the lease of the asset (Municipal Finance Management Act Section 14.2 b). Council must determine the rental amount.

(e) that Zanokhanyo Crèche is liable to pay for municipal services.

(f) that Zanokhanyo Crèche is responsible to maintain the building.

(g) that Zanokhanyo Crèche is responsible for own security measures, such as alarms, security guards, burglar bars etcetera.

(h) that the building will remain the property of the Witzenberg Municipality after the lease agreement has expired or is cancelled.

(i) that the Municipal Manager be authorised to sign the lease agreement on behalf of the Council.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

(a) that the property situated on a portion of erf 389, Tulbagh is not required for the provision of minimum level of basic municipal services in terms of Section 14.2(a)of the Municipal Finance Management Act.

(b) that Council enters into a lease agreement with Zanokhanyo Crèche for a period of three years for the purposes of operating a crèche.

(c) that Council considers granting Zanokhanyo Crèche the option for renewal in the new lease agreement on the discretion of the municipality.

(d) that the fair market value is not applicable due to the economic and community value that are received in exchange for the lease of the asset [Municipal Finance Management Act Section 14.2(b)] and that Council determine the rental amount on R200 per annum.

(e) that Zanokhanyo Crèche is liable to pay for municipal services.

(f) that Zanokhanyo Crèche is responsible to maintain the building.

(g) that Zanokhanyo Crèche is responsible for own security measures, such as alarms, security guards, burglar bars etcetera.

(h) that the building will remain the property of the Witzenberg Municipality after the lease agreement has expired or is cancelled.

(i) that the Municipal Manager be authorised to sign the lease agreement on behalf of the Council.

**UNANIMOUSLY RESOLVED**

*(a) that the property situated on a portion of erf 389, Tulbagh is not required for the provision of minimum level of basic municipal services in terms of Section 14.2(a)of the Municipal Finance Management Act.*

*(b) that Council enters into a lease agreement with Zanokhanyo Crèche for a period of three years for the purposes of operating a crèche.*

*(c) that Council considers granting Zanokhanyo Crèche the option for renewal in the new lease agreement on the discretion of the municipality.*

*(d) that the fair market value is not applicable due to the economic and community value that are received in exchange for the lease of the asset [Municipal Finance Management Act Section 14.2(b)] and that Council determine the rental amount on R200 per annum.*

*(e) that Zanokhanyo Crèche is liable to pay for municipal services.*

*(f) that Zanokhanyo Crèche is responsible to maintain the building.*

*(g) that Zanokhanyo Crèche is responsible for own security measures, such as alarms, security guards, burglar bars etcetera.*

*(h) that the building will remain the property of the Witzenberg Municipality after the lease agreement has expired or is cancelled.*

*(i) that the Municipal Manager be authorised to sign the lease agreement on behalf of the Council.*

**8.3.2 Community Development: Establishment of Local Drug Action Committee (12/1/2/11)**

The following items refer:

(a) Item 7.2 of the meeting of the Committee for Community Development, held on 15 February 2018.

(b) Item 7.3.3 of the Executive Mayoral Committee meeting, held on 26 March 2018.

A memorandum from the Director: Community Services, dated 17 January 2018, is attached as **annexure 8.3.2**.

The Committee for Community Development resolved on 15 February 2018 to recommend to the Executive Mayoral Committee and Council:

that the Executive Mayoral Committee endorses the implementation of the Local Drug Action Committee.

The following recommendation was tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that the implementation of the Local Drug Action Committee be endorsed.

The Executive Mayoral Committee resolved on 26 March 2018:

that the matter regarding the implementation of the Local Drug Action Committee be held in abeyance until the next meeting.

**RESOLVED**

*that the matter regarding the implementation of the Local Drug Action Committee be held in abeyance until the next meeting.*

**8.3.3 Leasing of unregistered erf 740, Op-die-Berg to Witzenberg Honey Bee Farming Primary Co-operative Limited (17/19/1 & 7/1/4/1)**

Item 7.3.4 of the Executive Mayoral Committee meeting, held on 26 March 2018, refers.

A memorandum from the Legal Advisor and Acting Manager: Socio-Economic Development, dated 13 March 2018, is attached as **annexure 8.3.4**.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter regarding the leasing of unregistered erf 740, Op-die-Berg to Witzenberg Honey Bee Farming Primary Co-operative Limited be referred to the Committee for Local Economic Development for deliberation and after that be tabled to the Executive Mayoral Committee.

**RESOLVED**

*that notice be taken that the matter was referred to the Committee for Local Economic Development by the Executive Mayoral Committee.*

## 8.4 Direktoraat Korporatiewe Dienste / Directorate Corporate Services

### 8.4.1 Proposed council meeting program: March until December 2018 (3/1/2/3)

The following items refer:

(a) Item 7.4.2 of the Executive Mayoral Committee meeting, held on 26 February 2018.
(b) Item 7.4.1 of the Executive Mayoral Committee meeting, held on 26 March 2018.

A memorandum from the Manager: Administration, dated 20 February 2018, is attached as **annexure 8.4.1**.

The following recommendation was tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that the proposed council meeting program for March until December 2018 be approved.

The Executive Mayoral Committee resolved on 26 February 2018 that the matter regarding the proposed council meeting program for March until December 2018 be held in abeyance until the next meeting.

The following recommendation was tabled to the Executive Mayoral Committee:

That the Executive Mayoral Committee recommends to Council:

that the proposed council meeting program for March until December 2018 be approved.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter regarding the proposed council meeting program for March until December 2018 be held in abeyance until the next meeting.

**UNANIMOUSLY RESOLVED**

*that the matter regarding the proposed council meeting program for March until December 2018 be held in abeyance until the next meeting.*

### 8.4.2 Properties: Consent to make use of route for Ceres Park Run (7/1/4/1)

The following items refer:

(a) Item 7.2 of the meeting of the Committee for Corporate and Financial Services, held on 15 March 2018.

(b) Item 7.4.2 of the Executive Mayoral Committee meeting, held on 26 March 2018.

A memorandum from the Legal Advisor, dated 5 March 2018, is attached as **annexure 8.4.2**.

The Committee for Corporate and Financial Services resolved on 15 March 2018:

To recommend to the Executive Mayoral Committee and Council:

that Council gives consent to Ceres Park Run to make use of the route as indicated on the attached map.

The Executive Mayoral Committee resolved on 26 March 2018:

That the Executive Mayoral Committee recommends to Council:

that Council gives consent to Ceres Park Run to make use of the route as indicated on the attached map.

**UNANIMOUSLY RESOLVED**

*that Council gives consent to Ceres Park Run to make use of the route as indicated on the attached map.*

**8.4.3 Versoek vir oorskryding op oopruimte (erf 5892): Buckinghamsingel, Ceres (15/4/R)**

Die volgende items verwys:

(a) Item 7.3 van die vergadering van die Komitee vir Korporatiewe en Finansiële Dienste, gehou op 15 Maart 2018.

(b) Item 7.4.3 van die Uitvoerende Burgemeesterskomitee vergadering, gehou op 26 Maart 2018.

Die volgende dokumente word aangeheg:

(a) Skrywe vanaf mnr. G Isaacs: **Bylae 8.4.3(a)**.
(b) Verslag vanaf Bestuurder: Stadsbeplanning en Boubeheer: **Bylae 8.4.3(b)**.

Die Komitee vir Korporatiewe en Finansiële Dienste het op 15 Maart 2018 besluit:

Dat die Komitee vir Korporatiewe en Finansiële Dienste by die Uitvoerende Burgemeesterskomitee en Raad aanbeveel:

Dat die aansoek van erf 5891, Ceres om toegang te neem oor erf 5892, Ceres toegestaan word, onderhewig aan die volgende voorwaardes:

(i) dat ‘n oorskrydingsooreenkoms met die munisipaliteit aangegaan word.

(ii) dat slegs ‘n twee meter gedeelte, gemeet vanaf die erfgrens, benut mag word.

(iii) dat slegs ‘n heining opgerig mag word.

(iv) dat die eienaar die Bestuurder: Water en Riool sal kontak om 'n inspeksie te doen alvorens die heining opgerig word.

(v) dat hierdie vergunning tydelik van aard is en deur die Raad opgeskort kan word.

(vi) dat geen dienste verskuif kan word nie.

(vii) dat hierdie vergunning op eie risiko verleen word en kan die Munisipaliteit Witzenberg nie verantwoordelik gehou word vir enige verlies, skade, dood of beserings wat daaruit mag voortspruit nie.

Die Uitvoerende Burgemeesterskomitee het op 26 Maart 2018 besluit:

Dat die Uitvoerende Burgemeesterskomitee by die Raad aanbeveel:

Dat die aansoek van erf 5891, Ceres om toegang te neem oor erf 5892, Ceres toegestaan word, onderhewig aan die volgende voorwaardes:

(i) dat 'n oorskrydingsooreenkoms met die munisipaliteit aangegaan word.

(ii) dat slegs 'n twee meter gedeelte, gemeet vanaf die erfgrens, benut mag word.

(iii) dat slegs 'n heining opgerig mag word.

(iv) dat die eienaar die Bestuurder: Water en Riool sal kontak om 'n inspeksie te doen alvorens die heining opgerig word.

(v) dat hierdie vergunning tydelik van aard is en deur die Raad opgeskort kan word.

(vi) dat geen dienste verskuif kan word nie.

(vii) dat hierdie vergunning op eie risiko verleen word en kan die Munisipaliteit Witzenberg nie verantwoordelik gehou word vir enige verlies, skade, dood of beserings wat daaruit mag voortspruit nie.

**BESLUIT**

*Dat die aansoek van erf 5891, Ceres om toegang te neem oor erf 5892, Ceres toegestaan word, onderhewig aan die volgende voorwaardes:*

*(i) dat 'n oorskrydingsooreenkoms met die munisipaliteit aangegaan word.*

*(ii) dat slegs 'n twee meter gedeelte, gemeet vanaf die erfgrens, benut mag word.*

*(iii) dat slegs 'n heining opgerig mag word.*

*(iv) dat die eienaar die Bestuurder: Water en Riool sal kontak om 'n inspeksie te doen alvorens die heining opgerig word.*

*(v) dat hierdie vergunning tydelik van aard is en deur die Raad opgeskort kan word.*

*(vi) dat geen dienste verskuif kan word nie.*

*(vii)* *dat hierdie vergunning op eie risiko verleen word en kan die Munisipaliteit Witzenberg nie verantwoordelik gehou word vir enige verlies, skade, dood of beserings wat daaruit mag voortspruit nie.*

## 9. URGENT MATTERS SUBMITTED AFTER DISPATCHING OF THE AGENDA

None

**NOTED**

## 10. FORMAL AND STATUTORY MATTERS

### 10.1 Feedback on matters of outside bodies (3/R)

None

**NOTED**

## 11. QUESTIONS and/or MATTERS RAISED by COUNCILLORS

### 11.1 Ceres golf estate development (3/1/2/2 & 15/4/1/1/5)

Item 11.1 of the council meeting, held on 5 December 2017, refers.

An e-mail message from Alderman JW Schuurman to the Speaker, dated 6 November 2017, is attached as **annexure 11.1**.

Council resolved on 5 December 2017 that the matter in respect of the Ceres golf development be held in abeyance until the next meeting.

Alderman J Schuurman responded on his e-mail to the Speaker, dated 6 November 2017.

The Alderman, on behalf of the ANC, raised various questions of concern with regard to the Ceres Golf Estate development. This includes inter alia the role of Black Economic Empowerment companies and agreements not being honoured.

**UNANIMOUSLY RESOLVED**

*(a)* *that the Municipal Manager submits a report to Council with regard to the status quo of the Ceres Golf Estate development in respect of the role of Black Empowerment companies and agreements concluded previously which are not honoured.*

*(b)* *that Council further deliberates the matter supra (a) after the investigation and report from the Municipal Manager.*

**11.2 Sale of municipal land during the period 2013 until 2018 (7/1/4/2)**

A report from the Legal Advisor, dated 14 March 2018, on a question by Councillor J Phungula is attached as **annexure 11.2**.

**UNANIMOUSLY RESOLVED**

*that Council takes notice of the sale of municipal land during the period 2013 until 2018 and it be approved and accepted.*

## 12. COUNCIL-IN-COMMITTEE

# WITZENBERG

## MUNISIPALITEIT UMASIPALA MUNICIPALITY

## - MEMORANDUM -

AAN / TO: Municipal Manager / Munisipale Bestuurder

VAN / FROM: Director: Finance / Direkteur: Finansies

DATUM / DATE: 28 February 2018 / 28 Februarie 2018

VERW. / REF.: 09/1/2/2

FINANCE MONTHLY REPORT – FEBRUARY 2018

A MAYOR'S REPORT

Credit control for various reasons remains a challenge for the municipality.

B RECOMMENDATION

It is recommended that Council takes cognisance of the monthly budget statement and supporting documentation for February 2018.

C EXECUTIVE SUMMARY

The municipality has read 94% of its consumption meters of which 98% was read correctly the first time. The monthly billing was also done as scheduled and during this process 17 061 accounts amounting to R 28.3 million was printed and distributed to consumers. The prepaid electricity sales amounted to R 3.3 million. The indigent cost to the municipality for the month amounts to R 1.1 million.

The accumulated debtor's collection target for the year is 95%, but the actual accumulated year to date debtor's collection is 92%.

The municipality issued orders to the value of R 18 million of which R 1.9 million was in terms of deviations.

The municipality currently has R 17 million in its primary bank account and R 78 million on investment.

FINANSIES MAANDELIKSE VERSLAG – FEBRUARIE 2018

A BURGEMEESTERS VERSLAG

Kredietbeheer bly 'n uitdaging vir die munisipaliteit as gevolg verskillende redes.

B AANBEVELING

Dit word aanbeveel dat die raad kennis neem van die finansiële maandverslag en ondersteunende dokumente vir Februarie 2018.

C OPSOMMING

Die munisipaliteit het 94% van die meters gelees, waarvan 98% die eerste keer korrek gelees is. Die maandelikse rekeninge is ook gehef soos geskeduleer en tydens hierdie proses is 17 061 rekeninge ten bedrae van R 28.3 miljoen gedruk en aan verbruikers versprei. Die voorafbetaalde elektrisiteit verkope beloop R 3.3 miljoen. Die deernis subsidies vir die maand beloop R 1.1 miljoen.

Die opgehoopte debiteure verhaling se teiken vir die jaar is 95%, maar die werklike jaar tot op datum invordering is 92%.

Bestellings ter waarde van R 18 miljoen uitgereik, waarvan R1.9 miljoen ten opsigte van afwykings is.

Die munisipaliteit het R 17 miljoen in die primêre bankrekening en R 78 miljoen in korttermyn beleggings.

## D REPORT

### 1. PURPOSE

The purpose of this report is to prepare a section 71 report and other reporting requirements for consideration and discussion.

### 2. LEGAL FRAMEWORK

The following is the reporting requirements in terms of the MFMA:

#### 2.1 WITHDRAWALS FROM BANK ACCOUNTS

In terms of section 11 (4) (a), the Accounting Officer must prepare a quarterly report regarding expenditure that has been authorised in terms of section 11(1) (b) to (j). Section 11(1) read as follow:

*"11. (1) Only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, and may do so only—*

*(a) to defray expenditure appropriated in terms of an approved budget;*
*(b) to defray expenditure authorised in terms of section 26(4);*
*(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);*
*(d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;*
*(e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including—*
*(i) money collected by the municipality on behalf of that person or organ of state by agreement; or*
*(ii) any insurance or other payments received by the municipality for that person or organ of state;*
*(f) to refund money incorrectly paid into a bank account;*
*(g) to refund guarantees, sureties and security deposits;*
*(h) for cash management and investment purposes in accordance with section 13;*
*(i) to defray increased expenditure in terms of section 31; or*
*(j) for such other purposes as may be prescribed."*

#### 2.2 Expenditure on staff benefits

In terms of Section 66 of the MFMA the Accounting Officer must prepare a report on all expenditure incurred with relation to staff benefits.
Section 66 reads as follow:
*"66. The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the*

## D REPORT

### 1. DOEL

Die doel van hierdie verslag is om 'n artikel 71-verslag en ander verslagdoening vereistes vir oorweging en bespreking voor te lê vir bespreking.

### 2. WETLIKE RAAMWERK

Die volgende is die rapportering vereistes in terme van die MFMA:

#### 2.1 ONTTREKKINGS UIT BANKREKENINGE

In terme van artikel 11 (4) (a), moet die rekenpligtige beampte 'n kwartaallikse verslag ten opsigte van uitgawes wat in terme van artikel 11 (1) (b) tot (j) gemagtig is om voor te berei. Artikel 11 (1) lees soos volg:

*"11. (1) Slegs die rekenpligtige beampte of die hoof finansiële beampte van 'n munisipaliteit, of enige ander senior finansiële beampte van die munisipaliteit wat op die skriftelike magtiging van die rekenpligtige beampte, kan onttrek geld of magtig om die onttrekking van geld uit enige van die munisipaliteit se bank rekeninge, en kan dit doen net-*

*(a) uitgawes wat in terme van 'n goedgekeurde begroting bewillig is, te dek;*
*(b) in terme van artikel 26 (4) gemagtig uitgawes te bestry;*
*(c) onvoorsiene en onvermydelike uitgawes in terme van artikel 29 (1) te bestry;*
*(d) in die geval van 'n bankrekening geopen ingevolge artikel 12, betalings te maak van die rekening in ooreenstemming met subartikel (4) van daardie artikel;*
*(e) oor te betaal aan 'n persoon of orgaan van die staat geld wat deur die munisipaliteit op namens daardie persoon of orgaan van die staat ontvang, insluitende-*
*(i) geld wat ingesamel is deur die munisipaliteit namens daardie persoon of orgaan van die staat deur 'n ooreenkoms;*
*(ii) 'n versekering of ander betalings wat deur die munisipaliteit vir daardie persoon of orgaan van die staat ontvang;*
*(f) om geld wat verkeerdelik in 'n bankrekening betaal is terug te betaal;*
*(g) om waarborge, borge en sekuriteite terug te betaal;*
*(h) vir kontant bestuur en belegging in ooreenstemming met artikel 13;*
*(i) verhoogde uitgawes te dek in terme van artikel 31;*
*(j) vir enige ander doeleindes soos voorgeskryf mag word."*

#### 2.2 Besteding aan personeel voordele

In terme van Artikel 66 van die MFMA die Rekenpligtige Beampte moet 'n verslag oor al die uitgawes aangegaan met betrekking tot personeelvoordele voor te berei. Artikel 66 lees soos volg:
*"66. Die rekenpligtige beampte van 'n munisipaliteit moet, in 'n formaat en vir tydperke as wat voorgeskryf mag word, aan die*

*council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure,*
*namely—*

*(a) salaries and wages;*
*(b) contributions for pensions and medical aid;*
*(c) travel, motor car, accommodation, subsistence and other allowances;*
*(d) housing benefits and allowances;*
*(e) overtime payments;*
*(f) loans and advances; and*
*(g) any other type of benefit or allowance related to staff."*

*Raad rapporteer op alle uitgawes wat aangegaan is deur die munisipaliteit op die personeel se salarisse, lone, toelaes en voordele, op 'n wyse wat sodanige uitgawes per tipe openbaar, naamlik-*

*(a) salarisse en lone;*
*(b) bydraes vir pensioene en mediese fonds;*
*(c) reis, motor-, verblyf-, verblyf-en ander toelaes;*
*(d) behuising voordele en toelaes;*
*(e) oortydbetalings;*
*(f) lenings en voorskotte, en*
*(g) enige ander soort van voordeel of vergoeding aan personeel. "*

## 2.3 Monthly budget statements

In terms of Section 71 of the MFMA the accounting officer must prepare monthly budget statements that comply with this section.

This section read as follows:

*"71. (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) its share of the local government equitable share; and*
*(ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and*
*(g) when necessary, an explanation of—*
*(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*

## 2.3 Ma**andelikse begroting state**

In terme van Artikel 71 van die MFMA die rekenpligtige beampte moet 'n maandelikse begroting state wat voldoen aan hierdie artikel. Hierdie artikel lees soos volg:

*"71. (1) Die rekenpligtige beampte van 'n munisipaliteit moet nie later as 10 werk dae na die einde van elke maand aan die burgemeester van die munisipaliteit en die betrokke Provinsiale Tesourie 1 verklaring in die voorgeskrewe formaat oor die toestand van die munisipaliteit se begroting wat die volgende besonderhede vir die maand en vir die finansiële jaar tot die einde van die maand:*

*(a) werklike inkomste per bron van inkomste;*
*(b) werklike lenings;*
*(c) die werklike uitgawes per stem;*
*(d) die werklike kapitaalbesteding, per stem;*
*(e) die bedrag van enige toekennings ontvang;*
*(f) die werklike uitgawes op daardie toekennings, uitgesluit besteding op*
*(i) sy deel van die plaaslike regering billike deel;*
*(ii) toekennings vrygestel is by die jaarlikse Verdeling van Inkomste van die nakoming van hierdie paragraaf, en*
*(g) wanneer dit nodig is, 'n verduideliking van-*
*(i) enige wesenlike afwykings van die munisipaliteit se geprojekteerde inkomste deur die bron, en van die munisipaliteit se uitgawe projeksies per stem;*
*(ii) enige wesenlike afwykings van die dienslewering en begrotings implementeringsplan;*
*(iii) enige remediërende of korrektiewe stappe geneem is of geneem word om te verseker dat die geprojekteerde inkomste en uitgawes in die munisipaliteit se goedgekeurde begroting bly.*

*(2) Die staat moet die volgende insluit-*

*(a) 'n projeksie van die betrokke munisipaliteit se inkomste en uitgawes vir die res van die finansiële jaar, en enige wysigings van die aanvanklike projeksies, en*
*(b) die voorgeskrewe inligting met betrekking tot die toestand van die begroting van elke munisipale entiteit wat aan die munisipaliteit in terme van artikel 87 (10).*

*(3) die bedrae wat in die verklaring moet in elke geval in vergelyking met die ooreenstemmende bedrae begroot vir die munisipaliteit se goedgekeurde begroting.*

*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."*

*(4) Die verklaring aan die provinsiale tesourie moet in die formaat van 'n getekende dokument en in elektroniese formaat.*
*(5) Die rekenpligtige beampte van 'n munisipaliteit wat 'n toekenning bedoel in subartikel (1)(e) gedurende 'n bepaalde maand ontvang het, moet nie later nie as 10 werksdae na die einde van die maand, moet daardie deel van die verklaring wat die besonderhede bedoel in subartikel (1)(e) en (f) om die nasionale of provinsiale orgaan van die staat of munisipaliteit wat die toekenning oorgedra*
*(6) Die Provinsiale Tesourie moet nie later nie as 22 werksdae na die einde van elke maand aan die Nasionale Tesourie 'n gekonsolideerde staat in die voorgeskrewe formaat oor die stand van die munisipaliteite se begrotings, per munisipaliteit en per munisipale entiteit.*
*(7) Die Provinsiale Tesourie moet, binne 30 dae na die einde van elke kwartaal, openbaar te maak as wat voorgeskryf mag word, 'n gekonsolideerde staat in die voorgeskrewe formaat oor die stand van munisipaliteite se begrotings per munisipaliteit en per munisipale entiteit. Die LUR vir finansies moet so 'n gekonsolideerde staat nie later nie as 45 dae na die einde van elke kwartaal aan die provinsiale wetgewer dien."*

## 2.4 Other Policy Requirements

The rest of the report is informed by policies requirements as well as the service delivery and budget implementation plan (SDBIP).

## 2.4 Ander Beleid Vereistes

Die res van die verslag word bepaal deur die beleid sowel as dienslewering en die Begrotings Implementering Plan (SDBIP).

## 3. DISCUSSION

The discussion of the information is based on the 3 key performance areas of Finance, namely:

- Revenue
- Supply Chain Management
- Financial Administration

## 3. BESPREKING

Die bespreking van die inligting is gebaseer op die 3 sleutel prestasie-areas van Finansies, naamlik:

- Inkomste
- Voorsieningskanaal Bestuur
- Finansiële Administrasie

## 3.1 REVENUE

## 3.1 INKOMSTE

### 3.1.1 Rates Clearance

### 3.1.1 Uitklarings

| Rates clearance certificates | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Plots subdivided | 0 | 0 | 4 |
| Application for clearance certificates | 9 | 34 | 49 |
| Clearance certificates issued | 27 | 39 | 39 |
| Deeds registrations | 88 | 40 | 65 |
| Consolidations | 0 | 0 | 1 |

#### 3.1.1.1 Billing dates

#### 3.1.1.1 Heffingsdatums

| Billing: | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Debt raising date | 18/12/2017 | 22/01/2018 | 20/02/2018 |
| Date of account postage | 20/12/2017 | 24/01/2018 | 23/02/2018 |
| Debtor reconciliation (Debtors/Votes/Age analysis) | 03/01/2017 | 01/02/2018 | 01/03/2018 |
| Electricity Pre paid Reconciliation | 03/01/2017 | 01/02/2018 | 01/03/2018 |

#### 3.1.1.2 Number of informal households with access to basic services without accounts

#### 3.1.1.2 Aantal informele huishoudings met toegang tot basiese dienste sonder rekeninge

| Number of informal households with access to basic services without accounts | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| - N'duli (Polo cross) | 1 096 | 1 096 | 1 096 |
| - Tulbagh (Chris Hani) | 812 | 812 | 812 |
| - Wolseley (Pine Valley) | 338 | 338 | 338 |
| Total | 2 246 | 2 246 | 2 246 |

### 3.1.2 Number of consumers with services

| Number of consumers with services | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Electricity - Conventional | 2 402 | 2 402 | 2 403 |
| Electricity - Prepaid | 10 394 | 10 390 | 10 399 |
| Property rates | 14 375 | 14 371 | 14 372 |
| Refuse removal | 15 070 | 15 102 | 15 109 |
| Sewerage | 15 055 | 15 100 | 15 109 |
| Water | 15 244 | 15 221 | 15 182 |
| Other | 797 | 797 | 799 |
| Total number of accounts printed | 13 610 | 13 689 | 13 636 |
| Total number accounts emailed | 3 384 | 3 378 | 3 425 |

Debiteure heffing vir die maand is soos volg / Debtor levies for the month are as follows:

| Service Description | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Assessment Rates (Monthly) | 3 102 354.80 | 3 239 168.07 | 3 086 765.28 |
| Assessment Rates (SV) | | | |
| Electricity | 14 105 904.51 | 15 274 008.08 | 16 628 175.17 |
| Refuse Removal | 2 330 540.52 | 2 236 899.71 | 2 236 677.55 |
| Sewerage | 2 455 065.02 | 2 106 162.39 | 2 083 578.04 |
| Water Levies | 4 755 981.60 | 5 515 616.79 | 5 285 424.58 |
| Rental | 79 009.53 | 82 774.85 | 25 419.31 |
| Indigent subsidy | -1 052 158.89 | -1 054 535.05 | -1 058 082.29 |
| Sundries | 19 873.57 | 22 216.72 | 66 971.60 |
| Total | 25 796 570.66 | 27 422 311.56 | 28 354 929.24 |

Explanation:

Water restriction tariffs applied to Witzenberg area.

Verduideliking:

Water beperking tariewe van toepassing in Witzenberg area.

3.1.3 Pre-paid Electricity Sales

3.1.3 Vooruitbetaalde Elektrisiteit Verkope

| | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Total Pre Paid Meters | 10 394 | 10 390 | 10 399 |
| Total Free units(Indigents) | 99 200 | 97 800 | 96 450 |
| Cost of free Units | R109 120 | R107 580 | R106 095 |
| Units sold | 2 633 696 | 2 516 453 | 2 338 746 |
| Cost of units sold | R3 216 688 | R3 080 312 | R2 850 129 |
| Vat Amount | R465 648 | R446 346 | R413 905 |
| Axillary Amount | R1 728 | R1 485 | R880 |
| Total Amount Pre Paid | R3 793 185 | R3 635 722 | R3 371 010 |

### 3.1.4 MONTHLY INCOME PER SERVICE

| | YTD | M06 | M07 | M08 |
|---|---|---|---|---|
| | | December | January | February |
| Monthly Billing | 258 727 908 | 26 723 011 | 28 232 642 | 29 250 665 |
| Property Rates | 52 217 985 | 3 097 097 | 3 272 915 | 3 113 689 |
| Electricity | 132 260 053 | 14 084 051 | 15 275 238 | 16 511 622 |
| Water | 34 953 035 | 4 677 423 | 5 243 178 | 5 137 972 |
| Waste Management | 18 609 631 | 2 330 100 | 2 235 309 | 2 226 266 |
| Waste Water Management | 19 800 797 | 2 454 198 | 2 107 409 | 2 083 229 |
| Housing Selling Scheme | 453 031 | 45 420 | 45 270 | 91 887 |
| Property Rental Debtors | 203 263 | 25 349 | 25 419 | 25 419 |
| Service Charges | 230 111 | 9 373 | 27 904 | 60 581 |
| Land Sale Debtors | - | - | - | - |
| Water and Sanitation Service A | - | - | - | - |
| | | | | |
| Collections | 239 159 493 | 20 888 495 | 26 387 543 | 25 044 882 |
| Property Rates | 49 842 802 | 3 463 061 | 3 749 502 | 3 285 796 |
| Electricity | 130 147 639 | 12 107 595 | 14 562 966 | 14 600 219 |
| Water | 24 427 009 | 2 663 296 | 3 712 375 | 3 710 537 |
| Waste Management | 13 926 236 | 1 290 809 | 2 042 564 | 1 712 283 |
| Waste Water Management | 16 593 923 | 1 310 567 | 2 228 745 | 1 635 523 |
| Housing Selling Scheme | 275 484 | 30 338 | 53 767 | 57 093 |
| Property Rental Debtors | 138 970 | 13 612 | 21 611 | 16 176 |
| Service Charges | 249 628 | 9 217 | 16 012 | 27 255 |
| Land Sale Debtors | 3 557 802 | - | - | - |
| Water and Sanitation Service A | - | - | - | - |
| | | | | |
| Collection Rate per service | | | | |
| Property Rates | 95% | 112% | 115% | 106% |
| Electricity | 98% | 86% | 95% | 88% |
| Water | 70% | 57% | 71% | 72% |
| Waste Management | 75% | 55% | 91% | 77% |
| Waste Water Management | 84% | 53% | 106% | 79% |
| Housing Selling Scheme | 61% | 67% | 119% | 62% |
| Property Rental Debtors | 68% | 54% | 85% | 64% |
| Service Charges | 108% | 98% | 57% | 45% |
| | | | | |
| Over all Collection Rate | 92% | 78% | 93% | 86% |

3.1.5 Indigent Households

3.1.5 Behoeftige Huishoudings

| Mechanisms | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Approved Indigent households: | | | |
| No. of households at beginning of the month: | 2 341 | 2 511 | 2 284 |
| Additions during the month | 175 | 120 | 172 |
| Cancellations during the month | 220 | 347 | 175 |
| No. of households at end of the month: | 2 296 | 2 284 | 2 287 |
| | | | |
| Cost of Indigent to Council | 1 052 158.89 | 1 054 535.05 | 1 058 082.29 |

| Indigent households | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Deferments | 3 281 107.14 | 3 149 569.82 | 2 901 746.94 |
| 30 days | 583 773.41 | 564 435.22 | 642 781.48 |
| 60 days | 507 753.87 | 514 254.58 | 507 781.87 |
| 90 days | 453 986.40 | 465 260.30 | 476 457.44 |
| > 90 days | 8 882 760.23 | 8 610 685.74 | 9 986 650.98 |
| Total | R 13 709 381.05 | R13 304 205.66 | R 14 515 418.71 |

Explanation:

Indigent households increased from 2 284 to 2 287

Verduideliking:

Deernis huishoudings vermeerder vanaf 2 284 na 2 287

### 3.1.6 Outstanding Debtors

The important comparative statistics in relation to accounts is shown in the table below. The table below provides an age analysis of the debtors as at 28 February 2018:

### 3.1.6 Uitstaande Debiteure

Die belangrike vergelykende statistiek met betrekking tot rekeninge word getoon in die tabel hieronder. Die tabel hieronder voorsien 'n ouderdomsanalises van Debiteure soos op 28 Februarie 2018:

| Detail | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total - | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Debtors Age Analysis By Income Source | | | | | | | | | | |
| Water | 7 342 380 | 1 717 423 | 1 714 408 | 1 289 156 | 1 224 927 | 861 589 | 5 046 027 | 43 081 913 | 62 277 823 | 31.44% |
| Electricity | 13 947 714 | 736 131 | 694 657 | 542 469 | 373 197 | 226 602 | 991 607 | 2 660 299 | 20 172 675 | 10.19% |
| Property Rates | 3 396 023 | 243 376 | 209 481 | 158 672 | 150 152 | 139 774 | 3 236 328 | 12 579 019 | 20 112 826 | 10.16% |
| Waste Water Management | 2 771 545 | 648 551 | 610 393 | 570 965 | 532 413 | 501 386 | 2 680 177 | 19 761 979 | 28 077 410 | 14.18% |
| Waste Management | 3 084 011 | 776 474 | 678 728 | 648 143 | 597 471 | 627 351 | 2 690 961 | 23 911 151 | 33 014 290 | 16.67% |
| Property Rental Debtors | 45 610 | 16 795 | 16 594 | 16 223 | 15 917 | 69 642 | 90 212 | 1 022 012 | 1 293 004 | 0.65% |
| Interest on Arrear Debtor Accounts | 68 131 | 67 040 | 94 521 | 104 597 | 113 211 | 113 077 | 959 245 | 33 430 640 | 34 950 462 | 17.65% |
| Other | -3 508 452 | 33 325 | 32 833 | 91 089 | 40 953 | 44 210 | 234 016 | 1 187 078 | -1 844 948 | 17.65% |
| Total By Income Source | 27 146 963 | 4 239 115 | 4 051 615 | 3 421 313 | 3 048 241 | 2 583 631 | 15 928 573 | 137 634 092 | 198 053 543 | 100% |
| % | 190.17% | -1.81% | -1.78% | -4.94% | -2.22% | -2.40% | -12.68% | -64.34% | 100.00% | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | |
| Organs of State | 1 794 258 | 840 904 | 917 824 | 481 594 | 92 352 | 31 092 | 644 718 | 2 456 679 | 6 835 409 | 3.45% |
| Commercial | 12 158 111 | 374 354 | 268 637 | 195 303 | 194 425 | 252 714 | 1 850 204 | 6 589 562 | 20 896 227 | 10.55% |
| Households | 12 000 724 | 2 805 494 | 2 644 080 | 2 535 657 | 2 539 002 | 2 115 208 | 11 510 450 | 120 564 943 | 146 390 315 | 73.91% |
| Other | 1 193 869 | 218 364 | 221 074 | 208 759 | 222 463 | 184 617 | 1 923 202 | 8 022 907 | 11 459 728 | 5.79% |
| Total By Customer Group | 27 146 963 | 4 239 115 | 4 051 615 | 3 421 313 | 3 048 241 | 2 583 631 | 15 928 573 | 137 634 092 | 198 053 543 | 100% |
| % | 13.71% | 2.14% | 2.05% | 1.73% | 1.54% | 1.30% | 8.04% | 69.49% | 100.00% | |

Explanation:

The increase in outstanding debt can be attributed to:

- No credit control mechanism for PA Hamlet, Op-die-Berg and Indigents.

Verduideliking:

Die styging in debiteure is as gevolg van:

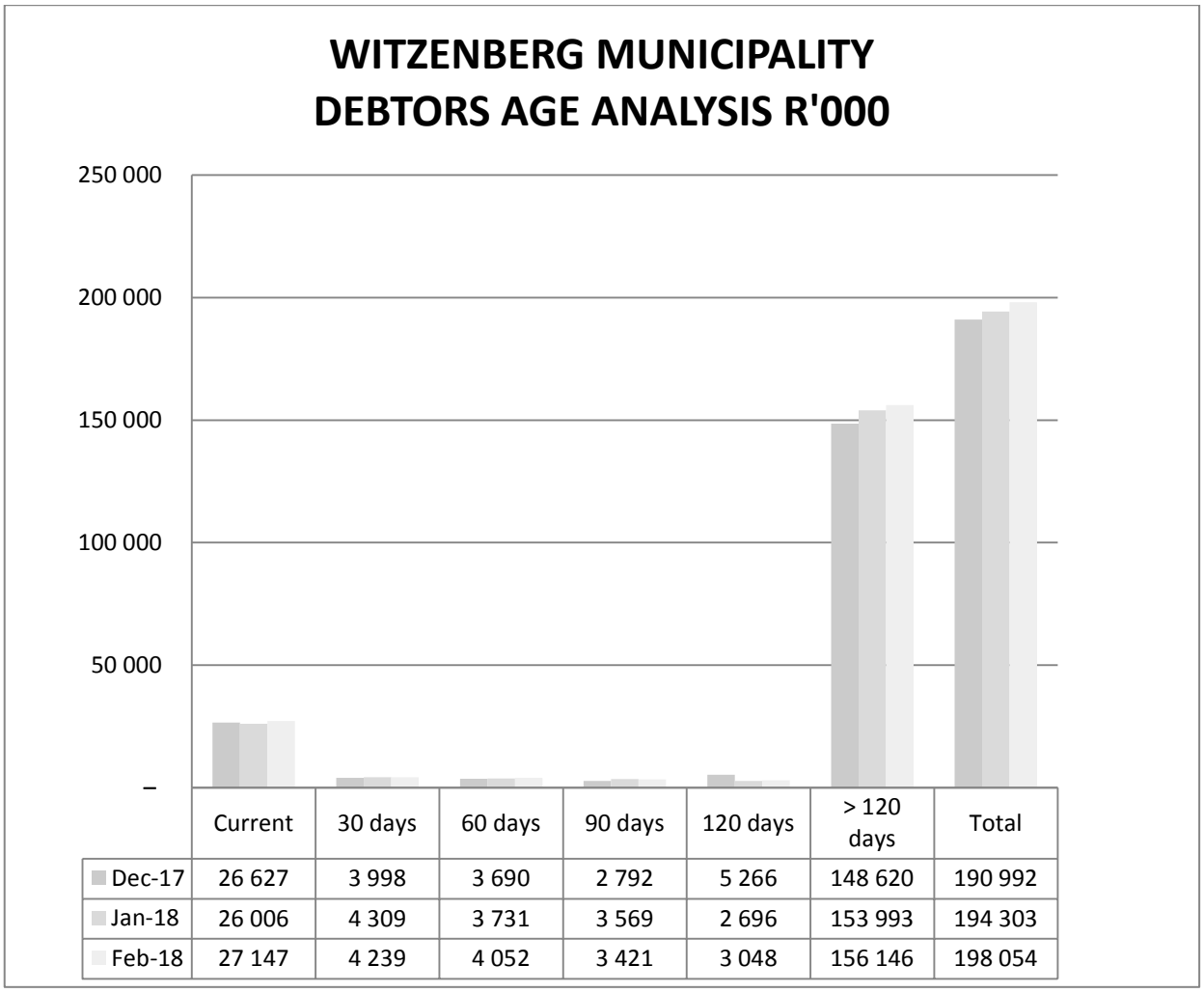
- Geen kredietbeheer meganisme vir PA Hamlet, Op-die-Berg en Deernis gevalle nie.

### 3.1.7 DEBITEURE OUDERDOMSANALISE

The graph below shows a comparison of the age analysis of this month to the previous month:

### 3.1.7 VERGELYKING

Die grafiek hieronder vergelyk die ouderdomsanalises van hierdie maand met die vorige maand:




| | Current | 30 days | 60 days | 90 days | 120 days | > 120 days | Total |
|---|---|---|---|---|---|---|---|
| Dec-17 | 26 627 | 3 998 | 3 690 | 2 792 | 5 266 | 148 620 | 190 992 |
| Jan-18 | 26 006 | 4 309 | 3 731 | 3 569 | 2 696 | 153 993 | 194 303 |
| Feb-18 | 27 147 | 4 239 | 4 052 | 3 421 | 3 048 | 156 146 | 198 054 |

Explanation:

The increase in outstanding debt can be attributed to:

- No credit control mechanism for PA Hamlet, Op-die-Berg and Indigents.
- Some consumers use council's gesture to enable them to purchase electricity although their accounts are in arrears during the holiday season as an excuse to not pay their municipal accounts due in December.
- We are consistently not recovering ± R4 million per month

Verduideliking:

Die styging in debiteure is as gevolg van:

- Geen kredietbeheer meganisme vir PA Hamlet. Op-die-Berg en Deernis gevalle nie.
- Sommige verbruikers gebruik die raad se gebaar om kliënte in staat te stel om elektrisiteit te koop, hoewel hul rekeninge gedurende die vakansie seisoen agterstallig is as 'n verskoning om nie hul munisipale rekeninge verskuldig in Desember te betaal nie.
- Daar word deurlopend ± R4 miljoen per maand nie ingevorder nie.

### 3.1.8 RECEIPTING

The table below indicates the cash flow:

### 3.1.8 ERKENNING VAN ONTVANGS

Die onderstaande tabel dui die kontantvloei aan:

| Detail | Month 6<br>Dec | Month 7<br>Jan | Month 8<br>Feb |
|---|---|---|---|
| Cash Receipts by Source | | | |
| Property rates | 3 463 061 | 3 749 502 | 3 285 796 |
| Property rates - penalties & collection charges | - | - | - |
| Service charges - electricity revenue | 12 107 595 | 14 562 966 | 14 600 219 |
| Service charges - water revenue | 2 663 296 | 3 712 375 | 3 710 537 |
| Service charges - sanitation revenue | 1 310 567 | 2 228 745 | 1 635 523 |
| Service charges - refuse revenue | 1 290 809 | 2 042 564 | 1 712 283 |
| Service charges - other | 3 500 380 | 2 902 690 | 3 698 755 |
| Rental of facilities and equipment | 162 208 | 194 467 | 506 286 |
| Interest earned - external investments | 645 169 | 128 702 | 1 314 911 |
| Interest earned - outstanding debtors | - | - | - |
| Dividends received | - | - | - |
| Fines | 75 115 | 386 968 | 1 114 394 |
| Licences and permits | -1 265 226 | 843 224 | 5 501 502 |
| Agency services | 0 | - | - |
| Transfer receipts - operational | 25 736 917 | 2 375 645 | 2 411 281 |
| Other revenue | 3 895 463 | 355 414 | 738 663 |
| Cash Receipts by Source | 53 585 354 | 33 483 264 | 40 230 151 |
| Other Cash Flows/Receipts by Source | - | | |
| Transfer receipts - capital | 11 257 000 | - | - |
| Contributions recognised - capital & Contributed assets | - | - | - |
| Proceeds on disposal of PPE | - | - | - |
| Short term loans | - | - | - |
| Borrowing long term/refinancing | - | - | - |
| Increase (decrease) in consumer deposits | 83 856 | 40 468 | 70 079 |
| Decrease (Increase) in non-current debtors | - | - | - |
| Decrease (increase) other non-current receivables | - | - | - |
| Decrease (increase) in non-current investments | 13 500 000 | - | -60 566 733 |
| Total Cash Receipts by Source | 78 426 209 | 33 523 731 | -20 266 503 |
| Cash Payments by Type | | | |
| Employee related costs | 11 178 795 | 11 842 811 | 12 456 969 |
| Remuneration of councillors | 727 422 | 1 208 957 | 793 608 |
| Collection costs | - | - | - |
| Interest paid | 71 325 | - | 257 |
| Bulk purchases - Electricity | 13 943 751 | 12 887 410 | 14 836 052 |
| Bulk purchases - Water & Sewer | - | - | - |
| Other materials | 1 069 099 | 2 045 303 | 4 319 006 |
| Contracted services | 6 734 803 | 1 421 595 | 3 652 204 |
| Grants and subsidies paid - other municipalities | - | - | - |
| Grants and subsidies paid - other | 31 500 | 3 165 373 | 41 495 |
| General expenses | 1 119 654 | 3 258 299 | 4 139 327 |
| Cash Payments by Type | 34 876 349 | 35 829 748 | 40 238 917 |
| Other Cash Flows/Payments by Type | - | | |
| Capital assets | 4 268 175 | 2 619 213 | 5 448 908 |
| Repayment of borrowing | 109 001 | - | - |
| Other Cash Flows/Payments | -29 662 540 | -265 480 | 123 284 |
| Total Cash Payments by Type | 9 590 984 | 38 183 482 | 45 811 110 |
| Net Increase/(Decrease) in Cash Held | 68 835 225 | -4 659 750 | -66 077 613 |
| Cash/cash equivalents at the month/year begin: | 19 461 293 | 88 296 518 | 83 636 768 |
| Cash/cash equivalents at the month/year end: | 88 296 518 | 83 636 768 | 17 559 155 |

3.1.8.1 Receipting

3.1.8.1 Erkenning van Ontvangste

| | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Collecting agent | | | |
| *Third party agents:* | R 6 569 181 | R 7 610 022 | R 6 855 098 |
| Syntell | R 3 405 093 | R 3 785 812 | R 3 243 974 |
| Pay a bill | R 334 945 | R 472 947 | R 340 907 |
| Easy pay | R 1 441 369 | R 1 686 329 | R 1 820 537 |
| Pay@ | R 879 396 | R 1 094 124 | R 898 509 |
| *ACB* | R 508 378 | R 570 811 | R 551 170 |
| *Cashiers:* | R 69 406 132 | R 24 926 180 | R 51 473 067 |
| *Transfer(Senior Cashier)* | R 66 864 584 | R 21 374 247 | R 45 259 325 |
| RMC 1 - Ceres | R 745 573 | R 1 220 855 | R 2 728 989 |
| RMC 2 - Ceres | | | |
| RMC 3 - Ceres | | | |
| RMC 4 - Ceres | R 739 008 | R 859 967 | R 1 840 058 |
| RMC 6 - Tulbagh | R 388 643 | R 565 475 | R 613 914 |
| RMC 7 - Wolseley | R 449 826 | R 622 255 | R 677 564 |
| RMC 8 - Hamlet | R 51 109 | R 60 819 | R 78 674 |
| RMC 9 - Op-die-Berg | R 24 487 | R 35 092 | R 46 996 |
| RMC 10 - Thusong Centre | R 142 901 | R 187 471 | R 227 547 |
| Back office receipting | R 186 951 | R 1 278 257 | R 750 742 |
| Total Cash Receipted | R 76 162 264 | R 33 814 459 | R 59 078 907 |

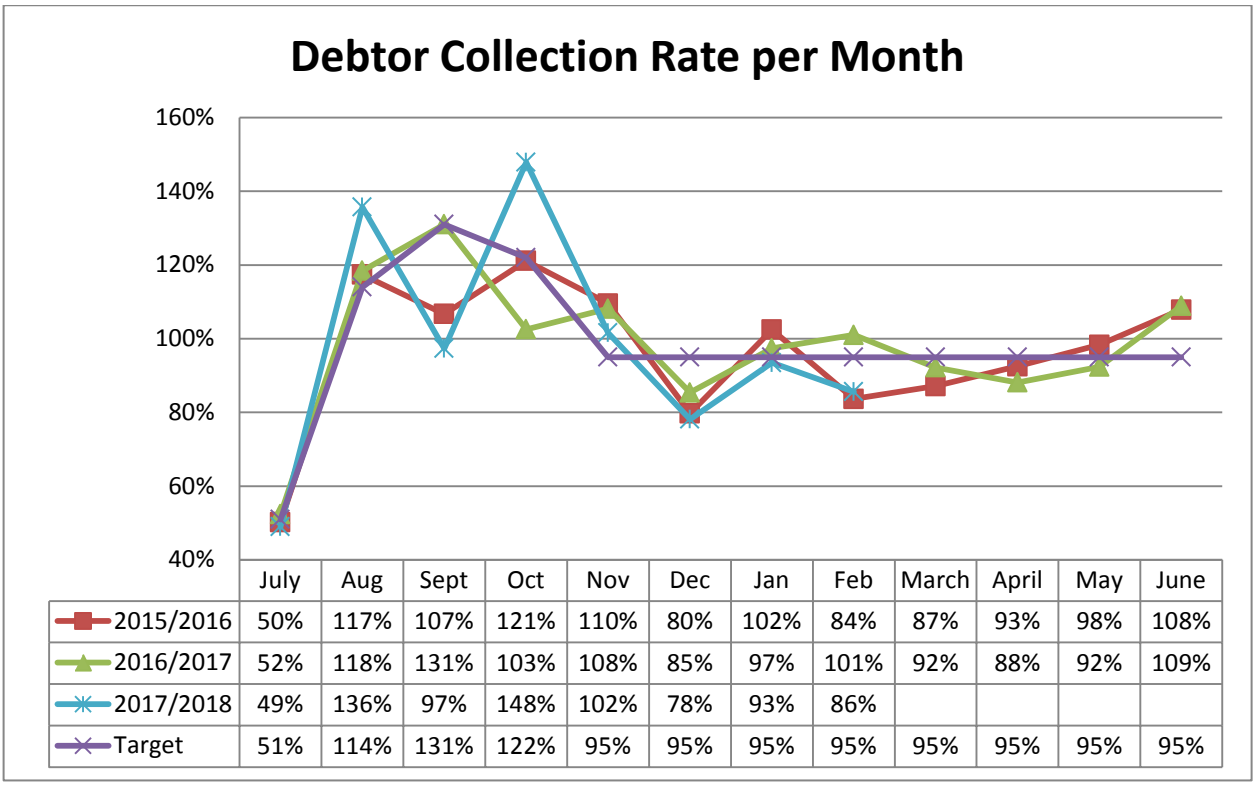
Explanation:

Due to capturing of the backlog of traffic fines that is why RMC1 and RMC4's amount received is out of correlation with the previous months

Verduideliking:

As gevolg van die agterstand in verkeersboetes is RMC1 en RMC4 se bedrae ontvang uit verhouding met die vorige maande.

### 3.1.9 DEBTOR COLLECTIONS RATE PER MONTH




| | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015/2016 | 50% | 117% | 107% | 121% | 110% | 80% | 102% | 84% | 87% | 93% | 98% | 108% |
| 2016/2017 | 52% | 118% | 131% | 103% | 108% | 85% | 97% | 101% | 92% | 88% | 92% | 109% |
| 2017/2018 | 49% | 136% | 97% | 148% | 102% | 78% | 93% | 86% | | | | |
| Target | 51% | 114% | 131% | 122% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |

Explanation:

The purpose of this graph is to illustrate effectiveness of collection against targets set for the relevant months. The target for the month is 95% while the actual figure for February 2018 amounts to 86% which in comparison to the previous year 101%.

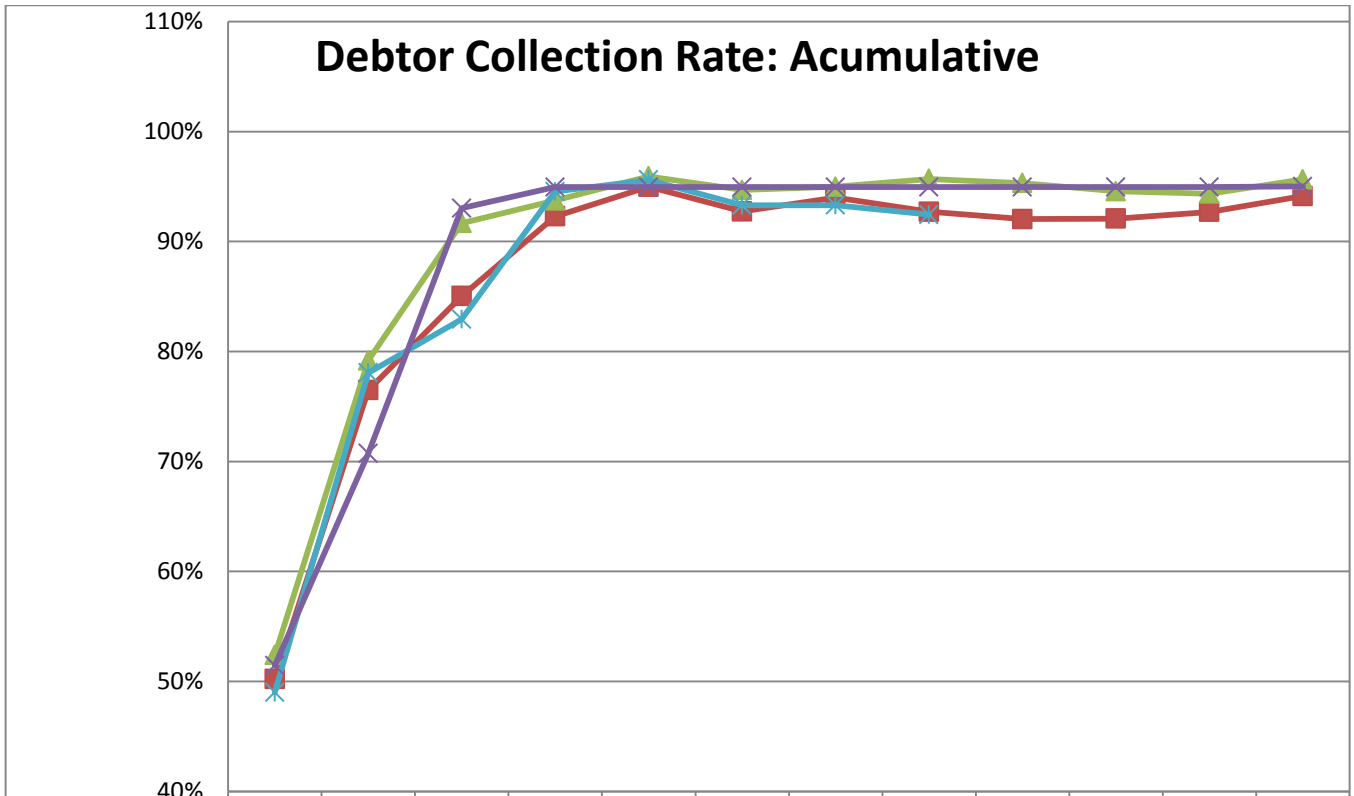
We are 9% behind the target and 15% behind in comparison with previous year.

Verduideliking:

Die doel van hierdie grafiek is om die doeltreffendheid van die verhaling van debiteure te illustreer teen die teikens gestel vir die onderskeie maande. Die teiken vir die maand is 95%, terwyl die syfer vir Februarie 2018 - 86% beloop in vergelyking met die vorige jaar 101%.

Daar is ‘n 9% agterstand in vergelyking met die teiken van die maand en 15% agterstand in vergelyking met verlede jaar.

### 3.1.10 DEBTOR COLLECTION RATE ACCUMALATIVE




| | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015/2016 | 50% | 76% | 85% | 92% | 95% | 93% | 94% | 93% | 92% | 92% | 93% | 94% |
| 2016/2017 | 52% | 79% | 92% | 94% | 96% | 95% | 95% | 96% | 95% | 95% | 94% | 96% |
| 2017/2018 | 49% | 78% | 83% | 95% | 96% | 93% | 93% | 92% | | | | |
| Target | 51% | 71% | 93% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |

Explanation:

The purpose of this graph is to illustrate effectiveness of collection of debt against targets set for the year. The target for the year to date is 95% while the actual figure is 92%.

Verduideliking:

Die doel van hierdie grafiek is om die doeltreffendheid van die verhaling van skuld te illustreer teen die teikens gestel vir die jaar. Die teiken vir die jaar tot datum is 95%, terwyl die werklike syfer 92% beloop.

### 3.1.11 SUMMARY OF OUTSTANDING DEBT

Die tabel hieronder verskaf 'n opsomming van uitstaande skuld:

| | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| Councillors: | R | R | R |
| Deferments | 2 576.94 | 26 045.54 | 25 713.49 |
| 30 days | 14 434.90 | 6 067.92 | 9 332.25 |
| 60 days | 10 509.65 | 2 170.40 | 3 080.70 |
| 90 days | 3 183.95 | 1 106.91 | 1 143.02 |
| > 90 days | 63 591.49 | 32 215.79 | 32 499.60 |
| Total | 94 296.93 | 67 606.56 | 71 769.06 |
| Employees: | R | R | R |
| Deferments | 132 938.95 | 145 412.41 | 180 938.84 |
| 30 days | 11 003.32 | 4 350.45 | 6 936.01 |
| 60 days | 3 379.40 | 1 989.65 | 938.00 |
| 90 days | 1 341.42 | 3 294.79 | 822.46 |
| > 90 days | 30 928.09 | 30 947.52 | 4 884.70 |
| Total | 179 591.18 | 185 994.82 | 194 520.01 |
| Government Departments: | R | R | R |
| 30 days | 695 723.00 | 945 983.00 | 840 904.00 |
| 60 days | 558 234.00 | 666 840.00 | 917 824.00 |
| 90 days | 136 038.00 | 558 724.00 | 481 594.00 |
| > 90 days | 3 062 760.00 | 3 172 342.00 | 3 224 841.00 |
| Total | 4 452 755.00 | 5 343 889.00 | 5 465 163.00 |
| Schools & Hostels: | R | R | R |
| Deferment | | | |
| 30 days | 252 035.90 | 64 035.08 | 103 380.81 |
| 60 days | 20 653.66 | 175 755.79 | 54 826.23 |
| 90 days | 6.93 | 6 595.59 | 177 173.62 |
| > 90 days | 41 398.78 | 41 631.06 | 48 512.29 |
| Total | 314 095.27 | 288 017.52 | 383 892.95 |

Explanation:

Employees: Letters formulated and will send out on 12 March 2018 to all employees that has arrears on their service accounts

Government Departments: National Department Transport and Public works requested invoices. Invoices were sent and now we are waiting on feedback

Schools & Hostels: Schools are being contacted via telephone about arrears on their accounts.

Verduideliking:

Personeel: Briewe is opgestel en sal uitgestuur word 12 Maart 2018 aan alle personeel met uitstaande dienste rekeninge.

Staatsdepartemente: Nasionale Dept van Vervoer het aangevra vir fakture – Dit is aan hulle gestuur en ons wag tans op terugvoering.

Skole en Koshuise: Skole word telefonies gekontak insake uitstaande bedrae op hul rekeninge.

3.1.11.1 50 Highest Business and Government Accounts Attached as Annexure M

3.1.11.1 50 Hoogste besigheid- en regering rekeninge: Aangeheg as Bylae M

3.1.12 Credit Control Mechanisms

The table below indicates the number of mechanisms instituted:

3.1.12 Kredietbeheer meganismes

Die tabel hieronder toon die aantal meganismes ingestel:

| Disconnection of services: | Dec-17 | Jan-18 | Feb-18 |
|---|---|---|---|
| No. of customers on the disconnections lists | 633 | 2 610 | 2 186 |
| No. already block | 1 373 | 0 | 1 412 |
| Total no. of tampering's not connected | 436 | 419 | 401 |
| No. of new disconnections for the month: | | | |
| - Prepaid | 265 | 2 093 | 727 |
| - Conventional | 50 | 62 | 70 |
| Number reconnected: | | | |
| - Prepaid | | | |
| - Conventional | 40 | 38 | 54 |
| Reconnected :due to faulty groupings and Indigent and poor households | | | |
| No. of customers still disconnected | 0 | 1 412 | 1 490 |
| % of disconnections executed | 50% | 100% | 100% |

## 3.2 SUPPLY CHAIN MANAGEMENT

### 3.2.1 Demand and Acquisition

#### 3.2.1.1 Advertisement stage

The following competitive bids are currently in the advertisement stage:

## 3.2 VOORSIENINGSKANAAL BESTUUR

### 3.2.1 Aanvraag en Verkryging

#### 3.2.1.1 Adverteringsfase

Die volgende mededingende tenders is tans in die adverterings fase:

| BID NO | DESCRIPTION / BESKRYWING | CLOSING DATE / SLUITINGS DATUM |
|---|---|---|
| 08/2/15/16 | Appointment of contractors for maintenance, repair and replacement of general electrical infrastructure for Witzenberg Municipality (3 year contract) | 02-Mar-2018 |
| 08/2/15/37 | Supply and delivery of Fleet vehicles on lease agreement | 23-Mar-2018 |
| 08/2/15/43 | Supply, delivery and installation of building signage (Re-advertisement) | 13-Mar-2018 |
| 08/2/15/52 | Supply, delivery, installation and configuration of CCTV security solution | 20-Mar-2018 |
| 08/2//15/69 | Electrical and Mechanical maintenance of water and sewer pump stations and treatment works in Witzenberg area | 22-Mar-2018 |
| 08/2/15/70 | The Maintenance of the Witzenberg Municipality's ICT Environment | 06-Mar-2018 |
| 08/2/15/71 | Supply of Remote metering (AMR) | 22-Mar-2018 |
| 08/2/15/72 | Sale of Residential Erven in Ceres, Bella vista, Wolseley and Tulbagh | 20-Mar-2018 |

No formal written price quotations are currently in the advertisement stage.

Geen formele geskrewe pryskwotasies is tans in die adverteringsfase nie.

| BID NO | DESCRIPTION / BESKRYWING | CLOSING DATE / SLUITINGS DATUM |
|---|---|---|
| 08/2/15/38 | Service provider for training of municipal officials on HT & LT fault finding & cable jointing and operating regulations high voltage systems (Re-advertisement) | 06-Mar-2018 |
| 08/2/15/49 | Supply, Deliver and Assemble of Office Furniture and Equipment (Re-advertisement) | 16-Mar-2018 |

#### 3.2.1.2 Evaluation stage:

The following competitive bids are currently in the evaluation stage:

#### 3.2.1.2 Evaluering stadium:

Die volgende mededingende tenders is tans in die evalueringsfase:

| BID NO | DESCRIPTION / BESKRYWING | CLOSING DATE SLUITINGS DATUM | DATE TECHNICAL REPORT RECEIVED | RESPONSIBLE MANAGER |
|---|---|---|---|---|
| 08/2/15/27 | The Supply and delivery of Broad Spectrum Enzymes and dosing pumps for a period of 24 months | 17-Oct-2017 | 21-Dec-2017 | N Jacobs |
| 08/2/15/39 | Invitation for long term borrowings 2017-2018 | 24-Nov-2017 | 09-Feb-2018 | WP Mars |
| 08/2/15/44 | Appointment of a service provider for Incapacity Investigations | 17-Nov-2017 | 28-Nov-2017 | I Swartbooi |
| 08/2/15/45 | Supply Upgrade And Replacement Of Water Networks In The Witzenberg Area | 02-Feb-2018 | Awaiting | N Jacobs |
| 08/2/15/46 | Supply Upgrade And Replacement Of Sewer Networks In The Witzenberg Area | 02-Feb-2018 | 21-Feb-2018 | N Jacobs |

| BID NO | DESCRIPTION / BESKRYWING | CLOSING DATE SLUITINGS DATUM | DATE TECHNICAL REPORT RECEIVED | RESPONSIBLE MANAGER |
|---|---|---|---|---|
| 08/2/15/47 | Supply and delivery of Bricks and Pavers | 23-Nov-2017 | 07-Feb-2018 | E Lintnaar |
| 08/2/15/48 | Access control for Municipal buildings | 15-Dec-2017 | 08-Feb-2018 | A Radjoo |
| 08/2/15/53 | The Reconstruction of Piet Retief Street from Roussouw Street to Waveren Street in Tulbagh. | 05-Dec-2017 | 10-Jan-2018 | E Lintnaar |
| 08/2/15/54 | Supply and delivery of Electrical Equipment and cables | 19-Jan-2018 | 27-Feb-2018 | D Greeff |
| 08/2/15/55 | Supply And Fitment Of New Tyres, Tubes And Provision Of Tyre Repair And Other Related Services | 10-Jan-2018 | 19-Feb-2018 | O Gatyene |
| 08/2/15/63 | Sale Of Church Site In Pine Valley, Wolseley | 05-Jan-2018 | 29-Jan-2018 | L Nieuwenhuis |

The following formal written price quotations are currently in the evaluation stage:

Die volgende formele geskrewe pryskwotasie is tans in die evalueringsfase:

| BID NO | DESCRIPTION / BESKRYWING | CLOSING DATE / SLUITINGS DATUM | DATE TECHNICAL REPORT RECEIVED | RESPONSIBLE MANAGER |
|---|---|---|---|---|
| 08/2/15/25 | Service provider for training of municipal officials (SCM) (Re-Advertisement) | 27-Nov-2017 | 09-Feb-2018 | I Swartbooi |
| 08/2/15/60 | Supply and delivery of one new mobile toilet mounted on galvanized chassis | 15-Feb-2018 | 19-Feb-2018 | H Truter |
| 08/2/15/65 | Appointment of a Service provider for Disciplinary hearing (Re-advertisement) | 30-Jan-2018 | 27-Feb-2018 | HJ Kritzinger |
| 08/2/15/66 | Upgrading Of Ablution Facilities The Thusong Centre, Bella Vista | 21-Dec-2018 | 05-Feb-2018 | A Radjoo |

3.2.1.3 Adjudication stage

3.2.1.3 Toekenningsfase:

The following competitive bid is currently in the adjudication stage:

Die volgende mededingende tender is tans in die toekenningsfase:

| BID NO | DESCRIPTION / BESKRYWING | CLOSING DATE SLUITINGS DATUM | DATE OF BID EVALUATION COMMITTEE MEETING | RESPONSIBLE MANAGER |
|---|---|---|---|---|
| 08/2/15/31 | Supply and delivery of Traffic Uniforms | 07-Nov-2017 | 06-Feb-2018 | M Green |
| 08/2/15/42 | Service provider for Training of Municipal officials on Gardening, Horticulture and Landscaping Learner ships | 23-Nov-2017 | 13-Feb-2018 | I Swartbooi |
| 08/2/15/57 | Printing, supply and delivery of a corporate newsletter to Witzenberg municipality | 05-Jan-2018 | 21-Feb-2018 | A Radjoo |
| 08/2/15/63 | Sale Of Church Site In Pine Valley, Wolseley | 05-Jan-2018 | 13-Feb-2018 | L Nieuwenhuis |

No formal written price quotations are currently in the adjudication stage.

Geen formele geskrewe prys kwotasie is tans in die Toekenningsfase nie.

### 3.2.1.4 Bids awarded

The following competitive bids were awarded by the Bid Adjudication Committee during the month of February 2018:

### 3.2.1.4 Tenders toegeken

Die volgende mededingende tenders was toegeken deur die Tender Toekenningskomitee gedurende Februarie 2018:

| Bid ref number | Date | Name of supplier | Brief description of services | Reason why award made | Value (incl. VAT) |
|---|---|---|---|---|---|
| 08/2/15/28 | 26-Feb-2018 | Sanitech | Supply and servicing of portable chemical toilets and emptying of septic tanks in the Witzenberg area | Bidder scored the highest points | R 713 583.72 |
| 08/2/15/29 | 26-Feb-2018 | Jonty Engineering and Trading SA | Supply, Delivery And Erection Of Security Fencing At Various Water And Sewer Infrastructures | Bidder scored the highest points | R1 133 177.72 |
| 08/2/15/40 | 26-Feb-2018 | Jo-Clare General Dealer | Supply and delivery of Protective clothing | Bidder scored the highest points | R 89 077.00 |

No bid was awarded by the Accounting Officer during the month of February 2018.

Geen tender was toegeken deur die Rekenpligtige Beampte gedurende Februarie 2018 nie.

### 3.2.1.5 Paragraph 13 (1): Cancellation and re-invitation of tenders

The following formal written price quotation or competitive bid was cancelled during the month of February 2018:

### 3.2.1.5 Paragraaf 13 (1): Kansellasie en her-uitnodiging van tenders

Die volgende formele geskrewe prys kwotasie of mededingende tender was gekanselleer gedurende Februarie 2018:

| Bid ref number | Date | Brief description of services | Reason why bid is cancelled |
|---|---|---|---|
| 08/2/15/38 | 12-Feb-2018 | Service provider for training of Municipal officials on HT & LT fault finding, cable jointing and operating regulations high voltage systems | No responsive bid received |
| 08/2/15/49 | 28-Feb-2018 | Supply, delivery and assemble of Office furniture and equipment | Funds are no longer available to cover the envisaged expenditure |
| 08/2/15/50 | 28-Feb-2018 | Supply and installation of Three (3) Wendy houses on Vredebes | Funds are no longer available to cover the envisaged expenditure |

3.2.1.6 Paragraph 19 (1) l and 19 (2): Written price quotations

The following written price quotations were approved during the month of February 2018:

3.2.1.6 Paragraaf 19 (1) (c) en 19 (2): Geskrewe Prys Kwotasies

Die volgende geskrewe prys kwotasies was goedgekeur gedurende Februarie 2018:

| Order number | Date | Name of supplier | Brief description of services | Reason why award made | Amount | Official acting i.t.o. sub delegation |
|---|---|---|---|---|---|---|
| 152350 | 05-Feb-2018 | V&S Verkoeling & Lugversorging | Install air conditioner in the office of the Mayor | Only responsive quotation | R 18 160.80 (Incl. VAT) | Chief Financial Officer |
| 151832 | 06-Feb-2018 | Ultimate Recruitment Solutions | Advertisement of Post: Accountant Budget and Assets (Ref: Fin 61) | Lowest responsive quotation | R7 828.55 (Incl. VAT) | Chief Financial Officer |
| 151844 | 07-Feb-2018 | Roy Steele & Associates BK | Incapacity hearing | Lowest responsive quotation | R 18 994.68 (Incl. VAT) | Chief Financial Officer |
| 151993 | 15-Feb-2018 | Pitney Bowes SA (Pty) Limited | Supply and Delivery of a new Franking Machine | Only responsive quotation | R 26 436.60 (Incl. VAT) | Chief Financial Officer |
| 151996 | 15-Feb-2018 | Human Communications (Pty) Ltd | Advertisement of Post: Supply Chain Management Practitioner (Ref: Fin 73) | Lowest responsive quotation | R 7 956.59 (Incl. VAT) | Chief Financial Officer |
| 151997 | 15-Feb-2018 | Human Communications (Pty) Ltd | Advertisement of Post: Supply Chain Management Practitioner (Ref: Fin 73) | Lowest responsive quotation | R 7 956.59 (Incl. VAT) | Chief Financial Officer |
| 152031 | 26-Feb-2018 | Ultimate Recruitment Solutions | Advertisement of Bids: 08/2/15/37, 43, 52, 69, 70, 71 and Cancellation of Bid: 08/2/15/36 | Lowest responsive quotation | R 20 406.87 (Incl. VAT) | Chief Financial Officer |
| 152291 | 28-Feb-2018 | Ultimate Recruitment Solutions | Advertisement of Post: Manager Income (Ref: Fin 3) | Lowest responsive quotation | R 7 863.43 (Incl. VAT) | Chief Financial Officer |

### 3.2.1.7 Formal Written Price Quotations

The following formal written price quotations, in excess of R 30 000 were awarded by an official acting in terms of a sub-delegation for the month of February 2018:

### 3.2.1.7 Formele Geskrewe Prys Kwotasies

Die volgende formele geskrewe kwotasies, wat meer is as R 30 000.00 is toegeken deur ’n amptenaar wat in terme van ’n sub-afvaardiging vir die maand van Februarie 2018:

| Bid ref number | Date | Name of supplier | Brief description of services | Reason why award made | Amount | Official acting i.t.o sub delegation |
|---|---|---|---|---|---|---|
| 08/2/15/61 | 22-Jan-2018 | Ceres Meubels | Supply, delivery and installation of vinyl flooring at Koinonia hall Buiten street, Bella Vista | Bidder scored the highest points | R 83 625.00 (Incl. VAT) | Director Community Services |

### 3.2.1.8 Appeals

No appeals were lodged or are being dealt with by the Accounting Officer.

### 3.2.1.8 Appèlle

Geen appèl is ontvang of word hanteer deur die Rekenpligtige beampte nie

### 3.2.1.9 Deviations

The following table contains the approved deviations by the Accounting Officer for the month of February 2018 which totals R 1 873 986.52:

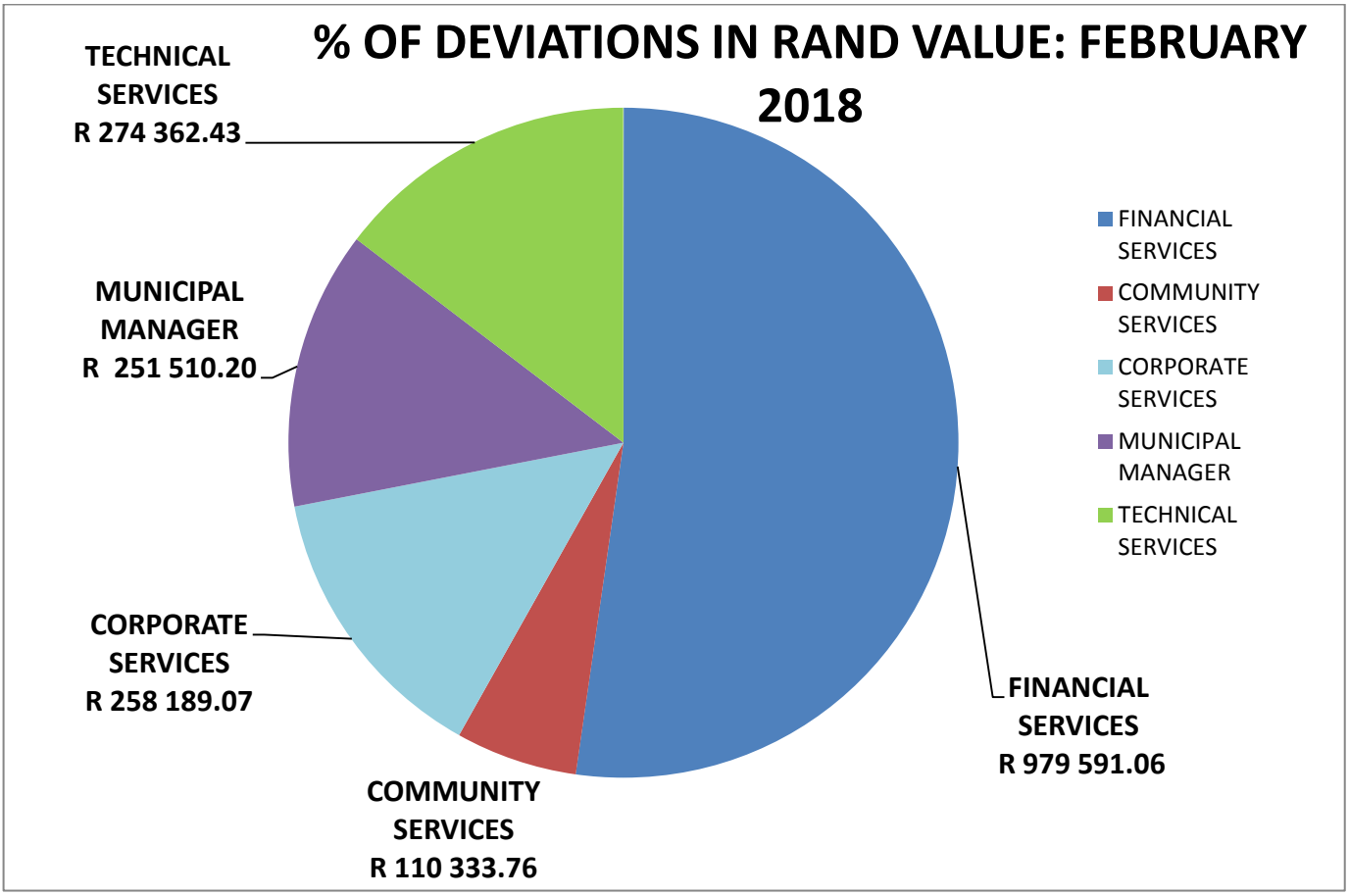
### 3.2.1.9 Afwykings

Die volgende tabel bevat die goedgekeurde afwykings deur die Rekenpligtige Beampte vir die maand van Februarie 2018 wat beloop op die totaal van R 1 873 986.52:

| Date | Name of supplier | Description of goods and services | Reason for deviation | Order number | AMOUNT R |
|---|---|---|---|---|---|
| 13-Oct-17 | Ceres Alarms | Supply and install Security and Intercom system | Impractical | 149612 | 6,190.20 |
| 26-Oct-17 | Conlog (PTY) Ltd | Supply and deliver Prepaid electricity meters | Single supplier | 150518 | 87,862.37 |
| 22-Nov-17 | Transnet | Leasing of Test track facility Jul-Dec 2017 | Single supplier | 151105 | 46,252.08 |
| 24-Nov-17 | O'Neil & Visser Attorneys | Legal services: Various matters | Impractical | 150894 | 53,162.24 |
| 26-Oct-17 | Workshop electronics | Service and calibration of roadworthy equipment | Single supplier | 150050 | 7,166.04 |
| 26-Oct-17 | AL Abbott & Ass. (PTY) Ltd | Monitoring of drinking water quality | Impractical | 150122 | 135,286.92 |
| 11-Dec-17 | Regan Brown Attorneys | Legal services | Impractical | 150936 | 148,579.95 |
| 4-Jan-18 | Landis & Gyr (PTY) Ltd | Supply and delivery of Electricity meters | Single supplier | 151228 | 31,920.00 |
| 19-Dec-17 | Ceres Toyota | Supply of a King Pin Kit: CT 18168 | Impractical | 151201 | 6,397.12 |
| 8-Jan-18 | Giovanni's Fisheries | Food Parcels: Emergency Workers | Emergency | 152079 | 272.50 |

| Date | Name of supplier | Description of goods and services | Reason for deviation | Order number | AMOUNT R |
|---|---|---|---|---|---|
| 25-Jan-18 | Dogs & All CC | Security services during evictions in Bella Vista | Emergency | 151719 | 23,940.00 |
| 31-Jan-18 | Witzenberg Auto Glass | Replace windows at Thusong centre | Impractical | 151782 | 3,850.00 |
| 31-Jan-18 | AL Abbott & Ass. (PTY) Ltd | Monitoring of drinking water quality | Impractical | 151823 | 115,831.58 |
| 1-Feb-18 | IDI Technology Solutions (Pty) Ltd | Procurement of One Barnowl User license | Single Supplier | 151953 | 25,080.00 |
| 1-Feb-18 | PVR Communications | Removal of wireless equipment from Oudekloof, Waterval and Die Eike | Impractical | 151986 | 25,134.15 |
| 8-Feb-18 | Bytes Systems Integration a division of Altron | Annual Maintenance Fee & Disaster recovery | Impractical | 151917 | 855,508.69 |
| 8-Feb-18 | Witzenberg Herald | Publication: Proposed Closure of Allyways | Single Supplier | 151914 | 4,128.00 |
| 12-Feb-18 | Witzenberg Herald | Publication: Alienation of Erf 2813 Tulbagh | Single supplier | 151946 | 2,580.00 |
| 13-Feb-18 | AMEU (Association of Municipal Electricity Utilities) | Membership fees 2018 | Single supplier | 152073 | 7,300.00 |
| 13-Feb-18 | PVR Communications | Installation and configuration of Microwave High site on Witzenberg Mountain | Emergency | 10134732 | 147,276.60 |
| 13-Feb-18 | Transtech | Overall of 4 Gutter Brooms for Sweeper | Impractical | 152098 | 4,829.31 |
| 14-Feb-18 | Giovanni's Fisheries | Food Parcels: Emergency Workers | Emergency | 151979 | 317.00 |
| 22-Feb-18 | Johan Bezuidenhout Attorneys | Legal services | Impractical | 152332 | 22,108.01 |
| 26-Feb-18 | Red Ant Security (PTY) Ltd | Security services during evictions in Bella Vista | Emergency | 152263 | 86,393.76 |
| 27-Feb-18 | Witzenberg Herald | Publish notice: Change of banking details | Impractical | 152311 | 4,300.00 |
| 28-Feb-18 | Manley Wine Lodge | Venue hire and refreshments for Speaker's forum | Impractical | 152324 | 22,320.00 |

DEVIATIONS PER DIRECTORATE




| MONTH / MAAND | DEVIATION AMOUNT AFWYKING BEDRAG | TOTAL VALUE OF ORDERS ISSUED TOTALE WAARDE VAN BESTELLINGS UITGEREIK | % DEVIATIONS OF TOTAL ORDERS ISSUED % AFWYKINGS VAN TOTALE BESTELLINGS UITGEREIK |
|---|---|---|---|
| December 2017 | R 422 087,37 | R6 085 337.77 | 6.94% |
| January 2018 | R 2 246 008.36 | R14 564 557.90 | 15.43% |
| February 2018 | R 1 873 986.52 | R18 010 927.52 | 10.41% |

Logistics

The table below contains a high level summary of information regarding the stores section:

Logistieke

Die tabel hieronder bevat 'n hoë vlak opsomming van inligting rakende die magasyn (stoor):

| | 31 December 2017 | 31 January 2018 | 28 February 2018 |
|---|---|---|---|
| Value of inventory at hand | R 8 024 817 | R 8 715 689 | R 9 627 902 |
| Turnover rate of total value of inventory | 1.78 | 1.77 | 2.02 |
| Turnover rate excluding Chinese meters | 1.79 | 1.77 | 2.03 |
| Date of latest stores reconciliation | 28 Feb 2018 | | |
| Date of last stock count | 13 Dec 2017 | | |
| Date of next stock count | 28 Mar 2018 | | |

EXPENDITURE

### 3.2.3.1 Salaries section

The high level information with regard to the salary for permanent staff is contained in the table below:

UITGAWES

### 3.2.3.1 Salaris afdeling

Die hoë vlak van inligting met betrekking tot die salarisse is vervat in die tabel hieronder:

| | Dec 2017 | Jan 2018 | Febr 2018 |
|---|---|---|---|
| Salaries – Cost to company | R10 774 441 | R12 487 466 | R11 808 918 |
| Provisions for employee benefits | -R 544 790 | R 689 097 | R60 688 |
| Number of Employees and Councillors included in run | 591 | 591 | 593 |
| Number of Ward members receiving allowance | 114 | 114 | 117 |
| Balancing amount | R0 | R0 | R0 |

| | Dates | Jan 2018 | Dates | Febr 2018 |
|---|---|---|---|---|
| Salaries – Cost to company (EPW Weekly Payments) | 04.01.2018 | R239 006 | 02.02.2018 | R306 600 |
| Salaries – Cost to company (EPW Weekly Payments) | 18.01.2018 | R259 777 | 16.02.2018 | R303 004 |
| Salaries – Cost to company (EPW Weekly Payments) | | | 28.02.2018 | R315 185 |
| Dates of Salary Run and number of Employees | 04.01.2018 | 211 | 02.02.2018 | 218 |
| Dates of Salary Run and number of Employees | 18.01.2018 | 190 | 16.02.2018 | 256 |
| Dates of Salary Run and number of Employees | | | 28.02.2018 | 247 |

### 3.2.3.2 Creditors Section

An age analysis of the creditors with comparative figures for the previous months is as shown in the table below:

### 3.2.3.2 Krediteure afdeling

'n Ouderdomsontleding van die Krediteure met vergelykende syfers vir die vorige maande word in die tabel hieronder aangedui:

| Period | < 30 days | < 60 days | < 90 Days | < 120 days | < 150 days | < 180 days | < 365 days | > 365 days | Total |
|---|---|---|---|---|---|---|---|---|---|
| December 2017 | 2 437 588 | 880 673 | 0 | 0 | 0 | 0 | 0 | 0 | 3 318 261 |
| January 2018 | 2 410 912 | 1 333 477 | 619 442 | 3 897 | 1 999 | 0 | 0 | 0 | 4 369 727 |
| February 2018 | 3 324 341 | 7 567 | 1 203 608 | 749 952 | 29 767 | 0 | 0 | 0 | 5 315 235 |

The table below indicates the highest creditors outstanding longer than 30 days:

| Name of creditor | Febr 2018 Amount | Description | Reason |
|---|---|---|---|
| ACTOM ELECTRICAL | R639 434 | VARIOUS GOODS DELIVERED | UNRESOLVED ISSUES – CPA PRICE ADJUSTMENTS |
| BYTES UNIVERSAL TRADING | R324 565 | VARIOUS GOODS DELIVERED | UNRESOLVED ISSUES ON INVOICES |
| CERES SPAR | R5 483 | VARIOUS GOOD DELIVERED | DID NOT APPEAR ON STATEMENT |
| JOCASTRO | R393 300 | VARIOUS GOOD DELIVERED | UNRESOLVED ISSUES – CPA PRICE ADJUSTMENTS |
| SIYAPHAMBILI ELECTRICAL | R950 472 | VARIOUS GOOD DELIVERED | UNRESOLVED ISSUES – CPA PRICE ADJUSTMENTS |
| VOLTEX CAPE TOWN | R1 535 | VARIOUS GOODS DELIVERED | DID NOT APPEAR ON STATEMENT |
| VILKO | R549 | VARIOUS GOODS DELIVERED | DID NOT APPEAR ON STATEMENT |
| WCC CABLES | R29 868 | VARIOUS GOODS DELIVERED | DID NOT APPEAR ON STATEMENT |

The high level information with regard to the creditor section is contained in the table below:

| | Dec 2017 | Jan 2018 | Febr 2018 |
|---|---|---|---|
| Total value of creditors paid | R28 871 923 | R32 411 085.08 | R32 560 533.00 |
| Date of creditor reconciliation | 10/01/2018 | 08/02/2018 | 09/03/2018 |

The table below contains the 10 highest creditor values outstanding on 30 Days:

Die tabel hieronder bevat die 10 hoogste uitstaande skuldeiser waardes op 30 Dae:

| Name of creditor | Febr 2018 Amounts Outstanding | Description of goods/ services |
|---|---|---|
| KAAP AGRI | R32 293.00 | VARIOUS GOODS DELIVERED |
| OLCO YSTERWARE | R33 344.00 | VARIOUS GOODS DELIVERED |
| BEKA | R39 056.00 | SINGLGE OUTREACH ARM HDG |
| CHLORCAPE | R46 475.00 | CHLORINE GAS CYLINDERS |
| BUSINESS DEVELOPMENT CENTRE | R49 248.00 | LEADERSHIP TRAINING |
| VILKO | R54 956.00 | VARIOUS GOODS DELIVERED |
| CONLOG | R103 765.00 | PREPAID METERS |
| KISHUGU | R116 971.00 | CONTRACT FEES |
| ACTOM ELECTRICAL | R354 211.00 | TRANSFORMERS |
| SIYAPHAMBILI ELECTRICAL | R1 790 606.00 | VARIOUS GOODS DELIVERED |

| Name of creditor | Jan 2018 Amounts Outstanding | Description of goods/ services |
|---|---|---|
| SPILHAUS IRRIGATION | R31 920.00 | VARIOUS GOODS DELIVERED |
| CERES SPAR | R35 801.00 | VARIOUS GOODS DELIVERED |
| VILKO | R54 883.00 | VARIOUS GOODS DELIVERED |
| MULTIPART | R59 772.00 | PETROL/DIESEL |
| ARB ELECTRICAL | R62 989.00 | VARIOUS GOODS DELIVERED |
| ITHUBA INDUSTRIES | R67 400.00 | POLYMER CONCRETE |
| KAAP AGRI | R105 543.00 | VARIOUS GOODS DELIVERED |
| KISHUGU | R116 971.00 | CONTRACT FEE |
| PROVINCIAL ADMINISTRATION | R457 053.00 | LICENCE FEES |
| SAKHIKHAYA SUPPLIERS | R1 083 000.00 | SMART WATER METER |

The table below contains the 10 highest value creditors paid for the month:

Die tabel hieronder bevat die 10 hoogste waarde krediteure uitbetaal vir die maand:

| Name of creditor | February 2018 Amounts Paid | Description of goods/ services |
|---|---|---|
| ESKOM | R14 586 574.98 | ELECTRICITY ACCOUNT |
| ASLA CONSTRUCTION | R1 921 333.62 | IMPLEMENTATION OF BULK SERVICES |
| FOUR STORES CIVIL | R1 472 094.39 | CONSTRUCTION OF DRIVERS LICENCE TEST STATION |
| JVR CONSTRUCTION | R1 259 421.82 | UPGRADING OF ROADS AND STORMWATER IN WITZENBERG AREA |
| SAKHIKHAYA SUPPLIERS | R1 083 000.00 | 15mm SMART WATERMETER |
| BYTES UNIVERSAL SYSTEMS | R953 872.16 | ANNAUAL MAINTENANCE FEES |
| RUWACON | R787 863.85 | CONSTRUCTION OF NDULI RESERVOIR |
| VENUS SECURITY | R734 420.32 | SECURITY SERVICES |
| COALITION TRADING | R502 440.89 | ROAD MARKINGS IN THE WITZENBERG AREA |
| AWV PROJECT MANAGEMENT | R497 201.40 | GREEN REFUSE BAGS |

| Name of creditor | January 2018 Amounts Paid | Description of goods/ services |
|---|---|---|
| ESKOM CERES | R12 887 409.52 | ELECTRICITY ACCOUNT |
| ASLA CONSTRUCTION | R3 802 230.74 | VARIOUS SERVICES DELIVERED |
| EXEO KHOKELA CIVILS ENG | R868 680.00 | BELLA VISTA WATER PIPE LINE |
| RUWACON | R530 292.31 | CONSTRUCTION OF NDULI RESERVOIR |
| AWV PROJECT MANAGEMENT | R453 918.60 | GREEN AND BLACK REFUSE BAGS |
| MULTIPART PETROL | R341 540.22 | PETROL/DIESEL |
| JVR CONSTRUCTION | R321 735.78 | UPGRADING OF ROADS AND STORMWATER IN WITZENBERG AREA |
| DELNIET CONSTRUCTION | R281 534.54 | VARIOUS GOODS DELIVERED |
| JC SERVICES | R245 252.76 | HIRING SERVICES |
| VENUS SECURITY SERVICES | R210 602.33 | SECURITY SERVICES |

3.2.3.3 Petty Cash: 3.2.3.3 Kleinkas

| Tipe Transaksie<br>Type of transaction | Jan 2018 | | Febr 2018 | |
|---|---|---|---|---|
| | Total | % | Total | % |
| Condolences, well wish cards, bouquets, flowers and keys for offices | R 496.40 | 21.84% | R 0.00 | 0.00% |
| Refreshments and caterings | R 298.60 | 13.14% | R 2 690.00 | 59.49% |
| Rent (Halls etc.); | R 0.00 | 0.00% | R 0.00 | 0.00% |
| Refunds (Library book fees) | R 0.00 | 0.00% | R 0.00 | 0.00% |
| Payment of clients without bank accounts | R 0.00 | 0.00% | R 0.00 | 0.00% |
| Temporary vehicle licensing fees and public driver permits | R 0.00 | 0.00% | R 0.00 | 0.00% |
| Tollgate fees when an employee is driving with an official vehicle registered in the name of council | R 0.00 | 0.00% | R 0.00 | 0.00% |
| Approved in terms of 5 (b) (vi) of Petty Cash policy | R 1 478.20 | 65.03% | R 1 832.10 | 40.51% |
| GRAND TOTAL | R 2 273.20 | | R 4 522.10 | |

Petty cash: Cash at hand reconciliation Kleinkas: Kontant voorhande opsomming

| DESCRIPTION / BESKRYWING | Dec 2017 | Jan 2018 | Febr 2018 |
|---|---|---|---|
| Opening cash balance | R5 000 | R5 000 | R5000 |
| Less total vouchers | (R6 063.45) | (R2 273.20) | (R4 522.10) |
| Replenishment during month | R4 134.55 | R2 726.80 | R477.90 |
| Cash at hand before month-end replenishment | R3 071.10 | 0.00 | R4 655.50 |
| Replenishment at month end | R1 928.90 | R2 723.20 | R344.50 |
| Closing cash balance at month end | R5 000 | R5 000 | R5 000 |

## 3.3 FINANCIAL ADMINISTRATION

### 3.3.1 Cash and Investments

The information with regard to the cash and investment is contained in the tables below:

## 3.3 FINANSIËLE ADMINISTRASIE

### 3.3.1 Kontant en Beleggings

Die inligting met betrekking tot die kontant en beleggings is vervat in die tabelle hieronder:

Cash:

Kontant:

| Bank accounts<br>Bank rekeninge | Institution<br>Instansie | Acc.<br>Numbers | Jan 2018 | | Febr 2018 | |
|---|---|---|---|---|---|---|
| | | | Bank balance | Cashbook Balance | Bank balance | Cashbook Balance |
| Primary Bank Acc. | STANDARD BANK | 203 241 819 | R104,522,290 | R83,636,768 | R27,781,132 | R17,559,155 |

Investments:

Beleggings:

| Institution / Instansie | Dec 2017 | | Jan 2018 | | Febr 2018 | |
|---|---|---|---|---|---|---|
| | R | % of available funds | R | % of available funds | R | % of available funds |
| ABSA Bank Ltd<br>Investec Bank Ltd<br>Nedbank Ltd<br>Standard Bank of SA Ltd | R17,000,000 | 100% | R17,000,000 | 100% | R12,000,000<br>R22,000,000<br>R22,000,000<br>R22,000,000 | 15.37%<br>28.21%<br>28.21%<br>28.21% |
| Total | R17,000,000 | | R17,000,000 | | R78,000,000 | 100% |

| | Dec 2017 | | Jan 2018 | | Febr 2018 | |
|---|---|---|---|---|---|---|
| | R | % of available funds | R | % of available funds | R | % of available funds |
| Unutilised government grants<br>Capital Replacement Reserve (CRR)<br>Provisions | R17,000,000 | 100% | R17,000,000 | 100% | R78,000,000 | 100% |
| Total | R17,000,000 | | R17,000,000 | | R78,000,000 | |

The detail movements of the investments are shown in Annexure A.

Die gedetailleerde bewegings van die beleggings word getoon in Bylae A.

The balance of the unutilised funding account is indicated in the table below:

Die balans van die onbenutte befondsing rekening word in die tabel hieronder aangedui:

| Unutilised Project funding: Onbenutte Projek befondsing: | Dec 2018 | Jan 2018 | Febr 2018 |
|---|---|---|---|
| Balances | R21,126,790 | R18,181,413 | R20,236,745 |

The table below shows the dates when the reconciliation is completed:

Die tabel hieronder dui die datums wanneer die rekonsiliasies voltooi is:

| Reconciliations Rekonsiliasies | Dec 2017 | Jan 2018 | Febr 2018 |
|---|---|---|---|
| Primary bank account | 04/01/2018 | 05/02/2018 | 05/03/2018 |
| Investment reconciliation | 04/01/2018 | 09/02/2018 | 05/03/2018 |
| Long term Liabilities | 04/01/2018 | 09/02/2018 | 05/03/2018 |
| Grant Register | 10/01/2018 | 09/02/2018 | 07/03/2018 |

The table below indicates the outstanding bank reconciliation number of items and amounts:

Die tabel hieronder dui die uitstaande bankrekonsiliasie aantal items en bedrae:

| | Jan 2018 | | Febr 2018 | |
|---|---|---|---|---|
| Description / Beskrywing | Number of items | Amount | Number of items | Amount |
| Uncleared ACB | 27 | R4,582,677 | 13 | R52,848 |
| Outstanding cheques | 12 | R9,265 | 17 | R17,736 |
| Transactions not in cash book | 5060 | R24,056,830 | 3798 | R18,815,269 |
| Receipts not cleared on Bank statement | 520 | R7,791,664 | 691 | R8,672,105 |
| Outstanding journals | 36 | R28,413 | 42 | R8,228 |

3.3.2 Liabilities

3.3.2 Laste

| Name of Institution | Interest Rate | Opening Balance | Payment (Redemption) | Interest | Closing Balance | Payments |
|---|---|---|---|---|---|---|
| Naam van Instansie | | Feb 2018 | | | Feb 2018 | March 2018 |
| | | R | | | R | |
| DBSA | 10,75% - 17,45% | R3,354,699 | R0 | R0 | R3,354,699 | R0 |
| Nedbank | 13.50% | R5,754,218 | R0 | R0 | R5,754,218 | R0 |
| Total | | R9,108,917 | R0 | R0 | R9,108,917 | R0 |

### 3.3.3 Financial system reconciliations

The table below shows the status of the system reconciliations:

### 3.3.3 Finansiële stelsel Rekonsiliasies

Die tabel hieronder toon die status van die stelsel rekonsiliasies:

| Type of reconciliation | Period reconciled | Reconciled Amount | Reconciliation Date & Signed off |
|---|---|---|---|
| Financial system | February 2018 | R0 | 01/03/2018 |
| Traffic : Motor Registration | | | |
| Traffic : RTMC Fees | | | |
| Direct Deposit | | | |
| Traffic : AARTO | | | Backlog on Traffic End of Day's |
| Traffic : Drivers Licence | | | |
| Traffic : Roadworthy | | | |
| Faulty Direct Deposits | | | |
| Traffic : Nu-Traffic | | | |
| VAT | February 2018 | R2 252 566.44 | 09/03/2018 |

### 3.3.4 INSURANCE

Month of Reporting: February 2018

Insurance report - ANNEXURE O

### 3.3.5 VERSEKERING

Maandverslag: Februarie 2018

Versekeringsverslag - BYLAE O

### 3.3.5 ASSETS

Month of Reporting: February 2018

Assets Report – ANNEXURE N

### 3.3.6 BATES

Maandverslag: Februarie 2018

Bates verslag - BYLAE N

Attached find the following management reports with regard to budget monitoring:

Aangeheg vind die volgende verslae met betrekking tot die monitering van begroting:

- Annexure / Bylae B - Age Analysis of Creditors / Ouderdomsontleding van Skuldeisers
- Annexure / Bylae C - Age Analysis of Debtors / Ouderdomsontleding van Debiteure
- Annexure / Bylae D - Cash Flow Statement / Kontantvloeistaat
- Annexure / Bylae E - Statement of Financial Performance / Staat van Finansiële Prestasie
- Annexure / Bylae F - Actual capital Acquisition and Sources of Finance / Die werklike Kapitaalverkryging program en Bronne van Finansies

Annexure B – F is the Section 71 report of the Municipality.

Bylae B- F is die Artikel 71-verslag van die Munisipaliteit.

Attached find the following legally required reports in terms of the MFMA:

Aangeheg vind die volgende wetlik verplig verslae soos vereis in die MFMA:

- Annexure G - Sect 66 / Artikel 66 - Quarterly
- Annexure H - Sect 11 / Artikel 11 - Quarterly
- Annexure I - Finance Management Grant / Finansiële Bestuur toelaag
- Annexure J - Municipal Infrastructure Grant / Munisipale Infrastruktuur toekenning
- Annexure K - Integrated National Electrification Programme Grant / Geïntegreerde Nasionale Elektrifisering Program Toekenning
- Annexure L - Grant register / Leningsregister

Other Annexures:
Annexure A – Investments
Annexure M – 50 Highest Business and Government Accounts
Annexure N – Asset report
Annexure O – Insurance
Annexure P – Quality Certificate

Ander Annexures:
Bylae A - Beleggings
Bylae M – 50 Hoogste besigheid- en regering rekeninge
Bylae N – Bates verslag
Bylae O – Versekering
Bylae P – Kwaliteit sertifikaat

Yours faithfully

Die uwe

H J Kritzinger
DIREKTEUR FINANSIES / DIRECTOR FINANCE

A

***Investment Register: Witzenberg Municipality***

Investment Institution: Standard Bank
Type of Investment: Call Deposits and Investments
Interest Rate: 7.6
Period of Investment: 4 months
Maturity Date: 2018/01/11

| Movement | M01 | M02 | M03 | M04 | M05 | M06 | M07 | M08 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | - | - | - | 17 000 000 | 17 000 000 | 17 000 000 | 17 000 000 | 17 000 000 |
| Deposits | - | - | 17 000 000 | - | - | - | - | 22 000 000 |
| Withdrawals | - | - | - | - | - | - | - | -17 000 000 |
| Interest Earned | - | - | - | - | - | - | - | - |
| Charges | - | - | - | - | - | - | - | - |
| Closing Balance | - | - | 17 000 000 | 17 000 000 | 17 000 000 | 17 000 000 | 17 000 000 | 22 000 000 |

Investment Institution: Nedbank
Type of Investment: Call Deposits and Investments
Interest Rate: 7.5
Period of Investment: 3 months
Maturity Date: 2017/12/08

| Movement | M01 | M02 | M03 | M04 | M05 | M06 | M07 | M08 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | - | - | - | 13 500 000 | 13 500 000 | 13 500 000 | - | - |
| Deposits | - | - | 13 500 000 | - | - | - | - | 22 000 000 |
| Withdrawals | - | - | - | - | - | -13 500 000 | - | - |
| Interest Earned | - | - | - | - | - | - | - | - |
| Charges | - | - | - | - | - | - | - | - |
| Closing Balance | - | - | 13 500 000 | 13 500 000 | 13 500 000 | - | - | 22 000 000 |

Investment Institution: Investec
Type of Investment: Call Deposits and Investments
Interest Rate: 7.21
Period of Investment: 1 month
Maturity Date: 2017/10/09

| Movement | M01 | M02 | M03 | M04 | M05 | M06 | M07 | M08 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | - | - | - | 12 500 000 | - | - | - | - |
| Deposits | - | - | 12 500 000 | - | - | - | - | 22 000 000 |
| Withdrawals | - | - | - | -12 500 000 | - | - | - | - |
| Interest Earned | - | - | - | - | - | - | - | - |
| Charges | - | - | - | - | - | - | - | - |
| Closing Balance | - | - | 12 500 000 | - | - | - | - | 22 000 000 |

Investment Institution: ABSA
Type of Investment: Call Deposits and Investments
Interest Rate: 7.37
Period of Investment: 2 months
Maturity Date: 2017/11/11

| Movement | M01 | M02 | M03 | M04 | M05 | M06 | M07 | M08 |
|---|---|---|---|---|---|---|---|---|
| Opening Balance | - | - | - | 13 000 000 | 13 000 000 | - | - | - |
| Deposits | - | - | 13 000 000 | - | - | - | - | 12 000 000 |
| Withdrawals | - | - | - | - | -13 000 000 | - | - | - |
| Interest Earned | - | - | - | - | - | - | - | - |
| Charges | - | - | - | - | - | - | - | - |
| Closing Balance | - | - | 13 000 000 | 13 000 000 | - | - | - | 12 000 000 |

**Summary Per Institution**

| | M01 | M02 | M03 | M04 | M05 | M06 | M07 | M08 |
|---|---|---|---|---|---|---|---|---|
| Standard Bank | - | - | 17 000 000 | 17 000 000 | 17 000 000 | 17 000 000 | 17 000 000 | 22 000 000 |
| Investec | - | - | 13 500 000 | 13 500 000 | 13 500 000 | - | - | 22 000 000 |
| First Rand | - | - | 12 500 000 | - | - | - | - | 22 000 000 |
| ABSA | - | - | 13 000 000 | 13 000 000 | - | - | - | 12 000 000 |
| | - | - | 56 000 000 | 43 500 000 | 30 500 000 | 17 000 000 | 17 000 000 | 78 000 000 |

AC : AGE ANALYSIS OF CREDITORS (All values in Rand)
Save File as : Muncde_AC_ccyy_Mnn.XLS (e.g.: GT411_AC_2003_M07)
Change Year End (ccyy) to Financial Year End (e.g.: 2003 for year 2002/2003)
Change Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M07)
Change Muncde to your own municipal code (e.g.: GT411)
If (and only if) Creditors per function not available, list top 10 creditors by name

| Year End | Month End | Mun | Item | Detail | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total - |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2018 | M08 | WC022 | 0100 | Bulk Electricity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0200 | Bulk Water | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0300 | PAYE deductions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0400 | VAT (output less input) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0500 | Pensions / Retirement deductions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0600 | Loan repayments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0700 | Trade Creditors | 3 324 341 | 7 567 | 1 203 608 | 749 952 | 29 767 | 0 | 0 | 0 | 5 315 235 |
| | | | 0800 | Auditor General | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 0900 | Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 1000 | Total | 3 324 341 | 7 567 | 1 203 608 | 749 952 | 29 767 | 0 | 0 | 0 | 5 315 235 |
| | | | TP01 | Top 1 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP02 | Top 2 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP03 | Top 3 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP04 | Top 4 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP05 | Top 5 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP06 | Top 6 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP07 | Top 7 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP08 | Top 8 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP09 | Top 9 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TP10 | Top 10 Creditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TOT | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

: AGE ANALYSIS OF DEBTORS (All values in Rand)
a File as : Muncde_AD_ccyy_Mnn.XLS (e.g.: GT411_AD_2005_M10)
nge Year End (ccyy) to Financial Year End (e.g.: 2005 for year 2004/2005) and Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10)
nge Muncde to your own municipal code (e.g.: GT411)
Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| r Month End | Mun | Item | Detail | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total - | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18 M08 | WC022 | 1100 | Debtors Age Analysis By Income Source | | | | | | | | | | | |
| | | 1200 | Trade and Other Receivables from Exchange Transactions - Water | 7 342 380 | 1 717 423 | 1 714 408 | 1 289 186 | 1 224 927 | 861 589 | 5 046 027 | 43 081 913 | 62 277 823 | 0 | 0 |
| | | 1300 | Trade and Other Receivables from Exchange Transactions - Electricity | 13 947 714 | 736 131 | 694 657 | 642 469 | 373 197 | 226 602 | 991 607 | 2 680 299 | 20 172 675 | 0 | 0 |
| | | 1400 | Receivables from Non-exchange Transactions - Property Rates | 3 398 023 | 243 376 | 209 481 | 166 672 | 160 162 | 139 774 | 3 236 328 | 12 579 019 | 20 112 826 | 0 | 0 |
| | | 1500 | Receivables from Exchange Transactions - Waste Water Management | 2 771 545 | 648 551 | 610 393 | 570 985 | 532 413 | 501 386 | 2 680 177 | 19 761 979 | 28 077 410 | 0 | 0 |
| | | 1600 | Receivables from Exchange Transactions - Waste Management | 3 084 011 | 776 474 | 678 728 | 648 143 | 597 471 | 627 351 | 2 690 961 | 23 911 161 | 33 014 290 | 0 | 0 |
| | | 1700 | Receivables from Exchange Transactions - Property Rental Debtors | 45 610 | 16 795 | 16 594 | 16 223 | 15 917 | 69 642 | 90 212 | 1 022 012 | 1 293 004 | 0 | 0 |
| | | 1810 | Interest on Arrear Debtor Accounts | 68 131 | 67 040 | 94 521 | 104 597 | 113 211 | 113 077 | 959 245 | 33 430 640 | 34 950 462 | 0 | 0 |
| | | 1820 | Recoverable unauthorised, irregular or fruitless and wasteful Expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 1900 | Other | -3 508 452 | 33 325 | 32 833 | 91 089 | 40 953 | 44 210 | 234 016 | 1 187 078 | -1 844 948 | 0 | 0 |
| | | 2000 | Total By Income Source | 27 146 963 | 4 239 115 | 4 051 615 | 3 421 313 | 3 048 241 | 2 583 631 | 15 928 573 | 137 634 092 | 198 053 543 | 0 | 0 |
| | | 2100 | Debtors Age Analysis By Customer Group | | | | | | | | | | | |
| | | 2200 | Organs of State | 1 794 258 | 840 904 | 917 824 | 481 594 | 92 352 | 31 092 | 644 718 | 2 456 679 | 7 259 422 | 0 | 0 |
| | | 2300 | Commercial | 12 158 111 | 374 364 | 268 637 | 195 303 | 194 425 | 252 714 | 1 850 204 | 6 589 562 | 21 883 310 | 0 | 0 |
| | | 2400 | Households | 12 000 724 | 2 805 494 | 2 644 080 | 2 535 657 | 2 539 002 | 2 115 208 | 11 510 450 | 120 564 943 | 156 715 558 | 0 | 0 |
| | | 2500 | Other | 1 193 869 | 218 364 | 221 074 | 208 759 | 222 463 | 184 617 | 1 923 202 | 8 022 907 | 12 185 256 | 0 | 0 |
| | | 2600 | Total By Customer Group | 27 146 963 | 4 239 115 | 4 051 615 | 3 421 313 | 3 048 241 | 2 583 631 | 15 928 573 | 137 634 092 | 198 053 543 | 0 | 0 |

e:

Property Rental Debtors: Including housing and land sale debtors
Total By Income Source = Total by Customer Group
The total debtors amount must balance the total amount reflected for debtors on the BSAC return.
Bad Debts=Bad Debts written off during the month
Impairment - Bad Debts i.t.o Council Policy :
The aim of this schedule is to ensure that the impairment contribution is done in a structured manner
The impairment amount that is entered in this block should be the agregated amount as per the calculation formula in the municipality
If a formula to calculate impairment is not in place this is a tool that can be used to develop such a formula and get it approved as part of the accounting policy

: CASH FLOW STATEMENT ACTUALS / FORECASTS (All values in Rand)(Payments= +)
: File as : Muncde_CFA_ccyy_Mnn.XLS (e.g.: GT411_CFA_2005_M10)
ge Muncde to your own municipal code (e.g.: GT411) and Year End (ccyy) to Financial Year End (e.g.: 2005 for year 2004/2005)
ge Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10) (Enter Actuals up to Active Month included and Forecast figures for months after Active Month)
ave File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Month End | Mun | Item | Detail | Month 1 July | Month 2 Aug | Month 3 Sept | Month 4 Oct | Month 5 Nov | Month 6 Dec | Month 7 Jan | Month 8 Feb | Month 9 Mar | Month 10 Apr | Month 11 May | Month 12 June |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18 Feb | WC022 | 3000 | Cash Receipts by Source | | | | | | | | | | | | |
| | | 3010 | Property rates | 3 345 177 | 12 934 736 | 5 489 816 | 12 706 525 | 4 868 189 | 3 463 061 | 3 749 502 | 3 285 796 | | | | |
| | | 3020 | Property rates - penalties & collection charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3030 | Service charges - electricity revenue | 18 141 508 | 20 502 290 | 18 446 775 | 17 251 038 | 14 535 248 | 12 107 595 | 14 562 966 | 14 800 219 | | | | |
| | | 3040 | Service charges - water revenue | 2 316 002 | 3 050 571 | 2 526 385 | 2 851 042 | 3 596 801 | 2 863 296 | 3 712 375 | 3 710 537 | | | | |
| | | 3050 | Service charges - sanitation revenue | 4 299 509 | 2 030 968 | 1 675 549 | 1 667 800 | 1 745 442 | 1 310 567 | 2 228 745 | 1 635 523 | | | | |
| | | 3060 | Service charges - refuse revenue | 1 483 092 | 2 093 873 | 1 670 984 | 1 604 150 | 1 828 499 | 1 290 809 | 2 042 564 | 1 712 283 | | | | |
| | | 3070 | Service charges - other | 3 162 145 | 2 832 938 | 4 484 726 | 1 974 632 | 3 604 406 | 3 500 380 | 2 902 690 | 3 668 755 | | | | |
| | | 3080 | Rental of facilities and equipment | 2 788 | -72 397 | 818 203 | 144 247 | 136 552 | 162 208 | 194 467 | 508 298 | | | | |
| | | 3090 | Interest earned - external investments | 10 135 | 1 066 096 | -496 | 1 234 451 | 548 836 | 646 169 | 128 702 | 1 314 911 | | | | |
| | | 3100 | Interest earned - outstanding debtors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3110 | Dividends received | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3120 | Fines | 6 095 | 13 712 | 18 087 | 144 002 | 219 173 | 75 115 | 386 968 | 1 114 394 | | | | |
| | | 3130 | Licences and permits | -1 289 255 | -1 927 781 | -1 491 433 | -206 189 | 334 007 | -1 265 226 | 843 224 | 5 601 502 | | | | |
| | | 3140 | Agency services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3150 | Transfer receipts - operational | 0 | 33 345 860 | 354 301 | 7 046 289 | 20 669 | 25 736 917 | 2 375 645 | 2 411 281 | | | | |
| | | 3160 | Other revenue | 85 563 | 102 485 | 744 253 | 438 576 | 430 319 | 3 895 463 | 355 414 | 738 683 | | | | |
| | | 3170 | Cash Receipts by Source | 31 582 780 | 75 973 396 | 34 737 130 | 47 056 363 | 31 868 142 | 53 585 354 | 33 483 264 | 40 230 151 | 0 | 0 | 0 | 0 |
| | | 3180 | Other Cash Flows/Receipts by Source | | 0 | 0 | | | | | | | | | |
| | | 3190 | Transfer receipts - capital | 0 | 8 307 000 | 0 | 0 | 0 | 11 257 000 | 0 | 0 | | | | |
| | | 3200 | assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3210 | Proceeds on disposal of PPE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3220 | Short term loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3230 | Borrowing long term/refinancing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3240 | Increase (decrease) in consumer deposits | 58 844 | 55 205 | 278 568 | 75 815 | 80 291 | 83 858 | 40 468 | 70 079 | | | | |
| | | 3250 | Decrease (increase) in non-current debtors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3260 | Decrease (increase) other non-current receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 3270 | Decrease (increase) in non-current investments | 53 095 | -20 143 | -56 010 537 | 12 497 923 | 13 000 000 | 13 500 000 | 0 | -60 588 733 | | | | |
| | | 3280 | Total Cash Receipts by Source | 31 694 699 | 84 315 461 | -20 994 841 | 59 630 101 | 44 948 433 | 78 426 209 | 33 523 731 | -20 266 503 | 0 | 0 | 0 | 0 |
| | | 4000 | Cash Payments by Type | | | | | | | | | | | | |
| | | 4010 | Employee related costs | 11 037 251 | 10 836 940 | 11 092 397 | 11 416 475 | 16 386 030 | 11 178 795 | 11 842 811 | 12 456 989 | | | | |
| | | 4020 | Remuneration of councillors | 757 980 | 753 323 | 729 422 | 752 362 | 728 043 | 727 422 | 1 208 957 | 793 608 | | | | |
| | | 4030 | Collection costs | 23 277 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 4040 | Interest paid | 0 | 0 | 230 882 | 0 | 0 | 71 325 | 0 | 257 | | | | |
| | | 4050 | Bulk purchases - Electricity | 187 310 | 396 267 | 44 687 798 | 13 060 130 | 11 852 916 | 13 943 751 | 12 887 410 | 14 836 052 | | | | |
| | | 4060 | Bulk purchases - Water & Sewer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 4070 | Other materials | 46 142 | 1 591 757 | 919 166 | 2 057 891 | 2 304 429 | 1 069 099 | 2 045 303 | 4 319 006 | | | | |
| | | 4080 | Contracted services | 531 091 | 1 478 089 | 1 252 024 | 1 920 260 | 3 797 875 | 6 734 803 | 1 421 595 | 3 652 204 | | | | |
| | | 4090 | Grants and subsidies paid - other municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | | 4100 | Grants and subsidies paid - other | 203 415 | 2 000 | 46 250 | 3 120 344 | 6 549 857 | 31 500 | 3 165 373 | 41 495 | | | | |
| | | 4110 | General expenses | 33 041 733 | 3 771 925 | 6 400 141 | 5 022 281 | 5 994 545 | 1 119 654 | 3 258 299 | 4 139 327 | | | | |
| | | 4120 | Cash Payments by Type | 45 828 199 | 18 830 302 | 65 358 079 | 37 369 763 | 47 615 694 | 34 876 349 | 35 829 748 | 40 238 917 | 0 | 0 | 0 | 0 |
| | | 4130 | Other Cash Flows/Payments by Type | | 0 | 0 | 0 | | | | | | | | |
| | | 4140 | Capital assets | 282 990 | 2 588 077 | 4 186 996 | 1 710 680 | 5 981 417 | 4 268 175 | 2 619 213 | 5 448 908 | | | | |
| | | 4150 | Repayment of borrowing | 0 | 0 | 914 903 | -1 623 | 0 | 109 001 | 0 | 0 | | | | |
| | | 4160 | Other Cash Flows/Payments | 16 082 960 | -14 279 043 | -2 898 825 | -5 074 595 | 32 009 263 | -29 662 540 | -285 480 | 123 284 | | | | |
| | | 4170 | Total Cash Payments by Type | 62 194 150 | 7 139 336 | 67 583 353 | 34 004 225 | 85 606 374 | 9 590 984 | 38 183 482 | 45 811 110 | 0 | 0 | 0 | 0 |
| | | 4180 | Net Increase/(Decrease) in Cash Held | -30 499 451 | 77 176 125 | -88 558 194 | 25 625 876 | -40 657 941 | 68 835 225 | -4 659 750 | -66 077 613 | 0 | 0 | 0 | 0 |
| | | 4190 | Cash/cash equivalents at the month/year begin: | 76 374 877 | 45 875 426 | 123 051 551 | 34 493 357 | 60 119 234 | 19 461 293 | 88 296 518 | 83 636 768 | 17 559 155 | 17 559 155 | 17 559 155 | 17 559 155 |
| | | 4200 | Cash/cash equivalents at the month/year end: | 45 875 426 | 123 051 551 | 34 493 357 | 60 119 234 | 19 461 293 | 88 296 518 | 83 636 768 | 17 559 155 | 17 559 155 | 17 559 155 | 17 559 155 | 17 559 155 |

: STATEMENT OF FINANCIAL PERFORMANCE ACTUALS (All values in Rand. See Input Form Instructions)(Select Signing Convention: +1 or -1, Check Totals) -1
File as : Munode_OSA_coyy_Mnn.XLS (e.g.: GT411_OSA_2005_M10)
nge Year End (coyy) to Financial Year End (e.g.: 2005 for year 2004/2005)
nge Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10)
nge Munode to your own municipal code (e.g.: GT411)
notions are listed below
ction is a Municipal Entity change Mun/Ent to Y next to function description column
ave File press the following keys at the same time with Caps Lock off: Ctrl Shift S

| Month End | Mun | Function 9999 | Function/Subfunction Description | Mun Ent(Y/N) | Item | Detail | Committed Orders Month M08 | Actual Month M08 | |
|---|---|---|---|---|---|---|---|---|---|
| | | | TOTAL FOR ALL FUNCTIONS | | 0100 | OPERATING REVENUE | 0 | 0 | 99990100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0200 | Property Rates | 0 | 3 212 864 | 99990200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0300 | Property Rates - Penalties And Collection Charges | 0 | 0 | 99990300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0400 | Service Charges | 0 | 24 121 396 | 99990400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0700 | Rent Of Facilities And Equipment | 0 | 618 649 | 99990700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0800 | Interest Earned - External Investments | 0 | 1 748 179 | 99990800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1000 | Interest Earned - Outstanding Debtors | 0 | 903 890 | 99991000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1100 | Dividends Received | 0 | 0 | 99991100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1300 | Fines | 0 | 1 114 394 | 99991300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1400 | Licenses and Permits | 0 | 1 243 167 | 99991400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1500 | Agency Services | 0 | 0 | 99991500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1600 | Transfers Recognised - Operating | 0 | 402 250 | 99991600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1610 | Transfers Recognised - Capital | 0 | 0 | 99991610 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1700 | Other Revenue | 0 | 1 222 574 | 99991700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1800 | Gain On Disposal Of Property, Plant & Equipment | 0 | 0 | 99991800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1900 | Total Operating Revenue Generated | 0 | 34 587 563 | 99991900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2000 | Less Revenue Foregone | 0 | 0 | 99992000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2100 | Total Direct Operating Revenue | 0 | 34 587 563 | 99992100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2200 | INTERNAL TRANSFERS -- (must net out with corresp. items under | 0 | 0 | 99992200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2300 | Interest Received - Internal Loans | 0 | 0 | 99992300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2500 | Internal Recoveries (Activity Based Costing Etc) | 0 | 1 309 005 | 99992500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2600 | Dividends Received - Internal (From Municipal Entities) | 0 | 0 | 99992600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2700 | Total Indirect Operating Revenue | 0 | 1 309 005 | 99992700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2800 | Total Operating Revenue | 0 | 35 896 568 | 99992800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2900 | OPERATING EXPENDITURE | 0 | 0 | 99992900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3000 | Employee Related Costs - Wages & Salaries | -1 816 | -11 875 727 | 99993000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3100 | Employee Related Costs - Social Contributions | 0 | -34 798 | 99993100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3200 | Less Employee Costs Capitalised | 0 | 0 | 99993200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3300 | Less Employee Costs Allocated To Other Operating Items | 0 | 0 | 99993300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3400 | Remuneration Of Councillors | -1 980 | -736 608 | 99993400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3500 | Debt Impairment | 0 | -2 416 741 | 99993500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3600 | Collection Costs | 0 | 0 | 99993600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3700 | Depreciation and Asset Impairment | -6 134 | -3 603 | 99993700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3900 | Interest Expense - External Borrowings | 0 | -257 | 99993900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4000 | Redemption Payments - External Borrowings (Gamap To Remove) | 0 | 0 | 99994000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4100 | Bulk Purchases | -15 816 | -12 886 083 | 99994100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4110 | Other Materials | -942 874 | -1 303 607 | 99994110 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4200 | Contracted Services | -7 428 038 | -3 206 871 | 99994200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4300 | Grants and Subsidies | -5 200 | -41 495 | 99994300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4400 | Other Expenditure | -3 204 784 | -3 429 662 | 99994400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4600 | Loss On Disposal Of Property, Plant & Equipment | 0 | 0 | 99994500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4650 | Contributions To/(From) Provisions | 0 | -12 144 | 99994550 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4600 | Total Direct Operating Expenditure | -11 606 643 | -35 959 497 | 99994600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4700 | INTERNAL TRANSFERS - (must net out with corresp. items under | 0 | 0 | 99994700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4800 | Interest - Internal Borrowings | 0 | 0 | 99994800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5000 | Internal Charges (Activity Based Costing Etc) | 0 | -1 309 005 | 99995000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5010 | Contributed Assets | 0 | 0 | 99995010 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5100 | Total Indirect Operating Expenditure | 0 | -1 309 005 | 99995100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5200 | Total Operating Expenditure | -11 606 643 | -37 268 502 | 99995200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5300 | SURPLUS | 0 | 0 | 99995300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5400 | Operating Surplus / (Deficit) - Total Revenue Less Total Exp | -11 606 643 | -1 371 934 | 99995400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5500 | Taxation | 0 | 0 | 99995500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5600 | Operating Surplus / (Deficit) - After Tax | -11 606 643 | -1 371 934 | 99995600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5800 | Cross Subsidisation | 0 | 0 | 99995800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5800 | Plus Interests In Entities Not Wholly Owned | 0 | 0 | 99995800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5900 | Surplus / (Deficit) After Tax, Cross Subsidies & Share Of As | -11 606 643 | -1 371 934 | 99995900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6200 | OTHER ADJUSTMENTS AND TRANSFERS | 0 | 0 | 99996200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5700 | Dividends Paid (Municipal Entities Only) | 0 | 0 | 99995700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6210 | Asset Financing Reserve (Afr) | 0 | 0 | 99996210 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6220 | Housing Development Fund | 0 | 0 | 99996220 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6230 | Depreciation Reserve Ex Afr | 0 | 0 | 99996230 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6240 | Depreciation Reserve Ex Govt Grants | 0 | 0 | 99996240 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6250 | Depreciation Reserve Ex Donations And Contributions | 0 | 0 | 99996250 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6260 | Self-Insurance Reserve | 0 | 0 | 99996260 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6270 | Revaluation Reserve | 0 | 0 | 99996270 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6280 | Other | 0 | 0 | 99996280 |
| | | | TOTAL FOR ALL FUNCTIONS | | 6700 | Change To Unappropriated Surplus / (Accumulated Deficit) | -11 606 643 | -1 371 934 | 99996700 |

m

: ACTUAL CAPITAL ACQUISITION AND SOURCES OF FINANCE (All values in Rand)
e File as : Muncde_CAA_ccyy_Mnn.XLS (e.g.: GT411_CAA_2005_M10)
nge Year End (ccyy) to Financial Year End (e.g.: 2005 for year 2004/2005)
nge Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10)
nge Muncde to your own municipal code (e.g.: GT411)
nctions are listed below
nction is a Municipal Entity change Mun/Ent to Y next to function description column
ave File press the following keys at the same time with Caps Lock off: Ctrl Shift S

Actual Month M08

| Month End | Mun | Function 9999 | Function/Subfunction Description | Mun Ent(Y/N) | Item | Detail | Contr Assets | New Capital | Repl Capital | Repair/Mnt Capital | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | TOTAL FOR ALL FUNCTIONS | | 0100 | INFRASTRUCTURE | 0 | 0 | 0 | 0 | 0 | 99990100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0300 | Roads, Pavements, Bridges & Storm Water | 0 | 230 564 | 0 | 0 | 230 564 | 99990300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0400 | Water Reservoirs & Reticulation | 0 | 1 254 133 | 0 | 0 | 1 254 133 | 99990400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0500 | Car Parks, Bus Terminals and Taxi Ranks | 0 | 0 | 0 | 0 | 0 | 99990500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0600 | Electricity Reticulation | 0 | 188 043 | 167 143 | 0 | 355 187 | 99990600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0700 | Sewerage Purification & Reticulation | 0 | 1 685 380 | 67 268 | 0 | 1 752 648 | 99990700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0800 | Housing | 0 | 0 | 0 | 0 | 0 | 99990800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 0900 | Street Lighting | 0 | 223 410 | 0 | 0 | 223 410 | 99990900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1000 | Refuse sites | 0 | 0 | 0 | 0 | 0 | 99991000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1100 | Gas | 0 | 0 | 0 | 0 | 0 | 99991100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1200 | Other | 0 | 1 291 311 | 0 | 0 | 1 291 311 | 99991200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1300 | Sub-total Infrastructure | 0 | 4 872 842 | 234 411 | 0 | 5 107 253 | 99991300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1400 | COMMUNITY | 0 | 0 | 0 | 0 | 0 | 99991400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1500 | Establishment of Parks & Gardens | 0 | 0 | 0 | 0 | 0 | 99991500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1600 | Sportsfields | 0 | 0 | 0 | 0 | 0 | 99991600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1700 | Community Halls | 0 | 0 | 78 572 | 0 | 78 572 | 99991700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1800 | Libraries | 0 | 0 | 0 | 0 | 0 | 99991800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 1900 | Recreational Facilities | 0 | 153 291 | 0 | 0 | 153 291 | 99991900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2000 | Clinics | 0 | 0 | 0 | 0 | 0 | 99992000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2100 | Museums & Art Galleries | 0 | 0 | 0 | 0 | 0 | 99992100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2200 | Other | 0 | 0 | 0 | 0 | 0 | 99992200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2300 | Sub-total Community | 0 | 153 291 | 78 572 | 0 | 231 862 | 99992300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2310 | HERITAGE ASSETS | 0 | 0 | 0 | 0 | 0 | 99992310 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2311 | Heritage Assets | 0 | 0 | 0 | 0 | 0 | 99992311 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2312 | Sub-total Heritage Assets | 0 | 0 | 0 | 0 | 0 | 99992312 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2320 | INVESTMENT PROPERTIES | 0 | 0 | 0 | 0 | 0 | 99992320 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2321 | Investment Properties | 0 | 0 | 0 | 0 | 0 | 99992321 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2322 | Sub-total Investment Properties | 0 | 0 | 0 | 0 | 0 | 99992322 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2400 | OTHER ASSETS | 0 | 0 | 0 | 0 | 0 | 99992400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2500 | Other motor vehicles | 0 | 0 | 0 | 0 | 0 | 99992500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2600 | Plant & equipment | 0 | 88 792 | 0 | 0 | 88 792 | 99992600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2700 | Office equipment | 0 | 19 650 | 0 | 0 | 19 650 | 99992700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2800 | Abattoirs | 0 | 0 | 0 | 0 | 0 | 99992800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 2900 | Markets | 0 | 0 | 0 | 0 | 0 | 99992900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3000 | Airports | 0 | 0 | 0 | 0 | 0 | 99993000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3100 | Security Measures | 0 | 0 | 0 | 0 | 0 | 99993100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3110 | Civic Land and Buildings | 0 | 0 | 0 | 0 | 0 | 99993110 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3120 | Other Land and Buildings | 0 | 0 | 0 | 0 | 0 | 99993120 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3200 | Other | 0 | 0 | 0 | 0 | 0 | 99993200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3300 | Sub-total Other Assets | 0 | 108 442 | 0 | 0 | 108 442 | 99993300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3400 | SPECIALISED VEHICLES | 0 | 0 | 0 | 0 | 0 | 99993400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3500 | Refuse | 0 | 0 | 0 | 0 | 0 | 99993500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3600 | Fire | 0 | 0 | 0 | 0 | 0 | 99993600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3700 | Conservancy | 0 | 0 | 0 | 0 | 0 | 99993700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3800 | Ambulances | 0 | 0 | 0 | 0 | 0 | 99993800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 3900 | Buses | 0 | 0 | 0 | 0 | 0 | 99993900 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4000 | Sub-total Specialised Vehicles | 0 | 0 | 0 | 0 | 0 | 99994000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4010 | AGRICULTURAL ASSETS | 0 | 0 | 0 | 0 | 0 | 99994010 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4011 | Agricultural Assets | 0 | 0 | 0 | 0 | 0 | 99994011 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4012 | Sub-total Agricultural Assets | 0 | 0 | 0 | 0 | 0 | 99994012 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4020 | BIOLOGICAL ASSETS | 0 | 0 | 0 | 0 | 0 | 99994020 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4021 | Biological Assets | 0 | 0 | 0 | 0 | 0 | 99994021 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4022 | Sub-total Biological Assets | 0 | 0 | 0 | 0 | 0 | 99994022 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4030 | INTANGIBLES | 0 | 0 | 0 | 0 | 0 | 99994030 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4031 | Intangibles | 0 | 0 | 0 | 0 | 0 | 99994031 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4032 | Sub-total Intangibles | 0 | 0 | 0 | 0 | 0 | 99994032 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4100 | TOTAL | 0 | 5 134 575 | 312 983 | 0 | 5 447 558 | 99994100 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4200 | SOURCE OF FINANCE | 0 | 0 | 0 | 0 | 0 | 99994200 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4300 | External Loans | 0 | 0 | 0 | 0 | 0 | 99994300 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4400 | Asset Financing Reserve | 0 | 2 061 206 | 312 983 | 0 | 2 374 189 | 99994400 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4500 | Surplus Cash | 0 | 0 | 0 | 0 | 0 | 99994500 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4600 | Public contributions/ donations | 0 | 0 | 0 | 0 | 0 | 99994600 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4700 | National Government Transfers and Grants | 0 | 3 073 369 | 0 | 0 | 3 073 369 | 99994700 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4701 | Provincial Government Transfers and Grants | 0 | 0 | 0 | 0 | 0 | 99994701 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4702 | District Municipality Transfers and Grants | 0 | 0 | 0 | 0 | 0 | 99994702 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4703 | Other Transfers and Grants | 0 | 0 | 0 | 0 | 0 | 99994703 |
| | | | TOTAL FOR ALL FUNCTIONS | | 4800 | Leases | 0 | 0 | 0 | 0 | 0 | 99994800 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5000 | Other | 0 | 0 | 0 | 0 | 0 | 99995000 |
| | | | TOTAL FOR ALL FUNCTIONS | | 5100 | TOTAL FINANCING | 0 | 5 134 575 | 312 983 | 0 | 5 447 558 | 99995100 |

# WITZENBERG MUNICIPALITY

## Report: Expenditure on Staff & Councillor Benefits - YTD Act Feb

(Report in terms of Section 66 of the MFMA)

| MFMA Section | Item Description | Original Budget 2016/2017 | Amended Budget 2016/2017 | Year to Date Total | % Spent to date |
|---|---|---|---|---|---|
| **Staff Benefits** | | | | | |
| 66(a) | Salaries and Wages | 101 631 849 | 101 833 023 | 60 145 389 | 59.06% |
| 66(b) | Contributions to pension funds and medical aid | 22 958 330 | 22 961 542 | 14 042 722 | 61.16% |
| 66(c) | Travel, accomodation and subsistence | 5 037 107 | 4 923 737 | 2 769 457 | 56.25% |
| 66(d) | Housing benefits and allowances | 1 628 586 | 1 628 586 | 959 969 | 58.94% |
| 66(e) | Overtime | 10 974 215 | 10 971 215 | 9 776 808 | 89.11% |
| 66(f) | Loans and advances | 0 | 0 | 0 | 0.00% |
| 66(g) | Other type of benefit or allowances related to staff | 21 397 639 | 21 341 639 | 13 305 223 | 62.34% |
| | **Sub - Total (Staff Benefits)** | **R 163 627 726** | **R 163 659 742** | **R 100 999 567** | **61.71%** |
| **Councillor Benefits** | | | | | |
| MAY | Mayor | 838 861 | 838 861 | 402 881 | 48.03% |
| DM | Deputy Mayor | 621 755 | 621 755 | 371 619 | 59.77% |
| SP | Speaker | 622 012 | 622 012 | 371 601 | 59.74% |
| MCM | Mayoral Committee members | 2 476 596 | 2 476 596 | 1 375 359 | 55.53% |
| CLLR | Other Councillors | 4 319 456 | 4 319 456 | 2 719 258 | 62.95% |
| MED | Medical aid contributions | 200 997 | 200 997 | 79 163 | 39.39% |
| PEN | Pension fund contributions | 1 003 257 | 1 003 257 | 664 756 | 66.26% |
| WARD | Ward Committee Allowance | 720 000 | 720 000 | 466 500 | 64.79% |
| | **Sub - Total (Councillors' Benefits)** | **10 802 934** | **R 10 802 934.00** | **R 6 451 137.26** | **59.72%** |
| **Total Councillor and Staff Benefits** | | **R 174 430 660** | **R 174 462 676** | **R 107 450 704** | **61.59%** |

5

# MUNICIPALITY WITZENBERG

**Report: Withdrawals from Municipal Bank Accounts**
**Quarter ending February 2018**
**Report in terms of section 11(4)(a) of the MFMA, Act no 56 of 2003**

| MFMA Section | Item Description | Income transactions December 2017 | Income transactions January 2018 | Income transactions February 2018 | Expenditure transactions December 2017 | Expenditure transactions January 2018 | Expenditure transactions February 2018 | Income YTD transactions Quarter 1 | Expenditure YTD transactions Quarter 1 | Total YTD Income | Total YTD Expenditure |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Income | Income | Income | Expenditure | Expenditure | Expenditure | | | | |
| | | R | R | R | R | R | R | R | R | R | R |
| 11(1) (b) | Expenditure authorised in terms of section 26(4) (Expenditure before annual budget is approved) | | | | | | | - | - | - | - |
| 11(1) (c) | Unforeseeable and unavoidable expenditure authorised in terms of section 29(1) (Mayor may approve emergency or other exceptional circumstances expenditure for which no budget provision was made) | | | | | | | - | - | - | - |
| 11(1) (d) | Section 12 withdrawals (Relief, charitable, trust or other funds withdrawals) | | | | | | | - | - | - | - |
| 11(1) (e) (i) | Money collected on behalf of organ of state: | | | | | | | - | - | - | - |
| | - VAT | - | - | - | 2 871 501 | 2 133 521 | 2 885 512 | - | 7 890 534 | -7 930 761 | 19 477 061 |
| | - Agency fees, for example motor registration, drivers licence, etc. | 1 360 958 | 143 041 | -4 736 131 | - | - | - | -3 232 132 | - | -2 958 861 | 5 789 555 |
| 11(1) (e) (ii) | Insurance received by the Municipality on behalf of organ of state | | | | | | | - | - | - | - |
| 11(1) (f) | Refund of money incorrectly paid into bank account | | | | | | | - | - | - | - |
| 11(1) (g) | Refund of guarantees, sureties & security deposits | -142 820 | -117 518 | -204 293 | 109 227 | 192 788 | 138 573 | -720 245 | 355 204 | -1 554 058 | 1 144 496 |
| | | 1 218 139 | 25 523 | -4 940 423 | 2 980 728 | 2 326 309 | 3 024 085 | -3 952 377 | 8 245 738 | -12 443 681 | 26 411 113 |

| | | Transactions December 2017 | Transactions January 2018 | Transactions February 2018 | YTD Transactions Quarter 1 |
|---|---|---|---|---|---|
| 11(1) (h) | Cash management and investment purposes: | | | | - |
| | - Realised | - | - | - | - |
| | - Made | - | - | - | - |
| | - Nett movement | - | - | - | - |

I

## Finance Management Grant
## Monthly Report as per the Division of Revenue Act

I

The onus is on the municipality to confirm that the return has been received by NT

| | | | |
|---|---|---|---|
| Municipality | WC022 Witzenberg | Financial Year | 2017/18 |
| | | Month End | M08 Feb |

**Financial Accounting for Grant Funds Received and Expended**

| | Rand |
|---|---|
| Received Prior Periods (Since Inception) - See Last Months Form | 1 550 000 |
| Received This Month | 0 |
| Total FMG Funds Received | 1 550 000 |
| Spent Prior Periods (Since Inception) - See Last Months Form | 185 588 |
| Spent This Month | 105 017 |
| Total FMG Funds Spent | 290 605 |
| Total FMG funds Received and Not Spent | 1 259 395 |
| Percentage of Funds Spent | 18.75% |
| Funds Currently Committed but Not Spent | |

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S
*Save file as: Muncde_FMG_ccyy_Mnn.XLS (e.g. GT411_FMG_2005_M01.xls)*
*Muncde = Municipality Code , ccyy = Financial Year End , Mnn = M01... M12*

J

## Municipal Infrastructure Grant (MIG)
## Monthly Report as per the Division of Revenue Act

The onus is on the municipality to confirm that the return has been received by NT

| | | | |
|---|---|---|---|
| Municipality | WC022 Witzenberg | Financial Year | 2017/18 |
| | | Month End | M08 Feb |

**Financial Accounting for Grant Funds Received and Expended**

| | Rand |
|---|---|
| Received Prior Periods (Since Inception) - See Last Months Form | 19 564 000 |
| Received This Month | 0 |
| Total MIG Funds Received | 19 564 000 |
| Spent Prior Periods (Since Inception) - See Last Months Form | 15 131 630 |
| Spent This Month | 3 267 744 |
| Total MIG Funds Spent | 18 399 374 |
| Total MIG funds Received and Not Spent | 1 164 626 |
| Percentage of Funds Spent | 94.05% |
| Funds Currently Committed but Not Spent | 0 |
| Scheduled Transfers Withheld | |

**Conditions:**

-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 and/or other government sector policies established before the start of the municipal financial year.

-Compliance with Chapter 5 of the Municipal Systems Act (200). Infrastructure investment and delivery must be based on an Integrated Development Plan that provides a medium to long-term framework for sustainable human settlements and is in accordance with the principles of the national Spatial Development Perspective.

-Municipalities must adhere to the labour-intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines.

-Compliance with the Division of Revenue Act, including additional reporting requirements on spending and projects as approved by National Treasury.

(Print Name Below)

I, H J Kitzinger . The ~~Accounting Officer or~~ Delegate certify that the above information is correct and that this report has been submitted electronically as required.

Signed

Dated 13/3/2018

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

*Save file as: Muncde_MIG_ccyy_Mnn.XLS (e.g. GT411_MIG_2009_M01.xls)*

*Muncde = Municipality Code , ccyy = Financial Year End , Mnn = M01... M12*

K

## Integrated National Electrification Programme Grant (INEG)
## Monthly Report as per the Division of Revenue Act

The onus is on the municipality to confirm that the return has been received by NT

| | | | |
|---|---|---|---|
| Municipality | WC022 Witzenberg | Financial Year | 2017/18 |
| | | Month End | M08 Feb |

**Financial Accounting for Grant Funds Received and Expended**

| | Rand |
|---|---|
| Received Prior Periods (Since Inception) - See Last Months Form | 0 |
| Received This Month | |
| Total INEG Funds Received | 0 |
| Spent Prior Periods (Since Inception) - See Last Months Form | |
| Spent This Month | |
| Total INEG Funds Spent | 0 |
| Total INEG funds Received and Not Spent | 0 |
| Percentage of Funds Spent | 0.00% |
| Funds Currently Committed but Not Spent | 0 |
| Scheduled Transfers Withheld | |

**Conditions:**

•Municipalities must contractually undertake to:
- Account for the allocated funds on a monthly basis by the 10th of every month
- Pass all benefits to end-customers
- Not utilize the fund for any purpose other than electrification
- Ring-fence funds transferred. Adhere to the approved electrification programme and agreed cash flow budgets
- Ring-fence electricity function
- Reflect all assets created under the Integrated national Electrification Program (INEP) on the municipal asset register; this is to assist the process for the formation of the REDS
- Safety operate and maintain the infrastructure
- Adhere to the labour intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching, planting of poles, etc.
- Register the master Plans for bulk infrastructure in terms of the INEP framework and to abide by the directives of the Department regarding the central planning and co-ordination for such bulk infrastructure. This is to maximize the economies of scale in the creation of bulk infrastructure affecting more than one municipality
- Use INEP funds for the refurbishment of critical infrastructure, only upon submission of a project plan which must be approved under a framework to be regulated by the Department.

(Print Name Below)

I, H J Kritzinger, ~~The Accounting Officer~~ or Delegate certify that the above information is correct and that this report has been submitted electronically as required.

Signed

Dated 13/3/2017

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

*Save file as: Muncde_INEG_ccyy_Mnn.XLS (e.g. GT411_INEG_2009_M01.xls)*

*Muncde = Municipality Code , ccyy = Financial Year End , Mnn = M01... M12*

**Witzenberg Municipality**
**Grant Register**

| | Operational | | | | Capital | | | |
|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Receipts | Transferred to Revenue/Capital | Closing Balance | Opening Balance | Receipts | Transferred to Revenue/Capital | Closing Balance |
| **National Government** | | | | | | | | |
| Municipal Infrastructure Grant | - | - | - | - | - | -19 564 000 | 9 779 874 | -9 784 126 |
| Municipal Water Infrastructure | - | - | - | - | - | - | - | - |
| Municipal Systems Improvement | - | - | - | - | - | - | - | - |
| Neighbourhood Development Part | - | - | - | - | - | - | - | - |
| Water Services Infrastructure | - | - | - | - | - | - | - | - |
| Expanded Public Works Programm | - | -1 485 000 | 1 495 142 | 10 142 | - | - | - | - |
| Local Government Financial Man | - | -1 550 000 | 290 606 | -1 259 394 | - | - | - | - |
| Regional Bulk Infrastructure G | - | - | - | - | - | - | 8 525 | 8 525 |
| Integrated National Electrific | - | - | - | - | - | - | - | - |
| **Provincial Government** | | | | | | | | |
| Municipal Infrastructure | - | - | - | - | - | - | - | - |
| Human Settlement Development | - | -13 988 453 | 12 462 323 | -1 526 130 | - | - | 142 352 | 142 352 |
| Regional Social Econimical Pro | - | - | - | - | - | - | - | - |
| Performance Management | - | - | - | - | - | - | - | - |
| Financial Management Support ( | - | - | 343 997 | 343 997 | - | - | - | - |
| LOCAL GOVERNMENT COMPLIANCE | - | - | 299 400 | 299 400 | - | - | - | - |
| Fire Services | - | - | - | - | - | - | - | - |
| mSCOA Grant | - | - | - | - | - | - | - | - |
| Maintenance and Construction | - | - | - | - | - | - | - | - |
| Community Development Workers | - | -148 000 | 67 830 | -80 170 | - | - | - | - |
| Replacement Funding | - | -5 450 000 | - | -5 450 000 | - | - | - | - |
| Financial Assistance to Munici | - | - | - | - | - | - | - | - |
| Rural Development Grant | - | - | - | - | - | - | - | - |
| Library Service | - | -2 600 000 | - | -2 600 000 | - | -1 615 | - | -1 615 |
| Thusong Centre | - | - | 322 000 | 322 000 | - | - | - | - |
| Financial Management | - | - | 180 000 | 180 000 | - | - | - | - |
| Maintenance of Main Road | - | - | - | - | - | - | - | - |
| Regional Social Economic Proje | - | - | - | - | - | - | - | - |
| **District Municipalities** | | | | | | | | |
| Sport and Recreation | - | - | - | - | - | - | - | - |
| **Foreign Government and Interna** | | | | | | | | |
| Foreign Government and Interna | - | -841 726 | - | -841 726 | - | - | - | - |
| Total Grants | - | -26 063 179 | 15 461 297 | -10 601 881 | - | -19 565 615 | 9 930 751 | -9 634 863 |

M

## 50 HIGHEST ACCOUNTS

| Account number | Future/ Mar-18 | Feb-18 | Jan-18 | Dec-17 | Nov-17 | Older than Nov-17 | Total |
|---|---|---|---|---|---|---|---|
| 20190870015 | R - | R 298 035.89 | R 420 196.41 | R 389 612.82 | R 369 611.88 | R 145 151.22 | R 1 617 607.72 |
| 17364108002 | R - | R 1 590 507.92 | R - | R - | R - | R - | R 1 590 507.92 |
| 17790000028 | R - | R 1 042 880.12 | R 0.01 | R - | R - | R - | R 1 042 880.13 |
| 17610600080 | R - | R 119 041.50 | R 128 753.73 | R 78 551.32 | R 60 539.42 | R 528 257.20 | R 905 143.17 |
| 17497900009 | R - | R 880 926.38 | R - | R - | R - | R - | R 880 926.38 |
| 10000672976 | R - | R - | R - | R - | R - | R 804 849.61 | R 804 849.61 |
| 89780700012 | R - | R - | R - | R - | R - | R 782 851.99 | R 782 851.99 |
| 20750187251 | R - | R 127 494.58 | R 128 974.48 | R 137 182.77 | R 157 784.49 | R 207 359.73 | R 758 746.40 |
| 20190889059 | R - | R 19 921.03 | R 26 089.75 | R 17 960.24 | R 50 350.62 | R 552 310.16 | R 666 631.80 |
| 17289900008 | R - | R 650 613.97 | R - | R - | R - | R - | R 650 613.97 |
| 20850298012 | R - | R 5 115.00 | R 5 115.00 | R 5 115.00 | R - | R 554 188.44 | R 569 533.44 |
| 17790000085 | R - | R 519 869.37 | R - | R - | R - | R - | R 519 869.37 |
| 75005720008 | R - | R 458.15 | R 526.84 | R 459.89 | R 457.79 | R 484 133.59 | R 486 036.26 |
| 19001400289 | R - | R 38 878.58 | R 42 124.84 | R 34 244.20 | R 19 058.64 | R 346 777.63 | R 481 083.89 |
| 60011060006 | R - | R 470 004.81 | R - | R - | R - | R - | R 470 004.81 |
| 60000700021 | R - | R 96 785.17 | R 74 461.10 | R 82 790.77 | R 57 857.88 | R 118 288.95 | R 430 143.87 |
| 10000678594 | R - | R - | R - | R - | R - | R 403 198.91 | R 403 198.91 |
| 10000418144 | R - | R - | R - | R - | R - | R 393 501.29 | R 393 501.29 |
| 19769600019 | R - | R 353 950.69 | R 0.04 | R - | R - | R - | R 353 950.73 |
| 24262800055 | R - | R 7 006.52 | R 7 006.52 | R 7 006.52 | R 7 006.52 | R 823 250.70 | R 851 276.78 |
| 19002200089 | R - | R 349 952.48 | R - | R - | R - | R - | R 349 952.48 |
| 75012290015 | R - | R 771.70 | R 1 313.60 | R 997.10 | R 922.67 | R 340 682.79 | R 344 687.86 |
| 88575500009 | R - | R 21 379.56 | R 2 005.82 | R 29 050.53 | R 16 802.92 | R 273 317.31 | R 342 554.14 |
| 83532400052 | R - | R 449.20 | R 452.91 | R 456.62 | R 460.33 | R 336 507.32 | R 338 326.38 |
| 75008270007 | R - | R 158.13 | R 178.30 | R 160.27 | R 164.25 | R 336 543.72 | R 337 204.67 |
| 20195870036 | R - | R 299 139.54 | R - | R - | R - | R - | R 299 139.54 |
| 90791800002 | R - | R 449.60 | R 450.48 | R 451.20 | R 518.95 | R 288 192.34 | R 290 062.52 |
| 75013190028 | R - | R 586.92 | R 851.42 | R 4 850.59 | R 4 741.37 | R 278 461.49 | R 289 491.79 |
| 75012100017 | R - | R 5 029.64 | R 1 987.48 | R 12 229.60 | R 11 805.87 | R 248 333.66 | R 279 388.23 |
| 89568200006 | R - | R 941.05 | R 559.29 | R 496.40 | R 518.95 | R 275 167.67 | R 277 683.36 |
| 75009950050 | R - | R 3 815.18 | R 11 567.82 | R 9 486.29 | R 9 112.45 | R 242 949.84 | R 276 911.58 |
| 86514204655 | R - | R 517.80 | R 521.59 | R 525.38 | R 959.44 | R 265 014.02 | R 267 538.23 |
| 75012090028 | R - | R 3 999.45 | R 6 894.62 | R 4 981.47 | R 5 626.11 | R 238 807.45 | R 260 009.10 |
| 89585000005 | R - | R 27 018.27 | R 687.07 | R 2 263.27 | R 780.51 | R 222 049.44 | R 252 798.56 |
| 20750182000 | R - | R - | R - | R - | R - | R 245 718.93 | R 245 718.93 |
| 88515300019 | R - | R 478.74 | R 482.47 | R 486.20 | R 489.93 | R 226 487.75 | R 228 435.09 |
| 24262900098 | R - | R 4 022.50 | R 1 217.29 | R 4 867.29 | R 4 765.96 | R 213 037.69 | R 227 910.73 |
| 77032900002 | R - | R 2 051.87 | R 1 094.99 | R 1 725.66 | R 1 673.65 | R 216 058.83 | R 222 605.00 |
| 19766800023 | R - | R 2 948.56 | R 2 140.88 | R 2 051.27 | R 2 607.59 | R 212 264.07 | R 222 012.31 |
| 10000725654 | R - | R - | R - | R - | R - | R 221 646.80 | R 221 646.80 |
| 19285200054 | R - | R 217 833.05 | R 0.01 | R - | R - | R - | R 217 833.06 |
| 89586800011 | R - | R 3 409.13 | R 2 716.91 | R 2 837.11 | R 2 662.01 | R 199 067.02 | R 210 686.18 |
| 22754700009 | R - | R 9 825.92 | R 7 530.52 | R 9 228.68 | R 9 229.68 | R 174 445.70 | R 210 254.40 |
| 75011320016 | R - | R 699.60 | R 883.88 | R 2 101.85 | R 6 179.54 | R 191 287.81 | R 201 152.68 |
| 75012160011 | R - | R 449.60 | R 456.17 | R 580.23 | R 601.41 | R 190 120.05 | R 192 207.46 |
| 70201435001 | R - | R 4 292.58 | R 4 740.61 | R 4 812.07 | R 4 486.39 | R 173 440.96 | R 191 272.58 |
| 24262800000 | R - | R - | R - | R - | R - | R 190 869.86 | R 190 869.86 |
| 20195970005 | R - | R 190 698.38 | R - | R - | R - | R - | R 190 698.38 |
| 18959700001 | R - | R - | R 190 496.83 | R 0.02 | R - | R - | R 190 496.85 |
| 18006500040 | R - | R 183 606.60 | R 0.05 | R - | R - | R - | R 183 606.65 |
| 20751872510 | R - | R 33 080.47 | R 33 352.51 | R 33 624.55 | R 33 896.59 | R 45 890.49 | R 179 844.61 |

## PROPERTY, PLANT AND EQUIPMENT

.1 28 FEBRUARY 2018

| Reconciliation of Carrying Value | Land R | Buildings R | Infrastructure R | Community R | Lease Assets R | Other R | Total R |
|---|---|---|---|---|---|---|---|
| Carrying value at 1 July 2017 | 77 940 867 | 91 931 295 | 526 412 052 | 69 702 934 | 629 893 | 41 027 288 | 807 644 329 |
| Cost | 77 940 867 | 101 276 813 | 650 783 726 | 76 987 664 | 1 893 599 | 73 418 813 | 982 301 483 |
| Original Cost | 77 940 867 | 101 276 813 | 650 783 726 | 76 987 664 | 1 893 599 | 73 418 813 | 982 301 483 |
| Accumulated Impairments | - | - | (19 803) | - | - | (632 535) | (652 338) |
| Original Cost | - | - | (19 803) | - | - | (632 535) | (652 338) |
| Accumulated Depreciation | - | (9 345 519) | (124 351 872) | (7 284 730) | (1 263 706) | (31 758 990) | (174 004 816) |
| Original Cost | - | (9 345 519) | (124 351 872) | (7 284 730) | (1 263 706) | (31 758 990) | (174 004 816) |
| Acquisitions | | 1 291 311 | 23 740 123 | 1 117 333 | | 1 703 227 | 27 851 994 |
| Transfers | | | | | | | - |
| Cost | - | - | - | - | - | - | - |
| Impairments | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - |
| Depreciation | (987 462) | (1 164 712) | (6 669 312) | (883 093) | (7 980) | (519 790) | (10 232 349) |
| Normal Depreciation for the year | (987 462) | (1 164 712) | (6 669 312) | (883 093) | (7 980) | (519 790) | (10 232 349) |
| Carrying value of disposals | - | - | - | - | - | - | - |
| Cost | - | - | - | - | - | - | - |
| Accumulated Impairments | - | - | - | - | - | - | - |
| Accumulated Depreciation | - | - | - | - | - | - | - |
| Carrying value at 30 June 2018 | 76 953 405 | 92 057 893 | 543 482 863 | 69 937 174 | 621 913 | 42 210 725 | 825 263 973 |
| Cost | 77 940 867 | 102 568 124 | 674 523 849 | 78 104 997 | 1 893 599 | 75 122 041 | 1 010 153 477 |
| Original Cost | 77 940 867 | 102 568 124 | 674 523 849 | 78 104 997 | 1 893 599 | 75 122 041 | 1 010 153 477 |
| Accumulated Impairments | - | - | (19 803) | - | - | (632 535) | (652 338) |
| Original Cost | - | - | (19 803) | - | - | (632 535) | (652 338) |
| Accumulated Depreciation | (987 462) | (10 510 231) | (131 021 184) | (8 167 823) | (1 271 686) | (32 278 780) | (184 237 166) |
| Original Cost | (987 462) | (10 510 231) | (131 021 184) | (8 167 823) | (1 271 686) | (32 278 780) | (184 237 166) |

N

# Intangible Assets

| | 2018<br>R |
|---|---|
| **Computer Software** | |
| **Net Carrying amount at 1 July 2017** | **2 506 094** |
| Cost | 4 498 498 |
| Accumulated Amortisation | (1 992 404) |
| Accumulated Impairment | - |
| Additions | 78 290 |
| Amortisation for Year | - |
| Impairments | |
| Disposals | |
| **Net Carrying amount at 28 February 2018** | **2 584 384** |
| Cost | 4 576 788 |
| Accumulated Amortisation | (1 992 404) |
| Accumulated Impairment | - |

N

# Heritage Assets

| | 2018<br>R |
|---|---|
| **Net Carrying amount at 1 July** | **550 000** |
| Cost | 550 000 |
| Accumulated Impairment | - |
| Acquisitions | - |
| Disposals | - |
| Transfers | - |
| **Net Carrying amount at 28 February 2018** | **550 000** |
| Cost | 550 000 |
| Accumulated Impairment | - |

# Capitalised Restoration Cost

| | 2018<br>R |
|---|---|
| **Net Carrying amount at 1 July 2017** | **16 075 548** |
| Cost | 45 710 691 |
| Under Construction | - |
| Accumulated Depreciation | (29 635 143) |
| Accumulated Impairment | - |
| Acquisitions | - |
| Disposals | - |
| Depreciation for the year | - |
| Impairment | - |
| Transfers from Inventory | - |
| Transfers | - |
| **Net Carrying amount at 28 February 2018** | **16 075 548** |
| Cost | 45 710 691 |
| Accumulated Depreciation | (29 635 143) |
| Accumulated Impairment | - |

N

## INVESTMENT PROPERTY

| | |
|---|---|
| **Net Carrying amount at 1 July 2017** | **47 718 986** |
| Cost | 50 416 329 |
| Accumulated Depreciation | (2 697 343) |
| Accumulated Impairment | - |
| Acquisitions | - |
| Correction | - |
| Depreciation for the year | - |
| Impairment | - |
| Transfers from Inventory | - |
| Transfers | - |
| **Net Carrying amount at 28 February 2018** | **47 718 986** |
| Cost | 50 416 329 |
| Accumulated Depreciation | (2 697 343) |
| Accumulated Impairment | - |

**INSURANCE REPORT: February 2018**

**Claims movement for the month**

| | |
|---|---|
| Total claims open at the beginning of the month | **38** |
| New claims for the month | **1** |
| Claims closed during the month | **1** |
| Prior month adjustment | **0** |
| Total claims open at the end of the month | **38** |

**Old Aon claims outstanding**

| | **R2 994 040.84** |
|---|---|
| **Claim**: 432- Five year old Boy burned at Pump station<br>**Date Reported**: 2009/10/28.<br>**Reason**: Letter of rejection of claim issued / claim re-opened- New Summons Received. Meeting held with Attorneys. Awaiting further response. Still sub-judicative. Await a trial date from the plaintiff. | 1 210 000.00 |
| **Claim**: 378- Incident at Dennebos<br>**Date Reported**: 2009/07/28<br>**Reason**: Letter of rejection of claim issued / claim re-opened bear<br>29/11/2015: Judgement: The municipality is ordered to pay the costs of this application on an attorney and own client scale (punitive scale). The action is set to commence in February, next year.<br>24/11/2016: The municipality has been ordered by the High Court to pay an amount of R780 000 | 1 427 600.00 |
| **Claim**: 581-Truck CFA829 with trailer CFA1747 with Bomag in accident with CF143851)<br>**Date Reported**: 2012/01/17<br>**Reason**: Claim denied. Only damage to trailer was not denied. Damage to Bomag Roller denied. Claim is still Sub Judice | 356 440.84 |
| **Claim**: 583-Gunter C Mrs (Fell on pavement after stepping into hole.<br>**Date Reported**: 2012/01/23<br>**Reason**: Additional Information submitted from third party lawyers. Legal proceedings are in progress. Lion of Africa attorney served a notice of intention to defend on 4 August 2014. Attorney withdrew. Awaiting correspondence from AON regarding the appointment of new attorney<br>Date: 22/10/2015: Internal Legal department are currently in consultation with new attorneys9 | 585 765.80 |

**Current progress on claims**

| Action Taken | Total |
|---|---|
| Additional Information Submitted to Insurance | 6 |
| Awaiting Invoice | 2 |
| Claim Reported, Awaiting Response from Insurer | 9 |
| Order Made out and given through to supplier | |
| Request for Quotations Submitted | |
| Awaiting Refund | 1 |
| Requested Department to obtain Quotation | |
| Insurer requires proof of excess payment | 1 |
| Additional Information Requested from relevant department | 2 |
| Invoice received and submitted for payment/or refund to Insurers | 2 |
| Assessor appointed | 4 |
| Quotations submitted to Insurer, Awaiting Approval | 4 |
| Agreement of Loss signed and sent to Insurer | |
| Agreement of Loss signed and submitted to Insurer | 1 |
| Agreement of loss received | 1 |
| sClaim within excess: Memo submitted to Manager for approval | 3 |
| Awaiting Agreement of Loss | |
| Awaiting Settlement | 1 |
| Settlement Received | 1 |
| **Grand Total** | **38** |

**Age analysis of Outstanding Claims**

| Category | AON | INDWE | LATERAL UNISON | Grand Total |
|---|---|---|---|---|
| 30 days or Less | 1 | - | 1 | 2 |
| More than 30 days | 0 | - | 0 | 0 |
| 60 days or more | 2 | - | 6 | 8 |
| More than 120 Days | 14 | 14 | - | 28 |
| **Grand Total** | **17** | **14** | **6** | **38** |

P

WITZENBERG
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+27 23 316 1877
admin@witzenberg.gov.za
www.witzenberg.gov.za

# QUALITY CERTIFICATE

I, Mr D Nasson, Municipal Manager of Witzenberg Municipality, hereby certify that –

- The monthly in year monitoring reports for the month of February 2018

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Mr D Nasson

Municipal Manager of WITZENBERG MUNICIPALITY.

Signature : _____

Date: 14/03/18

# Witzenberg Municipality

WITZENBERG
Municipality • Munisipaliteit • UMasipala Wase

## 2017/18

# Mid-year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017


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## GLOSSARY

**Adjustments Budgets –** Prescribed in Section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

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

**AFS –** Annual Financial Statements

**Budget –** The financial plan of a municipality.

**Budget related policy –** Policy of a municipality affecting or affected by the budget.

**Capital Expenditure –** Spending on municipal assets such as land, buildings, distribution networks, treatment plants and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement –** A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

**CFO –** Chief Financial Officer / Director: Finance

**DORA –** Division of Revenue Act. An annual piece of legislation indicating the allocations from National Government to Local Government.

**Equitable Share –** A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

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

**GDFI -** Gross Domestic Fixed Investment

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

**GRAP –** Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

**IDP –** Integrated Development Plan. The main strategic planning document of a municipality.

**KPI's –** Key Performance Indicators. Measures of service output and/or outcome.

**MFMA –** Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

**MIG –** Municipal Infrastructure Grant

**MPRA –** Municipal Property Rates Act (No 6 of 2004).

**MTREF –** Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level. Also includes details of the previous three years and current years' financial position.

**NT** – National Treasury

**Net Assets –** Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure –** Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Rates –** Local Government tax based on assessed valuation of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**RBIG –** Regional Bulk Infrastructure Grant

**R&M –** Repairs and maintenance on property, plant and equipment.

**SCM –** Supply Chain Management.

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

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

**TMA –** Total Municipal Account

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

**Virement –** A transfer of the budget.

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

**Vote –** One of the main segments into which a budget is divided, usually at department level.

**WM –** Witzenberg Municipality

## LEGAL REQUIREMENTS

In terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

(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.

(2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

(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.

Thereafter, the mayor must, in terms of Section 54(1) of the act:

(a) Consider the report;

(b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;

(c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;

(d) Issue any appropriate instructions to the accounting officer to ensure-

(i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and

(ii) That spending of funds and revenue collection proceed in accordance with the budget;

(e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and

(f) Submit the report to the council by 31 January of each year.

The following regulations of the Local Government: Municipal Finance Management Act Municipal Budget and Reporting Regulations are relevant:

33. Format of a mid-year budget and performance assessment.—A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168 (1) of the Act.19

34. Publication of mid-year budget and performance assessments.—

(1) Within five working days of 25 January each year the municipal manager must make the mid-year budget and performance assessment public by placing it on the municipal website.

(2) The municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the mid-year budget and performance assessment, including—

(a) summaries in alternate languages predominant in the community; and
(b) Information relevant to each ward in the municipality.

35. Submission of mid-year budget and performance assessments.—The municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form—

(a) the mid-year budget and performance assessment by 25 January of each year; and
(b) Any other information relating to the mid-year budget and performance assessment as may be required by the National Treasury.

# 1. PART 1 - IN-YEAR REPORT

## 1.1 MAYORS REPORT

Speaker
Deputy Executive Mayor
Members of the Mayoral Committee
Councillors
Representatives of Provincial Government
Municipal Manager
Directors and officials
Distinguished guests
Members of the media

It is my privilege to present to you Mid-Year Budget Statement and Performance Assessment Report for the six months 1 July 2017 to 31 December 2017.

The process of value for money spending is always a challenge for capital projects. The amended capital budget amounts to R 89.0 million of which R 20.1 million was already expended as at 31 December 2017.

The main contributing factors to the low spending on the capital budget are:

- R11.7 million forecast expenditure which could not be utilised as the Department of Water affairs failed to pay over the funding. At this current moment the status of the gazetted amount is unknown, meaning that it may be possible that it will never be paid over to Witzenberg Municipality. Steps will be implemented to increase spending on capital projects.
- Vredebes Housing Project – Serviced sites budget. Originally it was indicated by the Department of Human Settlements that 500 sites will be approved for implementation and thus provision for 500 sites was made in the municipal budget. In the approval letter dated November 2017 it was indicated that only 300 sites will be budgeted for by the Department.
- Vredebes Housing Project – Serviced sites implementation. Official budget approval was only received in November 2017. The Implementing agent also indicated that the budget need to be increased due to the geotechnical conditions of the area. The planned expenditure to date was R 15 million which did not realise due to the abovementioned issues.

Credit control for various reasons remains a challenge for the municipality. I will recommend to Council to appoint a special task team to assist Council in obtaining a solution for the collection of outstanding debt.

The current drought situation is a concern as it will have a negative impact on the economic output of the region, unemployment will increase and the demand for free municipal service is expected to increase to exceed the budgeted provision.

With the exception of Tulbagh it is expected that sufficient water will be available to meet the demand of municipal consumers, on condition that the current water sources are being used sparingly.

An adjustment budget will be compiled and submitted to Council for consideration due to operational requirements and amendments to allocations to Witzenberg Municipality as per the Provincial and National Adjustment Budgets.

The municipality for the last eight years received Unqualified Audits from the Auditor General of South Africa of which five is consecutive “Clean Audits”

The audit report put emphasied on the impairment of debtors and the restatement of prior year figures as per the following table.

| **Auditor-General Report on Financial Performance 2016/17** | |
|---|---|
| **Status of the audit report:** | **Unqualified** |
| **Issue raised** | **Corrective step implemented** |
| **Emphasis of matter:** | |
| **Material impairments** | |
| As disclosed in notes 3 to the financial statements, the municipality has provided for the impairment of receivables from exchange transactions amounting to R129,4 million (2015-16: R106,3 million) | A report will be submitted to Council to consider the write off of irrecoverable debt. |
| As disclosed in note 4 to the financial statements, the municipality has provided for impairment of receivables from non-exchange transactions amounting to R54,4 million (2015-16: R38,9 million). | New service provider appointed for the collection of traffic fines |
| **Restatement of corresponding figures** | |
| As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during 2016-17 in the financial statements of the municipality for the year ended 30 June 2016. | None |

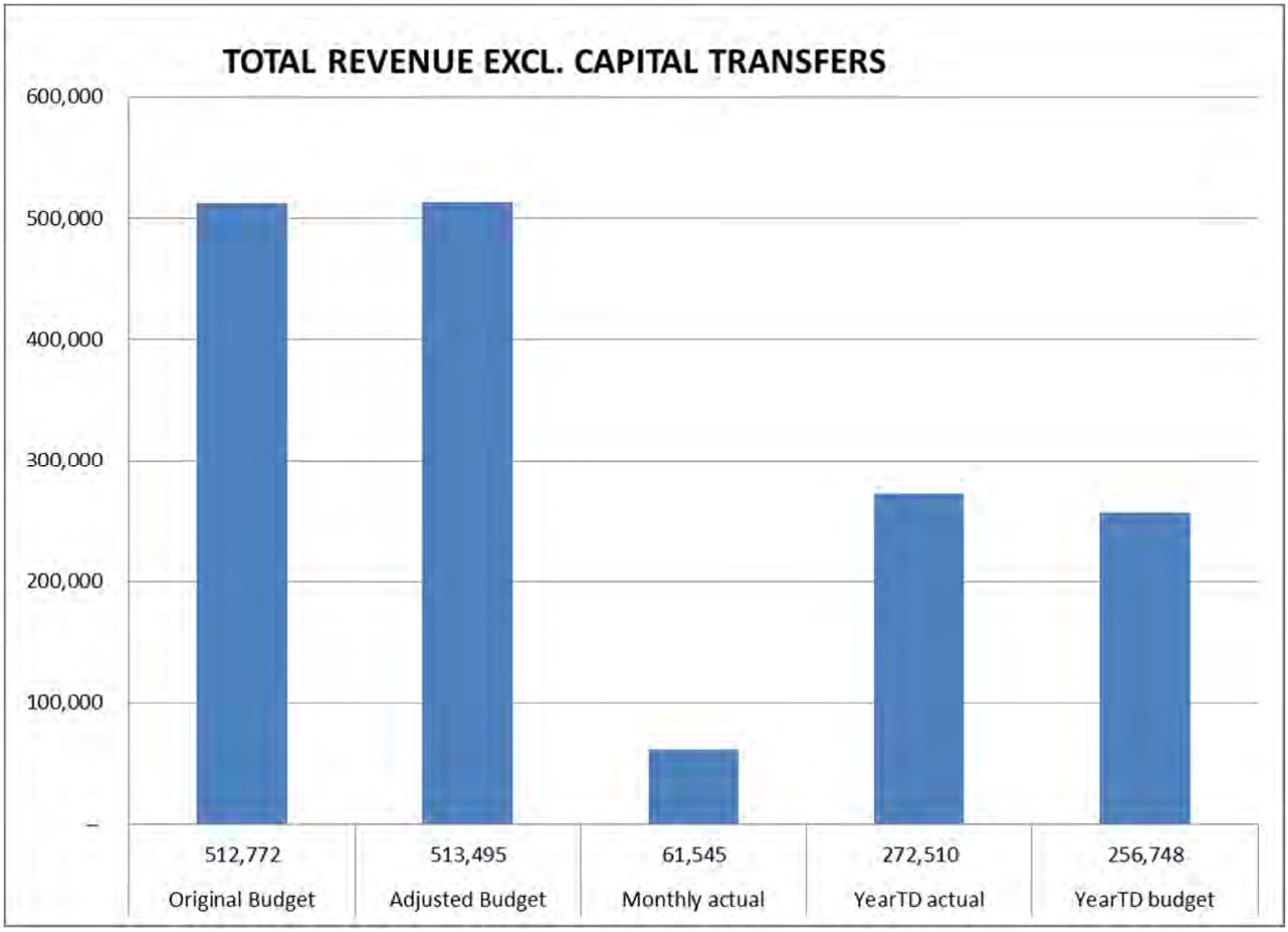
**COUNCILLOR BC KLAASEN**

**EXECUTIVE MAYOR**

## 1.2 RESOLUTION

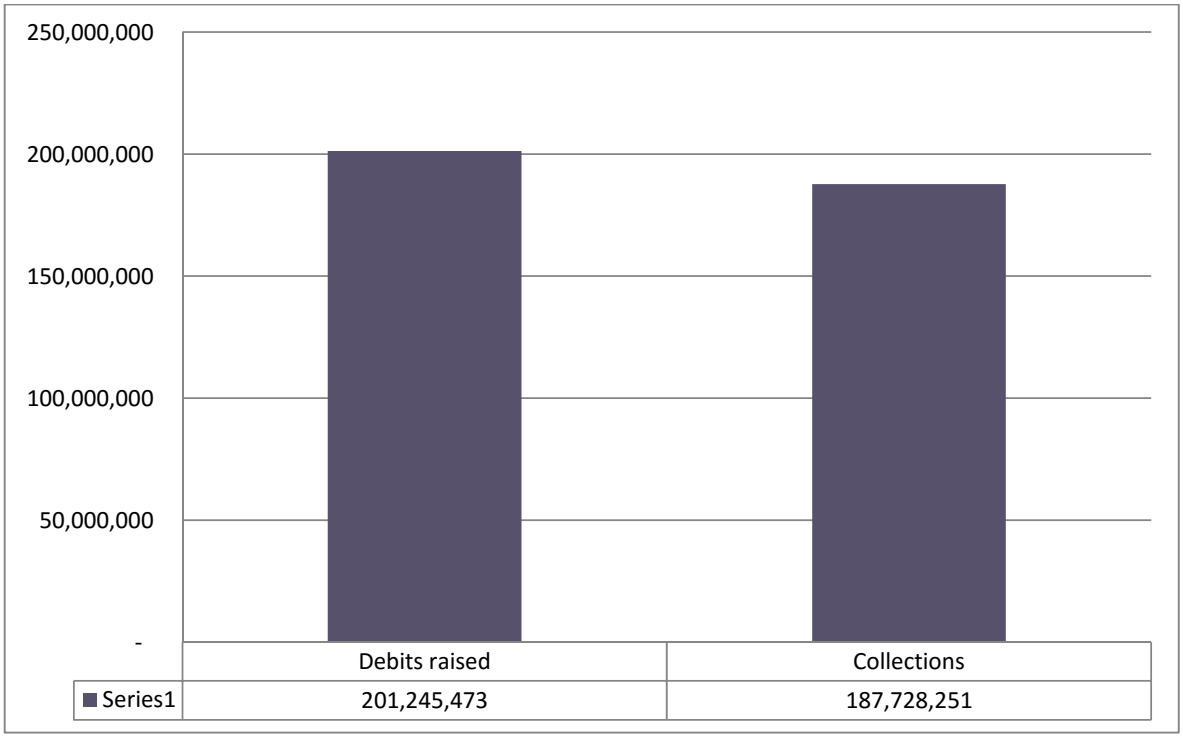
It is recommended that council take cognisance of the mid-year budget and performance assessment for the period 1 July to 31 December 2017.

## 1.3 EXECUTIVE SUMMARY




53% of the budgeted revenue excluding capital transfers was levied for the six months until 31 December 2017. The rates for the full financial year for property owners that prefer to pay their rates annually were levied during July 2017. The consumption of services such as water and electricity are expected to increase during the next months due to the agricultural season.

**Debits raised compared to collections.**



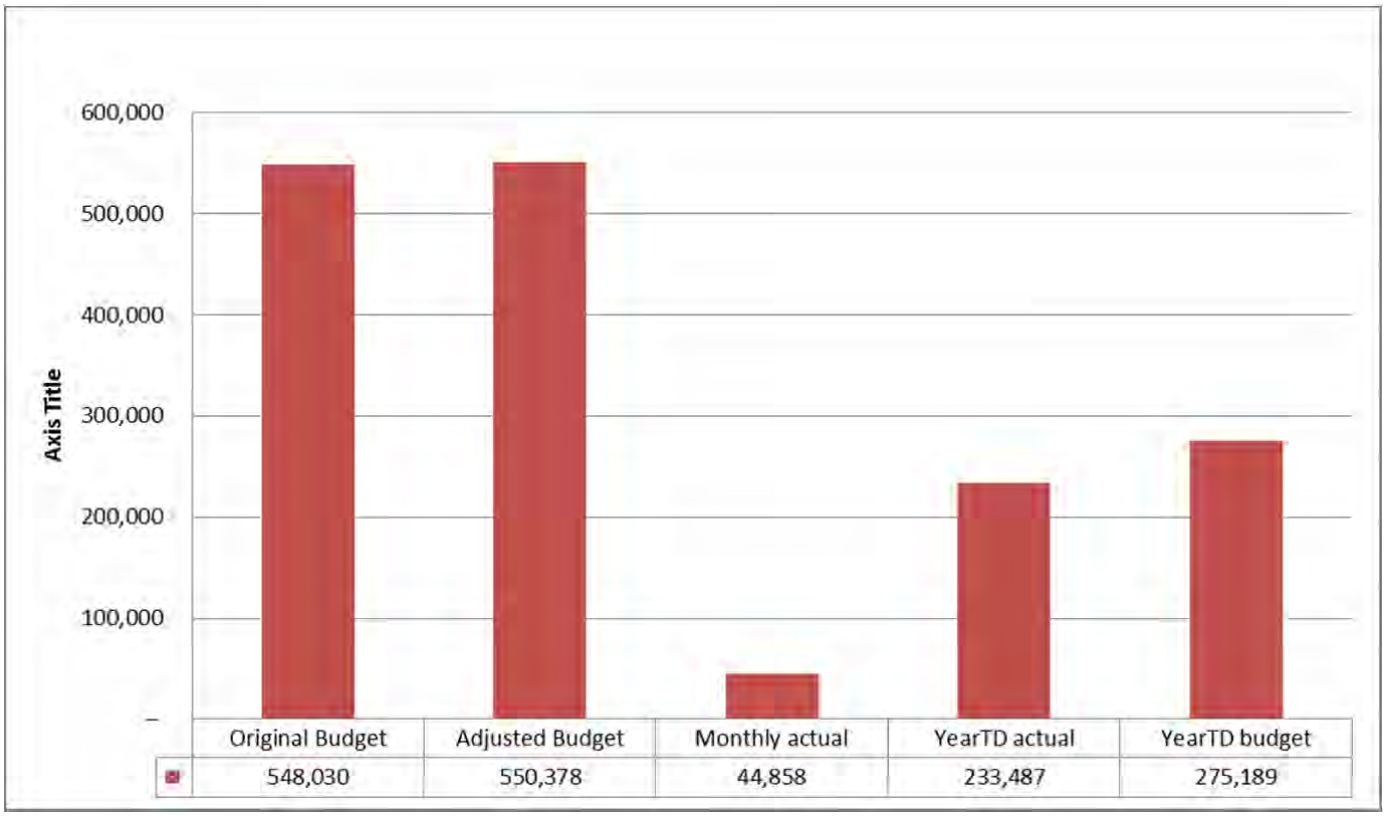

The year to date recovery rate is 93%

Some consumers used council's gesture to enable them to purchase electricity although their accounts are in arrears during the holiday season as an excuse to not pay their municipal accounts due in December. The collection rate for December was only 78%, forcing the year to date collection rate down to 93% from the 96% achieved at the end of November.

For the six months until 31 December 2016 36% of the budgeted expenditure for the financial year was incurred.

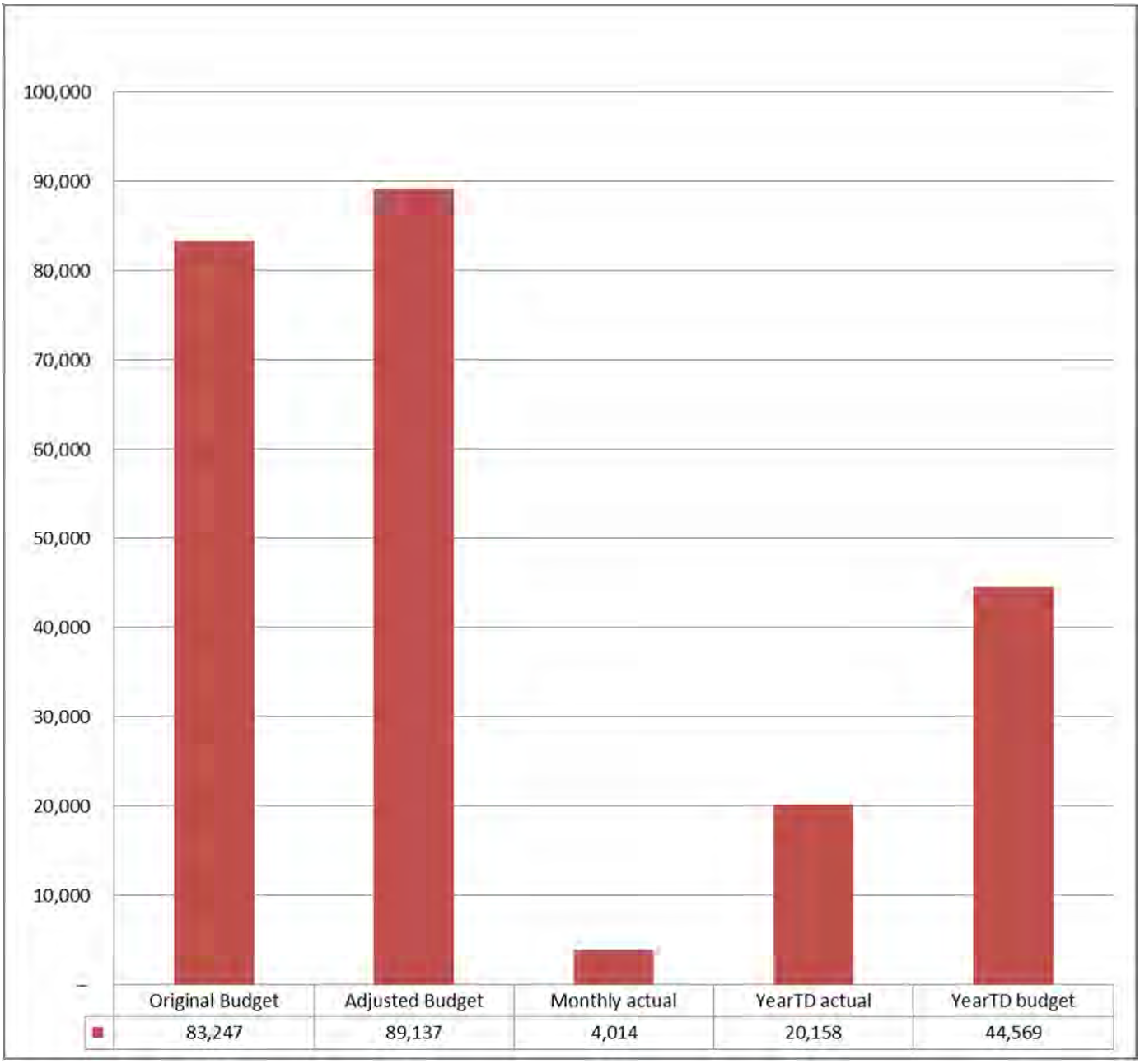
It is expected that the bulk purchases from Eskom will increase in the latter half of the financial year due to the agricultural season.

**TOTAL OPERATIONAL EXPENDITURE**




For the period 1 July 2017 to 31 December 2017, 42.42% of the budgeted operational expenditure was incurred. This figure will increase as some invoices are still outstanding.

**CAPITAL EXPENDITURE**




For the period 1 July 2017 to 31 December 2017, 22.61% of the budgeted capital expenditure was incurred.

The main contributing factors to this is the R11.7 million forecast expenditure which could not be utilised as the Department of Water affairs failed to pay over the funding. At this current moment the status of the gazetted amount is unknown, meaning that it may be possible that it will never be paid over to Witzenberg Municipality.

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The following table provides a summary of the financial performance and financial position of the municipality as at 31 December 2017.

**WC022 Witzenberg - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Financial Performance** | | | | | | | | |
| Property rates | 64,827 | 64,827 | 3,093 | 45,006 | 32,413 | 12,593 | 39% | 64,827 |
| Service charges | 302,714 | 302,714 | 22,489 | 146,129 | 151,357 | (5,228) | -3% | 302,714 |
| Investment revenue | 4,565 | 4,565 | 645 | 3,504 | 2,283 | 1,222 | 54% | 14,661 |
| Transfers recognised - operational | 97,846 | 98,571 | 30,315 | 63,488 | 49,285 | 14,203 | 29% | 98,571 |
| Other own revenue | 42,820 | 42,818 | 5,003 | 14,382 | 21,409 | (7,027) | -33% | 42,818 |
| **Total Revenue (excluding capital** | **512,772** | **513,495** | **61,545** | **272,510** | **256,748** | **15,762** | **6%** | **523,591** |
| Employee costs | 163,628 | 163,805 | 10,774 | 76,703 | 81,902 | (5,199) | -6% | 163,805 |
| Remuneration of Councillors | 10,083 | 10,083 | 670 | 4,097 | 5,041 | (945) | -19% | 10,083 |
| Depreciation & asset impairment | 46,045 | 46,045 | 3,837 | 23,023 | 23,023 | – | – | 46,045 |
| Finance charges | 3,710 | 3,670 | 339 | 569 | 1,835 | (1,265) | -69% | 3,670 |
| Materials and bulk purchases | 201,738 | 201,165 | 13,376 | 81,414 | 100,583 | (19,169) | -19% | 201,165 |
| Transfers and grants | 15,763 | 15,738 | 32 | 9,975 | 7,869 | 2,106 | 27% | 15,738 |
| Other expenditure | 107,063 | 109,872 | 15,830 | 37,707 | 54,936 | (17,229) | -31% | 109,872 |
| **Total Expenditure** | **548,030** | **550,378** | **44,858** | **233,487** | **275,189** | **(41,702)** | **-15%** | **550,378** |
| **Surplus/(Deficit)** | **(35,258)** | **(36,883)** | **16,687** | **39,023** | **(18,442)** | **57,464** | **-312%** | **(26,787)** |
| Transfers recognised - capital | 63,230 | 68,692 | 381 | 9,249 | 34,346 | (25,096) | -73% | 68,692 |
| Contributions & Contributed assets | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers** | **27,972** | **31,809** | **17,068** | **48,272** | **15,904** | **32,368** | **204%** | **41,905** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | | – |
| **Surplus/ (Deficit) for the year** | **27,972** | **31,809** | **17,068** | **48,272** | **15,904** | **32,368** | **204%** | **41,905** |
| **Capital expenditure & funds sources** | | | | | | | | |
| **Capital expenditure** | **83,247** | **89,137** | **4,014** | **20,158** | **44,569** | **(24,410)** | **-55%** | **89,137** |
| Capital transfers recognised | 58,858 | 64,320 | 2,721 | 13,941 | 32,160 | (18,219) | -57% | 64,320 |
| Public contributions & donations | – | – | – | – | – | – | | – |
| Borrowing | 3,500 | 3,526 | – | 396 | 1,763 | (1,367) | -78% | 3,526 |
| Internally generated funds | **20,889** | **21,291** | **1,293** | **5,821** | **10,645** | **(4,824)** | **-45%** | **21,291** |
| **Total sources of capital funds** | **83,247** | **89,137** | **4,014** | **20,158** | **44,569** | **(24,410)** | **-55%** | **89,137** |
| **Financial position** | | | | | | | | |
| Total current assets | 79,257 | 84,962 | | 122,876 | | | | 122,876 |
| Total non current assets | 37,201 | 43,092 | | (2,849) | | | | (2,849) |
| Total current liabilities | 69,636 | 77,357 | | (7,587) | | | | (7,587) |
| Total non current liabilities | 18,851 | 18,889 | | 3,019 | | | | 3,019 |
| **Community wealth/Equity** | **27,972** | **31,808** | | **124,596** | | | | **124,596** |
| **Cash flows** | | | | | | | | |
| Net cash from (used) operating | 161,618 | 161,618 | 59,147 | 53,854 | 80,809 | (26,956) | -33% | 161,618 |
| Net cash from (used) investing | – | – | 13,500 | (17,011) | – | (17,011) | | – |
| Net cash from (used) financing | 3,500 | 3,500 | (86) | (931) | 1,750 | (2,681) | -153% | 3,500 |
| **Cash/cash equivalents at the month** | **165,118** | **165,118** | **–** | **35,912** | **82,559** | **(46,647)** | **-57%** | **165,118** |
| **Debtors & creditors analysis** | **31-60 Days** | **61-90 Days** | **91-120** | **121-150** | **151-180** | **181 Dys-1** | **Over 1Yr** | **Total** |
| **Debtors Age Analysis** | | | | | | | | |
| Total By Income Source | 3,998 | 3,690 | 2,792 | 5,266 | 2,385 | 12,816 | 133,419 | 190,992 |
| **Creditors Age Analysis** | | | | | | | | |
| Total Creditors | 881 | 13 | 0 | – | – | – | – | 3,331 |

*No historic data were available to accuaretely determine the monthly projections for the income and expenditure items in terms of MSCOA that was implemented from 1 July 2017 as a totally new chart of accounts was implemented. The actual monthly information for six months are now available. Revised monthly projections will be submitted to council for consideration with the adjustment budget.*

*The budgeted deficit for the financial year excluding capital transfer revenue is R 37 million. The deficit includes the following non cash transactions:*
*Depreciation: R 46 million*
*Provision for Rehabilitation of Landfill Sites: R2.4 million*
*Contributions to Post Employment Medical Benefits: R 10 million*

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The following table provides detail of revenue and expenditure according to the international standard classification framework.

**WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Mid-Year Assessment**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue - Standard** | | | | | | | | |
| ***Governance and administration*** | **81,085** | **81,085** | **7,357** | **54,490** | **40,543** | 13,948 | 34% | **81,085** |
| Executive and council | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| Finance and administration | 81,082 | 81,082 | 7,357 | 54,490 | 40,541 | 13,950 | 34% | 81,082 |
| Internal audit | – | – | – | – | – | – | | – |
| ***Community and public safety*** | **118,693** | **119,417** | **30,664** | **65,954** | **59,709** | 6,246 | 10% | **119,417** |
| Community and social services | 90,126 | 90,850 | 23,804 | 54,238 | 45,425 | 8,813 | 19% | 90,850 |
| Sport and recreation | 11,045 | 11,045 | 284 | 2,197 | 5,523 | (3,326) | -60% | 11,045 |
| Public safety | 6 | 6 | 0 | 1 | 3 | (2) | -75% | 6 |
| Housing | 17,516 | 17,516 | 6,575 | 9,519 | 8,758 | 761 | 9% | 17,516 |
| Health | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | **31,252** | **31,251** | **288** | **4,384** | **15,625** | (11,242) | -72% | **31,251** |
| Planning and development | 2,202 | 2,202 | 139 | 726 | 1,101 | (375) | -34% | 2,202 |
| Road transport | 29,039 | 29,038 | 150 | 3,658 | 14,519 | (10,861) | -75% | 29,038 |
| Environmental protection | 11 | 11 | – | – | 6 | (6) | -100% | 11 |
| ***Trading services*** | **390,117** | **395,580** | **24,990** | **141,638** | **197,790** | (56,152) | -28% | **395,580** |
| Energy sources | 237,351 | 237,351 | 15,507 | 107,822 | 118,675 | (10,854) | -9% | 237,351 |
| Water management | 78,737 | 81,850 | 4,713 | 4,713 | 40,925 | (36,212) | -88% | 81,850 |
| Waste water management | 47,175 | 49,525 | 2,495 | 15,313 | 24,762 | (9,449) | -38% | 49,525 |
| Waste management | 26,854 | 26,854 | 2,275 | 13,790 | 13,427 | 363 | 3% | 26,854 |
| ***Other*** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| **Total Revenue - Standard** | **621,147** | **627,332** | **63,299** | **266,466** | **313,666** | **(47,200)** | **-15%** | **627,332** |
| | | | | | | | | |
| **Expenditure - Standard** | | | | | | | | |
| ***Governance and administration*** | **116,609** | **116,630** | **9,173** | **48,232** | **58,315** | (10,084) | -17% | **116,630** |
| Executive and council | 24,419 | 24,438 | 1,946 | 10,816 | 12,219 | (1,403) | -11% | 24,438 |
| Finance and administration | 90,336 | 90,301 | 7,068 | 36,361 | 45,151 | (8,790) | -19% | 90,301 |
| Internal audit | 1,854 | 1,891 | 159 | 1,055 | 946 | 109 | 12% | 1,891 |
| ***Community and public safety*** | **87,501** | **88,507** | **6,349** | **40,705** | **44,254** | (3,548) | -8% | **88,507** |
| Community and social services | 33,018 | 33,787 | 2,031 | 11,551 | 16,893 | (5,343) | -32% | 33,787 |
| Sport and recreation | 28,228 | 28,126 | 3,327 | 13,978 | 14,063 | (85) | -1% | 28,126 |
| Public safety | 8,246 | 8,286 | 707 | 4,072 | 4,143 | (71) | -2% | 8,286 |
| Housing | 18,009 | 18,309 | 284 | 11,105 | 9,154 | 1,950 | 21% | 18,309 |
| Health | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | **58,287** | **59,859** | **4,522** | **22,177** | **29,930** | (7,753) | -26% | **59,859** |
| Planning and development | 10,158 | 10,290 | 687 | 3,977 | 5,145 | (1,168) | -23% | 10,290 |
| Road transport | 46,473 | 47,898 | 3,733 | 17,620 | 23,949 | (6,329) | -26% | 47,898 |
| Environmental protection | 1,657 | 1,672 | 101 | 580 | 836 | (256) | -31% | 1,672 |
| ***Trading services*** | **329,913** | **329,664** | **26,187** | **131,318** | **164,832** | (33,514) | -20% | **329,664** |
| Energy sources | 225,313 | 225,073 | 15,003 | 87,808 | 112,537 | (24,728) | -22% | 225,073 |
| Water management | 30,429 | 30,427 | 3,189 | 11,505 | 15,214 | (3,708) | -24% | 30,427 |
| Waste water management | 33,671 | 33,667 | 3,913 | 15,874 | 16,834 | (960) | -6% | 33,667 |
| Waste management | 40,501 | 40,497 | 4,081 | 16,130 | 20,248 | (4,118) | -20% | 40,497 |
| ***Other*** | **864** | **862** | **2** | **400** | **431** | **(31)** | **-7%** | **862** |
| **Total Expenditure - Standard** | **593,175** | **595,524** | **46,232** | **242,831** | **297,762** | **(54,930)** | **-18%** | **595,524** |
| **Surplus/ (Deficit) for the year** | **27,972** | **31,809** | **17,068** | **23,635** | **15,904** | **7,730** | **49%** | **31,809** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The following table provides detail of revenue and expenditure according to the international standard classification framework.

**WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Mid-Year Assessment**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| **Revenue - Standard** | | | | | | | | |
| ***Municipal governance and administration*** | **81,085** | **81,085** | **7,357** | **54,490** | **40,543** | **13,948** | **34%** | **81,085** |
| Executive and council | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| *Mayor and Council* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Municipal Manager* | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| Finance and administration | 81,082 | 81,082 | 7,357 | 54,490 | 40,541 | 13,950 | 34% | 81,082 |
| *Administrative and Corporate Support* | 2,832 | 2,832 | – | – | 1,416 | (1,416) | -100% | 2,832 |
| *Asset Management* | – | – | – | – | – | – | | – |
| *Budget and Treasury Office* | 4,802 | 4,802 | 3,428 | 4,765 | 2,401 | 2,364 | 98% | 4,802 |
| *Finance* | 72,816 | 72,816 | 3,927 | 49,708 | 36,408 | 13,300 | 37% | 72,816 |
| *Fleet Management* | 36 | 36 | – | – | 18 | (18) | -100% | 36 |
| *Human Resources* | 574 | 574 | – | – | 287 | (287) | -100% | 574 |
| *Information Technology* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Legal Services* | 1 | 1 | – | – | 1 | (1) | -100% | 1 |
| *Marketing, Customer Relations, Publicity and Media* | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| *Property Services* | 2 | 2 | – | – | 1 | (1) | -100% | 2 |
| *Risk Management* | – | – | – | – | – | – | | – |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | 15 | 15 | 1 | 18 | 8 | 10 | 131% | 15 |
| *Valuation Service* | – | – | – | – | – | – | | – |
| Internal audit | – | – | – | – | – | – | | – |
| *Governance Function* | – | – | – | – | – | – | | – |
| ***Community and public safety*** | **118,693** | **119,417** | **30,664** | **65,954** | **59,709** | **6,246** | **10%** | **119,417** |
| Community and social services | 90,126 | 90,850 | 23,804 | 54,238 | 45,425 | 8,813 | 19% | 90,850 |
| *Aged Care* | 80,496 | 80,496 | 23,723 | 53,862 | 40,248 | 13,614 | 34% | 80,496 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 238 | 238 | 21 | 132 | 119 | 13 | 11% | 238 |
| *Child Care Facilities* | – | – | – | – | – | – | | – |
| *Community Halls and Facilities* | 745 | 1,045 | 57 | 202 | 522 | (320) | -61% | 1,045 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Cultural Matters* | – | – | – | – | – | – | | – |
| *Disaster Management* | – | – | – | – | – | – | | – |
| *Education* | – | – | – | – | – | – | | – |
| *Indigenous and Customary Law* | – | – | – | – | – | – | | – |
| *Industrial Promotion* | – | – | – | – | – | – | | – |
| *Language Policy* | – | – | – | – | – | – | | – |
| *Libraries and Archives* | 8,647 | 9,071 | 4 | 43 | 4,536 | (4,493) | -99% | 9,071 |
| *Literacy Programmes* | – | – | – | – | – | – | | – |
| *Media Services* | – | – | – | – | – | – | | – |
| *Museums and Art Galleries* | – | – | – | – | – | – | | – |
| *Population Development* | – | – | – | – | – | – | | – |
| *Provincial Cultural Matters* | – | – | – | – | – | – | | – |
| *Theatres* | – | – | – | – | – | – | | – |
| *Zoo's* | – | – | – | – | – | – | | – |
| Sport and recreation | 11,045 | 11,045 | 284 | 2,197 | 5,523 | (3,326) | -60% | 11,045 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including* | 561 | 561 | – | – | 281 | (281) | -100% | 561 |
| *Recreational Facilities* | 9,761 | 9,761 | 282 | 2,153 | 4,881 | (2,728) | -56% | 9,761 |
| *Sports Grounds and Stadiums* | 723 | 723 | 2 | 43 | 361 | (318) | -88% | 723 |

| Description<br>R thousands | Budget Year 2017/18<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|
| Public safety | 6 | 6 | 0 | 1 | 3 | (2) | -75% | 6 |
| *Fire Fighting and Protection* | 6 | 6 | 0 | 1 | 3 | (2) | -75% | 6 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 17,516 | 17,516 | 6,575 | 9,519 | 8,758 | 761 | 9% | 17,516 |
| *Housing* | 17,516 | 17,516 | 6,575 | 9,519 | 8,758 | 761 | 9% | 17,516 |
| *Informal Settlements* | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | **31,252** | **31,251** | **288** | **4,384** | **15,625** | **(11,242)** | **-72%** | **31,251** |
| Planning and development | 2,202 | 2,202 | 139 | 726 | 1,101 | (375) | -34% | 2,202 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 10 | 10 | – | – | 5 | (5) | -100% | 10 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | – | – | – | – | – | – | | – |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | 1,650 | 1,650 | 139 | 726 | 825 | (99) | -12% | 1,650 |
| *Project Management Unit* | 542 | 542 | – | – | 271 | (271) | -100% | 542 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 29,039 | 29,038 | 150 | 3,658 | 14,519 | (10,861) | -75% | 29,038 |
| *Police Forces, Traffic and Street Parking Control* | 18,338 | 18,337 | 158 | 1,148 | 9,168 | (8,021) | -87% | 18,337 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 10,701 | 10,701 | (8) | 2,510 | 5,350 | (2,840) | -53% | 10,701 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 11 | 11 | – | – | 6 | (6) | -100% | 11 |
| *Biodiversity and Landscape* | 11 | 11 | – | – | 6 | (6) | -100% | 11 |
| *Coastal Protection* | – | – | – | – | – | – | | – |
| *Indigenous Forests* | – | – | – | – | – | – | | – |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | – | – | – | – | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| ***Trading services*** | **390,117** | **395,580** | **24,990** | **141,638** | **197,790** | **(56,152)** | **-28%** | **395,580** |
| Energy sources | 237,351 | 237,351 | 15,507 | 107,822 | 118,675 | (10,854) | -9% | 237,351 |
| *Electricity* | 230,894 | 230,894 | 15,202 | 105,667 | 115,447 | (9,780) | -8% | 230,894 |
| *Street Lighting and Signal Systems* | 6,457 | 6,457 | 305 | 2,154 | 3,228 | (1,074) | -33% | 6,457 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 78,737 | 81,850 | 4,713 | 4,713 | 40,925 | (36,212) | -88% | 81,850 |
| *Water Treatment* | – | – | – | – | – | – | | – |
| *Water Distribution* | 78,737 | 81,850 | 4,713 | 4,713 | 40,925 | (36,212) | -88% | 81,850 |
| *Water Storage* | – | – | – | – | – | – | | – |
| Waste water management | 47,175 | 49,525 | 2,495 | 15,313 | 24,762 | (9,449) | -38% | 49,525 |
| *Public Toilets* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Sewerage* | 41,165 | 43,515 | 2,495 | 15,313 | 21,757 | (6,444) | -30% | 43,515 |
| *Storm Water Management* | 6,010 | 6,010 | – | – | 3,005 | (3,005) | -100% | 6,010 |
| *Waste Water Treatment* | – | – | – | – | – | – | | – |
| Waste management | 26,854 | 26,854 | 2,275 | 13,790 | 13,427 | 363 | 3% | 26,854 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 36 | 36 | – | – | 18 | (18) | -100% | 36 |
| *Solid Waste Removal* | 26,818 | 26,818 | 2,275 | 13,790 | 13,409 | 381 | 3% | 26,818 |
| *Street Cleaning* | – | – | – | – | – | – | | – |

**WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Mid-Year Assessment**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Expenditure - Standard** | | | | | | | | |
| ***Municipal governance and administration*** | **116,609** | **116,630** | **9,173** | **48,232** | **58,315** | **(10,084)** | **-17%** | **116,630** |
| Executive and council | 24,419 | 24,438 | 1,946 | 10,816 | 12,219 | (1,403) | -11% | 24,438 |
| *Mayor and Council* | 15,162 | 15,185 | 1,264 | 6,309 | 7,592 | (1,283) | -17% | 15,185 |
| *Municipal Manager, Town Secretary and Chief Execut* | 9,257 | 9,253 | 682 | 4,507 | 4,626 | (120) | -3% | 9,253 |
| Finance and administration | 90,336 | 90,301 | 7,068 | 36,361 | 45,151 | (8,790) | -19% | 90,301 |
| *Administrative and Corporate Support* | 9,039 | 9,626 | 1,139 | 4,659 | 4,813 | (154) | -3% | 9,626 |
| *Asset Management* | 5,149 | 5,149 | 0 | 45 | 2,575 | (2,529) | -98% | 5,149 |
| *Budget and Treasury Office* | 16,725 | 15,849 | 1,966 | 6,604 | 7,924 | (1,320) | -17% | 15,849 |
| *Finance* | 18,079 | 18,079 | 2,372 | 7,022 | 9,039 | (2,018) | -22% | 18,079 |
| *Fleet Management* | 2,939 | 2,929 | 152 | 736 | 1,465 | (728) | -50% | 2,929 |
| *Human Resources* | 18,169 | 17,969 | (620) | 8,933 | 8,985 | (51) | -1% | 17,969 |
| *Information Technology* | 3,616 | 4,376 | 227 | 1,417 | 2,188 | (771) | -35% | 4,376 |
| *Legal Services* | 2,508 | 2,218 | 318 | 1,001 | 1,109 | (108) | -10% | 2,218 |
| *Marketing, Customer Relations, Publicity and Media* | 3,401 | 3,406 | 322 | 1,415 | 1,703 | (288) | -17% | 3,406 |
| *Property Services* | 3,361 | 3,351 | 250 | 1,523 | 1,676 | (153) | -9% | 3,351 |
| *Risk Management* | 384 | 384 | – | 3 | 192 | (188) | -98% | 384 |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | 5,433 | 5,433 | 524 | 2,481 | 2,716 | (236) | -9% | 5,433 |
| *Valuation Service* | 1,532 | 1,532 | 418 | 521 | 766 | (245) | -32% | 1,532 |
| Internal audit | 1,854 | 1,891 | 159 | 1,055 | 946 | 109 | 12% | 1,891 |
| *Governance Function* | 1,854 | 1,891 | 159 | 1,055 | 946 | 109 | 12% | 1,891 |
| ***Community and public safety*** | **87,501** | **88,507** | **6,349** | **40,705** | **44,254** | **(3,548)** | **-8%** | **88,507** |
| Community and social services | 33,018 | 33,787 | 2,031 | 11,551 | 16,893 | (5,343) | -32% | 33,787 |
| *Aged Care* | 12,554 | 12,805 | 476 | 2,625 | 6,402 | (3,777) | -59% | 12,805 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 2,922 | 2,907 | 217 | 1,296 | 1,453 | (157) | -11% | 2,907 |
| *Child Care Facilities* | 722 | 722 | – | 26 | 361 | (335) | -93% | 722 |
| *Community Halls and Facilities* | 5,886 | 5,991 | 519 | 2,838 | 2,996 | (158) | -5% | 5,991 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Cultural Matters* | – | – | – | – | – | – | | – |
| *Disaster Management* | 53 | 53 | 5 | 13 | 26 | (14) | -52% | 53 |
| *Education* | 619 | 619 | – | 8 | 310 | (302) | -98% | 619 |
| *Indigenous and Customary Law* | – | – | – | – | – | – | | – |
| *Industrial Promotion* | – | – | – | – | – | – | | – |
| *Language Policy* | – | – | – | – | – | – | | – |
| *Libraries and Archives* | 10,262 | 10,689 | 814 | 4,745 | 5,345 | (600) | -11% | 10,689 |
| *Literacy Programmes* | – | – | – | – | – | – | | – |
| *Media Services* | – | – | – | – | – | – | | – |
| *Museums and Art Galleries* | – | – | – | – | – | – | | – |
| *Population Development* | – | – | – | – | – | – | | – |
| *Provincial Cultural Matters* | – | – | – | – | – | – | | – |
| *Theatres* | – | – | – | – | – | – | | – |
| *Zoo's* | – | – | – | – | – | – | | – |
| Sport and recreation | 28,228 | 28,126 | 3,327 | 13,978 | 14,063 | (85) | -1% | 28,126 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including Nurseries)* | 7,175 | 7,175 | 583 | 3,158 | 3,588 | (430) | -12% | 7,175 |
| *Recreational Facilities* | 16,095 | 15,992 | 2,305 | 8,314 | 7,996 | 318 | 4% | 15,992 |
| *Sports Grounds and Stadiums* | 4,958 | 4,958 | 439 | 2,506 | 2,479 | 27 | 1% | 4,958 |
| Public safety | 8,246 | 8,286 | 707 | 4,072 | 4,143 | (71) | -2% | 8,286 |
| *Fire Fighting and Protection* | 8,246 | 8,286 | 707 | 4,072 | 4,143 | (71) | -2% | 8,286 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 18,009 | 18,309 | 284 | 11,105 | 9,154 | 1,950 | 21% | 18,309 |
| *Housing* | 16,509 | 16,788 | 284 | 11,090 | 8,394 | 2,696 | 32% | 16,788 |
| *Informal Settlements* | 1,500 | 1,521 | – | 15 | 761 | (745) | -98% | 1,521 |

| Description<br>R thousands | Budget Year 2017/18<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|
| ***Economic and environmental services*** | **58,287** | **59,859** | **4,522** | **22,177** | **29,930** | **(7,753)** | **-26%** | **59,859** |
| Planning and development | 10,158 | 10,290 | 687 | 3,977 | 5,145 | (1,168) | -23% | 10,290 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 2,191 | 2,180 | 161 | 856 | 1,090 | (234) | -21% | 2,180 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | 2,087 | 2,267 | 110 | 598 | 1,133 | (535) | -47% | 2,267 |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | 3,565 | 3,565 | 294 | 1,770 | 1,783 | (13) | -1% | 3,565 |
| *Project Management Unit* | 2,315 | 2,278 | 123 | 753 | 1,139 | (386) | -34% | 2,278 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 46,473 | 47,898 | 3,733 | 17,620 | 23,949 | (6,329) | -26% | 47,898 |
| *Police Forces, Traffic and Street Parking Control* | 24,339 | 24,464 | 1,501 | 7,091 | 12,232 | (5,141) | -42% | 24,464 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 22,134 | 23,434 | 2,233 | 10,529 | 11,717 | (1,188) | -10% | 23,434 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 1,657 | 1,672 | 101 | 580 | 836 | (256) | -31% | 1,672 |
| *Biodiversity and Landscape* | 1,657 | 1,672 | 27 | 136 | 836 | (700) | -84% | 1,672 |
| *Coastal Protection* | – | – | – | – | – | – | | – |
| *Indigenous Forests* | – | – | – | – | – | – | | – |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | 74 | 444 | – | 444 | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| ***Trading services*** | **329,913** | **329,664** | **26,187** | **131,318** | **164,832** | **(33,514)** | **-20%** | **329,664** |
| Energy sources | 225,313 | 225,073 | 15,003 | 87,808 | 112,537 | (24,728) | -22% | 225,073 |
| *Electricity* | 217,699 | 217,459 | 14,832 | 86,364 | 108,730 | (22,366) | -21% | 217,459 |
| *Street Lighting and Signal Systems* | 7,614 | 7,614 | 170 | 1,445 | 3,807 | (2,363) | -62% | 7,614 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 30,429 | 30,427 | 3,189 | 11,505 | 15,214 | (3,708) | -24% | 30,427 |
| *Water Treatment* | 1,365 | 1,365 | 2 | 18 | 683 | (665) | -97% | 1,365 |
| *Water Distribution* | 25,680 | 25,678 | 2,990 | 9,635 | 12,839 | (3,205) | -25% | 25,678 |
| *Water Storage* | 3,383 | 3,383 | 197 | 1,853 | 1,692 | 161 | 10% | 3,383 |
| Waste water management | 33,671 | 33,667 | 3,913 | 15,874 | 16,834 | (960) | -6% | 33,667 |
| *Public Toilets* | 1,550 | 1,550 | 127 | 659 | 775 | (116) | -15% | 1,550 |
| *Sewerage* | 24,625 | 24,626 | 3,252 | 12,479 | 12,313 | 166 | 1% | 24,626 |
| *Storm Water Management* | 5,329 | 5,324 | 530 | 2,711 | 2,662 | 49 | 2% | 5,324 |
| *Waste Water Treatment* | 2,167 | 2,167 | 4 | 25 | 1,084 | (1,059) | -98% | 2,167 |
| Waste management | 40,501 | 40,497 | 4,081 | 16,130 | 20,248 | (4,118) | -20% | 40,497 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 13,936 | 13,932 | 1,063 | 5,461 | 6,966 | (1,505) | -22% | 13,932 |
| *Solid Waste Removal* | 25,404 | 25,404 | 2,922 | 10,145 | 12,702 | (2,557) | -20% | 25,404 |
| *Street Cleaning* | 1,161 | 1,161 | 96 | 524 | 581 | (56) | -10% | 1,161 |
| ***Other*** | 864 | 862 | 2 | 400 | 431 | (31) | -7% | 862 |
| Licensing and Regulation | 97 | 95 | 2 | 16 | 47 | (31) | -66% | 95 |
| Tourism | 767 | 767 | 0 | 384 | 384 | – | | 767 |
| **Total Expenditure - Functional** | **593,175** | **595,524** | **46,232** | **242,831** | **297,762** | **(54,930)** | **-18%** | **595,524** |
| **Surplus/ (Deficit) for the year** | **27,972** | **31,809** | **17,068** | **23,635** | **15,904** | **7,730** | **49%** | **31,809** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The table provides detail of revenue and expenditure according to municipal votes.

**WC022 Witzenberg - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment**

| Vote Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue by Vote** | | | | | | | | | |
| Vote 1 - Financial Services | – | 74,641 | 74,641 | 7,151 | 53,322 | 37,320 | 16,002 | 42.9% | 74,641 |
| Vote 2 - Community Services | – | 137,581 | 138,304 | 30,857 | 67,315 | 69,152 | (1,837) | -2.7% | 138,304 |
| Vote 3 - Corporate Services | – | 3,506 | 3,506 | – | – | 1,753 | (1,753) | -100.0% | 3,506 |
| Vote 4 - Technical Services | – | 404,086 | 409,548 | 25,263 | 170,200 | 204,774 | (34,574) | -16.9% | 409,548 |
| Vote 5 - Muncipal Manager | – | 1,333 | 1,333 | 29 | 266 | 667 | (401) | -60.1% | 1,333 |
| **Total Revenue by Vote** | **–** | **621,147** | **627,332** | **63,299** | **291,103** | **313,666** | **(22,563)** | **-7.2%** | **627,332** |
| **Expenditure by Vote** | | | | | | | | | |
| Vote 1 - Financial Services | – | 48,438 | 47,561 | 5,411 | 17,535 | 23,781 | (6,245) | -26.3% | 47,561 |
| Vote 2 - Community Services | – | 116,832 | 118,050 | 8,144 | 49,564 | 59,025 | (9,461) | -16.0% | 118,050 |
| Vote 3 - Corporate Services | – | 55,927 | 56,959 | 2,739 | 25,652 | 28,479 | (2,828) | -9.9% | 56,959 |
| Vote 4 - Technical Services | – | 359,932 | 361,217 | 28,982 | 145,119 | 180,609 | (35,489) | -19.6% | 361,217 |
| Vote 5 - Muncipal Manager | – | 12,047 | 11,736 | 957 | 4,961 | 5,868 | (907) | -15.5% | 11,736 |
| **Total Expenditure by Vote** | **–** | **593,175** | **595,524** | **46,232** | **242,831** | **297,762** | **(54,930)** | **-18.4%** | **595,524** |
| **Surplus/ (Deficit) for the year** | **–** | **27,972** | **31,809** | **17,068** | **48,272** | **15,904** | **32,368** | **203.5%** | **31,809** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The table provides detail of revenue according to source and expenditure according to type.

**WC022 Witzenberg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment**

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue By Source** | | | | | | | | | |
| Property rates | – | 64,827 | 64,827 | 3,093 | 45,006 | 32,413 | 12,593 | 39% | 64,827 |
| Service charges - electricity revenue | – | 219,007 | 219,007 | 14,339 | 100,033 | 109,503 | (9,470) | -9% | 219,007 |
| Service charges - water revenue | – | 41,086 | 41,086 | 4,005 | 20,670 | 20,543 | 127 | 1% | 41,086 |
| Service charges - sanitation revenue | – | 20,933 | 20,933 | 2,166 | 13,744 | 10,466 | 3,278 | 31% | 20,933 |
| Service charges - refuse revenue | – | 21,689 | 21,689 | 1,979 | 11,681 | 10,844 | 837 | 8% | 21,689 |
| Service charges - other | – | – | – | – | – | – | – | | – |
| Rental of facilities and equipment | – | 9,650 | 9,650 | 264 | 1,876 | 4,825 | (2,949) | -61% | 9,650 |
| Interest earned - external investments | – | 4,565 | 4,565 | 645 | 3,504 | 2,283 | 1,222 | 54% | 4,565 |
| Interest earned - outstanding debtors | – | 10,096 | 10,096 | 643 | 5,259 | 5,048 | 211 | 4% | 10,096 |
| Dividends received | – | – | – | – | – | – | – | | – |
| Fines | – | 14,668 | 14,668 | 75 | 470 | 7,334 | (6,864) | -94% | 14,668 |
| Licences and permits | – | 154 | 152 | 105 | 831 | 76 | 754 | 990% | 152 |
| Agency services | – | 4,614 | 4,614 | – | – | 2,307 | (2,307) | -100% | 4,614 |
| Transfers recognised - operational | – | 97,846 | 98,571 | 30,315 | 63,488 | 49,285 | 14,203 | 29% | 98,571 |
| Other revenue | – | 3,637 | 3,637 | 3,915 | 5,947 | 1,819 | 4,128 | 227% | 3,637 |
| Gains on disposal of PPE | – | – | – | – | – | – | – | | – |
| **Total Revenue (excluding capital transfers and contributions)** | **–** | **512,772** | **513,495** | **61,545** | **272,510** | **256,748** | **15,762** | **6%** | **513,495** |
| **Expenditure By Type** | | | | | | | | | |
| Employee related costs | – | 163,628 | 163,805 | 10,774 | 76,703 | 81,902 | (5,199) | -6% | 163,805 |
| Remuneration of councillors | – | 10,083 | 10,083 | 670 | 4,097 | 5,041 | (945) | -19% | 10,083 |
| Debt impairment | – | 27,125 | 27,125 | 6,523 | 6,693 | 13,562 | (6,870) | -51% | 27,125 |
| Depreciation & asset impairment | – | 46,045 | 46,045 | 3,837 | 23,023 | 23,023 | – | | 46,045 |
| Finance charges | – | 3,710 | 3,670 | 339 | 569 | 1,835 | (1,265) | -69% | 3,670 |
| Bulk purchases | – | 183,215 | 182,975 | 12,231 | 73,820 | 91,488 | (17,668) | -19% | 182,975 |
| Other materials | – | 18,523 | 18,190 | 1,144 | 7,594 | 9,095 | (1,501) | -17% | 18,190 |
| Contracted services | – | 38,605 | 39,816 | 6,204 | 15,036 | 19,908 | (4,873) | -24% | 39,816 |
| Transfers and grants | – | 15,763 | 15,738 | 32 | 9,975 | 7,869 | 2,106 | 27% | 15,738 |
| Other expenditure | – | 41,333 | 42,931 | 3,102 | 15,978 | 21,465 | (5,487) | -26% | 42,931 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | | – |
| **Total Expenditure** | **–** | **548,030** | **550,378** | **44,858** | **233,487** | **275,189** | **(41,702)** | **-15%** | **550,378** |
| **Surplus/(Deficit)** | **–** | **(35,258)** | **(36,883)** | **16,687** | **39,023** | **(18,442)** | **57,464** | **(0)** | **(36,883)** |
| Transfers recognised - capital | – | 63,230 | 68,692 | 381 | 9,249 | 34,346 | (25,096) | (0) | 68,692 |
| Contributions recognised - capital | – | – | – | – | – | – | – | | – |
| Contributed assets | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **–** | **27,972** | **31,809** | **17,068** | **48,272** | **15,904** | | | **31,809** |
| Taxation | | | | | | | | | |
| **Surplus/(Deficit) after taxation** | **–** | **27,972** | **31,809** | **17,068** | **48,272** | **15,904** | | | **31,809** |
| Attributable to minorities | | | | | | | | | |
| **Surplus/(Deficit) attributable to** | **–** | **27,972** | **31,809** | **17,068** | **48,272** | **15,904** | | | **31,809** |
| Share of surplus/ (deficit) of associate | | | | | | | | | |
| **Surplus/ (Deficit) for the year** | **–** | **27,972** | **31,809** | **17,068** | **48,272** | **15,904** | | | **31,809** |

**The revenue and expenditure figures excludes internal charges.**

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The tables provides detail of capital expenditure according to municipal votes.

**WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mid-Year Assessment**

| Vote Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| **Multi-Year expenditure appropriation** | | | | | | | | | |
| Vote 1 - Financial Services | – | – | – | – | – | – | – | | – |
| Vote 2 - Community Services | – | – | – | – | – | – | – | | – |
| Vote 3 - Corporate Services | – | – | – | – | – | – | – | | – |
| Vote 4 - Technical Services | – | 22,442 | 24,217 | 1,363 | 8,265 | 12,109 | (3,843) | -32% | 24,217 |
| Vote 5 - Muncipal Manager | – | – | – | – | – | – | – | | – |
| **Total Capital Multi-year expenditure** | **–** | **22,442** | **24,217** | **1,363** | **8,265** | **12,109** | **(3,843)** | **-32%** | **24,217** |
| **Single Year expenditure appropriation** | | | | | | | | | |
| Vote 1 - Financial Services | – | 180 | 180 | 7 | 42 | 90 | (48) | -53% | 180 |
| Vote 2 - Community Services | – | 3,695 | 5,863 | 265 | 1,330 | 2,932 | (1,601) | -55% | 5,863 |
| Vote 3 - Corporate Services | – | 1,972 | 2,022 | – | 330 | 1,011 | (681) | -67% | 2,022 |
| Vote 4 - Technical Services | – | 54,903 | 56,800 | 2,378 | 10,190 | 28,400 | (18,210) | -64% | 56,800 |
| Vote 5 - Muncipal Manager | – | 55 | 55 | – | – | 28 | (28) | -100% | 55 |
| **Total Capital single-year expenditure** | – | 60,805 | 64,920 | 2,651 | 11,893 | 32,460 | **(20,567)** | **-63%** | 64,920 |
| **Total Capital Expenditure** | **–** | **83,247** | **89,137** | **4,014** | **20,158** | **44,569** | **(24,410)** | **-55%** | **89,137** |

**WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mid-Year Assessment**

| Vote Description<br>R thousands | 2016/17<br>Audited Outcome | Budget Year 2017/18<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditure - Standard Classification** | | | | | | | | | |
| ***Governance and administration*** | **–** | **2,304** | **2,354** | **7** | **376** | **1,177** | (801) | -68% | **2,354** |
| Executive and council | – | 295 | 295 | – | 18 | 148 | (130) | -88% | 295 |
| Finance and administration | – | 2,009 | 2,059 | 7 | 358 | 1,030 | (671) | -65% | 2,059 |
| Internal audit | – | – | – | – | – | – | – | | – |
| ***Community and public safety*** | **–** | **3,495** | **3,695** | **265** | **1,326** | **1,848** | (522) | -28% | **3,695** |
| Community and social services | – | 535 | 543 | 111 | 222 | 271 | (50) | -18% | 543 |
| Sport and recreation | – | 2,260 | 2,452 | 154 | 1,104 | 1,226 | (122) | -10% | 2,452 |
| Public safety | – | 500 | 500 | – | – | 250 | (250) | -100% | 500 |
| Housing | – | 200 | 200 | – | – | 100 | (100) | -100% | 200 |
| Health | – | – | – | – | – | – | – | | – |
| ***Economic and environmental service*** | **–** | **17,050** | **16,098** | **93** | **2,985** | **8,049** | (5,064) | -63% | **16,098** |
| Planning and development | – | 20 | 20 | – | – | 10 | (10) | -100% | 20 |
| Road transport | – | 17,030 | 16,078 | 93 | 2,985 | 8,039 | (5,054) | -63% | 16,078 |
| Environmental protection | – | – | – | – | – | – | – | | – |
| ***Trading services*** | **–** | **60,398** | **66,990** | **3,649** | **15,472** | **33,495** | (18,023) | -54% | **66,990** |
| Energy sources | – | 3,327 | 3,327 | 290 | 1,374 | 1,664 | (290) | -17% | 3,327 |
| Water management | – | 31,597 | 36,695 | 1,503 | 8,934 | 18,348 | (9,413) | -51% | 36,695 |
| Waste water management | – | 22,169 | 23,662 | 1,678 | 4,836 | 11,831 | (6,995) | -59% | 23,662 |
| Waste management | – | 3,305 | 3,305 | 177 | 327 | 1,652 | (1,325) | -80% | 3,305 |
| ***Other*** | – | – | – | – | – | – | – | | – |
| **Total Capital Expenditure - Standard Cla** | **–** | **83,247** | **89,137** | **4,014** | **20,158** | **44,569** | **(24,410)** | **-55%** | **89,137** |
| **Funded by:** | | | | | | | | | |
| National Government | – | 31,226 | 31,226 | 2,675 | 13,468 | 15,613 | (2,146) | -14% | 31,226 |
| Provincial Government | – | 27,632 | 33,094 | 46 | 473 | 16,547 | (16,074) | -97% | 33,094 |
| District Municipality | – | – | – | – | – | – | – | | – |
| Other transfers and grants | – | – | – | – | – | – | – | | – |
| **Transfers recognised - capital** | **–** | **58,858** | **64,320** | **2,721** | **13,941** | **32,160** | **(18,219)** | **-57%** | **64,320** |
| **Public contributions & donations** | – | – | – | – | – | – | – | | – |
| **Borrowing** | – | 3,500 | 3,526 | – | 396 | 1,763 | (1,367) | -78% | 3,526 |
| **Internally generated funds** | – | 20,889 | 21,291 | 1,293 | 5,821 | 10,645 | (4,824) | -45% | 21,291 |
| **Total Capital Funding** | **–** | **83,247** | **89,137** | **4,014** | **20,158** | **44,569** | **(24,410)** | **-55%** | **89,137** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 (

# 2017

The table provides detail of the municipality's financial position as at period end.

**WC022 Witzenberg - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment**

| Description | 2016/17 | Budget Year 2017/18 | | | |
|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | – | 93,458 | 98,966 | 88,297 | 88,297 |
| Call investment deposits | – | (0) | (0) | 17,000 | 17,000 |
| Consumer debtors | – | (30,388) | (16,707) | 10,772 | 10,772 |
| Other debtors | – | 13,682 | – | 9,024 | 9,024 |
| Current portion of long-term receivables | – | – | – | – | – |
| Inventory | – | 2,505 | 2,703 | (2,216) | (2,216) |
| **Total current assets** | **–** | **79,257** | **84,962** | **122,876** | **122,876** |
| **Non current assets** | | | | | |
| Long-term receivables | – | – | – | – | – |
| Investments | – | – | – | – | – |
| Investment property | – | (596) | (596) | (298) | (298) |
| Investments in Associate | – | – | – | – | – |
| Property, plant and equipment | – | 37,866 | 43,757 | (2,469) | (2,469) |
| Agricultural | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| Intangible assets | – | (69) | (69) | (81) | (81) |
| Other non-current assets | – | – | – | – | – |
| **Total non current assets** | **–** | **37,201** | **43,092** | **(2,849)** | **(2,849)** |
| **TOTAL ASSETS** | **–** | **116,458** | **128,054** | **120,027** | **120,027** |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Bank overdraft | – | – | – | – | – |
| Borrowing | – | – | – | – | – |
| Consumer deposits | – | – | – | 427 | 427 |
| Trade and other payables | – | 61,739 | 69,073 | (8,955) | (8,955) |
| Provisions | – | 7,897 | 8,284 | 941 | 941 |
| **Total current liabilities** | **–** | **69,636** | **77,357** | **(7,587)** | **(7,587)** |
| **Non current liabilities** | | | | | |
| Borrowing | – | 6,324 | 6,362 | (1,530) | (1,530) |
| Provisions | – | 12,527 | 12,527 | 4,549 | 4,549 |
| **Total non current liabilities** | **–** | **18,851** | **18,889** | **3,019** | **3,019** |
| **TOTAL LIABILITIES** | **–** | **88,487** | **96,246** | **(4,569)** | **(4,569)** |
| **NET ASSETS** | **–** | **27,972** | **31,808** | **124,596** | **124,596** |
| **COMMUNITY WEALTH/EQUITY** | | | | | |
| Accumulated Surplus/(Deficit) | – | 27,972 | 31,808 | 124,596 | 124,596 |
| Reserves | – | – | – | – | – |
| **TOTAL COMMUNITY WEALTH/EQUITY** | **–** | **27,972** | **31,808** | **124,596** | **124,596** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The cash flows for the year to date are indicated in the following table:

**WC022 Witzenberg - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment**

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | | | | |
| **Receipts** | | | | | | | | | |
| Ratepayers and other | – | 61,689 | 61,689 | (22) | 14,527 | 30,845 | (16,318) | -53% | 61,689 |
| Government - operating | – | 291,601 | 291,601 | 7,167 | 162,821 | 145,800 | 17,021 | 12% | 291,601 |
| Government - capital | – | 17,246 | 17,246 | 197 | 55,662 | 8,623 | 47,039 | 545% | 17,246 |
| Interest | – | 97,846 | 97,846 | 24,138 | 60,898 | 48,923 | 11,975 | 24% | 97,846 |
| Dividends | – | 63,230 | 63,230 | 11,257 | 23,870 | 31,615 | (7,744) | -24% | 63,230 |
| **Payments** | | | | | | | | | |
| Suppliers and employees | – | – | – | – | – | – | – | | – |
| Finance charges | – | – | – | – | – | – | – | | – |
| Transfers and Grants | – | (369,994) | (369,994) | 16,410 | (263,925) | (184,997) | 78,928 | -43% | (369,994) |
| **NET CASH FROM/(USED) OPERATING ACTI** | **–** | **161,618** | **161,618** | **59,147** | **53,854** | **80,809** | **(26,956)** | **-33%** | **161,618** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | | |
| **Receipts** | | | | | | | | | |
| Proceeds on disposal of PPE | – | – | – | – | – | – | – | | – |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | | – |
| Decrease (increase) other non-current receiv | – | – | – | – | – | – | – | | – |
| Decrease (increase) in non-current investmer | – | – | – | – | – | – | – | | – |
| **Payments** | | | | | | | | | |
| Capital assets | – | – | – | 13,500 | (17,011) | – | 17,011 | | – |
| **NET CASH FROM/(USED) INVESTING ACTIV** | **–** | **–** | **–** | **13,500** | **(17,011)** | **–** | **17,011** | | **–** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | | |
| **Receipts** | | | | | | | | | |
| Short term loans | – | – | – | – | – | – | – | | – |
| Borrowing long term/refinancing | – | 3,500 | 3,500 | – | – | 1,750 | (1,750) | -100% | 3,500 |
| Increase (decrease) in consumer deposits | – | – | – | 23 | 91 | – | 91 | | – |
| **Payments** | | | | | | | | | |
| Repayment of borrowing | – | – | – | (109) | (1,022) | – | 1,022 | | – |
| **NET CASH FROM/(USED) FINANCING ACTIV** | **–** | **3,500** | **3,500** | **(86)** | **(931)** | **1,750** | **2,681** | **153%** | **3,500** |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **–** | **165,118** | **165,118** | **72,561** | **35,912** | **82,559** | | | **165,118** |
| Cash/cash equivalents at beginning: | – | – | – | | – | – | | | – |
| Cash/cash equivalents at month/year end: | – | 165,118 | 165,118 | | 35,912 | 82,559 | | | 165,118 |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The debtors age analysis per Income source and customer group is as follows:

**WC022 Witzenberg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment**

| Description | | Budget Year 2017/18 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | NT Code | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days |
| **Debtors Age Analysis By Income Source** | | | | | | | | | | | |
| Water | 1200 | 6,889 | 1,523 | 1,382 | 948 | 932 | 931 | 5,047 | 41,839 | 59,490 | 49,697 |
| Electricity | 1300 | 12,308 | 675 | 737 | 287 | 254 | 184 | 859 | 2,464 | 17,766 | 4,047 |
| Property Rates | 1400 | 3,684 | 217 | 180 | 156 | 2,812 | 129 | 692 | 12,818 | 20,686 | 16,606 |
| Waste Water Management | 1500 | 3,287 | 619 | 573 | 527 | 499 | 456 | 2,604 | 19,021 | 27,586 | 23,107 |
| Waste Management | 1600 | 3,320 | 810 | 675 | 675 | 632 | 456 | 2,407 | 23,251 | 32,226 | 27,421 |
| Property Rental Debtors | 1700 | 45 | 18 | 17 | 74 | 16 | 16 | 93 | 997 | 1,275 | 1,196 |
| Interest on Arrear Accounts | 1810 | 69 | 64 | 85 | 81 | 96 | 108 | 946 | 31,872 | 33,322 | 33,103 |
| Recoverable expenditure | 1820 | – | – | – | – | – | – | – | – | – | – |
| Other | 1900 | (2,973) | 72 | 42 | 45 | 25 | 104 | 168 | 1,157 | (1,360) | 1,500 |
| **Total By Income Source** | **2000** | **26,627** | **3,998** | **3,690** | **2,792** | **5,266** | **2,385** | **12,816** | **133,419** | **190,992** | **156,677** |
| **2016/17 - totals only** | | | | | | | | | | – | – |
| **Debtors Age Analysis By Customer Group** | | | | | | | | | | | |
| Organs of State | 2200 | 1,947 | 696 | 558 | 136 | 505 | 70 | 108 | 2,380 | 6,400 | 3,199 |
| Commercial | 2300 | 11,254 | 249 | 218 | 267 | 1,083 | 225 | 930 | 6,329 | 20,555 | 8,833 |
| Households | 2400 | 12,161 | 2,821 | 2,679 | 2,194 | 2,670 | 1,917 | 10,632 | 117,085 | 152,159 | 134,498 |
| Other | 2500 | 1,264 | 232 | 236 | 195 | 1,008 | 172 | 1,146 | 7,626 | 11,878 | 10,147 |
| **Total By Customer Group** | **2600** | **26,627** | **3,998** | **3,690** | **2,792** | **5,266** | **2,385** | **12,816** | **133,419** | **190,992** | **156,677** |

**Some consumers used council's gesture to enable them to purchase electricity although their accounts are in arrears during the holiday season as an excuse to not pay their municipal accounts due in December. The collection rate for December was only 78%, forcing the year to date collection rate down to 93% from the 96% achieved at the end of November.**

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The movement in investments is detailed below.

**WC022 Witzenberg - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment**

| Investments by maturity<br>Name of institution & investment ID<br><br>R thousands | Period of Investment<br>Yrs/Months | Type of Investment | Expiry date of investment | Accrued interest for the month | Yield for the month 1 (%) | Market value at beginning of month | Change in market value | Market value at end of the month |
|---|---|---|---|---|---|---|---|---|
| **Municipality** | | | | | | | | |
| ABSA | – | – | – | – | | – | – | – |
| Investec | – | – | – | – | | – | – | – |
| Nedbank | – | – | – | – | | – | – | – |
| Standard Bank | – | – | – | – | | – | – | 17,000 |
| | – | – | – | – | | – | – | – |
| | – | – | – | – | | – | – | – |
| **Municipality sub-total** | | | | – | | – | – | 17,000 |
| **Entities** | | | | | | | | |
| **Entities sub-total** | | | | – | | – | – | – |
| **TOTAL INVESTMENTS AND INTEREST** | | | | **–** | | **–** | **–** | **17,000** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

Operating and Capital transfers received are indicated in the following table:

**WC022 Witzenberg - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment**

| Description | Ref | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **RECEIPTS:** | 1,2 | | | | | | | | |
| **Operating Transfers and Grants** | | | | | | | | | |
| **National Government:** | | **73,960** | **73,960** | **23,748** | **53,988** | **36,980** | **17,008** | **46.0%** | **73,960** |
| Equitable Share | | 70,412 | 70,412 | 23,470 | 52,809 | 35,206 | 17,603 | 50.0% | 70,412 |
| Local Government Financial Management Grant [Sche | | 1,550 | 1,550 | 27 | 167 | 775 | (608) | -78.4% | 1,550 |
| Expanded Public Works Programme Integrated Grant f | | 1,485 | 1,485 | 251 | 1,012 | 743 | 269 | 36.2% | 1,485 |
| Municipal Infrastructure Grant [Schedule 5B] | | 513 | 513 | – | – | 257 | (257) | -100.0% | 513 |
| | | – | – | – | – | – | – | | – |
| | 3 | – | – | – | – | – | – | | – |
| **Provincial Government:** | | **23,886** | **24,311** | **6,567** | **11,109** | **12,155** | **(1,047)** | **-8.6%** | **24,311** |
| Human Settlement Development | | 14,328 | 14,328 | 6,565 | 9,459 | 7,164 | 2,295 | 32.0% | 14,328 |
| Financial Management | | 240 | 240 | – | – | 120 | (120) | -100.0% | 240 |
| Replacement Funding for most vulnerable B3 municip | | 5,450 | 5,874 | – | 1,608 | 2,937 | (1,329) | -45.3% | 5,874 |
| Library Service Conditional Grant | 4 | 2,600 | 2,600 | – | – | 1,300 | (1,300) | -100.0% | 2,600 |
| Community Development Workers | | 148 | 148 | 2 | 41 | 74 | (33) | -44.4% | 148 |
| Regional Socio-economic Project/Violence Preventio | | 1,000 | 1,000 | – | – | 500 | (500) | -100.0% | 1,000 |
| *Maintenance of Main Roads* | | 120 | 120 | – | – | 60 | (60) | -100.0% | 120 |
| **Total Operating Transfers and Grants** | 5 | **97,846** | **98,271** | **30,315** | **65,096** | **49,135** | **15,961** | **32.5%** | **98,271** |
| **Capital Transfers and Grants** | | | | | | | – – | | |
| **National Government:** | | 35,598 | 35,598 | 375 | 9,220 | 17,799 | (8,579) | **-48.2%** | 35,598 |
| Municipal Infrastructure Grant [Schedule 5B] | | 22,226 | 22,226 | 366 | 9,212 | 11,113 | (1,901) | -17.1% | 22,226 |
| Regional Bulk Infrastructure Grant (Schedule 5B) | | 13,372 | 13,372 | 9 | 9 | 6,686 | (6,677) | -99.9% | 13,372 |
| Integrated National Electrification Programme (Mun | | – | – | – | – | – | – | | – |
| **Provincial Government:** | | **27,632** | **32,632** | **6** | **29** | **16,316** | (16,287) | -99.8% | **32,632** |
| *Human Settlement* | | **27,632** | **32,632** | **6** | **29** | **16,316** | (16,287) | -99.8% | **32,632** |
| | | **–** | **–** | **–** | **–** | **–** | – | | **–** |
| **Total Capital Transfers and Grants** | 5 | **63,230** | **68,230** | **381** | **9,249** | **34,115** | **(24,865)** | **-72.9%** | **68,230** |
| **TOTAL RECEIPTS OF TRANSFERS & GRANTS** | 5 | 161,076 | 166,500 | 30,696 | 74,346 | 83,250 | – (8,904) | -10.7% | 166,500 |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

Operating and Capital expenditure financed from grants are indicated in the following table:

**WC022 Witzenberg - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment**

| Description | Ref | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **EXPENDITURE** | | | | | | | | | |
| **Operating expenditure of Transfers and Grants** | | | | | | | | | |
| **National Government:** | | **73,960** | **73,915** | **3,536** | **19,280** | **36,958** | **(17,677)** | **-47.8%** | **73,915** |
| Equitable Share | | 70,412 | 70,367 | 3,309 | 18,114 | 35,184 | (17,069) | -48.5% | 70,367 |
| Local Government Financial Management Grant [Sche | | 1,550 | 1,550 | 27 | 161 | 775 | (614) | -79.2% | 1,550 |
| Expanded Public Works Programme Integrated Grant f | | 1,485 | 1,485 | 200 | 1,005 | 743 | 263 | 35.4% | 1,485 |
| Municipal Infrastructure Grant [Schedule 5B] | | 513 | 513 | – | – | 257 | (257) | -100.0% | 513 |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| Other transfers and grants [insert description] | | – | – | – | – | – | – | | – |
| **Provincial Government:** | | **43,284** | **48,284** | **40** | **9,511** | **24,142** | **(14,631)** | **-60.6%** | **48,284** |
| Human Settlement Development | | 41,960 | 46,960 | 29 | 9,459 | 23,480 | (14,021) | -59.7% | 46,960 |
| Replacement Funding for most vulnerable B3 municip | | – | – | – | – | – | – | | – |
| Library Service Conditional Grant | | – | – | – | – | – | – | | – |
| Community Development Workers | | 204 | 204 | 2 | 39 | 102 | (63) | -62.0% | 204 |
| Regional Socio-economic Project/Violence Preventio | | 1,000 | 1,000 | 9 | 12 | 500 | (488) | -97.5% | 1,000 |
| Maintenance of Main Roads | | 120 | 120 | – | – | 60 | (60) | -100.0% | 120 |
| Other grant providers: | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| [insert description] | | – | – | – | – | – | – | | – |
| | | **–** | **–** | **–** | **–** | **–** | – | | **–** |
| Other capital transfers [insert description] | | – | – | – | – | – | – | | – |
| **Total operating expenditure of Transfers and Grants:** | | **117,244** | **122,199** | **3,576** | **28,791** | **61,100** | **(32,309)** | **-52.9%** | **122,199** |
| **Capital expenditure of Transfers and Grants** | | | | | | | | | |
| **National Government:** | | **31,226** | **31,226** | **2,675** | **13,468** | **15,613** | **(2,146)** | **-13.7%** | **31,226** |
| Municipal Infrastructure Grant [Schedule 5B] | | 19,496 | 19,496 | 2,614 | 13,407 | 9,748 | 3,658 | 37.5% | 19,496 |
| Regional Bulk Infrastructure Grant (Schedule 5B) | | 11,730 | 11,730 | 61 | 61 | 5,865 | (5,804) | -99.0% | 11,730 |
| Integrated National Electrification Programme (Mun | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| District Municipality: | | – | – | – | – | – | – | | – |
| **Provincial Government:** | | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| **Other grant providers:** | | **–** | **–** | **–** | **–** | **–** | – | | **–** |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| **Total capital expenditure of Transfers and Grants** | | **31,226** | **31,226** | **2,675** | **13,468** | **15,613** | **(2,146)** | **-13.7%** | **31,226** |
| **TOTAL EXPENDITURE OF TRANSFERS AND GRANTS** | | **148,470** | **153,426** | **6,251** | **42,259** | **76,713** | **(34,454)** | **-44.9%** | **153,426** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

Expenditure on councillor allowances and employee benefits:

**WC022 Witzenberg - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment**

| Summary of Employee and Councillor remuneration | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| | B | C | | | | | | D |
| **Councillors (Political Office Bearers plus Other)** | | | | | | | | |
| Basic Salaries and Wages | 7,196 | 7,196 | 537 | 3,246 | 3,598 | (352) | -10% | 7,196 |
| Pension and UIF Contributions | 1,003 | 1,003 | 78 | 471 | 502 | (30) | -6% | 1,003 |
| Medical Aid Contributions | 201 | 201 | 9 | 62 | 100 | (38) | -38% | 201 |
| Motor Vehicle Allowance | 651 | 651 | – | – | 325 | (325) | -100% | 651 |
| Cellphone Allowance | 556 | 556 | 43 | 266 | 278 | (13) | -5% | 556 |
| Housing Allowances | 425 | 425 | 3 | 51 | 213 | (162) | -76% | 425 |
| Other benefits and allowances | 50 | 50 | – | 1 | 25 | (24) | -96% | 50 |
| **Sub Total - Councillors** | **10,083** | **10,083** | **670** | **4,097** | **5,041** | **(945)** | **-19%** | **10,083** |
| **% increase** | | | | | | | | |
| **Senior Managers of the Municipality** | | | | | | | | |
| Basic Salaries and Wages | 4,260 | 4,260 | 347 | 2,032 | 2,130 | (98) | -5% | 4,260 |
| Pension and UIF Contributions | 704 | 704 | 46 | 271 | 352 | (81) | -23% | 704 |
| Medical Aid Contributions | 131 | 131 | 8 | 50 | 65 | (16) | -24% | 131 |
| Overtime | – | – | – | – | – | – | | – |
| Performance Bonus | 805 | 805 | – | 321 | 403 | (81) | -20% | 805 |
| Motor Vehicle Allowance | 945 | 945 | 31 | 126 | 473 | (347) | -73% | 945 |
| Cellphone Allowance | 64 | 64 | 2 | 11 | 32 | (21) | -65% | 64 |
| Housing Allowances | 138 | 138 | – | – | 69 | (69) | -100% | 138 |
| Other benefits and allowances | 158 | 125 | 57 | 354 | 63 | 291 | 464% | 125 |
| Payments in lieu of leave | – | – | – | – | – | – | | – |
| Long service awards | – | – | – | – | – | – | | – |
| Post-retirement benefit obligations | – | – | – | – | – | – | | – |
| **Sub Total - Senior Managers** | **7,205** | **7,172** | **492** | **3,165** | **3,586** | **(422)** | **-12%** | **7,172** |
| **% increase** | | | | | | | | |
| **Other Municipal Staff** | | | | | | | | |
| Basic Salaries and Wages | 97,371 | 97,693 | 7,292 | 42,536 | 48,846 | (6,310) | -13% | 97,693 |
| Pension and UIF Contributions | 15,318 | 15,321 | 1,169 | 6,944 | 7,660 | (717) | -9% | 15,321 |
| Medical Aid Contributions | 6,806 | 6,806 | 525 | 3,167 | 3,403 | (237) | -7% | 6,806 |
| Overtime | 10,974 | 10,971 | 1,085 | 7,211 | 5,486 | 1,725 | 31% | 10,971 |
| Performance Bonus | 7,091 | 7,091 | 581 | 3,611 | 3,546 | 66 | 2% | 7,091 |
| Motor Vehicle Allowance | 4,092 | 3,978 | 332 | 1,807 | 1,989 | (182) | -9% | 3,978 |
| Cellphone Allowance | 378 | 380 | 35 | 251 | 190 | 61 | 32% | 380 |
| Housing Allowances | 1,490 | 1,490 | 120 | 717 | 745 | (28) | -4% | 1,490 |
| Other benefits and allowances | 1,596 | 1,596 | 235 | 1,403 | 798 | 604 | 76% | 1,596 |
| Payments in lieu of leave | 791 | 791 | (2,069) | (134) | 396 | (530) | -134% | 791 |
| Long service awards | 388 | 388 | 69 | 441 | 194 | 247 | 127% | 388 |
| Post-retirement benefit obligations | 10,126 | 10,126 | 908 | 5,585 | 5,063 | 522 | 10% | 10,126 |
| **Sub Total - Other Municipal Staff** | **156,422** | **156,632** | **10,283** | **73,539** | **78,316** | **(4,777)** | **-6%** | **156,632** |
| **% increase** | | | | | | | | |
| **Total Parent Municipality** | **173,711** | **173,888** | **11,445** | **80,800** | **86,944** | **(6,144)** | **-7%** | **173,888** |
| **Unpaid salary, allowances & benefits in arrears:** | **#DIV/0!** | **#DIV/0!** | | | | | | **#DIV/0!** |
| **Total Municipal Entities** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| **TOTAL SALARY, ALLOWANCES &** | **173,711** | **173,888** | **11,445** | **80,800** | **86,944** | **(6,144)** | **-7%** | **173,888** |
| **% increase** | | | | | | | | |
| **TOTAL MANAGERS AND STAFF** | **163,628** | **163,805** | **10,774** | **76,703** | **81,902** | **(5,199)** | **-6%** | **163,805** |

# Mid-Year Budget Statement and Performance Assessment for the period 1 July to 31 December 2017

The monthly cash flows for the year to date are indicated in the following table:

**WC022 Witzenberg - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Mid-Year Assessment**

| Description | Ref | Budget Year 2017/18 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June |
| R thousands | 1 | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Budget | Budget | Budget | Budget | Budget | Budget |
| **Cash Receipts By Source** | | | | | | | | | | | | | |
| Property rates | | 3,345 | 12,935 | 5,490 | 12,707 | 4,868 | 3,463 | 5,141 | 5,141 | 5,141 | 5,141 | 5,141 | 16,296 |
| Service charges - electricity revenue | | 18,142 | 20,502 | 15,447 | 17,251 | 14,535 | 12,109 | 18,169 | 18,169 | 18,169 | 18,169 | 18,169 | 57,360 |
| Service charges - water revenue | | 2,316 | 3,051 | 2,526 | 2,851 | 3,597 | 2,663 | 2,951 | 2,951 | 2,951 | 2,951 | 2,951 | 11,747 |
| Service charges - sanitation revenue | | 4,300 | 2,031 | 1,676 | 1,668 | 1,745 | 1,311 | 1,605 | 1,605 | 1,605 | 1,605 | 1,605 | 5,844 |
| Service charges - refuse | | 1,483 | 2,094 | 1,671 | 1,804 | 1,828 | 1,291 | 1,488 | 1,488 | 1,488 | 1,488 | 1,488 | 2,129 |
| Service charges - other | | 2,075 | 1,341 | 1,346 | 1,974 | 3,604 | 605 | 87 | 87 | 87 | 87 | 87 | (86,934) |
| Rental of facilities and equipment | | 66 | 32 | 816 | 144 | 206 | 804 | 804 | 804 | 804 | 804 | 804 | 3,560 |
| Interest earned - external investments | | 10 | 1,053 | (0) | 1,234 | 549 | 380 | 380 | 380 | 380 | 380 | 380 | (565) |
| Interest earned - outstanding debtors | | – | 13 | – | – | – | 713 | 713 | 713 | 713 | 713 | 713 | 4,262 |
| Dividends received | | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | | 6 | 13 | 18 | 144 | 217 | 248 | 248 | 248 | 248 | 248 | 248 | 1,092 |
| Licences and permits | | 21 | – | (1,491) | (206) | 394 | – | – | – | – | – | – | 1,283 |
| Agency services | | – | – | – | – | – | 385 | 385 | 385 | 385 | 385 | 385 | 2,307 |
| Transfer receipts - operating | | – | 29,339 | 354 | 7,046 | 21 | 8,154 | 8,154 | 8,154 | 8,154 | 8,154 | 8,154 | 12,163 |
| Other revenue | | 8 | 50,632 | 715 | 3,298 | 432 | – | – | – | – | – | – | (55,085) |
| **Cash Receipts by Source** | | **31,771** | **123,036** | **28,567** | **49,915** | **31,998** | **32,126** | **40,125** | **40,125** | **40,125** | **40,125** | **40,125** | **(24,540)** |
| **Other Cash Flows by Source** | | | | | | | | | | | | | – |
| Transfer receipts - capital | | – | 12,613 | – | – | – | 5,269 | 5,269 | 5,269 | 5,269 | 5,269 | 5,269 | 19,001 |
| Contributions & Contributed assets | | – | – | – | – | – | – | – | – | – | – | – | – |
| Proceeds on disposal of PPE | | – | – | – | – | – | – | – | – | – | – | – | – |
| Short term loans | | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | | – | – | – | – | – | – | – | – | – | – | – | 3,500 |
| Increase in consumer deposits | | (24) | (54) | 61 | 76 | 10 | – | – | – | – | – | – | (69) |
| Receipt of non-current debtors | | – | – | – | – | – | – | – | – | – | – | – | – |
| Receipt of non-current receivables | | – | – | – | – | – | – | – | – | – | – | – | – |
| Change in non-current investments | | – | – | (11) | – | – | – | – | – | – | – | – | 11 |
| **Total Cash Receipts by Source** | | **31,747** | **135,595** | **28,618** | **49,991** | **32,008** | **37,395** | **45,394** | **45,394** | **45,394** | **45,394** | **45,394** | **(2,096)** |
| **Cash Payments by Type** | | | | | | | | | | | | | – |
| Employee related costs | | 8,269 | 8,312 | 11,092 | 11,416 | 18,403 | 12,029 | 12,029 | 12,029 | 12,029 | 12,029 | 12,029 | 14,681 |
| Remuneration of councillors | | 698 | 752 | 729 | 752 | 728 | 840 | 840 | 840 | 840 | 840 | 840 | 1,381 |
| Interest paid | | – | – | 231 | – | – | 78 | 78 | 78 | 78 | 78 | 78 | 238 |
| Bulk purchases - Electricity | | 187 | 351 | 44,688 | 13,080 | 11,853 | 13,579 | 13,579 | 13,579 | 13,579 | 13,579 | 13,579 | 11,314 |
| Bulk purchases - Water & Sewer | | – | – | – | – | – | – | – | – | – | – | – | – |
| Other materials | | 46 | 0 | 919 | 2,045 | 2,077 | 625 | 625 | 625 | 625 | 625 | 625 | (1,338) |
| Contracted services | | 446 | 13 | 1,252 | 507 | 3,925 | 1,634 | 1,634 | 1,634 | 1,634 | 1,634 | 1,634 | 3,660 |
| Grants and subsidies paid - other municipalities | | 203 | – | – | – | – | – | – | – | – | – | – | (203) |
| Grants and subsidies paid - other | | – | – | 46 | 3,120 | 6,550 | 49 | 49 | 49 | 49 | 49 | 49 | (9,423) |
| General expenses | | 19,162 | 34,537 | 6,267 | 3,147 | 7,724 | 2,084 | 2,084 | 2,084 | 2,084 | 2,084 | 2,084 | (57,832) |
| **Cash Payments by Type** | | **29,012** | **43,966** | **65,225** | **34,069** | **51,261** | **30,918** | **30,918** | **30,918** | **30,918** | **30,918** | **30,918** | **(37,523)** |
| **Other Cash Flows/Payments by Type** | | | | | | | | | | | | | |
| Capital assets | | 12,297 | 6,429 | 3,599 | 2,293 | 2,583 | 5,778 | 2,214 | 2,996 | 8,489 | 9,348 | 8,272 | 19,383 |
| Repayment of borrowing | | 32,576 | 14,453 | (9,193) | (1,353) | 30,471 | – | – | – | – | – | – | (66,954) |
| Other Cash Flows/Payments | | 21,681 | (300) | 5,687 | 89,274 | (4,385) | (17,494) | (47,237) | 78,727 | (64,560) | (18,751) | (14,902) | 24,741 |
| **Total Cash Payments by Type** | | **95,566** | **64,547** | **65,317** | **124,283** | **79,929** | **19,202** | **(14,105)** | **112,641** | **(25,153)** | **21,516** | **24,287** | **(60,352)** |
| **NET INCREASE/(DECREASE) IN CASH HELD** | | **(63,819)** | **71,048** | **(36,699)** | **(74,291)** | **(47,922)** | **18,192** | **59,499** | **(67,247)** | **70,546** | **23,878** | **21,106** | **58,256** |
| Cash/cash equivalents at the month/year beginning: | | 45,875 | (17,944) | 53,104 | 16,405 | (57,887) | (105,808) | (87,616) | (28,117) | (95,364) | (24,817) | (939) | 20,167 |
| Cash/cash equivalents at the month/year end: | | (17,944) | 53,104 | 16,405 | (57,887) | (105,808) | (87,616) | (28,117) | (95,364) | (24,817) | (939) | 20,167 | 78,423 |

# WITZENBERG MUNICIPALITY

## SDBIP TOP LAYER MID-YEAR REPORT 2017/18

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 2nd Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Essential services | Sustainable provision & maintenance of basic services | TecDir1 | Percentage expenditure on maintenance budget by Technical Directorate. | 99% | 50% | 44% |
| | | TecDir3 | Percentage expenditure on capital budget by Technical Directorate. | 96% | 40% | 23% |
| | | TecRo7 | Kilometres of roads upgraded & rehabilitated. | 3 | 0,5 | 1,16 |
| | | TecWat21 | Percentage compliance with drinking water quality standards | 98% | 98% | 100% |
| | | TecWat20 | Decrease unaccounted water losses. | 18% | 18% | 16% |
| | | TecEl37 | Decrease unaccounted electricity losses. | 8% | 8% | 8,8% |
| | | FinInc17 | Number of outstanding valid applications for water services expressed as a % of total number of billings for the service. | <1% | <1% | 0% |
| | | FinInc18 | Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service. | <1% | <1% | 0% |
| | | FinInc19 | Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service. | <1% | <1% | 0,4% |
| | | FinInc20 | Number of outstanding valid applications for waste removal services expressed as a % of total number of billings for the service. | <1% | <1% | 0% |
| | Provide for the needs of informal settlements through improved services | TecDir2 | Number of subsidised serviced sites developed. | 500 | 150 | 0 |
| | | TecWat22 | Provide basic services - number of informal areas with sufficient communal water service points (taps). | 3 | 3 | 3 |
| | | TecSan13 | Provide basic services - number of informal areas with sufficient communal sanitation service points(toilets). | 3 | 3 | 3 |
| | | TecRef31 | Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area cleaning service. | 3 | 3 | 3 |
| | | TecEl36 | Number of subsidised electricity connections installed. | 309 | 50 | 187 |
| Governance | Support institutional development & transformation | CorpHR12 | Percentage of people from employment equity target groups employed in the three highest levels of management. | 75% | 75% | 71% |
| | | CorpHR13 | Percentage budget spend on the implementation of the Workplace Skills Plan | 96% | 50% | 37% |
| | Financial Viability | MM1 | Pecentage spend on maintenance for the whole municipality. | 99% | 50% | 44% |
| | | MM2 | Percentage spend on Capital Budget for the whole municipality. | 96% | 40% | 23% |
| | | FinDir3 | Opinion of the Auditor-General on annual financial statements of the previous year. | Unqualifie d | | 1 |
| | | FinFAdm9 | Financial viability expressed as Cost-Coverage ratio | 2,8 | 2,8 | 3,7 |
| | | FinFAdm10 | Financial viability expressed as Debt-Coverage ratio | 30 | 30 | 101 |
| | | FinFAdm11 | Financial viability expressed outstanding service debtors | 44% | 44% | 85,83% |
| | | FinInc15 | Increased revenue collection | 95% | 95% | 93% |
| | Strengthen relations | MMIDP9 | Number of IDP community meetings held. | 14 | 7 | 7 |
| | | ComSoc49 | Number of meetings with intergovernmental partners. | 12 | 6 | 6 |

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 2nd Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Communal services | Provide & maintain facilities | ComDir1 | Percentage expenditure on maintenance budget by Community Directorate. | 99% | 50% | 68% |
| | | ComDir2 | Percentage expenditure on capital budget by Community Directorate. | 96% | 40% | 35% |
| | | ComAm34 | Customer satisfaction survey on community facilities (score 1 - 5) | 2,5 | | |
| Socio-Economic Support Services | Support the poor & vulnerable | ComLed8 | The number of jobs created through the municipality's local economic development initiatives including capital projects. | 390 | 200 | 200 |
| | | ComHS14 | Number of housing opportunities provided per year - top structures. | 309 | 50 | 107 |
| | | ComHS15 | Number of rental stock transferred. | 60 | 30 | 6 |
| | | ComSoc41 | Number of account holders subsidised through the municipality's Indigent Policy | 2750 | 2750 | 2296 |
| | | ComSoc42 | Bi-annual HIV/AIDS awareness programmes | 3 | 1 | 1 |
| | | ComSoc43 | Arrange workshops for youth per twinning agreement | 2 | 2 | 2 |
| | | ComSoc44 | Implement substance abuse programmes | 5 | 3 | 3 |
| | | ComSoc45 | Implementation of child protection programmes | 2 | | |
| | | ComSoc46 | Implementation of early childhood development programmes | 4 | 2 | 2 |
| | | ComSoc47 | Implementation of gender programmes | 2 | 1 | 1 |
| | | ComSoc48 | Implementation of projects for persons with disabilities | 2 | 1 | 1 |
| | Create an enabling environment to attract investment & support local economy. | MMProp21 | Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards. | Phase 4 Implement | | |
| | | ComLed4 | Compile & Implementation of LED Strategy. | Review of plan | | |

**Targets not achieved:**

<u>TecDir1</u> – *Percentage expenditure on maintenance budget by Technical Directorate.*

Reason for target not achieved:

- The contractor who does some of the maintenance work on the Roads & Storm water, had cash flow problems.

Corrective measures:

- The contractor was issued with 2 rate of progress letters, as per the General Conditions of Contract, the progress of the contractor has since increased and will the expenditure also be improving now.

<u>TecDir3</u> – *Percentage expenditure on capital budget by Technical Directorate.*

Reason for target not achieved:

- This underspending is due to the late start of the Vredebes internal services housing project. The layout was amended which had the effect that the services plans could not be approved. The layout has been approved and the services plans approved in the meantime. The number of sites to be serviced has also been reduced to 300. Vredebes Housing Project – R25 000 000,00. Asla was given approval to commence with the services of Vredbes phase F1 on 6 October 2017 already, Asla submitted an application to dept. of Human Settlements for additional funding due to Geotechnical

conditions, Asla indicated they need clarity from dept. Human Settlements on the additional funding before they can establish site.

- Tulbagh Construction of Dam - R11 729 824,00 . DWS has not approved the funding , to enable us to commence with the project.
- Total of these two projects – R36 729 824.00

Corrective measures:

- Reduced amount to be corrected with adjustment budget. Vredebes Housing Project – Follow up with Asla & dept. Human Settlements on the approval of the additional geotech funding.
- Tulbagh Construction of Dam – Follow up with DWS on approval of funding. I am already following up with DWS on a monthly basis on the progress of the release of the RBIG funding.

TecEl37 – *Decrease unaccounted electricity losses.*

Reason for target not achieved:

- Technical losses is actual losses that occur when transferring power in dsitribution system. This can only be optimised and is not always practical due to budget constraints.
- Electricity theft. Connections can be removed but the safety of personnel are at risk as well as the possibality of riots.
- Unmetered installations and meters will be addressed once the challenges with the GIS as reported seperately have been addressed.
- The identification of faulty and inaccurate meters is a challenge due to staff and equipment constraints.

Corrective measures:

- A load-flow study to identify upgrades and possible switching to increase network performance and reduce technical losses will be completed by June 2018.
- An illegal strategy connection will be drafted by February 2018
- Using GIS to determine anomalies
- Investigation on the erven identified with possible annomalies in order to address electricity losses.
- Appoint a consultant by June 2018 to do a complete meter audit.

TecDir2 – *Number of subsidised serviced sites developed.*

Reason for target not achieved:

- Engineering drawings for the internal services of the Vredebes phase F1 was approved on 1 November 2017. Asla has not started on site yet, as they submitted a geotechnical variance application for additional funds to Human Settlements, the outcome of the geotechnical funding are currently awaited.

Corrective measures:

- The geotechnical variance application must be finalised by Human Settlements, to allow the Contractor to commence on site.

CorpHR12 – *Percentage of people from employment equity target groups employed in the three highest levels of management.*

Reason for target not achieved:

- Vacant positions has been advertised but appointments has not been made due to a lack of suitable candidates.

Corrective measures:

- Positions to be re-advertised.

CorpHR13 – *Percentage budget spent on the Implementation of the Workplace Skills Plan .*

Reason for target not achieved:
- Bidders did not comply in terms of pre-Bid Specifications

Corrective measures:
- Bid will be re-advertised
- Orders to the amount of 53% of budget has been issued.

MM1 – *Percentage expenditure on maintenance budget for the whole Municipality.*

Reason for target not achieved:

- The contractor who does some of the maintenance work on the Roads & Storm water, had cash flow problems.
- Orders was not issued timeously by Finance for various R&M votes, due to MSCOA.

Corrective measures:
- R&M votes and orders have been received and spending will increase now.
- The roads contractor was issued with 2 rate of progress letters, as per the General Conditions of Contract, the progress of the contractor has since increased and will the expenditure also be improving now.

MM2 – *Percentage expenditure on capital budget for the whole municipality..*

Reason for target not achieved:

- This underspending is due to the late start of the Vredebes internal services housing project. The layout was amended which had the effect that the services plans could not be approved. The layout has been approved and the services plans approved in the meantime. The number of sites to be serviced has also been reduced to 300. Vredebes Housing Project – R25 000 000,00. Asla was given approval to commence with the services of Vredebes phase F1 on 6 October 2017 already, Asla submitted an application to dept. of Human Settlements for additional funding due to Geotechnical conditions, Asla indicated they need clarity from dept. Human Settlements on the additional funding before they can establish site.
- Tulbagh Construction of Dam - R11 729 824,00 . DWS has not approved the funding , to enable us to commence with the project.
- Total of these two projects – R36 729 824.00

Corrective measures:
- Reduced amount to be corrected with adjustment budget. Vredebes Housing Project – Follow up with Asla & dept. Human Settlements on the approval of the additional geotech funding.
- Tulbagh Construction of Dam – Follow up with DWS on approval of funding. I am already following up with DWS on a monthly basis on the progress of the release of the RBIG funding.

FinAdm11 – *Financial viability expressed as outstanding service debtors..*

Reason for target not achieved:
- Credit control measures are limited in areas where electricity is supplied by Eskom. This concern has been addressed by SALGA but no workable solution has been reached to date.
- An additional contributing factor to the none achievement of the KPI is due to limited applications for indigent support within these areas.

Corrective measures:

- Implementation of water management meters to limit water consumption and to address the non-payment for the water service.

FinInc15 – *Increased revenue collection*

Reason for target not achieved:

- Credit control measures are limited in areas where electricity is supplied by Eskom. This concern has been addressed by SALGA but no workable solution has been reached to date.
- An additional contributing factor to the none achievement of the KPI is due to limited applications for indigent support within these areas.

Corrective measures:

- Implementation of water management meters to limit water consumption and to address the non-payment for the water service.

ComDir2 – *Percentage expenditure on capital budget by Community Directorate.*

Reason for target not achieved:

- Capital projects base on the availability of the municipal loan has not being finalized.

Corrective measures:

- In terms of Amenities some tenders has been re-advertised.

ComHS15 – *Number of rental stock transferred.*

Reason for target not achieved:

- Attorney indicated that he struggled to get documents signed by beneficiaries who did not show for their appointments.
- Extended RCC (rates clearance certificates) were required for 9 properties from the Finance Department and was delayed.
- Registration of N'duli properties are linked to lost VA for certain titles at the deeds office

Corrective measures:

- Lost VA's were found, RCC again requested and received by Agent (Dykes Van Heerden) and Attorney and will be lodge by middle November 2017
- 4 applications lodge on 3 October 2017 – registration 3 weeks after lodgement – Attorney
- Signed documents already handed in for signature of MM and send back) – Attorney needs to expedite lodgement

## 4 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, Mr D Nasson, Municipal Manager of Witzenberg Municipality, hereby certify that the mid-year budget and performance assessment have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

**Print name:** **Mr. D NASSON**

**Municipal Manager of WITZENBERG MUNICIPALITY**

**Signature:**

**Date:** 17 January 2018

WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase

# Quarterly Budget Statement Report (Section 52) for the Period 1 July 2017 to 30 September 2017

## Financial data is in respect of the period 1 July 2017 to 30 September 2017

# Glossary

**Adjustments Budgets –** Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

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

**AFS –** Annual Financial Statements

**Budget –** The financial plan of a municipality.

**Budget related policy –** Policy of a municipality affecting or affected by the budget.

**Capital Expenditure –** Spending on municipal assets such as land, buildings, distribution networks, treatment plants and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement –** A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

**CFO –** Chief Financial Officer / Director: Finance

**DORA –** Division of Revenue Act. An annual piece of legislation indicating the allocations from National Government to Local Government.

**Equitable Share –** A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

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

**GDFI -** Gross Domestic Fixed Investment

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

**GRAP –** Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

**IDP –** Integrated Development Plan. The main strategic planning document of a municipality.

**KPI's –** Key Performance Indicators. Measures of service output and/or outcome.

**MFMA –** Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

**<u>Glossary (Continued)</u>**

**MIG –** Municipal Infrastructure Grant

**MPRA –** Municipal Property Rates Act (No 6 of 2004).

**MTREF –** Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level. Also includes details of the previous three years and current years' financial position.

**NT** – National Treasury

**Net Assets –** Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure –** Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Rates –** Local Government tax based on assessed valuation of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**RBIG –** Regional Bulk Infrastructure Grant

**R&M –** Repairs and maintenance on property, plant and equipment.

**SCM –** Supply Chain Management.

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

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

**TMA –** Total Municipal Account

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

**Virement –** A transfer of budget.

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

**Vote –** One of the main segments into which a budget is divided, usually at department level.

**WM –** Witzenberg Municipality

# Legal requirements

In terms of Section 52 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

**52. General Responsibilities.** — The mayor of a municipality—

(*a*) must provide general political guidance over the fiscal and financial affairs of the municipality;

(*b*) in providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;

(*c*) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;

(*d*) **must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and**

(*e*) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

In terms of section 11 (4) (a), the Accounting Officer must within 30 days after the end of each quarter table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1) (b) to (j) during that quarter. Section 11(1) read as follow:

*"11. (1) Only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, and may do so only—*

*(a) to defray expenditure appropriated in terms of an approved budget;*
*(b) to defray expenditure authorised in terms of section 26(4);*
*(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);*
*(d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;*
*(e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including—*
*(i) money collected by the municipality on behalf of that person or organ of state by agreement; or*
*(ii) any insurance or other payments received by the municipality for that person or organ of state;*
*(f) to refund money incorrectly paid into a bank account;*
*(g) to refund guarantees, sureties and security deposits;*
*(h) for cash management and investment purposes in accordance with section 13;*
*(i) to defray increased expenditure in terms of section 31; or*
*(j) for such other purposes as may be prescribed."*

In terms of Section 66 of the MFMA the Accounting Officer must prepare a report on all expenditure incurred with relation to staff benefits.

Section 66 reads as follow:

*"66. The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely—*

*(a) salaries and wages;*
*(b) contributions for pensions and medical aid;*
*(c) travel, motor car, accommodation, subsistence and other allowances;*
*(d) housing benefits and allowances;*

*(e) overtime payments;*
*(f) loans and advances; and*
*(g) any other type of benefit or allowance related to staff."*

The following regulations of the Local Government: Municipal Finance Management Act Municipal Budget and Reporting Regulations are relevant:

Quarterly reports on implementation of budget

31. (1) The mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality as required by section 52(d) of the Act must be-
    {a) in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and
    (b) consistent with the monthly budget statements for September, December, March and June as applicable; and
    (c) submitted to the National Treasury and the relevant provincial treasury within five days of tabling of the report in the council.

Publication of quarterly reports on implementation of budget

32. When publishing the quarterly reports on the implementation of the budget in terms of section 75(1)(k) of the Act, the municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the quarterly report on the implementation of the budget and the financial state of affairs of the municipality, including -
    (a) summaries of quarterly report in alternate languages predominant in the community; and
    {b) information relevant to each ward in the municipality.

# PART 1 - IN-YEAR REPORT

## Mayors Report

Speaker
Deputy Executive Mayor
Members of the Mayoral Committee
Councillors
Representatives of Provincial Government
Municipal Manager
Directors and officials
Distinguished guests
Members of the media

It is my privilege to present to you the quarterly Budget Statement Report for the three months 1 July 2017 to 30 September 2017.

The process of value for money spending is always a challenge for capital projects. The amended capital budget amounts R 89.0 million of which R 6.8 million was expended as at 30 September 2017. Steps will be implemented to increase spending on capital projects.

Credit control for various reasons remains a challenge for the municipality.

It is with great pleasure to announce that the financial viability and cash flow status of the municipality over the past period has been steadily increasing. It has reached a point where the municipality has sufficient funds available to cover operating expenditure for three months.

The current drought situation is a concern as it will have an negative impact on the economic output of the region, unemployment will increase and the demand for free municipal service are expected to increase to exceed the budgeted provision.

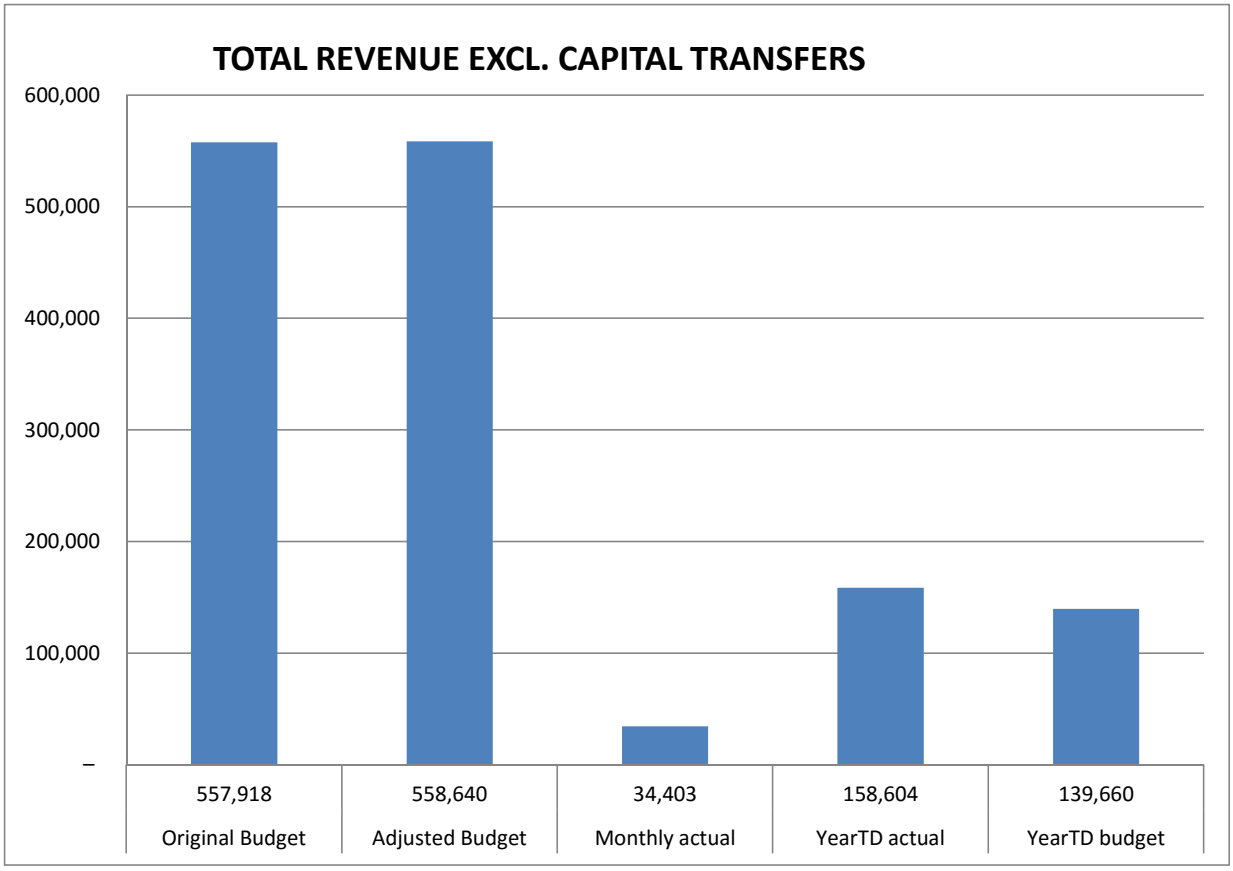
It is expected that sufficient water is available for municipal consumers, if the current water sources are used sparingly.

**COUNCILLOR BC KLAASEN**
**EXECUTIVE MAYOR**

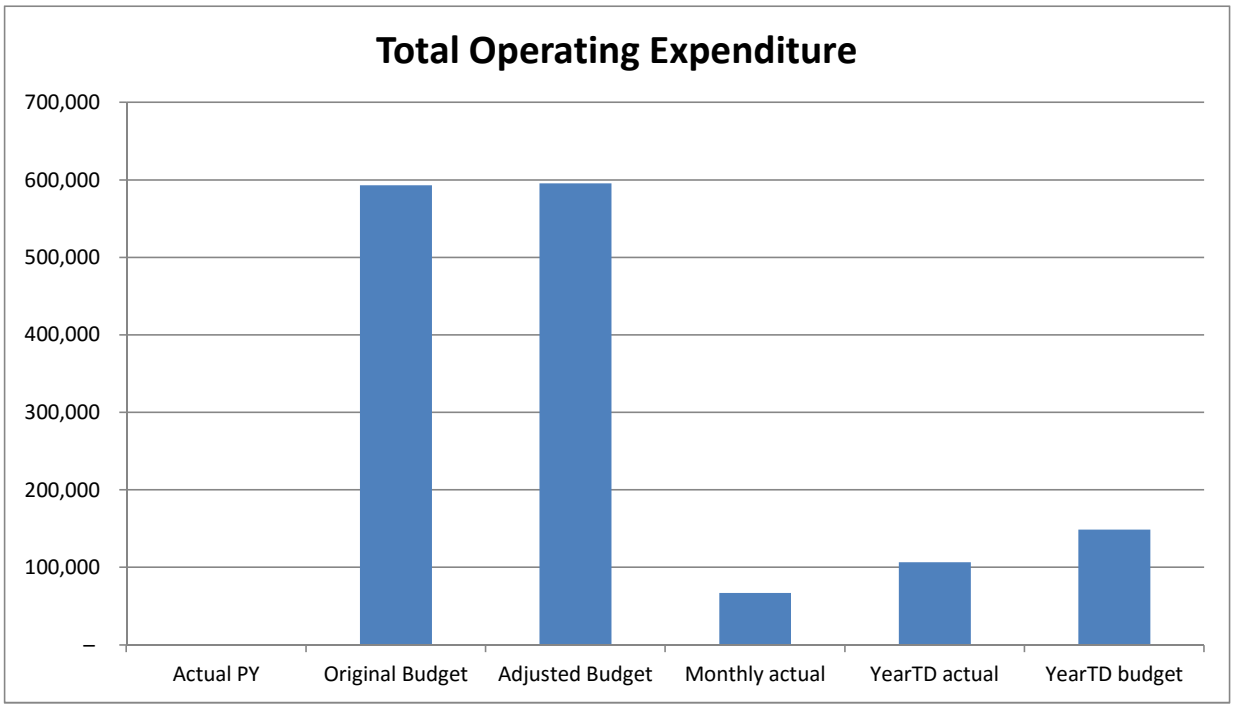
**Recommendation**

It is recommended that council take cognisance of the quarterly budget assessment for the period 1 July 2017 to 30 September 2017.

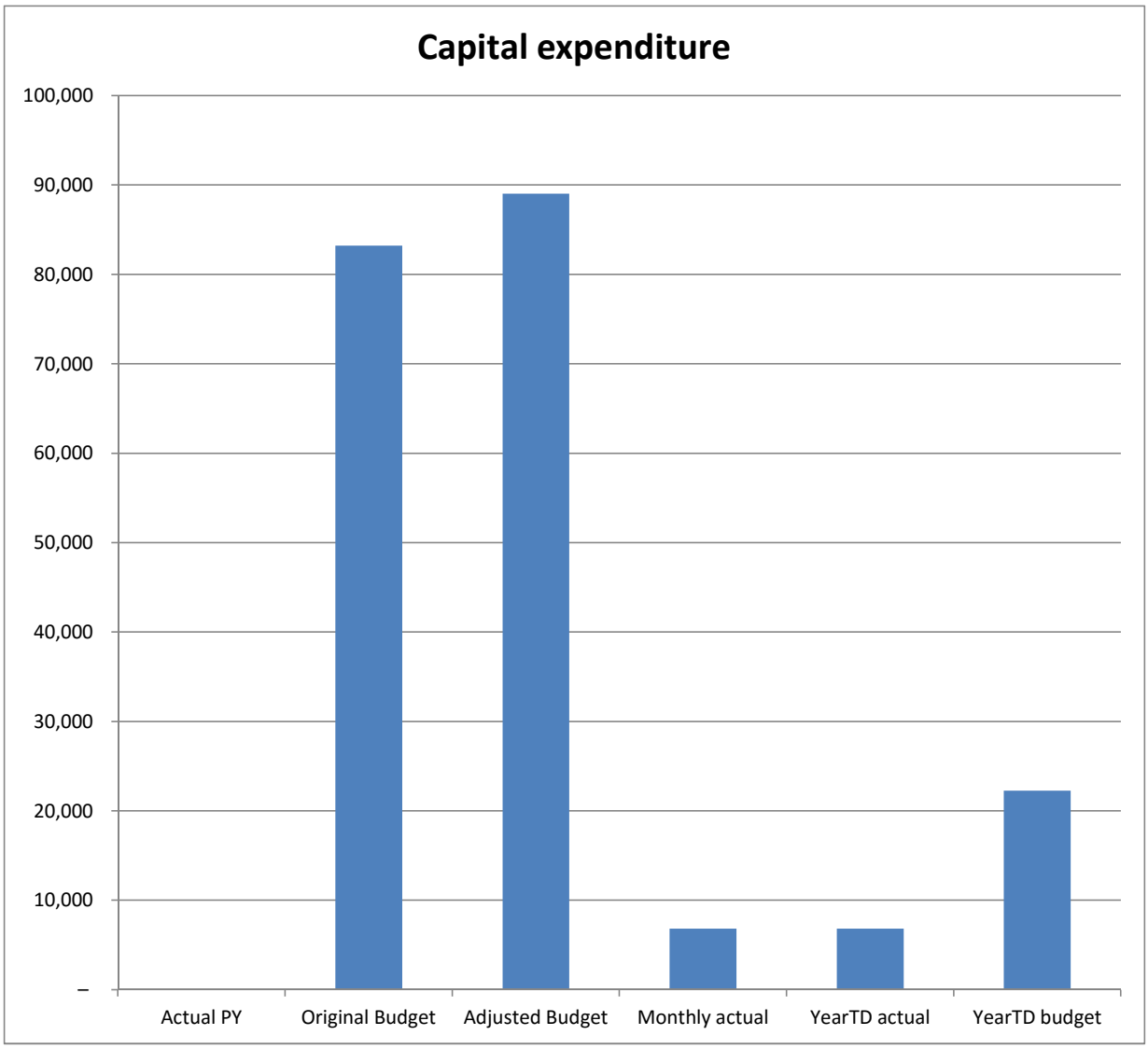
**Executive Summary**




For the period 1 July 2017 to 30 September 2017, 28.39% of the budgeted revenue excluding capital transfers was levied.




For the period 1 July 2017 to 30 September 2017, 17.92% of the budgeted operational expenditure was incurred. This figure may increase as some invoices are still outstanding.




For the period 1 July 2017 to 30 September 2017, 7.68% of the budgeted capital expenditure was incurred.

# In-year budget statement tables

The following table provides a summary of the financial performance and financial position of the municipality as at 30 September 2016.

WC022 Witzenberg - Table C1 Monthly Budget Statement Summary - Q1 First Quarter

| Description | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Financial Performance | | | | | | | | |
| Property rates | 64,827 | 64,827 | 3,230 | 36,156 | 16,207 | 19,949 | 123% | 64,827 |
| Service charges | 302,714 | 302,714 | 25,532 | 81,074 | 75,679 | 5,395 | 7% | 302,714 |
| Investment revenue | 4,565 | 4,565 | (1) | 1,076 | 1,141 | (66) | -6% | 14,661 |
| Transfers recognised - operational | 97,846 | 98,571 | 243 | 29,720 | 24,643 | 5,077 | 21% | 98,571 |
| Other own revenue | 87,965 | 87,964 | 5,400 | 10,579 | 21,991 | (11,411) | -52% | 87,964 |
| Total Revenue (excluding capital | 557,918 | 558,640 | 34,403 | 158,604 | 139,660 | 18,944 | 14% | 568,736 |
| Employee costs | 163,628 | 163,929 | 16,326 | 39,463 | 40,982 | (1,519) | -4% | 163,929 |
| Remuneration of Councillors | 10,083 | 10,083 | 670 | 2,063 | 2,521 | (458) | -18% | 10,083 |
| Depreciation & asset impairment | 46,045 | 46,045 | 4 | 9 | 11,511 | (11,503) | -100% | 46,045 |
| Finance charges | 3,710 | 3,710 | 231 | 231 | 927 | (697) | -75% | 3,710 |
| Materials and bulk purchases | 201,738 | 201,727 | 40,941 | 43,893 | 50,432 | (6,538) | -13% | 201,727 |
| Transfers and grants | 15,763 | 15,763 | 49 | 275 | 3,941 | (3,665) | -93% | 15,763 |
| Other expenditure | 152,209 | 154,380 | 8,977 | 20,789 | 38,595 | (17,806) | -46% | 154,380 |
| Total Expenditure | 593,175 | 595,637 | 67,199 | 106,723 | 148,909 | (42,186) | -28% | 595,637 |
| Surplus/(Deficit) | (35,258) | (36,997) | (32,796) | 51,882 | (9,249) | 61,131 | -661% | (26,901) |
| Transfers recognised - capital | 63,230 | 68,692 | – | 396 | 17,173 | (16,777) | -98% | 68,692 |
| Contributions & Contributed assets | – | – | – | – | – | – | | – |
| Surplus/(Deficit) after capital transfers | 27,972 | 31,695 | (32,796) | 52,278 | 7,924 | 44,354 | 560% | 41,791 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | | – |
| Surplus/ (Deficit) for the year | 27,972 | 31,695 | (32,796) | 52,278 | 7,924 | 44,354 | 560% | 41,791 |
| Capital expenditure & funds sources | | | | | | | | |
| Capital expenditure | 83,247 | 89,035 | 6,840 | 6,840 | 22,259 | (15,419) | -69% | 89,035 |
| Capital transfers recognised | 58,858 | 64,320 | 5,352 | 5,352 | 5,360 | (8) | -0% | 64,320 |
| Public contributions & donations | – | – | – | – | – | – | | – |
| Borrowing | 3,500 | 3,500 | – | – | 292 | (292) | -100% | 3,500 |
| Internally generated funds | 20,889 | 21,215 | 1,487 | 1,487 | 1,768 | (280) | -16% | 21,215 |
| Total sources of capital funds | 83,247 | 89,035 | 6,840 | 6,840 | 7,420 | (580) | -8% | 89,035 |
| Financial position | | | | | | | | |
| Total current assets | (374,567) | 60,385 | | 99,530 | | | | 99,530 |
| Total non current assets | 80,104 | 42,989 | | 6,840 | | | | 6,840 |
| Total current liabilities | 478,200 | 442,387 | | (16,550) | | | | (16,550) |
| Total non current liabilities | 12,512 | 18,851 | | 12,386 | | | | 12,386 |
| Community wealth/Equity | 27,972 | 31,491 | | 52,279 | | | | 52,279 |
| Cash flows | | | | | | | | |
| Net cash from (used) operating | 161,618 | 161,618 | (27,187) | 19,150 | 13,468 | 5,682 | 42% | 161,618 |
| Net cash from (used) investing | – | – | (11) | (11) | – | (11) | | – |
| Net cash from (used) financing | 3,500 | 3,500 | (854) | (932) | 292 | (1,224) | -420% | 3,500 |
| Cash/cash equivalents at the month | 165,118 | 165,118 | – | 18,207 | 13,760 | 4,447 | 32% | 165,118 |
| Debtors & creditors analysis | 31-60 Days | 61-90 Days | 91-120 | 121-150 | 151-180 | 181 Dys-1 | Over 1Yr | Total |
| Debtors Age Analysis | | | | | | | | |
| Total By Income Source | 14,160 | 2,591 | 2,474 | 2,211 | 2,249 | 11,883 | 128,968 | 192,017 |
| Creditors Age Analysis | | | | | | | | |
| Total Creditors | 142 | 957 | 155 | – | – | 10 | 144 | 3,348 |

The following table provides detail of revenue and expenditure according to the international standard classification framework.

WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q1 First Quarter

| Description | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue - Standard | | | | | | | | |
| *Governance and administration* | 81,062 | 81,062 | 38,472 | 38,472 | 6,755 | 31,717 | 470% | 81,062 |
| Executive and council | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| Finance and administration | 81,062 | 81,062 | 38,472 | 38,472 | 6,755 | 31,717 | 470% | 81,062 |
| Internal audit | – | – | – | – | – | – | | – |
| *Community and public safety* | 118,693 | 119,417 | 31,293 | 31,293 | 9,951 | 21,342 | 214% | 119,417 |
| Community and social services | 90,126 | 90,850 | 29,910 | 29,910 | 7,571 | 22,339 | 295% | 90,850 |
| Sport and recreation | 11,045 | 11,045 | 1,354 | 1,354 | 920 | 434 | 47% | 11,045 |
| Public safety | 6 | 6 | 0 | 0 | 0 | (0) | -52% | 6 |
| Housing | 17,516 | 17,516 | 30 | 30 | 1,460 | (1,430) | -98% | 17,516 |
| Health | – | – | – | – | – | – | | – |
| *Economic and environmental services* | 29,602 | 29,601 | 393 | 393 | 2,467 | (2,073) | -84% | 29,601 |
| Planning and development | 552 | 552 | – | – | 46 | (46) | -100% | 552 |
| Road transport | 29,039 | 29,038 | 393 | 393 | 2,420 | (2,026) | -84% | 29,038 |
| Environmental protection | 11 | 11 | – | – | 1 | (1) | -100% | 11 |
| *Trading services* | 159,223 | 164,685 | 27,237 | 27,237 | 13,724 | 13,514 | 98% | 164,685 |
| Energy sources | 6,457 | 6,457 | 1,139 | 1,139 | 538 | 601 | 112% | 6,457 |
| Water management | 78,737 | 81,850 | 10,583 | 10,583 | 6,821 | 3,762 | 55% | 81,850 |
| Waste water management | 47,175 | 49,525 | 8,326 | 8,326 | 4,127 | 4,199 | 102% | 49,525 |
| Waste management | 26,854 | 26,854 | 7,189 | 7,189 | 2,238 | 4,952 | 221% | 26,854 |
| *Other* | – | – | – | – | – | – | | – |
| Total Revenue - Standard | 388,580 | 394,766 | 97,396 | 97,396 | 32,897 | 64,499 | 196% | 394,766 |
| Expenditure - Standard | | | | | | | | |
| *Governance and administration* | 98,519 | 98,646 | 18,502 | 18,502 | 8,220 | 10,281 | 125% | 98,646 |
| Executive and council | 15,162 | 15,162 | 2,805 | 2,805 | 1,264 | 1,541 | 122% | 15,162 |
| Finance and administration | 81,502 | 81,629 | 15,151 | 15,151 | 6,802 | 8,348 | 123% | 81,629 |
| Internal audit | 1,854 | 1,854 | 546 | 546 | 155 | 391 | 253% | 1,854 |
| *Community and public safety* | 87,501 | 88,371 | 13,835 | 13,835 | 7,364 | 6,471 | 88% | 88,371 |
| Community and social services | 33,018 | 33,888 | 5,256 | 5,256 | 2,824 | 2,432 | 86% | 33,888 |
| Sport and recreation | 28,228 | 28,228 | 6,023 | 6,023 | 2,352 | 3,671 | 156% | 28,228 |
| Public safety | 8,246 | 8,246 | 1,715 | 1,715 | 687 | 1,028 | 150% | 8,246 |
| Housing | 18,009 | 18,009 | 840 | 840 | 1,501 | (660) | -44% | 18,009 |
| Health | – | – | – | – | – | – | | – |
| *Economic and environmental services* | 54,722 | 56,202 | 6,028 | 6,028 | 4,683 | 1,345 | 29% | 56,202 |
| Planning and development | 6,592 | 6,772 | 1,036 | 1,036 | 564 | 471 | 84% | 6,772 |
| Road transport | 46,473 | 47,773 | 4,722 | 4,722 | 3,981 | 741 | 19% | 47,773 |
| Environmental protection | 1,657 | 1,657 | 271 | 271 | 138 | 133 | 96% | 1,657 |
| *Trading services* | 112,214 | 112,209 | 17,582 | 17,582 | 9,351 | 8,231 | 88% | 112,209 |
| Energy sources | 7,614 | 7,614 | 891 | 891 | 635 | 256 | 40% | 7,614 |
| Water management | 30,429 | 30,429 | 4,217 | 4,217 | 2,536 | 1,682 | 66% | 30,429 |
| Waste water management | 33,671 | 33,666 | 6,273 | 6,273 | 2,805 | 3,467 | 124% | 33,666 |
| Waste management | 40,501 | 40,501 | 6,201 | 6,201 | 3,375 | 2,826 | 84% | 40,501 |
| *Other* | 864 | 862 | 207 | 207 | 72 | 135 | 188% | 862 |
| Total Expenditure - Standard | 353,821 | 356,290 | 56,154 | 56,154 | 29,691 | 26,463 | 89% | 356,290 |
| Surplus/ (Deficit) for the year | 34,760 | 38,475 | 41,242 | 41,242 | 3,206 | 38,036 | 1186% | 38,475 |

The following table provides detail of revenue and expenditure according to the international standard classification framework.

WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q1 First Quarter

| Description | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue - Standard | | | | | | | | |
| *Municipal governance and administration* | 81,062 | 81,062 | 38,472 | 38,472 | 6,755 | 31,717 | 470% | 81,062 |
| Executive and council | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Mayor and Council* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Municipal Manager* | – | – | – | – | – | – | | – |
| Finance and administration | 81,062 | 81,062 | 38,472 | 38,472 | 6,755 | 31,717 | 470% | 81,062 |
| *Administrative and Corporate Support* | 2,832 | 2,832 | – | – | 236 | (236) | -100% | 2,832 |
| *Asset Management* | – | – | – | – | – | – | | – |
| *Budget and Treasury Office* | 4,802 | 4,802 | 598 | 598 | 400 | 198 | 49% | 4,802 |
| *Finance* | 72,816 | 72,816 | 37,874 | 37,874 | 6,068 | 31,806 | 524% | 72,816 |
| *Fleet Management* | 36 | 36 | – | – | 3 | (3) | -100% | 36 |
| *Human Resources* | 574 | 574 | – | – | 48 | (48) | -100% | 574 |
| *Information Technology* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Legal Services* | 1 | 1 | – | – | 0 | (0) | -100% | 1 |
| *Marketing, Customer Relations, Publicity and Media* | – | – | – | – | – | – | | – |
| *Property Services* | 2 | 2 | – | – | 0 | (0) | -100% | 2 |
| *Risk Management* | – | – | – | – | – | – | | – |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | – | – | – | – | – | – | | – |
| *Valuation Service* | – | – | – | – | – | – | | – |
| Internal audit | – | – | – | – | – | – | | – |
| *Governance Function* | – | – | – | – | – | – | | – |
| *Community and public safety* | 118,693 | 119,417 | 31,293 | 31,293 | 9,951 | 21,342 | 214% | 119,417 |
| Community and social services | 90,126 | 90,850 | 29,910 | 29,910 | 7,571 | 22,339 | 295% | 90,850 |
| *Aged Care* | 80,496 | 80,496 | 29,713 | 29,713 | 6,708 | 23,004 | 343% | 80,496 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 238 | 238 | 85 | 85 | 20 | 65 | 329% | 238 |
| *Child Care Facilities* | – | – | – | – | – | – | | – |
| *Community Halls and Facilities* | 745 | 1,045 | 85 | 85 | 87 | (3) | -3% | 1,045 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Cultural Matters* | – | – | – | – | – | – | | – |
| *Disaster Management* | – | – | – | – | – | – | | – |
| *Education* | – | – | – | – | – | – | | – |
| *Indigenous and Customary Law* | – | – | – | – | – | – | | – |
| *Industrial Promotion* | – | – | – | – | – | – | | – |
| *Language Policy* | – | – | – | – | – | – | | – |
| *Libraries and Archives* | 8,647 | 9,071 | 27 | 27 | 756 | (729) | -96% | 9,071 |
| *Literacy Programmes* | – | – | – | – | – | – | | – |
| *Media Services* | – | – | – | – | – | – | | – |
| *Museums and Art Galleries* | – | – | – | – | – | – | | – |
| *Population Development* | – | – | – | – | – | – | | – |
| *Provincial Cultural Matters* | – | – | – | – | – | – | | – |
| *Theatres* | – | – | – | – | – | – | | – |
| *Zoo's* | – | – | – | – | – | – | | – |
| Sport and recreation | 11,045 | 11,045 | 1,354 | 1,354 | 920 | 434 | 47% | 11,045 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including Nurseries)* | 561 | 561 | – | – | 47 | (47) | -100% | 561 |
| *Recreational Facilities* | 9,761 | 9,761 | 1,320 | 1,320 | 813 | 506 | 62% | 9,761 |
| *Sports Grounds and Stadiums* | 723 | 723 | 35 | 35 | 60 | (26) | -43% | 723 |

| Description | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Public safety | 6 | 6 | 0 | 0 | 0 | (0) | -52% | 6 |
| *Fire Fighting and Protection* | 6 | 6 | 0 | 0 | 0 | (0) | -52% | 6 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 17,516 | 17,516 | 30 | 30 | 1,460 | (1,430) | -98% | 17,516 |
| *Housing* | 17,516 | 17,516 | 30 | 30 | 1,460 | (1,430) | -98% | 17,516 |
| *Informal Settlements* | – | – | – | – | – | – | | – |
| *Economic and environmental services* | 29,602 | 29,601 | 393 | 393 | 2,467 | (2,073) | -84% | 29,601 |
| Planning and development | 552 | 552 | – | – | 46 | (46) | -100% | 552 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 10 | 10 | – | – | 1 | (1) | -100% | 10 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | – | – | – | – | – | – | | – |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | – | – | – | – | – | – | | – |
| *Project Management Unit* | 542 | 542 | – | – | 45 | (45) | -100% | 542 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 29,039 | 29,038 | 393 | 393 | 2,420 | (2,026) | -84% | 29,038 |
| *Police Forces, Traffic and Street Parking Control* | 18,338 | 18,337 | 252 | 252 | 1,528 | (1,276) | -84% | 18,337 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 10,701 | 10,701 | 142 | 142 | 892 | (750) | -84% | 10,701 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 11 | 11 | – | – | 1 | (1) | -100% | 11 |
| *Biodiversity and Landscape* | 11 | 11 | – | – | 1 | (1) | -100% | 11 |
| *Coastal Protection* | – | – | – | – | – | – | | – |
| *Indigenous Forests* | – | – | – | – | – | – | | – |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | – | – | – | – | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| *Trading services* | 159,223 | 164,685 | 27,237 | 27,237 | 13,724 | 13,514 | 98% | 164,685 |
| Energy sources | 6,457 | 6,457 | 1,139 | 1,139 | 538 | 601 | 112% | 6,457 |
| *Electricity* | – | – | – | – | – | – | | – |
| *Street Lighting and Signal Systems* | 6,457 | 6,457 | 1,139 | 1,139 | 538 | 601 | 112% | 6,457 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 78,737 | 81,850 | 10,583 | 10,583 | 6,821 | 3,762 | 55% | 81,850 |
| *Water Treatment* | – | – | – | – | – | – | | – |
| *Water Distribution* | 78,737 | 81,850 | 10,583 | 10,583 | 6,821 | 3,762 | 55% | 81,850 |
| *Water Storage* | – | – | – | – | – | – | | – |
| Waste water management | 47,175 | 49,525 | 8,326 | 8,326 | 4,127 | 4,199 | 102% | 49,525 |
| *Public Toilets* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Sewerage* | 41,165 | 43,515 | 8,326 | 8,326 | 3,626 | 4,699 | 130% | 43,515 |
| *Storm Water Management* | 6,010 | 6,010 | – | – | 501 | (501) | -100% | 6,010 |
| *Waste Water Treatment* | – | – | – | – | – | – | | – |
| Waste management | 26,854 | 26,854 | 7,189 | 7,189 | 2,238 | 4,952 | 221% | 26,854 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 36 | 36 | – | – | 3 | (3) | -100% | 36 |
| *Solid Waste Removal* | 26,818 | 26,818 | 7,189 | 7,189 | 2,235 | 4,955 | 222% | 26,818 |
| *Street Cleaning* | – | – | – | – | – | – | | – |

WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q1 First Quarter

| Description | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Expenditure - Standard | | | | | | | | |
| *Municipal governance and administration* | 98,519 | 98,646 | 18,502 | 18,502 | 8,220 | 10,281 | 125% | 98,646 |
| Executive and council | 15,162 | 15,162 | 2,805 | 2,805 | 1,264 | 1,541 | 122% | 15,162 |
| *Mayor and Council* | 15,162 | 15,162 | 2,805 | 2,805 | 1,264 | 1,541 | 122% | 15,162 |
| *Municipal Manager, Town Secretary and Chief Execut* | – | – | – | – | – | – | | – |
| Finance and administration | 81,502 | 81,629 | 15,151 | 15,151 | 6,802 | 8,348 | 123% | 81,629 |
| *Administrative and Corporate Support* | 9,039 | 9,034 | 1,790 | 1,790 | 753 | 1,038 | 138% | 9,034 |
| *Asset Management* | 5,149 | 5,149 | 37 | 37 | 429 | (392) | -91% | 5,149 |
| *Budget and Treasury Office* | 16,725 | 16,867 | 2,121 | 2,121 | 1,406 | 716 | 51% | 16,867 |
| *Finance* | 18,079 | 18,079 | 4,124 | 4,124 | 1,507 | 2,617 | 174% | 18,079 |
| *Fleet Management* | 2,939 | 2,929 | 350 | 350 | 244 | 106 | 44% | 2,929 |
| *Human Resources* | 18,169 | 18,169 | 5,840 | 5,840 | 1,514 | 4,326 | 286% | 18,169 |
| *Information Technology* | 3,616 | 3,616 | 425 | 425 | 301 | 124 | 41% | 3,616 |
| *Legal Services* | 2,508 | 2,508 | 343 | 343 | 209 | 134 | 64% | 2,508 |
| *Marketing, Customer Relations, Publicity and Media* | – | – | – | – | – | – | | – |
| *Property Services* | 3,361 | 3,361 | 107 | 107 | 280 | (173) | -62% | 3,361 |
| *Risk Management* | 384 | 384 | 1 | 1 | 32 | (31) | -96% | 384 |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | – | – | – | – | – | – | | – |
| *Valuation Service* | 1,532 | 1,532 | 10 | 10 | 128 | (118) | -92% | 1,532 |
| Internal audit | 1,854 | 1,854 | 546 | 546 | 155 | 391 | 253% | 1,854 |
| *Governance Function* | 1,854 | 1,854 | 546 | 546 | 155 | 391 | 253% | 1,854 |
| *Community and public safety* | 87,501 | 88,371 | 13,835 | 13,835 | 7,364 | 6,471 | 88% | 88,371 |
| Community and social services | 33,018 | 33,888 | 5,256 | 5,256 | 2,824 | 2,432 | 86% | 33,888 |
| *Aged Care* | 12,554 | 12,904 | 1,253 | 1,253 | 1,075 | 178 | 17% | 12,904 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 2,922 | 2,922 | 637 | 637 | 243 | 393 | 161% | 2,922 |
| *Child Care Facilities* | 722 | 722 | 21 | 21 | 60 | (39) | -64% | 722 |
| *Community Halls and Facilities* | 5,886 | 5,981 | 1,218 | 1,218 | 498 | 720 | 144% | 5,981 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Cultural Matters* | – | – | – | – | – | – | | – |
| *Disaster Management* | 53 | 53 | 1 | 1 | 4 | (4) | -83% | 53 |
| *Education* | 619 | 619 | 4 | 4 | 52 | (48) | -93% | 619 |
| *Indigenous and Customary Law* | – | – | – | – | – | – | | – |
| *Industrial Promotion* | – | – | – | – | – | – | | – |
| *Language Policy* | – | – | – | – | – | – | | – |
| *Libraries and Archives* | 10,262 | 10,686 | 2,123 | 2,123 | 891 | 1,232 | 138% | 10,686 |
| *Literacy Programmes* | – | – | – | – | – | – | | – |
| *Media Services* | – | – | – | – | – | – | | – |
| *Museums and Art Galleries* | – | – | – | – | – | – | | – |
| *Population Development* | – | – | – | – | – | – | | – |
| *Provincial Cultural Matters* | – | – | – | – | – | – | | – |
| *Theatres* | – | – | – | – | – | – | | – |
| *Zoo's* | – | – | – | – | – | – | | – |
| Sport and recreation | 28,228 | 28,228 | 6,023 | 6,023 | 2,352 | 3,671 | 156% | 28,228 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including Nurseries)* | 7,175 | 7,175 | 1,317 | 1,317 | 598 | 719 | 120% | 7,175 |
| *Recreational Facilities* | 16,095 | 16,095 | 3,620 | 3,620 | 1,341 | 2,279 | 170% | 16,095 |
| *Sports Grounds and Stadiums* | 4,958 | 4,958 | 1,086 | 1,086 | 413 | 672 | 163% | 4,958 |
| Public safety | 8,246 | 8,246 | 1,715 | 1,715 | 687 | 1,028 | 150% | 8,246 |
| *Fire Fighting and Protection* | 8,246 | 8,246 | 1,715 | 1,715 | 687 | 1,028 | 150% | 8,246 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 18,009 | 18,009 | 840 | 840 | 1,501 | (660) | -44% | 18,009 |
| *Housing* | 16,509 | 16,509 | 834 | 834 | 1,376 | (542) | -39% | 16,509 |
| *Informal Settlements* | 1,500 | 1,500 | 7 | 7 | 125 | (118) | -94% | 1,500 |

| Description<br>R thousands | Budget Year 2018/19<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|
| *Economic and environmental services* | 54,722 | 56,202 | 6,028 | 6,028 | 4,683 | 1,345 | 29% | 56,202 |
| Planning and development | 6,592 | 6,772 | 1,036 | 1,036 | 564 | 471 | 84% | 6,772 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 2,191 | 2,191 | 394 | 394 | 183 | 211 | 116% | 2,191 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | 2,087 | 2,267 | 274 | 274 | 189 | 85 | 45% | 2,267 |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | – | – | – | – | – | – | | – |
| *Project Management Unit* | 2,315 | 2,315 | 368 | 368 | 193 | 175 | 91% | 2,315 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 46,473 | 47,773 | 4,722 | 4,722 | 3,981 | 741 | 19% | 47,773 |
| *Police Forces, Traffic and Street Parking Control* | 24,339 | 24,339 | 2,837 | 2,837 | 2,028 | 809 | 40% | 24,339 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 22,134 | 23,434 | 1,885 | 1,885 | 1,953 | (68) | -3% | 23,434 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 1,657 | 1,657 | 271 | 271 | 138 | 133 | 96% | 1,657 |
| *Biodiversity and Landscape* | 1,657 | 1,657 | 49 | 49 | 138 | (89) | -64% | 1,657 |
| *Coastal Protection* | – | – | – | – | – | – | | – |
| *Indigenous Forests* | – | – | – | – | – | – | | – |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | 222 | 222 | – | 222 | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| *Trading services* | 112,214 | 112,209 | 17,582 | 17,582 | 9,351 | 8,231 | 88% | 112,209 |
| Energy sources | 7,614 | 7,614 | 891 | 891 | 635 | 256 | 40% | 7,614 |
| *Electricity* | – | – | – | – | – | – | | – |
| *Street Lighting and Signal Systems* | 7,614 | 7,614 | 891 | 891 | 635 | 256 | 40% | 7,614 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 30,429 | 30,429 | 4,217 | 4,217 | 2,536 | 1,682 | 66% | 30,429 |
| *Water Treatment* | 1,365 | 1,365 | 5 | 5 | 114 | (109) | -96% | 1,365 |
| *Water Distribution* | 25,680 | 25,680 | 3,955 | 3,955 | 2,140 | 1,815 | 85% | 25,680 |
| *Water Storage* | 3,383 | 3,383 | 258 | 258 | 282 | (24) | -9% | 3,383 |
| Waste water management | 33,671 | 33,666 | 6,273 | 6,273 | 2,805 | 3,467 | 124% | 33,666 |
| *Public Toilets* | 1,550 | 1,550 | 319 | 319 | 129 | 190 | 147% | 1,550 |
| *Sewerage* | 24,625 | 24,625 | 4,956 | 4,956 | 2,052 | 2,904 | 142% | 24,625 |
| *Storm Water Management* | 5,329 | 5,324 | 990 | 990 | 444 | 547 | 123% | 5,324 |
| *Waste Water Treatment* | 2,167 | 2,167 | 7 | 7 | 181 | (173) | -96% | 2,167 |
| Waste management | 40,501 | 40,501 | 6,201 | 6,201 | 3,375 | 2,826 | 84% | 40,501 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 13,936 | 13,936 | 635 | 635 | 1,161 | (527) | -45% | 13,936 |
| *Solid Waste Removal* | 25,404 | 25,404 | 5,296 | 5,296 | 2,117 | 3,179 | 150% | 25,404 |
| *Street Cleaning* | 1,161 | 1,161 | 270 | 270 | 97 | 174 | 179% | 1,161 |
| *Other* | 864 | 862 | 207 | 207 | 72 | 135 | 188% | 862 |
| Licensing and Regulation | 97 | 95 | 14 | 14 | 8 | 6 | 73% | 95 |
| Tourism | 767 | 767 | 193 | 193 | 64 | 129 | 202% | 767 |
| Total Expenditure - Functional | 353,821 | 356,290 | 56,154 | 56,154 | 29,691 | 26,463 | 89% | 356,290 |
| Surplus/ (Deficit) for the year | 34,760 | 38,475 | 41,242 | 41,242 | 3,206 | 38,036 | 1186% | 38,475 |

The table provides detail of revenue and expenditure according to municipal votes.

WC022 Witzenberg - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter

| Vote Description | 2017/18 | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - Financial Services | – | 74,641 | 74,641 | 37,914 | 37,914 | 6,220 | 31,694 | 509.5% | 74,641 |
| Vote 2 - Community Services | – | 123,253 | 123,976 | 31,659 | 31,659 | 10,331 | 21,328 | 206.4% | 123,976 |
| Vote 3 - Corporate Services | – | 3,506 | 3,506 | – | – | 292 | (292) | -100.0% | 3,506 |
| Vote 4 - Technical Services | – | 404,086 | 409,548 | 89,145 | 89,145 | 34,129 | 55,016 | 161.2% | 409,548 |
| Vote 5 - Muncipal Manager | – | 1,333 | 1,333 | 163 | 163 | 111 | 52 | 46.9% | 1,333 |
| Total Revenue by Vote | – | 606,819 | 613,004 | 158,881 | 158,881 | 51,084 | 107,797 | 211.0% | 613,004 |
| Expenditure by Vote | | | | | | | | | |
| Vote 1 - Financial Services | – | 48,438 | 48,579 | 7,888 | 7,888 | 4,048 | 3,840 | 94.9% | 48,579 |
| Vote 2 - Community Services | – | 102,503 | 103,455 | 17,423 | 17,423 | 8,621 | 8,802 | 102.1% | 103,455 |
| Vote 3 - Corporate Services | – | 55,927 | 56,009 | 12,302 | 12,302 | 4,667 | 7,635 | 163.6% | 56,009 |
| Vote 4 - Technical Services | – | 359,932 | 361,217 | 65,301 | 65,301 | 30,101 | 35,199 | 116.9% | 361,217 |
| Vote 5 - Muncipal Manager | – | 12,047 | 12,047 | 2,301 | 2,301 | 1,004 | 1,297 | 129.2% | 12,047 |
| Total Expenditure by Vote | – | 578,847 | 581,309 | 105,216 | 105,216 | 48,442 | 56,773 | 117.2% | 581,309 |
| Surplus/ (Deficit) for the year | – | 27,972 | 31,695 | 53,665 | 53,665 | 2,641 | 51,024 | 1931.8% | 31,695 |

The table provides detail of revenue according to source and expenditure according to type.

WC022 Witzenberg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

| Description | 2017/18 | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| Revenue By Source | | | | | | | | | |
| Property rates | – | 64,827 | 64,827 | 3,230 | 36,156 | 16,207 | 19,949 | 123% | 64,827 |
| Service charges - electricity revenue | – | 219,007 | 219,007 | 18,317 | 58,166 | 54,752 | 3,414 | 6% | 219,007 |
| Service charges - water revenue | – | 41,086 | 41,086 | 2,819 | 8,951 | 10,272 | (1,320) | -13% | 41,086 |
| Service charges - sanitation revenue | – | 20,933 | 20,933 | 2,519 | 8,000 | 5,233 | 2,767 | 53% | 20,933 |
| Service charges - refuse revenue | – | 21,689 | 21,689 | 1,876 | 5,957 | 5,422 | 535 | 10% | 21,689 |
| Service charges - other | – | – | – | – | – | – | – | | – |
| Rental of facilities and equipment | – | 9,650 | 9,650 | 808 | 1,060 | 2,413 | (1,352) | -56% | 9,650 |
| Interest earned - external investments | – | 4,565 | 4,565 | (1) | 1,076 | 1,141 | (66) | -6% | 4,565 |
| Interest earned - outstanding debtors | – | 10,096 | 10,096 | 1,003 | 2,802 | 2,524 | 278 | 11% | 10,096 |
| Dividends received | – | – | – | – | – | – | – | | – |
| Fines | – | 14,668 | 14,668 | 106 | 126 | 3,667 | (3,541) | -97% | 14,668 |
| Licences and permits | – | 154 | 152 | 187 | 223 | 38 | 185 | 487% | 152 |
| Agency services | – | 4,614 | 4,614 | – | – | 1,154 | (1,154) | -100% | 4,614 |
| Transfers recognised - operational | – | 97,846 | 98,571 | 243 | 29,720 | 24,643 | 5,077 | 21% | 98,571 |
| Other revenue | – | 48,783 | 48,783 | 3,296 | 6,368 | 12,196 | (5,828) | -48% | 48,783 |
| Gains on disposal of PPE | – | – | – | – | – | – | – | | – |
| Total Revenue (excluding capital transfers and contributions) | – | 557,918 | 558,640 | 34,403 | 158,604 | 139,660 | 18,944 | 14% | 558,640 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | – | 163,628 | 163,929 | 16,326 | 39,463 | 40,982 | (1,519) | -4% | 163,929 |
| Remuneration of councillors | – | 10,083 | 10,083 | 670 | 2,063 | 2,521 | (458) | -18% | 10,083 |
| Debt impairment | – | 27,125 | 27,125 | 2,041 | 5,318 | 6,781 | (1,463) | -22% | 27,125 |
| Depreciation & asset impairment | – | 46,045 | 46,045 | 4 | 9 | 11,511 | (11,503) | -100% | 46,045 |
| Finance charges | – | 3,710 | 3,710 | 231 | 231 | 927 | (697) | -75% | 3,710 |
| Bulk purchases | – | 183,215 | 183,215 | 39,278 | 39,795 | 45,804 | (6,009) | -13% | 183,215 |
| Other materials | – | 18,523 | 18,512 | 1,663 | 4,098 | 4,628 | (530) | -11% | 18,512 |
| Contracted services | – | 38,605 | 40,469 | 1,564 | 3,356 | 10,117 | (6,762) | -67% | 40,469 |
| Transfers and grants | – | 15,763 | 15,763 | 49 | 275 | 3,941 | (3,665) | -93% | 15,763 |
| Other expenditure | – | 86,479 | 86,786 | 5,372 | 12,115 | 21,696 | (9,581) | -44% | 86,786 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | | – |
| Total Expenditure | – | 593,175 | 595,637 | 67,199 | 106,723 | 148,909 | (42,186) | -28% | 595,637 |
| Surplus/(Deficit) | – | (35,258) | (36,997) | (32,796) | 51,882 | (9,249) | 61,131 | (0) | (36,997) |
| Transfers recognised - capital | – | 63,230 | 68,692 | – | 396 | 17,173 | (16,777) | (0) | 68,692 |
| Contributions recognised - capital | – | – | – | – | – | – | – | | – |
| Contributed assets | – | – | – | – | – | – | – | | – |
| Surplus/(Deficit) after capital transfers & contributions | – | 27,972 | 31,695 | (32,796) | 52,278 | 7,924 | | | 31,695 |
| Taxation | | | | | | | | | |
| Surplus/(Deficit) after taxation | – | 27,972 | 31,695 | (32,796) | 52,278 | 7,924 | | | 31,695 |
| Attributable to minorities | | | | | | | | | |
| Surplus/(Deficit) attributable to | – | 27,972 | 31,695 | (32,796) | 52,278 | 7,924 | | | 31,695 |
| Share of surplus/ (deficit) of associate | | | | | | | | | |
| Surplus/ (Deficit) for the year | – | 27,972 | 31,695 | (32,796) | 52,278 | 7,924 | | | 31,695 |

The tables provides detail of capital expenditure according to municipal votes.

WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q1 First Quarter

| Vote Description | 2017/18 | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Multi-Year expenditure appropriation | | | | | | | | | |
| Vote 1 - Financial Services | – | – | – | – | – | – | – | | – |
| Vote 2 - Community Services | – | – | – | – | – | – | – | | – |
| Vote 3 - Corporate Services | – | – | – | – | – | – | – | | – |
| Vote 4 - Technical Services | – | 22,442 | 24,217 | 3,255 | 3,255 | 6,054 | (2,799) | -46% | 24,217 |
| Vote 5 - Muncipal Manager | – | – | – | – | – | – | – | | – |
| Total Capital Multi-year expenditure | – | 22,442 | 24,217 | 3,255 | 3,255 | 6,054 | (2,799) | -46% | 24,217 |
| Single Year expenditure appropriation | | | | | | | | | |
| Vote 1 - Financial Services | – | 180 | 180 | 18 | 18 | 45 | (27) | -60% | 180 |
| Vote 2 - Community Services | – | 3,695 | 3,811 | 315 | 315 | 953 | (637) | -67% | 3,811 |
| Vote 3 - Corporate Services | – | 1,972 | 1,972 | 44 | 44 | 493 | (449) | -91% | 1,972 |
| Vote 4 - Technical Services | – | 54,903 | 58,800 | 3,207 | 3,207 | 14,700 | (11,493) | -78% | 58,800 |
| Vote 5 - Muncipal Manager | – | 55 | 55 | – | – | 14 | (14) | -100% | 55 |
| Total Capital single-year expenditure | – | 60,805 | 64,818 | 3,585 | 3,585 | 16,204 | (12,620) | -78% | 64,818 |
| Total Capital Expenditure | – | 83,247 | 89,035 | 6,840 | 6,840 | 22,259 | (15,419) | -69% | 89,035 |

WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q1 First Quarter

| Vote Description | 2017/18 | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Capital Expenditure - Standard Classification | | | | | | | | | |
| *Governance and administration* | – | 2,304 | 2,304 | 66 | 66 | 192 | (126) | -66% | 2,304 |
| Executive and council | – | 295 | 295 | 16 | 16 | 25 | (9) | -35% | 295 |
| Finance and administration | – | 2,009 | 2,009 | 50 | 50 | 167 | (118) | -70% | 2,009 |
| Internal audit | – | – | – | – | – | – | – | | – |
| *Community and public safety* | – | 3,495 | 3,593 | 311 | 311 | 299 | 11 | 4% | 3,593 |
| Community and social services | – | 535 | 543 | 77 | 77 | 45 | 32 | 71% | 543 |
| Sport and recreation | – | 2,260 | 2,350 | 234 | 234 | 196 | 38 | 19% | 2,350 |
| Public safety | – | 500 | 500 | – | – | 42 | (42) | -100% | 500 |
| Housing | – | 200 | 200 | – | – | 17 | (17) | -100% | 200 |
| Health | – | – | – | – | – | – | – | | – |
| *Economic and environmental services* | – | 17,050 | 16,148 | 2,087 | 2,087 | 1,346 | 741 | 55% | 16,148 |
| Planning and development | – | 20 | 20 | – | – | 2 | (2) | -100% | 20 |
| Road transport | – | 17,030 | 16,128 | 2,087 | 2,087 | 1,344 | 743 | 55% | 16,128 |
| Environmental protection | – | – | – | – | – | – | – | | – |
| *Trading services* | – | 60,398 | 66,990 | 4,376 | 4,376 | 5,582 | (1,207) | -22% | 66,990 |
| Energy sources | – | 3,327 | 3,327 | 589 | 589 | 277 | 312 | 112% | 3,327 |
| Water management | – | 31,597 | 36,695 | 3,550 | 3,550 | 3,058 | 492 | 16% | 36,695 |
| Waste water management | – | 22,169 | 23,662 | 144 | 144 | 1,972 | (1,828) | -93% | 23,662 |
| Waste management | – | 3,305 | 3,305 | 93 | 93 | 275 | (183) | -66% | 3,305 |
| *Other* | – | – | – | – | – | – | – | | – |
| Total Capital Expenditure - Standard Cla | – | 83,247 | 89,035 | 6,840 | 6,840 | 7,420 | (580) | -8% | 89,035 |
| Funded by: | | | | | | | | | |
| National Government | – | 31,226 | 31,226 | 5,104 | 5,104 | 2,602 | 2,502 | 96% | 31,226 |
| Provincial Government | – | 27,632 | 33,094 | 248 | 248 | 2,758 | (2,510) | -91% | 33,094 |
| District Municipality | – | – | – | – | – | – | – | | – |
| Other transfers and grants | – | – | – | – | – | – | – | | – |
| Transfers recognised - capital | – | 58,858 | 64,320 | 5,352 | 5,352 | 5,360 | (8) | 0% | 64,320 |
| Public contributions & donations | – | – | – | – | – | – | – | | – |
| Borrowing | – | 3,500 | 3,500 | – | – | 292 | (292) | -100% | 3,500 |
| Internally generated funds | – | 20,889 | 21,215 | 1,487 | 1,487 | 1,768 | (280) | -16% | 21,215 |
| Total Capital Funding | – | 83,247 | 89,035 | 6,840 | 6,840 | 7,420 | (580) | -8% | 89,035 |

The cash flows for the year to date are indicated in the following table:

WC022 Witzenberg - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

| Description | 2017/18 | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | – | 61,689 | 61,689 | 180 | 13,688 | 5,141 | 8,547 | 166% | 61,689 |
| Government - operating | – | 291,601 | 291,601 | 27,975 | 88,082 | 24,300 | 63,782 | 262% | 291,601 |
| Government - capital | – | 17,246 | 17,246 | 58 | 50,835 | 1,437 | 49,398 | 3437% | 17,246 |
| Interest | – | 97,846 | 97,846 | 354 | 29,693 | 8,154 | 21,539 | 264% | 97,846 |
| Dividends | – | 63,230 | 63,230 | – | 12,613 | 5,269 | 7,344 | 139% | 63,230 |
| Payments | | | | | | | | | |
| Suppliers and employees | – | – | – | – | – | – | – | | – |
| Finance charges | – | – | – | – | – | – | – | | – |
| Transfers and Grants | – | (369,994) | (369,994) | (55,754) | (175,761) | (30,833) | 144,929 | -470% | (369,994) |
| NET CASH FROM/(USED) OPERATING ACTIV | – | 161,618 | 161,618 | (27,187) | 19,150 | 13,468 | 5,682 | 42% | 161,618 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | – | – | – | – | – | – | – | | – |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | | – |
| Decrease (increase) other non-current receiva | – | – | – | – | – | – | – | | – |
| Decrease (increase) in non-current investmen | – | – | – | – | – | – | – | | – |
| Payments | | | | | | | | | |
| Capital assets | – | – | – | (11) | (11) | – | 11 | | – |
| NET CASH FROM/(USED) INVESTING ACTIVI | – | – | – | (11) | (11) | – | 11 | | – |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | – | – | – | – | – | – | – | | – |
| Borrowing long term/refinancing | – | 3,500 | 3,500 | – | – | 292 | (292) | -100% | 3,500 |
| Increase (decrease) in consumer deposits | – | – | – | 61 | (17) | – | (17) | | – |
| Payments | | | | | | | | | |
| Repayment of borrowing | – | – | – | (915) | (915) | – | 915 | | – |
| NET CASH FROM/(USED) FINANCING ACTIVI | – | 3,500 | 3,500 | (854) | (932) | 292 | 1,224 | 420% | 3,500 |
| NET INCREASE/ (DECREASE) IN CASH HELD | – | 165,118 | 165,118 | (28,051) | 18,207 | 13,760 | | | 165,118 |
| Cash/cash equivalents at beginning: | – | – | – | | – | – | | | – |
| Cash/cash equivalents at month/year end: | – | 165,118 | 165,118 | | 18,207 | 13,760 | | | 165,118 |

The debtors age analysis per Income source and customer group is as follows:

WC022 Witzenberg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

| Description | | Budget Year 2018/19 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | NT Code | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days |
| Debtors Age Analysis By Income Source | | | | | | | | | | | |
| Water | 1200 | 5,360 | 1,065 | 993 | 992 | 839 | 954 | 4,576 | 40,202 | 54,979 | 47,562 |
| Electricity | 1300 | 14,988 | 459 | 235 | 204 | 178 | 163 | 557 | 2,323 | 19,106 | 3,425 |
| Property Rates | 1400 | 3,771 | 11,272 | 180 | 221 | 157 | 139 | 709 | 13,995 | 30,442 | 15,219 |
| Waste Water Management | 1500 | 2,736 | 556 | 482 | 469 | 455 | 440 | 2,564 | 17,990 | 25,692 | 21,918 |
| Waste Management | 1600 | 3,224 | 718 | 519 | 446 | 448 | 403 | 2,336 | 22,299 | 30,393 | 25,932 |
| Property Rental Debtors | 1700 | 105 | 17 | 17 | 17 | 17 | 16 | 93 | 964 | 1,246 | 1,106 |
| Interest on Arrear Accounts | 1810 | 56 | 48 | 60 | 94 | 88 | 107 | 870 | 30,091 | 31,415 | 31,251 |
| Recoverable expenditure | 1820 | – | – | – | – | – | – | – | – | – | – |
| Other | 1900 | (2,758) | 25 | 105 | 31 | 30 | 28 | 178 | 1,104 | (1,257) | 1,371 |
| Total By Income Source | 2000 | 27,481 | 14,160 | 2,591 | 2,474 | 2,211 | 2,249 | 11,883 | 128,968 | 192,017 | 147,785 |
| 2017/18 - totals only | | | | | | | | | | – | – |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | |
| Organs of State | 2200 | 1,826 | 7,413 | 105 | 28 | 25 | 27 | 109 | 2,516 | 12,050 | 2,706 |
| Commercial | 2300 | 12,678 | 2,335 | 290 | 249 | 242 | 172 | 644 | 7,433 | 24,043 | 8,740 |
| Households | 2400 | 11,469 | 3,112 | 2,016 | 1,949 | 1,762 | 1,871 | 10,091 | 111,957 | 144,226 | 127,629 |
| Other | 2500 | 1,508 | 1,300 | 181 | 248 | 182 | 179 | 1,039 | 7,062 | 11,698 | 8,710 |
| Total By Customer Group | 2600 | 27,481 | 14,160 | 2,591 | 2,474 | 2,211 | 2,249 | 11,883 | 128,968 | 192,017 | 147,785 |

`

The movement in investments is detailed below.

WC022 Witzenberg - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q1 First Quarter

| Investments by maturity<br>Name of institution & investment ID<br><br>R thousands | Period of Investment<br>Yrs/Months | Type of Investment | Expiry date of investment | Accrued interest for the month | Yield for the month 1 (%) | Market value at beginning of month | Change in market value | Market value at end of the month |
|---|---|---|---|---|---|---|---|---|
| Municipality | | | | | | | | |
| Stanndard Bank | 4 months | Call Deposit | – | – | | – | – | 17,000 |
| Nedbank | 3 months | Call Deposit | – | – | | – | – | 13,500 |
| ABSA | 2 months | Call Deposit | – | – | | – | – | 13,000 |
| Investec | 1 month | Call Deposit | – | – | | – | – | 12,500 |
| | – | – | – | – | | – | – | – |
| | – | – | – | – | | – | – | – |
| Municipality sub-total | | | | – | | – | – | 56,000 |
| Entities | | | | | | | | |
| Entities sub-total | | | | – | | – | – | – |
| TOTAL INVESTMENTS AND INTEREST | | | | – | | – | – | 56,000 |

Operating and Capital transfers received are indicated in the following table:

WC022 Witzenberg - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter

| Description | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| RECEIPTS: | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | |
| National Government: | 73,960 | 73,960 | 29,706 | 29,706 | 6,163 | 23,543 | 382.0% | 73,960 |
| Equitable Share | 70,412 | 70,412 | 29,339 | 29,339 | 5,868 | 23,471 | 400.0% | 70,412 |
| Local Government Financial Management Grant [Sc | 1,550 | 1,550 | 7 | 7 | 129 | (122) | -94.6% | 1,550 |
| Expanded Public Works Programme Integrated Grar | 1,485 | 1,485 | 360 | 360 | 124 | 236 | 190.9% | 1,485 |
| Municipal Infrastructure Grant [Schedule 5B] | 513 | 513 | – | – | 43 | (43) | -100.0% | 513 |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| Provincial Government: | 23,766 | 24,191 | 14 | 1,622 | 2,016 | (394) | -19.6% | 24,191 |
| Human Settlement Development | 14,328 | 14,328 | – | – | 1,194 | (1,194) | -100.0% | 14,328 |
| Financial Management | 240 | 240 | – | – | 20 | (20) | -100.0% | 240 |
| Replacement Funding for most vulnerable B3 munic | 5,450 | 5,874 | – | 1,608 | 490 | 1,118 | 228.5% | 5,874 |
| Library Service Conditional Grant | 2,600 | 2,600 | – | – | 217 | (217) | -100.0% | 2,600 |
| Total Operating Transfers and Grants | 97,846 | 98,271 | 29,720 | 31,328 | 8,189 | 23,138 | 282.5% | 98,271 |
| | | | | | | – | | |
| Capital Transfers and Grants | | | | | | – | | |
| National Government: | 35,598 | 35,598 | 373 | 373 | 2,966 | (2,593) | -87.4% | 35,598 |
| Municipal Infrastructure Grant [Schedule 5B] | 22,226 | 22,226 | 373 | 373 | 1,852 | (1,479) | -79.9% | 22,226 |
| Regional Bulk Infrastructure Grant (Schedule 5B) | 13,372 | 13,372 | – | – | 1,114 | (1,114) | -100.0% | 13,372 |
| Integrated National Electrification Programme (Mun | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| Provincial Government: | 27,632 | 32,632 | 23 | 23 | 2,719 | (2,696) | -99.2% | 32,632 |
| *Human Settlement* | 27,632 | 32,632 | 23 | 23 | 2,719 | (2,696) | -99.2% | 32,632 |
| | – | – | – | – | – | – | | – |
| Total Capital Transfers and Grants | 63,230 | 68,230 | 396 | 396 | 5,686 | (5,290) | -93.0% | 68,230 |
| | | | | | | – | | |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 161,076 | 166,500 | 30,115 | 31,723 | 13,875 | 17,848 | 128.6% | 166,500 |

Operating and Capital expenditure financed from grants are indicated in the following table:

WC022 Witzenberg - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

| Description | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| EXPENDITURE | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | |
| National Government: | 73,960 | 73,958 | 9,360 | 9,360 | 6,163 | 3,197 | 51.9% | 73,958 |
| Equitable Share | 70,412 | 70,410 | 8,873 | 8,873 | 5,868 | 3,006 | 51.2% | 70,410 |
| Local Government Financial Managemer | 1,550 | 1,550 | 35 | 35 | 129 | (94) | -72.8% | 1,550 |
| Expanded Public Works Programme Inte | 1,485 | 1,485 | 451 | 451 | 124 | 328 | 264.8% | 1,485 |
| Municipal Infrastructure Grant [Schedule | 513 | 513 | – | – | 43 | (43) | -100.0% | 513 |
| | – | – | – | – | – | – | | – |
| Provincial Government: | 149,710 | 154,708 | 14,478 | 14,478 | 12,892 | 1,586 | 12.3% | 154,708 |
| Regional Socio-economic Project/Violen | 1,000 | 1,000 | – | – | 83 | (83) | -100.0% | 1,000 |
| District Municipality: | 120 | 120 | – | – | 10 | (10) | -100.0% | 120 |
| | – | – | – | – | – | – | | – |
| Maintenance of Main Roads | 120 | 120 | – | – | 10 | (10) | -100.0% | 120 |
| Other grant providers: | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| [insert description] | – | – | – | – | – | – | | – |
| Total operating expenditure of Transfers | 117,244 | 122,242 | 9,374 | 9,374 | 10,187 | (813) | -8.0% | 122,242 |
| | – | – | – | – | – | – | | – |
| National Government: | 31,226 | 31,226 | 5,104 | 5,104 | 2,602 | 2,502 | 96.2% | 31,226 |
| District Municipality: | 11,730 | 11,730 | – | – | 977 | (977) | -100.0% | 11,730 |
| None | 11,730 | 11,730 | – | – | 977 | (977) | -100.0% | 11,730 |
| | – | – | – | – | – | – | | – |
| Other capital transfers [insert description] | – | – | – | – | – | – | | – |
| Total operating expenditure of Transfers a | 235,400 | 240,396 | 23,838 | 23,838 | 20,033 | 3,805 | 19.0% | 240,396 |
| Capital expenditure of Transfers and Grants | | | | | | | | |
| National Government: | 148,470 | 153,468 | 14,478 | 14,478 | 12,789 | 1,689 | 13.2% | 153,468 |
| | – | – | – | – | – | – | | – |
| TOTAL EXPENDITURE OF TRANSFER | 148,470 | 153,468 | 14,478 | 14,478 | 12,789 | 1,689 | 13.2% | 153,468 |
| References | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| Provincial Government: | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| Other grant providers: | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| Total capital expenditure of Transfers and | 148,470 | 153,468 | 14,478 | 14,478 | 12,789 | 1,689 | 13.2% | 153,468 |
| TOTAL EXPENDITURE OF TRANSFERS AI | 383,871 | 393,865 | 38,316 | 38,316 | 32,822 | 5,494 | 16.7% | 393,865 |

Expenditure on councillor allowances and employee benefits:

WC022 Witzenberg - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter

| Summary of Employee and Councillor remuneration | Budget Year 2018/19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| | B | C | | | | | | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | |
| Basic Salaries and Wages | 7,196 | 7,196 | 1,617 | 1,617 | 1,199 | 417 | 35% | 7,196 |
| Pension and UIF Contributions | 1,003 | 1,003 | 235 | 235 | 167 | 68 | 40% | 1,003 |
| Medical Aid Contributions | 201 | 201 | 36 | 36 | 33 | 3 | 9% | 201 |
| Motor Vehicle Allowance | 651 | 651 | – | – | 108 | (108) | -100% | 651 |
| Cellphone Allowance | 556 | 556 | 134 | 134 | 93 | 41 | 44% | 556 |
| Housing Allowances | 425 | 425 | 40 | 40 | 71 | (31) | -43% | 425 |
| Other benefits and allowances | 50 | 50 | 1 | 1 | 8 | (7) | -89% | 50 |
| Sub Total - Councillors | 10,083 | 10,083 | 2,063 | 2,063 | 1,680 | 382 | 23% | 10,083 |
| % increase | | | | | | | | |
| Senior Managers of the Municipality | | | | | | | | |
| Basic Salaries and Wages | 4,260 | 4,260 | 1,004 | 1,004 | 710 | 294 | 41% | 4,260 |
| Pension and UIF Contributions | 704 | 704 | 133 | 133 | 117 | 16 | 14% | 704 |
| Medical Aid Contributions | 131 | 131 | 25 | 25 | 22 | 3 | 14% | 131 |
| Overtime | – | – | – | – | – | – | | – |
| Performance Bonus | 805 | 805 | 192 | 192 | 134 | 57 | 43% | 805 |
| Motor Vehicle Allowance | 945 | 945 | 32 | 32 | 158 | (126) | -80% | 945 |
| Cellphone Allowance | 64 | 64 | 6 | 6 | 11 | (4) | -40% | 64 |
| Housing Allowances | 138 | 138 | – | – | 23 | (23) | -100% | 138 |
| Other benefits and allowances | 158 | 150 | 207 | 207 | 25 | 182 | 725% | 150 |
| Payments in lieu of leave | – | – | – | – | – | – | | – |
| Long service awards | – | – | – | – | – | – | | – |
| Post-retirement benefit obligations | – | – | – | – | – | – | | – |
| Sub Total - Senior Managers | 7,205 | 7,197 | 1,599 | 1,599 | 1,200 | 399 | 33% | 7,197 |
| % increase | | | | | | | | |
| Other Municipal Staff | | | | | | | | |
| Basic Salaries and Wages | 97,371 | 97,693 | 21,085 | 21,085 | 16,282 | 4,803 | 30% | 97,693 |
| Pension and UIF Contributions | 15,318 | 15,321 | 3,450 | 3,450 | 2,553 | 897 | 35% | 15,321 |
| Medical Aid Contributions | 6,806 | 6,806 | 1,578 | 1,578 | 1,134 | 444 | 39% | 6,806 |
| Overtime | 10,974 | 10,959 | 3,660 | 3,660 | 1,827 | 1,833 | 100% | 10,959 |
| Performance Bonus | 7,091 | 7,091 | 1,649 | 1,649 | 1,182 | 467 | 40% | 7,091 |
| Motor Vehicle Allowance | 4,092 | 4,092 | 807 | 807 | 682 | 125 | 18% | 4,092 |
| Cellphone Allowance | 378 | 378 | 136 | 136 | 63 | 73 | 116% | 378 |
| Housing Allowances | 1,490 | 1,490 | 357 | 357 | 248 | 108 | 44% | 1,490 |
| Other benefits and allowances | 1,596 | 1,596 | 696 | 696 | 266 | 430 | 162% | 1,596 |
| Payments in lieu of leave | 791 | 791 | 1,352 | 1,352 | 132 | 1,220 | 925% | 791 |
| Long service awards | 388 | 388 | 234 | 234 | 65 | 169 | 262% | 388 |
| Post-retirement benefit obligations | 10,126 | 10,126 | 2,860 | 2,860 | 1,688 | 1,172 | 69% | 10,126 |
| Sub Total - Other Municipal Staff | 156,422 | 156,732 | 37,864 | 37,864 | 26,122 | 11,742 | 45% | 156,732 |
| % increase | | | | | | | | |
| Total Parent Municipality | 173,711 | 174,012 | 41,526 | 41,526 | 29,002 | 12,524 | 43% | 174,012 |
| | #DIV/0! | #DIV/0! | | | | | | #DIV/0! |
| Unpaid salary, allowances & benefits in arrears: | | | | | | | | |
| Total Municipal Entities | – | – | – | – | – | – | | – |
| TOTAL SALARY, ALLOWANCES & | 173,711 | 174,012 | 41,526 | 41,526 | 29,002 | 12,524 | 43% | 174,012 |
| % increase | | | | | | | | |
| TOTAL MANAGERS AND STAFF | 163,628 | 163,929 | 39,463 | 39,463 | 27,322 | 12,141 | 44% | 163,929 |

**Expenditure on Staff & Councillor Benefits - September 2017**

(Report in terms of Section 66 of the MFMA)

| MFMA Section | Item Description | Original Budget 2017/2018 | Amended Budget 2017/2018 | Year to Date Total | % Spent to date |
|---|---|---|---|---|---|
| **Staff Benefits** | | | | | |
| 66(a) | Salaries and Wages | 101,631,849 | 101,953,023 | 22,089,292 | 21.67% |
| 66(b) | Contributions to pension funds a | 22,958,330 | 22,961,542 | 5,186,623 | 22.59% |
| 66(c) | Travel, accomodation and subsi | 5,037,107 | 5,037,107 | 839,321 | 16.66% |
| 66(d) | Housing benefits and allowance | 1,628,586 | 1,628,586 | 356,709 | 21.90% |
| 66(e) | Overtime | 10,974,215 | 10,959,215 | 3,659,577 | 33.39% |
| 66(f) | Loans and advances | 0 | 0 | 0 | 0.00% |
| 66(g) | Other type of benefit or allowanc | 21,397,639 | 21,389,639 | 7,331,368 | 34.28% |
| | **Sub - Total (Staff Benefits)** | **R 163,627,726** | **R 163,929,112** | **R 39,462,890** | **24.07%** |
| | | | | | |
| **Councillor Benefits** | | | | | |
| MAY | Mayor | 838,861 | 838,861 | 142,220 | 16.95% |
| DM | Deputy Mayor | 621,755 | 621,755 | 129,513 | 20.83% |
| SP | Speaker | 622,012 | 622,012 | 130,049 | 20.91% |
| MCM | Mayoral Committee members | 2,476,596 | 2,476,596 | 471,866 | 19.05% |
| CLLR | Other Councillors | 4,319,456 | 4,319,456 | 917,863 | 21.25% |
| MED | Medical aid contributions | 200,997 | 200,997 | 36,408 | 18.11% |
| PEN | Pension fund contributions | 1,003,257 | 1,003,257 | 234,807 | 23.40% |
| WARD | Ward Committee Alllowance | 720,000 | 720,000 | 178,000 | 24.72% |
| | **Sub - Total (Councillors' Bene** | **10,802,934** | **10,802,934** | **2,240,725** | **20.74%** |
| | | | | | |
| **Total Councillor and Staff Benefits** | | **R 174,430,660** | **R 174,732,046** | **R 41,703,616** | **23.86%** |

**Withdrawals from Municipal Bank Accounts**
**Quarter ending September 2017**
**Report in terms of section 11(4)(a) of the MFMA, Act no 56 of 2003**

| MFMA Section | Item Description | Income transactions July 2017 | Income transactions August 2017 | Income transactions September 2017 | Expenditure transactions July 2017 | Expenditure transactions August 2017 | Expenditure transactions September 2017 |
|---|---|---|---|---|---|---|---|
| | | R | R | R | R | R | R |
| 11(1) (b) | Expenditure authorised in terms of section 26(4) (Expenditure before annual budget is approved) | | | | | | |
| 11(1) (c) | Unforeseeable and unavoidable expenditure authorised in terms of section 29(1) (Mayor may approve emergency or other exceptional circumstances expenditure for which no budget provision was made) | | | | | | |
| 11(1) (d) | Section 12 withdrawals (Relief, charitable, trust or other funds withdrawals) | | | | | | |
| 11(1) (e) (i) | Money collected on behalf of organ of state: | | | | | | |
| | - VAT | -3,464,387 | -3,650,337 | -791,606 | 85,556 | 506,854 | 5,998,170 |
| | - Agency fees, for example motor registration, drivers licence, etc. | - | 46,200 | 22,160 | 1,289,855 | 1,896,328 | 1,482,999 |
| 11(1) (e) (ii) | Insurance received by the Municipality on behalf of organ of state | | | | | | |
| 11(1) (f) | Refund of money incorrectly paid into bank account | | | | | | |
| 11(1) (g) | Refund of guarantees, sureties & security dep | -82,068 | -79,021 | -559,157 | 95,510 | 134,265 | 125,429 |
| | | **-3,546,455** | **-3,683,158** | **-1,328,603** | **1,470,922** | **2,537,447** | **7,606,598** |

| | | Transactions July 2016 | Transactions August 2016 | Transactions September 2016 |
|---|---|---|---|---|
| 11(1) (h) | Cash management and investment purposes: | | | |
| | - Realised | - | - | - |
| | - Made | - | - | 56,000,000 |
| | **- Nett movement** | **-** | **-** | **56,000,000** |

# WITZENBERG MUNICIPALITY

## SDBIP TOP LAYER 1ST QUARTER 2017/18

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 1st Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Essential services | Sustainable provision & maintenance of basic services | TecDir1 | Percentage expenditure on maintenance budget by Technical Directorate. | 99% | 25% | 9% |
| | | TecDir3 | Percentage expenditure on capital budget by Technical Directorate. | 96% | 10% | 8% |
| | | TecRo7 | Kilometres of roads upgraded & rehabilitated. | 3 | | |
| | | TecWat21 | Percentage compliance with drinking water quality standards | 98% | 98% | 100% |
| | | TecWat20 | Decrease unaccounted water losses. | 18% | 18% | 17% |
| | | TecEl37 | Decrease unaccounted electricity losses. | 8% | 8% | 10% |
| | | FinInc17 | Number of outstanding valid applications for water services expressed as a % of total number of billings for the service. | <1% | <1% | 0,02% |
| | | FinInc18 | Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service. | <1% | <1% | 0,03% |
| | | FinInc19 | Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service. | <1% | <1% | 0,00% |
| | | FinInc20 | Number of outstanding valid applications for waste removal services expressed as a % of total number of billings for the service. | <1% | <1% | 0,02% |
| | Provide for the needs of informal settlements through improved services | TecDir2 | Number of subsidised serviced sites developed. | 500 | 0 | |
| | | TecWat22 | Provide basic services - number of informal areas with sufficient communal water service points (taps). | 3 | 3 | 3 |
| | | TecSan13 | Provide basic services - number of informal areas with sufficient communal sanitation service points(toilets). | 3 | 3 | 3 |
| | | TecRef31 | Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area cleaning service. | 3 | 3 | 3 |
| | | TecEl36 | Number of subsidised electricity connections installed. | 309 | 0 | |
| Governance | Support institutional development & transformation | CorpHR12 | Percentage of people from employment equity target groups employed in the three highest levels of management. | 75% | | |
| | | CorpHR13 | Percentage budget spend on the implementation of the Workplace Skills Plan | 96% | 25% | 5% |
| | Financial Viability | MM1 | Pecentage spend on maintenance for the whole municipality. | 99% | 25% | 9% |
| | | MM2 | Percentage spend on Capital Budget for the whole municipality. | 96% | 10% | 8% |
| | | FinDir3 | Opinion of the Auditor-General on annual financial statements of the previous year. | Unqualified | | |
| | | FinFAdm9 | Financial viability expressed as Cost-Coverage ratio | 2,8 | 2,8 | 3,4 |
| | | FinFAdm10 | Financial viability expressed as Debt-Coverage ratio | 30 | 30 | 106 |
| | | FinFAdm11 | Financial viability expressed outstanding service debtors | 44% | 44% | 57% |
| | | FinInc15 | Increased revenue collection | 95% | 95% | 83% |
| | Strengthen relations | MMIDP9 | Number of IDP community meetings held. | 14 | | |
| | | ComSoc49 | Number of meetings with intergovernmental partners. | 12 | 3 | 3 |

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 1st Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Communal services | Provide & maintain facilities | ComDir1 | Percentage expenditure on maintenance budget by Community Directorate. | 99% | 25% | 24% |
| | | ComDir2 | Percentage expenditure on capital budget by Community Directorate. | 96% | 10% | 5% |
| | | ComAm34 | Customer satisfaction survey on community facilities (score 1 - 5) | 2,5 | | |
| Socio-Economic Support Services | Support the poor & vulnerable | ComLed8 | The number of jobs created through the municipality's local economic development initiatives including capital projects. | 390 | 100 | 100 |
| | | ComHS14 | Number of housing opportunities provided per year - top structures. | 309 | | |
| | | ComHS15 | Number of rental stock transferred. | 60 | 10 | 1 |
| | | ComSoc41 | Number of account holders subsidised through the municipality's Indigent Policy | 2750 | 2750 | 2402 |
| | | ComSoc42 | Bi-annual HIV/AIDS awareness programmes | 3 | 1 | 1 |
| | | ComSoc43 | Arrange workshops for youth per twinning agreement | 2 | 1 | 1 |
| | | ComSoc44 | Implement substance abuse programmes | 5 | 1 | 1 |
| | | ComSoc45 | Implementation of child protection programmes | 2 | | |
| | | ComSoc46 | Implementation of early childhood development programmes | 4 | 1 | 1 |
| | | ComSoc47 | Implementation of gender programmes | 2 | | |
| | | ComSoc48 | Implementation of projects for persons with disabilities | 2 | 1 | 1 |
| | Create an enabling environment to attract investment & support local economy. | MMProp21 | Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards. | Phase 4 Implement | | |
| | | ComLed4 | Compile & Implementation of LED Strategy. | Review of | | |

**Targets not achieved:**

<u>TecDir1</u> – *Percentage expenditure on maintenance budget by Technical Directorate.*

Reason for target not achieved:

- Maintenance votes from Finance were only received in the last week of September. This was due to MSCOA implementation, therefore not possible to monitor R&M votes.
- Orders was not issued timeously by Finance for various R&M votes, due to MSCOA.

Corrective measures:

- R&M votes and orders have been received and spending will increase now.

<u>TecDir3</u> – *Percentage expenditure on capital budget by Technical Directorate.*

Reason for target not achieved:

- This underspending is due to the late start of the Vredebes internal services housing project. The layout was amended which had the effect that the services plans could not be approved. The layout has been approved and the services plans approved in the meantime. The number of sites to be serviced has also been reduced to 300.

Corrective measures:

- Reduced amount to be corrected with adjustment budget.

<u>TecEl37</u> – *Decrease unaccounted electricity losses.*

Reason for target not achieved:

- Technical losses is actual losses that occur when transferring power in dsitribution system. This can only be optimised and is not always practical due to budget constraints.
- Electricity theft. Connections can be removed but the safety of personnel are at risk as well as the possibality of riots.
- Unmetered installations and meters will be addressed once the challenges with the GIS as reported seperately have been addressed.
- The identification of faulty and inaccurate meters is a challenge due to staff and equipment constraints.

Corrective measures:

- A low-flow study to identify upgrades and possible switching to increase network performance and reduce technical losses will be completed by June 2018.
- An illegal strategy connection will be drafted by February 2018
- Using GIS to determine anomalies
- Investigation on the erven identified with possible annomalies in order to address electricity losses.
- Appoint a consultant by early 2018 to do a complete meter audit.

CorpHR13 – *Percentage budget spent on the Implementation of the Workplace Skills Plan .*

Reason for target not achieved:

- Bidders did not comply in terms of pre-Bid Specifications

Corrective measures:

- Bid will be re-advertised

CorpTraf40 – *Number of meetings held with the South African Police .*

Reason for target not achieved:

- The meeting for August was cancelled due to a lack of a quorum. September meeting took place.

Corrective measures:

- Meetings re-scheduled for remainder of year

MM1 – *Percentage expenditure on maintenance budget for the whole Municipality.*

Reason for target not achieved:

- Maintenance votes from Finance were only received in the last week of September. This was due to MSCOA implementation, therefore not possible to monitor R&M votes.
- Orders was not issued timeously by Finance for various R&M votes, due to MSCOA.

Corrective measures:

- R&M votes and orders have been received and spending will increase now.

MM2 – *Percentage expenditure on capital budget for the whole municipality..*

Reason for target not achieved:

- This underspending is due to the late start of the Vredebes internal services housing project. The layout was amended which had the effect that the services plans could not be approved. The layout has been approved and the services plans approved in the meantime. The number of sites to be serviced has also been reduced to 300 by the Provincial Government.

Corrective measures:

- Reduced amount to be corrected with adjustment budget.

FinAdm11 – *Financial viability expressed as outstanding service debtors..*

Reason for target not achieved:

- Credit control measures are limited in areas where electricity is supplied by Eskom. This concern has been addressed by SALGA but no workable solution has been reached to date.
- An additional contributing factor to the none achievement of the KPI is due to limited applications for indigent support within these areas.

Corrective measures:

- Implementation of water management meters to limit water consumption and to address the non-payment for the water service.

FinInc15 – *Increased revenue collection*

Reason for target not achieved:

- Credit control measures are limited in areas where electricity is supplied by Eskom. This concern has been addressed by SALGA but no workable solution has been reached to date.
- An additional contributing factor to the none achievement of the KPI is due to limited applications for indigent support within these areas.

Corrective measures:

- Implementation of water management meters to limit water consumption and to address the non-payment for the water service.

ComDir1 – *Percentage expenditure on maintenance budget by Community Directorate.*

Reason for target not achieved:

- The target was not reached because of slow reaction of service providers on quotations.

Corrective measures:

- Planning ahead for projects

ComDir2 – *Percentage expenditure on maintenance budget by Community Directorate.*

Reason for target not achieved:

- The target was not reached because although purchases processes started the U key numbers were inaccurate.

Corrective measures:

- U-keys will be rectified by Finance

ComHS15 – *Number of rental stock transferred.*

Reason for target not achieved:

- Attorney indicated that he struggled to get documents signed by beneficiaries who did not show for their appointments.
- Extended RCC (rates clearance certificates) were required for 9 properties from the Finance Department and was delayed.
- Registration of N'duli properties are linked to lost VA for certain titles at the deeds office

Corrective measures:

- Lost VA's were found, RCC again requested and received by Agent (Dykes Van Heerden) and Attorney and will be lodge by middle November 2017
- 4 applications lodge on 3 October 2017 – registration 3 weeks after lodgement – Attorney
- Signed documents already handed in for signature of MM and send back) – Attorney needs to expedite lodgement
- Tender for new service provider from 1 July 2017 until 30 June 2020 has not been awarded yet.

# Municipal Manager's quality certification

**Quality Certificate**

I, Mr D Nasson, Municipal Manager of Witzenberg Municipality, hereby certify that the quarterly budget assessment has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print name Mr D NASSON

Municipal Manager of WITZENBERG MUNICIPALITY.

Signature: _____

Date 30 October 2017

WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase

# Quarterly Budget Statement Report {Section 52(d)} for the Period 1 October 2017 to 31 December 2017

## Financial data is in respect of the period 1 July 2017 to 31 December 2017

# Glossary

**Adjustments Budgets –** Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

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

**AFS –** Annual Financial Statements

**Budget –** The financial plan of a municipality.

**Budget related policy –** Policy of a municipality affecting or affected by the budget.

**Capital Expenditure –** Spending on municipal assets such as land, buildings, distribution networks, treatment plants and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement –** A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

**CFO –** Chief Financial Officer / Director: Finance

**DORA –** Division of Revenue Act. An annual piece of legislation indicating the allocations from National Government to Local Government.

**Equitable Share –** A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

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

**GDFI -** Gross Domestic Fixed Investment

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

**GRAP –** Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

**IDP –** Integrated Development Plan. The main strategic planning document of a municipality.

**KPI's –** Key Performance Indicators. Measures of service output and/or outcome.

**MFMA –** Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

**<u>Glossary (Continued)</u>**

**MIG –** Municipal Infrastructure Grant

**MPRA –** Municipal Property Rates Act (No 6 of 2004).

**MTREF –** Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level. Also includes details of the previous three years and current years' financial position.

**NT** – National Treasury

**Net Assets –** Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure –** Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Rates –** Local Government tax based on assessed valuation of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**RBIG –** Regional Bulk Infrastructure Grant

**R&M –** Repairs and maintenance on property, plant and equipment.

**SCM –** Supply Chain Management.

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

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

**TMA –** Total Municipal Account

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

**Virement –** A transfer of budget.

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

**Vote –** One of the main segments into which a budget is divided, usually at department level.

**WM –** Witzenberg Municipality

# Legal requirements

In terms of Section 52 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

**52. General Responsibilities.** — The mayor of a municipality—

(*a*) must provide general political guidance over the fiscal and financial affairs of the municipality;

(*b*) in providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;

(*c*) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;

(*d*) **must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and**

(*e*) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

In terms of section 11 (4) (a), the Accounting Officer must within 30 days after the end of each quarter table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1) (b) to (j) during that quarter. Section 11(1) read as follow:

*"11. (1) Only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, and may do so only—*

*(a) to defray expenditure appropriated in terms of an approved budget;*
*(b) to defray expenditure authorised in terms of section 26(4);*
*(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);*
*(d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;*
*(e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including—*
*(i) money collected by the municipality on behalf of that person or organ of state by agreement; or*
*(ii) any insurance or other payments received by the municipality for that person or organ of state;*
*(f) to refund money incorrectly paid into a bank account;*
*(g) to refund guarantees, sureties and security deposits;*
*(h) for cash management and investment purposes in accordance with section 13;*
*(i) to defray increased expenditure in terms of section 31; or*
*(j) for such other purposes as may be prescribed."*

In terms of Section 66 of the MFMA the Accounting Officer must prepare a report on all expenditure incurred with relation to staff benefits.

Section 66 reads as follow:

*"66. The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely—*

*(a) salaries and wages;*
*(b) contributions for pensions and medical aid;*
*(c) travel, motor car, accommodation, subsistence and other allowances;*
*(d) housing benefits and allowances;*

*(e) overtime payments;*
*(f) loans and advances; and*
*(g) any other type of benefit or allowance related to staff."*

The following regulations of the Local Government: Municipal Finance Management Act Municipal Budget and Reporting Regulations are relevant:

Quarterly reports on implementation of budget

31. (1) The mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality as required by section 52(d) of the Act must be-
    {a) in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and
    (b) consistent with the monthly budget statements for September, December, March and June as applicable; and
    (c) submitted to the National Treasury and the relevant provincial treasury within five days of tabling of the report in the council.

Publication of quarterly reports on implementation of budget

32. When publishing the quarterly reports on the implementation of the budget in terms of section 75(1)(k) of the Act, the municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the quarterly report on the implementation of the budget and the financial state of affairs of the municipality, including -
    (a) summaries of quarterly report in alternate languages predominant in the community; and
    {b) information relevant to each ward in the municipality.

# PART 1 - IN-YEAR REPORT

## Mayors Report

Speaker
Deputy Executive Mayor
Members of the Mayoral Committee
Councillors
Representatives of Provincial Government
Municipal Manager
Directors and officials
Distinguished guests
Members of the media

It is my privilege to present to you the quarterly Budget Statement Report for the three months 1 October 2017 to 31 December 2017.

The process of value for money spending is always a challenge for capital projects. The amended capital budget amounts to R 89.0 million of which R 20.1 million was already expended as at 31 December 2017.

The main contributing factors to the low spending on the capital budget are:

- R11.7 million forecast expenditure which could not be utilised as the Department of Water affairs failed to pay over the funding. At this current moment the status of the gazetted amount is unknown, meaning that it may be possible that it will never be paid over to Witzenberg Municipality. Steps will be implemented to increase spending on capital projects.
- Vredebes Housing Project – Serviced sites budget. Originally it was indicated by the Department of Human Settlements that 500 sites will be approved for implementation and thus provision for 500 sites was made in the municipal budget. In the approval letter dated November 2017 it was indicated that only 300 sites will be budgeted for by the Department.
- Vredebes Housing Project – Serviced sites implementation. Official budget approval was only received in November 2017. The Implementing agent also indicated that the budget need to be increased due to the geotechnical conditions of the area. The planned expenditure to date was R 15 million which did not realise due to the abovementioned issues.

Credit control for various reasons remains a challenge for the municipality. I will recommend to Council to appoint a special task team to assist Council in obtaining a solution for the collection of outstanding debt.

The current drought situation is a concern as it will have a negative impact on the economic output of the region, unemployment will increase and the demand for free municipal service is expected to increase to exceed the budgeted provision.

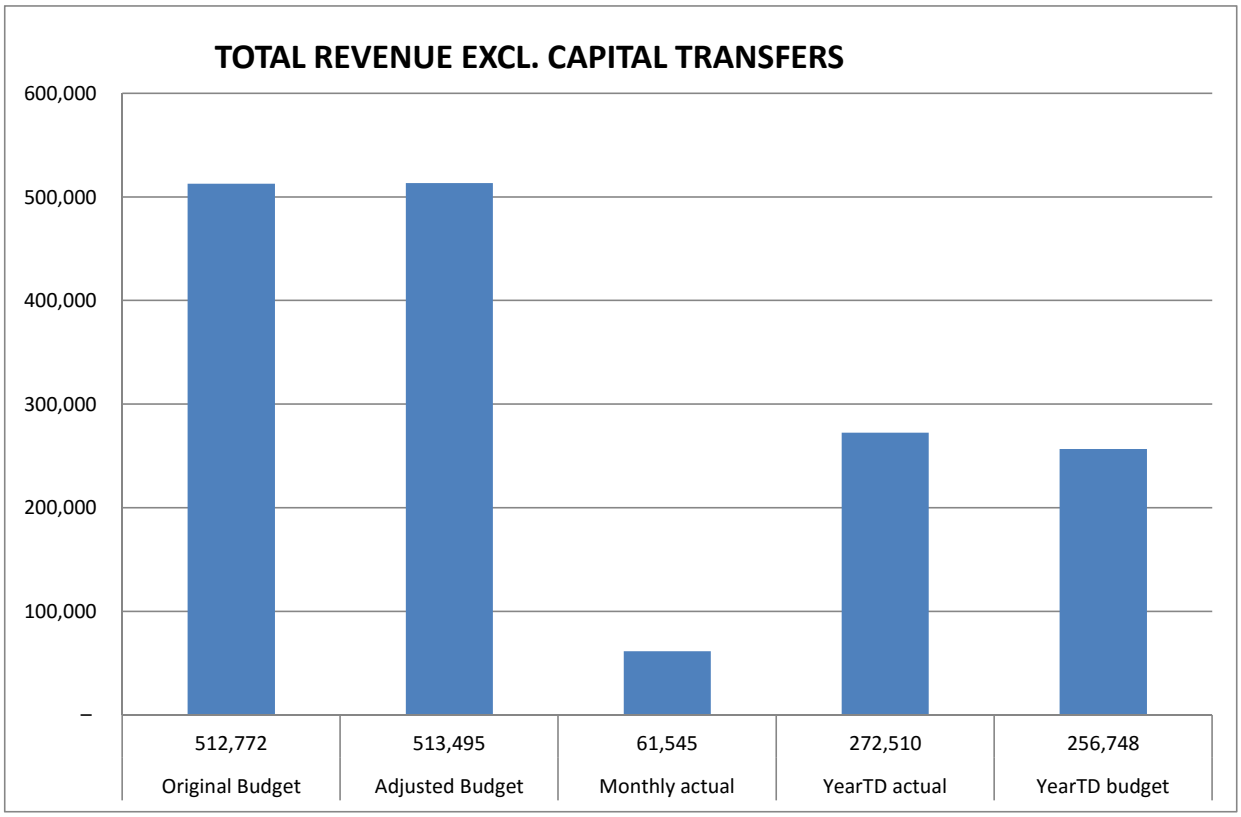
With the exception of Tulbagh it is expected that sufficient water will be available to meet the demand of municipal consumers, on condition that the current water sources are being used sparingly.

**COUNCILLOR BC KLAASEN**
**EXECUTIVE MAYOR**

**Recommendation**

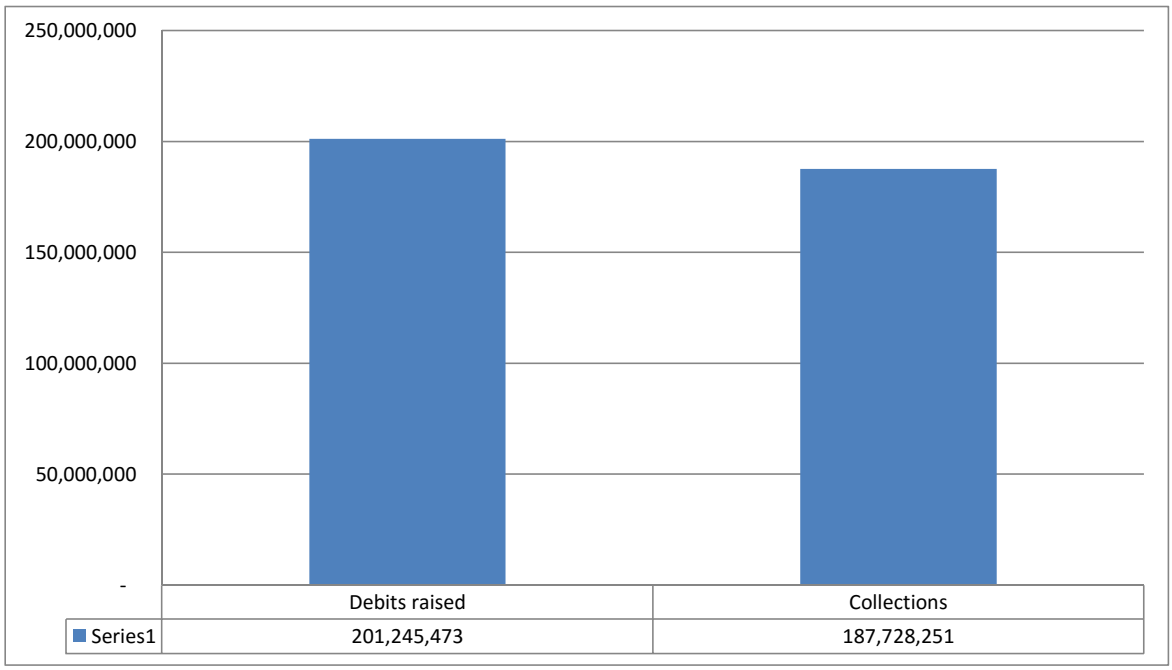
It is recommended that council take cognisance of the quarterly budget assessment for the period 1 July 2017 to 31 December 2017.

**Executive Summary**




For the period 1 July 2017 to 31 December 2017, 53.07% of the budgeted revenue excluding capital transfers was levied.

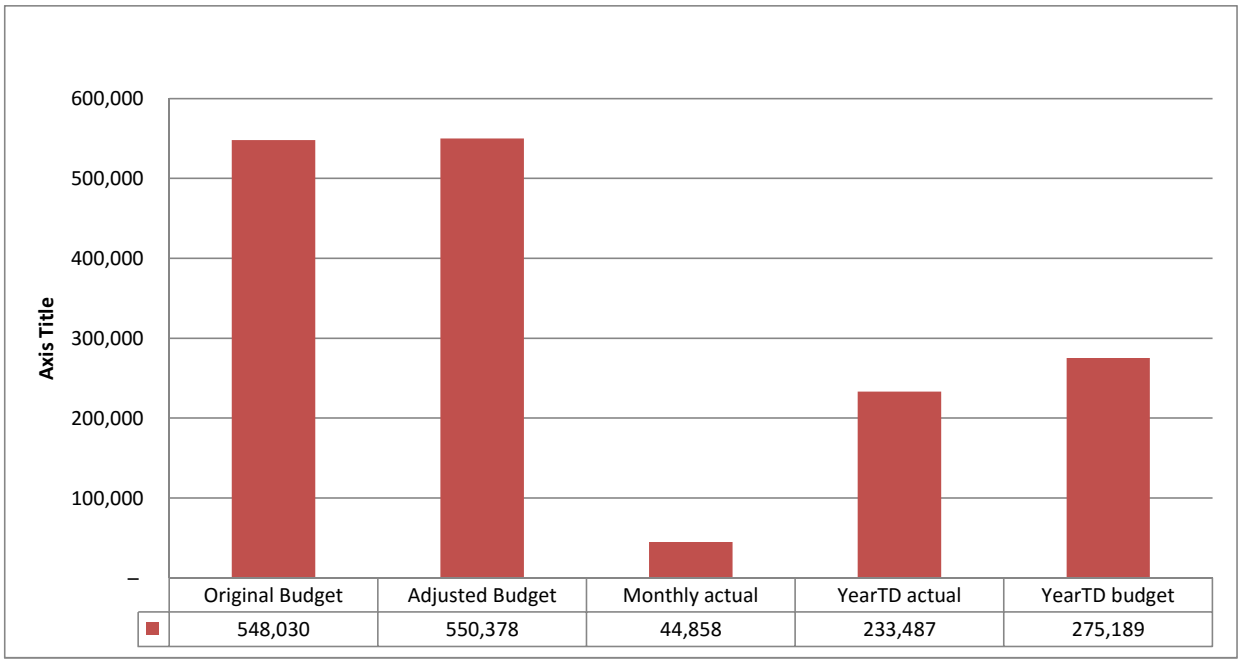
## Debits raised compared to collections




The year to date recovery rate is 93%

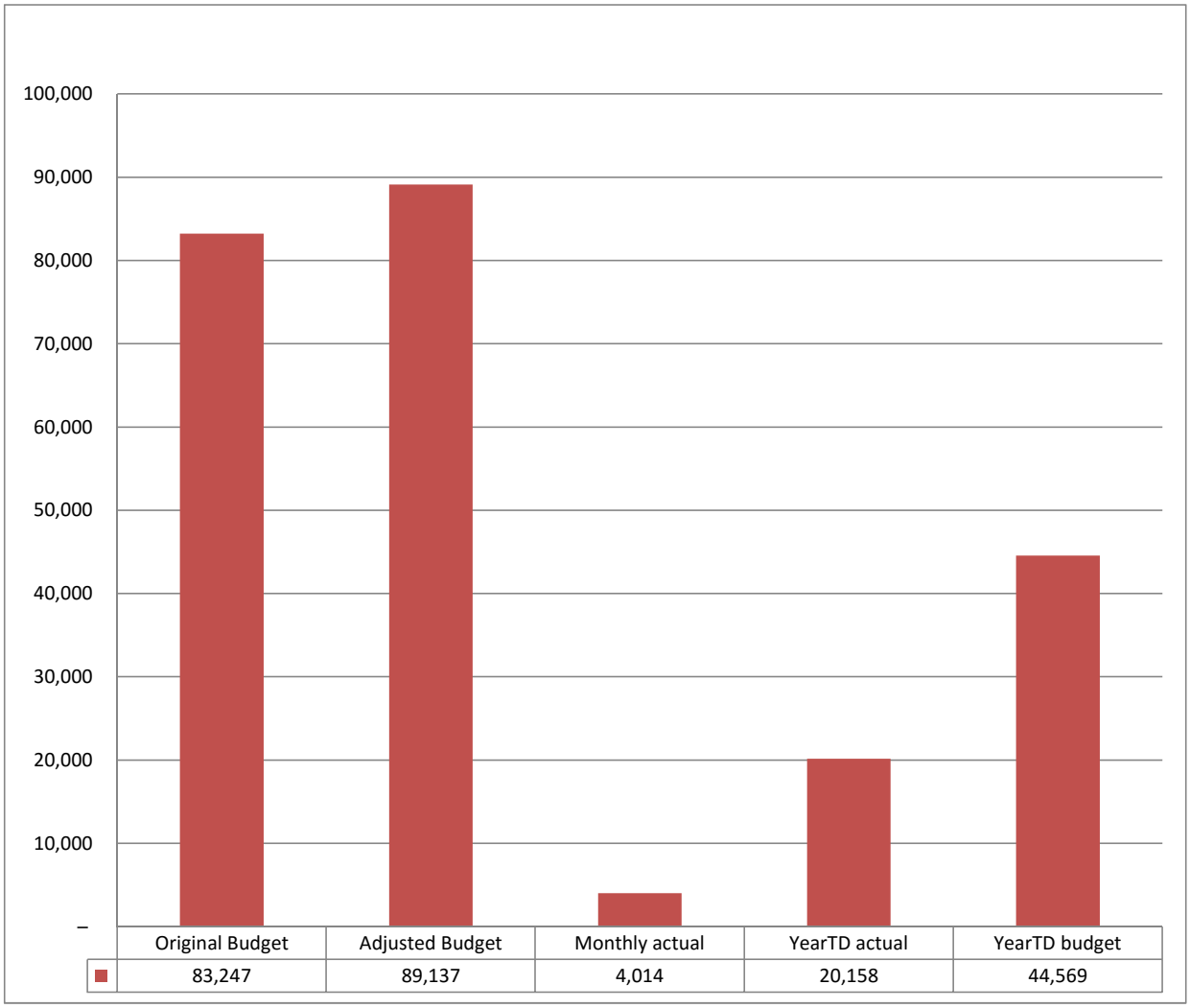
Some consumers used council's gesture to enable them to purchase electricity although their accounts are in arrears during the holiday season as an excuse to not pay their municipal accounts due in December. The collection rate for December was only 78%, forcing the year to date collection rate down to 93% from the 96% achieved at the end of November.

## TOTAL OPERATIONAL EXPENDITURE




For the period 1 July 2017 to 31 December 2017, 42.42% of the budgeted operational expenditure was incurred. This figure may increase as some invoices are still outstanding.

# CAPITAL EXPENDITURE




For the period 1 July 2017 to 31 December 2017, 22.61% of the budgeted capital expenditure was incurred.

The main contributing factors to this is the R11.7 million forecast expenditure which could not be utilised as the Department of Water affairs failed to pay over the funding. At this current moment the status of the gazetted amount is unknown, meaning that it may be possible that it will never be paid over to Witzenberg Municipality.

# In-year budget statement tables

The following table provides a summary of the financial performance and financial position of the municipality as at 31 December 2017.

WC022 Witzenberg - Table C1 Monthly Budget Statement Summary - Q2 Second Quarter

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Financial Performance | | | | | | | | |
| Property rates | 64,827 | 64,827 | 3,093 | 45,006 | 32,413 | 12,593 | 39% | 64,827 |
| Service charges | 302,714 | 302,714 | 22,489 | 146,129 | 151,357 | (5,228) | -3% | 302,714 |
| Investment revenue | 4,565 | 4,565 | 645 | 3,504 | 2,283 | 1,222 | 54% | 14,661 |
| Transfers recognised - operational | 97,846 | 98,571 | 30,315 | 63,488 | 49,285 | 14,203 | 29% | 98,571 |
| Other own revenue | 42,820 | 42,818 | 5,003 | 14,382 | 21,409 | (7,027) | -33% | 42,818 |
| Total Revenue (excluding capital | 512,772 | 513,495 | 61,545 | 272,510 | 256,748 | 15,762 | 6% | 523,591 |
| Employee costs | 163,628 | 163,805 | 10,774 | 76,703 | 81,902 | (5,199) | -6% | 163,805 |
| Remuneration of Councillors | 10,083 | 10,083 | 670 | 4,097 | 5,041 | (945) | -19% | 10,083 |
| Depreciation & asset impairment | 46,045 | 46,045 | 3,837 | 23,023 | 23,023 | – | – | 46,045 |
| Finance charges | 3,710 | 3,670 | 339 | 569 | 1,835 | (1,265) | -69% | 3,670 |
| Materials and bulk purchases | 201,738 | 201,165 | 13,376 | 81,414 | 100,583 | (19,169) | -19% | 201,165 |
| Transfers and grants | 15,763 | 15,738 | 32 | 9,975 | 7,869 | 2,106 | 27% | 15,738 |
| Other expenditure | 107,063 | 109,872 | 15,830 | 37,707 | 54,936 | (17,229) | -31% | 109,872 |
| Total Expenditure | 548,030 | 550,378 | 44,858 | 233,487 | 275,189 | (41,702) | -15% | 550,378 |
| Surplus/(Deficit) | (35,258) | (36,883) | 16,687 | 39,023 | (18,442) | 57,464 | -312% | (26,787) |
| Transfers recognised - capital | 63,230 | 68,692 | 381 | 9,249 | 34,346 | (25,096) | -73% | 68,692 |
| Contributions & Contributed assets | – | – | – | – | – | – | | – |
| Surplus/(Deficit) after capital transfers & | 27,972 | 31,809 | 17,068 | 48,272 | 15,904 | 32,368 | 204% | 41,905 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | | – |
| Surplus/ (Deficit) for the year | 27,972 | 31,809 | 17,068 | 48,272 | 15,904 | 32,368 | 204% | 41,905 |
| Capital expenditure & funds sources | | | | | | | | |
| Capital expenditure | 83,247 | 89,137 | 4,014 | 20,158 | 44,569 | (24,410) | -55% | 89,137 |
| Capital transfers recognised | 58,858 | 64,320 | 2,721 | 13,941 | 32,160 | (18,219) | -57% | 64,320 |
| Public contributions & donations | – | – | – | – | – | – | | – |
| Borrowing | 3,500 | 3,526 | – | 396 | 1,763 | (1,367) | -78% | 3,526 |
| Internally generated funds | 20,889 | 21,291 | 1,293 | 5,821 | 10,645 | (4,824) | -45% | 21,291 |
| Total sources of capital funds | 83,247 | 89,137 | 4,014 | 20,158 | 44,569 | (24,410) | -55% | 89,137 |
| Financial position | | | | | | | | |
| Total current assets | 79,257 | 84,962 | | 122,876 | | | | 122,876 |
| Total non current assets | 37,201 | 43,092 | | (2,849) | | | | (2,849) |
| Total current liabilities | 69,636 | 77,357 | | (7,587) | | | | (7,587) |
| Total non current liabilities | 18,851 | 18,889 | | 3,019 | | | | 3,019 |
| Community wealth/Equity | 27,972 | 31,808 | | 124,596 | | | | 124,596 |
| Cash flows | | | | | | | | |
| Net cash from (used) operating | 161,618 | 161,618 | 59,147 | 53,854 | 80,809 | (26,956) | -33% | 161,618 |
| Net cash from (used) investing | – | – | 13,500 | (17,011) | – | (17,011) | | – |
| Net cash from (used) financing | 3,500 | 3,500 | (86) | (931) | 1,750 | (2,681) | -153% | 3,500 |
| Cash/cash equivalents at the month | 165,118 | 165,118 | – | 35,912 | 82,559 | (46,647) | -57% | 165,118 |
| Debtors & creditors analysis | 31-60 Days | 61-90 Days | 91-120 | 121-150 | 151-180 | 181 Dys-1 | Over 1Yr | Total |
| Debtors Age Analysis | | | | | | | | |
| Total By Income Source | 3,998 | 3,690 | 2,792 | 5,266 | 2,385 | 12,816 | 133,419 | 190,992 |
| Creditors Age Analysis | | | | | | | | |
| Total Creditors | 881 | 13 | 0 | – | – | – | – | 3,331 |

*No historic data were available to accuaretely determine the monthly projections for the income and expenditure items in terms of MSCOA that was implemented from 1 July 2017 as a totally new chart of accounts was implemented. The actual monthly information for six months are now available. Revised monthly projections will be submitted to council for consideration with the adjustment budget.*

*The budgeted deficit for the financial year excluding capital transfer revenue is R 37 million. The deficit includes the following non cash transactions:*
*Depreciation: R 46 million*
*Provision for Rehabilitation of Landfill Sites: R2.4 million*
*Contributions to Post Employment Medical Benefits: R 10 million*

The following table provides detail of revenue and expenditure according to the international standard classification framework.

WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q2 Second Quarter

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue - Standard | | | | | | | | |
| *Governance and administration* | 81,085 | 81,085 | 7,357 | 54,490 | 40,543 | 13,948 | 34% | 81,085 |
| Executive and council | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| Finance and administration | 81,082 | 81,082 | 7,357 | 54,490 | 40,541 | 13,950 | 34% | 81,082 |
| Internal audit | – | – | – | – | – | – | | – |
| *Community and public safety* | 118,693 | 119,417 | 30,664 | 65,954 | 59,709 | 6,246 | 10% | 119,417 |
| Community and social services | 90,126 | 90,850 | 23,804 | 54,238 | 45,425 | 8,813 | 19% | 90,850 |
| Sport and recreation | 11,045 | 11,045 | 284 | 2,197 | 5,523 | (3,326) | -60% | 11,045 |
| Public safety | 6 | 6 | 0 | 1 | 3 | (2) | -75% | 6 |
| Housing | 17,516 | 17,516 | 6,575 | 9,519 | 8,758 | 761 | 9% | 17,516 |
| Health | – | – | – | – | – | – | | – |
| *Economic and environmental services* | 31,252 | 31,251 | 288 | 4,384 | 15,625 | (11,242) | -72% | 31,251 |
| Planning and development | 2,202 | 2,202 | 139 | 726 | 1,101 | (375) | -34% | 2,202 |
| Road transport | 29,039 | 29,038 | 150 | 3,658 | 14,519 | (10,861) | -75% | 29,038 |
| Environmental protection | 11 | 11 | – | – | 6 | (6) | -100% | 11 |
| *Trading services* | 390,117 | 395,580 | 24,990 | 141,638 | 197,790 | (56,152) | -28% | 395,580 |
| Energy sources | 237,351 | 237,351 | 15,507 | 107,822 | 118,675 | (10,854) | -9% | 237,351 |
| Water management | 78,737 | 81,850 | 4,713 | 4,713 | 40,925 | (36,212) | -88% | 81,850 |
| Waste water management | 47,175 | 49,525 | 2,495 | 15,313 | 24,762 | (9,449) | -38% | 49,525 |
| Waste management | 26,854 | 26,854 | 2,275 | 13,790 | 13,427 | 363 | 3% | 26,854 |
| *Other* | – | – | – | – | – | – | | – |
| Total Revenue - Standard | 621,147 | 627,332 | 63,299 | 266,466 | 313,666 | (47,200) | -15% | 627,332 |
| Expenditure - Standard | | | | | | | | |
| *Governance and administration* | 116,609 | 116,630 | 9,173 | 48,232 | 58,315 | (10,084) | -17% | 116,630 |
| Executive and council | 24,419 | 24,438 | 1,946 | 10,816 | 12,219 | (1,403) | -11% | 24,438 |
| Finance and administration | 90,336 | 90,301 | 7,068 | 36,361 | 45,151 | (8,790) | -19% | 90,301 |
| Internal audit | 1,854 | 1,891 | 159 | 1,055 | 946 | 109 | 12% | 1,891 |
| *Community and public safety* | 87,501 | 88,507 | 6,349 | 40,705 | 44,254 | (3,548) | -8% | 88,507 |
| Community and social services | 33,018 | 33,787 | 2,031 | 11,551 | 16,893 | (5,343) | -32% | 33,787 |
| Sport and recreation | 28,228 | 28,126 | 3,327 | 13,978 | 14,063 | (85) | -1% | 28,126 |
| Public safety | 8,246 | 8,286 | 707 | 4,072 | 4,143 | (71) | -2% | 8,286 |
| Housing | 18,009 | 18,309 | 284 | 11,105 | 9,154 | 1,950 | 21% | 18,309 |
| Health | – | – | – | – | – | – | | – |
| *Economic and environmental services* | 58,287 | 59,859 | 4,522 | 22,177 | 29,930 | (7,753) | -26% | 59,859 |
| Planning and development | 10,158 | 10,290 | 687 | 3,977 | 5,145 | (1,168) | -23% | 10,290 |
| Road transport | 46,473 | 47,898 | 3,733 | 17,620 | 23,949 | (6,329) | -26% | 47,898 |
| Environmental protection | 1,657 | 1,672 | 101 | 580 | 836 | (256) | -31% | 1,672 |
| *Trading services* | 329,913 | 329,664 | 26,187 | 131,318 | 164,832 | (33,514) | -20% | 329,664 |
| Energy sources | 225,313 | 225,073 | 15,003 | 87,808 | 112,537 | (24,728) | -22% | 225,073 |
| Water management | 30,429 | 30,427 | 3,189 | 11,505 | 15,214 | (3,708) | -24% | 30,427 |
| Waste water management | 33,671 | 33,667 | 3,913 | 15,874 | 16,834 | (960) | -6% | 33,667 |
| Waste management | 40,501 | 40,497 | 4,081 | 16,130 | 20,248 | (4,118) | -20% | 40,497 |
| *Other* | 864 | 862 | 2 | 400 | 431 | (31) | -7% | 862 |
| Total Expenditure - Standard | 593,175 | 595,524 | 46,232 | 242,831 | 297,762 | (54,930) | -18% | 595,524 |
| Surplus/ (Deficit) for the year | 27,972 | 31,809 | 17,068 | 23,635 | 15,904 | 7,730 | 49% | 31,809 |

The following table provides detail of revenue and expenditure according to the international standard classification framework.

WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q2 Second Quarter

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue - Standard | | | | | | | | |
| *Municipal governance and administration* | 81,085 | 81,085 | 7,357 | 54,490 | 40,543 | 13,948 | 34% | 81,085 |
| Executive and council | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| *Mayor and Council* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Municipal Manager* | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| Finance and administration | 81,082 | 81,082 | 7,357 | 54,490 | 40,541 | 13,950 | 34% | 81,082 |
| *Administrative and Corporate Support* | 2,832 | 2,832 | – | – | 1,416 | (1,416) | -100% | 2,832 |
| *Asset Management* | – | – | – | – | – | – | | – |
| *Budget and Treasury Office* | 4,802 | 4,802 | 3,428 | 4,765 | 2,401 | 2,364 | 98% | 4,802 |
| *Finance* | 72,816 | 72,816 | 3,927 | 49,708 | 36,408 | 13,300 | 37% | 72,816 |
| *Fleet Management* | 36 | 36 | – | – | 18 | (18) | -100% | 36 |
| *Human Resources* | 574 | 574 | – | – | 287 | (287) | -100% | 574 |
| *Information Technology* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Legal Services* | 1 | 1 | – | – | 1 | (1) | -100% | 1 |
| *Marketing, Customer Relations, Publicity and Media* | 4 | 4 | – | – | 2 | (2) | -100% | 4 |
| *Property Services* | 2 | 2 | – | – | 1 | (1) | -100% | 2 |
| *Risk Management* | – | – | – | – | – | – | | – |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | 15 | 15 | 1 | 18 | 8 | 10 | 131% | 15 |
| *Valuation Service* | – | – | – | – | – | – | | – |
| Internal audit | – | – | – | – | – | – | | – |
| *Governance Function* | – | – | – | – | – | – | | – |
| *Community and public safety* | 118,693 | 119,417 | 30,664 | 65,954 | 59,709 | 6,246 | 10% | 119,417 |
| Community and social services | 90,126 | 90,850 | 23,804 | 54,238 | 45,425 | 8,813 | 19% | 90,850 |
| *Aged Care* | 80,496 | 80,496 | 23,723 | 53,862 | 40,248 | 13,614 | 34% | 80,496 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 238 | 238 | 21 | 132 | 119 | 13 | 11% | 238 |
| *Child Care Facilities* | – | – | – | – | – | – | | – |
| *Community Halls and Facilities* | 745 | 1,045 | 57 | 202 | 522 | (320) | -61% | 1,045 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Cultural Matters* | – | – | – | – | – | – | | – |
| *Disaster Management* | – | – | – | – | – | – | | – |
| *Education* | – | – | – | – | – | – | | – |
| *Indigenous and Customary Law* | – | – | – | – | – | – | | – |
| *Industrial Promotion* | – | – | – | – | – | – | | – |
| *Language Policy* | – | – | – | – | – | – | | – |
| *Libraries and Archives* | 8,647 | 9,071 | 4 | 43 | 4,536 | (4,493) | -99% | 9,071 |
| *Literacy Programmes* | – | – | – | – | – | – | | – |
| *Media Services* | – | – | – | – | – | – | | – |
| *Museums and Art Galleries* | – | – | – | – | – | – | | – |
| *Population Development* | – | – | – | – | – | – | | – |
| *Provincial Cultural Matters* | – | – | – | – | – | – | | – |
| *Theatres* | – | – | – | – | – | – | | – |
| *Zoo's* | – | – | – | – | – | – | | – |
| Sport and recreation | 11,045 | 11,045 | 284 | 2,197 | 5,523 | (3,326) | -60% | 11,045 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including Nurseries)* | 561 | 561 | – | – | 281 | (281) | -100% | 561 |
| *Recreational Facilities* | 9,761 | 9,761 | 282 | 2,153 | 4,881 | (2,728) | -56% | 9,761 |
| *Sports Grounds and Stadiums* | 723 | 723 | 2 | 43 | 361 | (318) | -88% | 723 |

| Description<br>R thousands | Budget Year 2017/18<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|
| Public safety | 6 | 6 | 0 | 1 | 3 | (2) | -75% | 6 |
| *Fire Fighting and Protection* | 6 | 6 | 0 | 1 | 3 | (2) | -75% | 6 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 17,516 | 17,516 | 6,575 | 9,519 | 8,758 | 761 | 9% | 17,516 |
| *Housing* | 17,516 | 17,516 | 6,575 | 9,519 | 8,758 | 761 | 9% | 17,516 |
| *Informal Settlements* | – | – | – | – | – | – | | – |
| *Economic and environmental services* | 31,252 | 31,251 | 288 | 4,384 | 15,625 | (11,242) | -72% | 31,251 |
| Planning and development | 2,202 | 2,202 | 139 | 726 | 1,101 | (375) | -34% | 2,202 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 10 | 10 | – | – | 5 | (5) | -100% | 10 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | – | – | – | – | – | – | | – |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | 1,650 | 1,650 | 139 | 726 | 825 | (99) | -12% | 1,650 |
| *Project Management Unit* | 542 | 542 | – | – | 271 | (271) | -100% | 542 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 29,039 | 29,038 | 150 | 3,658 | 14,519 | (10,861) | -75% | 29,038 |
| *Police Forces, Traffic and Street Parking Control* | 18,338 | 18,337 | 158 | 1,148 | 9,168 | (8,021) | -87% | 18,337 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 10,701 | 10,701 | (8) | 2,510 | 5,350 | (2,840) | -53% | 10,701 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 11 | 11 | – | – | 6 | (6) | -100% | 11 |
| *Biodiversity and Landscape* | 11 | 11 | – | – | 6 | (6) | -100% | 11 |
| *Coastal Protection* | – | – | – | – | – | – | | – |
| *Indigenous Forests* | – | – | – | – | – | – | | – |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | – | – | – | – | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| *Trading services* | 390,117 | 395,580 | 24,990 | 141,638 | 197,790 | (56,152) | -28% | 395,580 |
| Energy sources | 237,351 | 237,351 | 15,507 | 107,822 | 118,675 | (10,854) | -9% | 237,351 |
| *Electricity* | 230,894 | 230,894 | 15,202 | 105,667 | 115,447 | (9,780) | -8% | 230,894 |
| *Street Lighting and Signal Systems* | 6,457 | 6,457 | 305 | 2,154 | 3,228 | (1,074) | -33% | 6,457 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 78,737 | 81,850 | 4,713 | 4,713 | 40,925 | (36,212) | -88% | 81,850 |
| *Water Treatment* | – | – | – | – | – | – | | – |
| *Water Distribution* | 78,737 | 81,850 | 4,713 | 4,713 | 40,925 | (36,212) | -88% | 81,850 |
| *Water Storage* | – | – | – | – | – | – | | – |
| Waste water management | 47,175 | 49,525 | 2,495 | 15,313 | 24,762 | (9,449) | -38% | 49,525 |
| *Public Toilets* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Sewerage* | 41,165 | 43,515 | 2,495 | 15,313 | 21,757 | (6,444) | -30% | 43,515 |
| *Storm Water Management* | 6,010 | 6,010 | – | – | 3,005 | (3,005) | -100% | 6,010 |
| *Waste Water Treatment* | – | – | – | – | – | – | | – |
| Waste management | 26,854 | 26,854 | 2,275 | 13,790 | 13,427 | 363 | 3% | 26,854 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 36 | 36 | – | – | 18 | (18) | -100% | 36 |
| *Solid Waste Removal* | 26,818 | 26,818 | 2,275 | 13,790 | 13,409 | 381 | 3% | 26,818 |
| *Street Cleaning* | – | – | – | – | – | – | | – |

WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q2 Second Quarter

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Expenditure - Standard | | | | | | | | |
| *Municipal governance and administration* | 116,609 | 116,630 | 9,173 | 48,232 | 58,315 | (10,084) | -17% | 116,630 |
| Executive and council | 24,419 | 24,438 | 1,946 | 10,816 | 12,219 | (1,403) | -11% | 24,438 |
| *Mayor and Council* | 15,162 | 15,185 | 1,264 | 6,309 | 7,592 | (1,283) | -17% | 15,185 |
| *Municipal Manager, Town Secretary and Chief Execut* | 9,257 | 9,253 | 682 | 4,507 | 4,626 | (120) | -3% | 9,253 |
| Finance and administration | 90,336 | 90,301 | 7,068 | 36,361 | 45,151 | (8,790) | -19% | 90,301 |
| *Administrative and Corporate Support* | 9,039 | 9,626 | 1,139 | 4,659 | 4,813 | (154) | -3% | 9,626 |
| *Asset Management* | 5,149 | 5,149 | 0 | 45 | 2,575 | (2,529) | -98% | 5,149 |
| *Budget and Treasury Office* | 16,725 | 15,849 | 1,966 | 6,604 | 7,924 | (1,320) | -17% | 15,849 |
| *Finance* | 18,079 | 18,079 | 2,372 | 7,022 | 9,039 | (2,018) | -22% | 18,079 |
| *Fleet Management* | 2,939 | 2,929 | 152 | 736 | 1,465 | (728) | -50% | 2,929 |
| *Human Resources* | 18,169 | 17,969 | (620) | 8,933 | 8,985 | (51) | -1% | 17,969 |
| *Information Technology* | 3,616 | 4,376 | 227 | 1,417 | 2,188 | (771) | -35% | 4,376 |
| *Legal Services* | 2,508 | 2,218 | 318 | 1,001 | 1,109 | (108) | -10% | 2,218 |
| *Marketing, Customer Relations, Publicity and Media* | 3,401 | 3,406 | 322 | 1,415 | 1,703 | (288) | -17% | 3,406 |
| *Property Services* | 3,361 | 3,351 | 250 | 1,523 | 1,676 | (153) | -9% | 3,351 |
| *Risk Management* | 384 | 384 | – | 3 | 192 | (188) | -98% | 384 |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | 5,433 | 5,433 | 524 | 2,481 | 2,716 | (236) | -9% | 5,433 |
| *Valuation Service* | 1,532 | 1,532 | 418 | 521 | 766 | (245) | -32% | 1,532 |
| Internal audit | 1,854 | 1,891 | 159 | 1,055 | 946 | 109 | 12% | 1,891 |
| *Governance Function* | 1,854 | 1,891 | 159 | 1,055 | 946 | 109 | 12% | 1,891 |
| *Community and public safety* | 87,501 | 88,507 | 6,349 | 40,705 | 44,254 | (3,548) | -8% | 88,507 |
| Community and social services | 33,018 | 33,787 | 2,031 | 11,551 | 16,893 | (5,343) | -32% | 33,787 |
| *Aged Care* | 12,554 | 12,805 | 476 | 2,625 | 6,402 | (3,777) | -59% | 12,805 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 2,922 | 2,907 | 217 | 1,296 | 1,453 | (157) | -11% | 2,907 |
| *Child Care Facilities* | 722 | 722 | – | 26 | 361 | (335) | -93% | 722 |
| *Community Halls and Facilities* | 5,886 | 5,991 | 519 | 2,838 | 2,996 | (158) | -5% | 5,991 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Cultural Matters* | – | – | – | – | – | – | | – |
| *Disaster Management* | 53 | 53 | 5 | 13 | 26 | (14) | -52% | 53 |
| *Education* | 619 | 619 | – | 8 | 310 | (302) | -98% | 619 |
| *Indigenous and Customary Law* | – | – | – | – | – | – | | – |
| *Industrial Promotion* | – | – | – | – | – | – | | – |
| *Language Policy* | – | – | – | – | – | – | | – |
| *Libraries and Archives* | 10,262 | 10,689 | 814 | 4,745 | 5,345 | (600) | -11% | 10,689 |
| *Literacy Programmes* | – | – | – | – | – | – | | – |
| *Media Services* | – | – | – | – | – | – | | – |
| *Museums and Art Galleries* | – | – | – | – | – | – | | – |
| *Population Development* | – | – | – | – | – | – | | – |
| *Provincial Cultural Matters* | – | – | – | – | – | – | | – |
| *Theatres* | – | – | – | – | – | – | | – |
| *Zoo's* | – | – | – | – | – | – | | – |
| Sport and recreation | 28,228 | 28,126 | 3,327 | 13,978 | 14,063 | (85) | -1% | 28,126 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including Nurseries)* | 7,175 | 7,175 | 583 | 3,158 | 3,588 | (430) | -12% | 7,175 |
| *Recreational Facilities* | 16,095 | 15,992 | 2,305 | 8,314 | 7,996 | 318 | 4% | 15,992 |
| *Sports Grounds and Stadiums* | 4,958 | 4,958 | 439 | 2,506 | 2,479 | 27 | 1% | 4,958 |
| Public safety | 8,246 | 8,286 | 707 | 4,072 | 4,143 | (71) | -2% | 8,286 |
| *Fire Fighting and Protection* | 8,246 | 8,286 | 707 | 4,072 | 4,143 | (71) | -2% | 8,286 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 18,009 | 18,309 | 284 | 11,105 | 9,154 | 1,950 | 21% | 18,309 |
| *Housing* | 16,509 | 16,788 | 284 | 11,090 | 8,394 | 2,696 | 32% | 16,788 |
| *Informal Settlements* | 1,500 | 1,521 | – | 15 | 761 | (745) | -98% | 1,521 |

| Description<br>R thousands | Budget Year 2017/18<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|
| *Economic and environmental services* | 58,287 | 59,859 | 4,522 | 22,177 | 29,930 | (7,753) | -26% | 59,859 |
| Planning and development | 10,158 | 10,290 | 687 | 3,977 | 5,145 | (1,168) | -23% | 10,290 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 2,191 | 2,180 | 161 | 856 | 1,090 | (234) | -21% | 2,180 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | 2,087 | 2,267 | 110 | 598 | 1,133 | (535) | -47% | 2,267 |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | 3,565 | 3,565 | 294 | 1,770 | 1,783 | (13) | -1% | 3,565 |
| *Project Management Unit* | 2,315 | 2,278 | 123 | 753 | 1,139 | (386) | -34% | 2,278 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 46,473 | 47,898 | 3,733 | 17,620 | 23,949 | (6,329) | -26% | 47,898 |
| *Police Forces, Traffic and Street Parking Control* | 24,339 | 24,464 | 1,501 | 7,091 | 12,232 | (5,141) | -42% | 24,464 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 22,134 | 23,434 | 2,233 | 10,529 | 11,717 | (1,188) | -10% | 23,434 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 1,657 | 1,672 | 101 | 580 | 836 | (256) | -31% | 1,672 |
| *Biodiversity and Landscape* | 1,657 | 1,672 | 27 | 136 | 836 | (700) | -84% | 1,672 |
| *Coastal Protection* | – | – | – | – | – | – | | – |
| *Indigenous Forests* | – | – | – | – | – | – | | – |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | 74 | 444 | – | 444 | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| *Trading services* | 329,913 | 329,664 | 26,187 | 131,318 | 164,832 | (33,514) | -20% | 329,664 |
| Energy sources | 225,313 | 225,073 | 15,003 | 87,808 | 112,537 | (24,728) | -22% | 225,073 |
| *Electricity* | 217,699 | 217,459 | 14,832 | 86,364 | 108,730 | (22,366) | -21% | 217,459 |
| *Street Lighting and Signal Systems* | 7,614 | 7,614 | 170 | 1,445 | 3,807 | (2,363) | -62% | 7,614 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 30,429 | 30,427 | 3,189 | 11,505 | 15,214 | (3,708) | -24% | 30,427 |
| *Water Treatment* | 1,365 | 1,365 | 2 | 18 | 683 | (665) | -97% | 1,365 |
| *Water Distribution* | 25,680 | 25,678 | 2,990 | 9,635 | 12,839 | (3,205) | -25% | 25,678 |
| *Water Storage* | 3,383 | 3,383 | 197 | 1,853 | 1,692 | 161 | 10% | 3,383 |
| Waste water management | 33,671 | 33,667 | 3,913 | 15,874 | 16,834 | (960) | -6% | 33,667 |
| *Public Toilets* | 1,550 | 1,550 | 127 | 659 | 775 | (116) | -15% | 1,550 |
| *Sewerage* | 24,625 | 24,626 | 3,252 | 12,479 | 12,313 | 166 | 1% | 24,626 |
| *Storm Water Management* | 5,329 | 5,324 | 530 | 2,711 | 2,662 | 49 | 2% | 5,324 |
| *Waste Water Treatment* | 2,167 | 2,167 | 4 | 25 | 1,084 | (1,059) | -98% | 2,167 |
| Waste management | 40,501 | 40,497 | 4,081 | 16,130 | 20,248 | (4,118) | -20% | 40,497 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 13,936 | 13,932 | 1,063 | 5,461 | 6,966 | (1,505) | -22% | 13,932 |
| *Solid Waste Removal* | 25,404 | 25,404 | 2,922 | 10,145 | 12,702 | (2,557) | -20% | 25,404 |
| *Street Cleaning* | 1,161 | 1,161 | 96 | 524 | 581 | (56) | -10% | 1,161 |
| *Other* | 864 | 862 | 2 | 400 | 431 | (31) | -7% | 862 |
| Licensing and Regulation | 97 | 95 | 2 | 16 | 47 | (31) | -66% | 95 |
| Tourism | 767 | 767 | 0 | 384 | 384 | – | | 767 |
| Total Expenditure - Functional | 593,175 | 595,524 | 46,232 | 242,831 | 297,762 | (54,930) | -18% | 595,524 |
| Surplus/ (Deficit) for the year | 27,972 | 31,809 | 17,068 | 23,635 | 15,904 | 7,730 | 49% | 31,809 |

The table provides detail of revenue and expenditure according to municipal votes.

WC022 Witzenberg - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q2 Second Quarter

| Vote Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - Financial Services | – | 74,641 | 74,641 | 7,151 | 53,322 | 37,320 | 16,002 | 42.9% | 74,641 |
| Vote 2 - Community Services | – | 137,581 | 138,304 | 30,857 | 67,315 | 69,152 | (1,837) | -2.7% | 138,304 |
| Vote 3 - Corporate Services | – | 3,506 | 3,506 | – | – | 1,753 | (1,753) | -100.0% | 3,506 |
| Vote 4 - Technical Services | – | 404,086 | 409,548 | 25,263 | 170,200 | 204,774 | (34,574) | -16.9% | 409,548 |
| Vote 5 - Muncipal Manager | – | 1,333 | 1,333 | 29 | 266 | 667 | (401) | -60.1% | 1,333 |
| Total Revenue by Vote | – | 621,147 | 627,332 | 63,299 | 291,103 | 313,666 | (22,563) | -7.2% | 627,332 |
| Expenditure by Vote | | | | | | | | | |
| Vote 1 - Financial Services | – | 48,438 | 47,561 | 5,411 | 17,535 | 23,781 | (6,245) | -26.3% | 47,561 |
| Vote 2 - Community Services | – | 116,832 | 118,050 | 8,144 | 49,564 | 59,025 | (9,461) | -16.0% | 118,050 |
| Vote 3 - Corporate Services | – | 55,927 | 56,959 | 2,739 | 25,652 | 28,479 | (2,828) | -9.9% | 56,959 |
| Vote 4 - Technical Services | – | 359,932 | 361,217 | 28,982 | 145,119 | 180,609 | (35,489) | -19.6% | 361,217 |
| Vote 5 - Muncipal Manager | – | 12,047 | 11,736 | 957 | 4,961 | 5,868 | (907) | -15.5% | 11,736 |
| Total Expenditure by Vote | – | 593,175 | 595,524 | 46,232 | 242,831 | 297,762 | (54,930) | -18.4% | 595,524 |
| Surplus/ (Deficit) for the year | – | 27,972 | 31,809 | 17,068 | 48,272 | 15,904 | 32,368 | 203.5% | 31,809 |

The table provides detail of revenue according to source and expenditure according to type.

WC022 Witzenberg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue By Source | | | | | | | | | |
| Property rates | – | 64,827 | 64,827 | 3,093 | 45,006 | 32,413 | 12,593 | 39% | 64,827 |
| Service charges - electricity revenue | – | 219,007 | 219,007 | 14,339 | 100,033 | 109,503 | (9,470) | -9% | 219,007 |
| Service charges - water revenue | – | 41,086 | 41,086 | 4,005 | 20,670 | 20,543 | 127 | 1% | 41,086 |
| Service charges - sanitation revenue | – | 20,933 | 20,933 | 2,166 | 13,744 | 10,466 | 3,278 | 31% | 20,933 |
| Service charges - refuse revenue | – | 21,689 | 21,689 | 1,979 | 11,681 | 10,844 | 837 | 8% | 21,689 |
| Service charges - other | – | – | – | – | – | – | – | | – |
| Rental of facilities and equipment | – | 9,650 | 9,650 | 264 | 1,876 | 4,825 | (2,949) | -61% | 9,650 |
| Interest earned - external investments | – | 4,565 | 4,565 | 645 | 3,504 | 2,283 | 1,222 | 54% | 4,565 |
| Interest earned - outstanding debtors | – | 10,096 | 10,096 | 643 | 5,259 | 5,048 | 211 | 4% | 10,096 |
| Dividends received | – | – | – | – | – | – | – | | – |
| Fines | – | 14,668 | 14,668 | 75 | 470 | 7,334 | (6,864) | -94% | 14,668 |
| Licences and permits | – | 154 | 152 | 105 | 831 | 76 | 754 | 990% | 152 |
| Agency services | – | 4,614 | 4,614 | – | – | 2,307 | (2,307) | -100% | 4,614 |
| Transfers recognised - operational | – | 97,846 | 98,571 | 30,315 | 63,488 | 49,285 | 14,203 | 29% | 98,571 |
| Other revenue | – | 3,637 | 3,637 | 3,915 | 5,947 | 1,819 | 4,128 | 227% | 3,637 |
| Gains on disposal of PPE | – | – | – | – | – | – | – | | – |
| Total Revenue (excluding capital transfers and contributions) | – | 512,772 | 513,495 | 61,545 | 272,510 | 256,748 | 15,762 | 6% | 513,495 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | – | 163,628 | 163,805 | 10,774 | 76,703 | 81,902 | (5,199) | -6% | 163,805 |
| Remuneration of councillors | – | 10,083 | 10,083 | 670 | 4,097 | 5,041 | (945) | -19% | 10,083 |
| Debt impairment | – | 27,125 | 27,125 | 6,523 | 6,693 | 13,562 | (6,870) | -51% | 27,125 |
| Depreciation & asset impairment | – | 46,045 | 46,045 | 3,837 | 23,023 | 23,023 | – | | 46,045 |
| Finance charges | – | 3,710 | 3,670 | 339 | 569 | 1,835 | (1,265) | -69% | 3,670 |
| Bulk purchases | – | 183,215 | 182,975 | 12,231 | 73,820 | 91,488 | (17,668) | -19% | 182,975 |
| Other materials | – | 18,523 | 18,190 | 1,144 | 7,594 | 9,095 | (1,501) | -17% | 18,190 |
| Contracted services | – | 38,605 | 39,816 | 6,204 | 15,036 | 19,908 | (4,873) | -24% | 39,816 |
| Transfers and grants | – | 15,763 | 15,738 | 32 | 9,975 | 7,869 | 2,106 | 27% | 15,738 |
| Other expenditure | – | 41,333 | 42,931 | 3,102 | 15,978 | 21,465 | (18,716) | -87% | 42,931 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | | – |
| Total Expenditure | – | 548,030 | 550,378 | 44,858 | 233,487 | 275,189 | (41,702) | -15% | 550,378 |
| Surplus/(Deficit) | – | (35,258) | (36,883) | 16,687 | 39,023 | (18,442) | 57,464 | (0) | (36,883) |
| Transfers recognised - capital | – | 63,230 | 68,692 | 381 | 9,249 | 34,346 | (25,096) | (0) | 68,692 |
| Contributions recognised - capital | – | – | – | – | – | – | – | | – |
| Contributed assets | – | – | – | – | – | – | – | | – |
| Surplus/(Deficit) after capital transfers & contributions | – | 27,972 | 31,809 | 17,068 | 48,272 | 15,904 | | | 31,809 |
| Taxation | | | | | | | | | |
| Surplus/(Deficit) after taxation | – | 27,972 | 31,809 | 17,068 | 48,272 | 15,904 | | | 31,809 |
| Attributable to minorities | | | | | | | | | |
| Surplus/(Deficit) attributable to | – | 27,972 | 31,809 | 17,068 | 48,272 | 15,904 | | | 31,809 |
| Share of surplus/ (deficit) of associate | | | | | | | | | |
| Surplus/ (Deficit) for the year | – | 27,972 | 31,809 | 17,068 | 48,272 | 15,904 | | | 31,809 |

The revenue and expenditure figures excludes internal charges.

The tables provides detail of capital expenditure according to municipal votes.

WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q2 Second Quarter

| Vote Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| Multi-Year expenditure appropriation | | | | | | | | | |
| Vote 1 - Financial Services | – | – | – | – | – | – | – | | – |
| Vote 2 - Community Services | – | – | – | – | – | – | – | | – |
| Vote 3 - Corporate Services | – | – | – | – | – | – | – | | – |
| Vote 4 - Technical Services | – | 22,442 | 24,217 | 1,363 | 8,265 | 12,109 | (3,843) | -32% | 24,217 |
| Vote 5 - Muncipal Manager | – | – | – | – | – | – | – | | – |
| Total Capital Multi-year expenditure | – | 22,442 | 24,217 | 1,363 | 8,265 | 12,109 | (3,843) | -32% | 24,217 |
| Single Year expenditure appropriation | | | | | | | | | |
| Vote 1 - Financial Services | – | 180 | 180 | 7 | 42 | 90 | (48) | -53% | 180 |
| Vote 2 - Community Services | – | 3,695 | 5,863 | 265 | 1,330 | 2,932 | (1,601) | -55% | 5,863 |
| Vote 3 - Corporate Services | – | 1,972 | 2,022 | – | 330 | 1,011 | (681) | -67% | 2,022 |
| Vote 4 - Technical Services | – | 54,903 | 56,800 | 2,378 | 10,190 | 28,400 | (18,210) | -64% | 56,800 |
| Vote 5 - Muncipal Manager | – | 55 | 55 | – | – | 28 | (28) | -100% | 55 |
| Total Capital single-year expenditure | – | 60,805 | 64,920 | 2,651 | 11,893 | 32,460 | (20,567) | -63% | 64,920 |
| Total Capital Expenditure | – | 83,247 | 89,137 | 4,014 | 20,158 | 44,569 | (24,410) | -55% | 89,137 |

WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q2 Second Quarter

| Vote Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Capital Expenditure - Standard Classification | | | | | | | | | |
| *Governance and administration* | – | 2,304 | 2,354 | 7 | 376 | 1,177 | (801) | -68% | 2,354 |
| Executive and council | – | 295 | 295 | – | 18 | 148 | (130) | -88% | 295 |
| Finance and administration | – | 2,009 | 2,059 | 7 | 358 | 1,030 | (671) | -65% | 2,059 |
| Internal audit | – | – | – | – | – | – | – | | – |
| *Community and public safety* | – | 3,495 | 3,695 | 265 | 1,326 | 1,848 | (522) | -28% | 3,695 |
| Community and social services | – | 535 | 543 | 111 | 222 | 271 | (50) | -18% | 543 |
| Sport and recreation | – | 2,260 | 2,452 | 154 | 1,104 | 1,226 | (122) | -10% | 2,452 |
| Public safety | – | 500 | 500 | – | – | 250 | (250) | -100% | 500 |
| Housing | – | 200 | 200 | – | – | 100 | (100) | -100% | 200 |
| Health | – | – | – | – | – | – | – | | – |
| *Economic and environmental services* | – | 17,050 | 16,098 | 93 | 2,985 | 8,049 | (5,064) | -63% | 16,098 |
| Planning and development | – | 20 | 20 | – | – | 10 | (10) | -100% | 20 |
| Road transport | – | 17,030 | 16,078 | 93 | 2,985 | 8,039 | (5,054) | -63% | 16,078 |
| Environmental protection | – | – | – | – | – | – | – | | – |
| *Trading services* | – | 60,398 | 66,990 | 3,649 | 15,472 | 33,495 | (18,023) | -54% | 66,990 |
| Energy sources | – | 3,327 | 3,327 | 290 | 1,374 | 1,664 | (290) | -17% | 3,327 |
| Water management | – | 31,597 | 36,695 | 1,503 | 8,934 | 18,348 | (9,413) | -51% | 36,695 |
| Waste water management | – | 22,169 | 23,662 | 1,678 | 4,836 | 11,831 | (6,995) | -59% | 23,662 |
| Waste management | – | 3,305 | 3,305 | 177 | 327 | 1,652 | (1,325) | -80% | 3,305 |
| *Other* | – | – | – | – | – | – | – | | – |
| Total Capital Expenditure - Standard Cla | – | 83,247 | 89,137 | 4,014 | 20,158 | 44,569 | (24,410) | -55% | 89,137 |
| Funded by: | | | | | | | | | |
| National Government | – | 31,226 | 31,226 | 2,675 | 13,468 | 15,613 | (2,146) | -14% | 31,226 |
| Provincial Government | – | 27,632 | 33,094 | 46 | 473 | 16,547 | (16,074) | -97% | 33,094 |
| District Municipality | – | – | – | – | – | – | – | | – |
| Other transfers and grants | – | – | – | – | – | – | – | | – |
| Transfers recognised - capital | – | 58,858 | 64,320 | 2,721 | 13,941 | 32,160 | (18,219) | -57% | 64,320 |
| Public contributions & donations | – | – | – | – | – | – | – | | – |
| Borrowing | – | 3,500 | 3,526 | – | 396 | 1,763 | (1,367) | -78% | 3,526 |
| Internally generated funds | – | 20,889 | 21,291 | 1,293 | 5,821 | 10,645 | (4,824) | -45% | 21,291 |
| Total Capital Funding | – | 83,247 | 89,137 | 4,014 | 20,158 | 44,569 | (24,410) | -55% | 89,137 |

The table provides detail of the municipality's financial position as at period end.

WC022 Witzenberg - Table C6 Monthly Budget Statement - Financial Position - Q2 Second Quarter

| Description | 2016/17 | Budget Year 2017/18 | | | |
|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash | – | 93,458 | 98,966 | 88,297 | 88,297 |
| Call investment deposits | – | (0) | (0) | 17,000 | 17,000 |
| Consumer debtors | – | (30,388) | (16,707) | 10,772 | 10,772 |
| Other debtors | – | 13,682 | – | 9,024 | 9,024 |
| Current portion of long-term receivables | – | – | – | – | – |
| Inventory | – | 2,505 | 2,703 | (2,216) | (2,216) |
| Total current assets | – | 79,257 | 84,962 | 122,876 | 122,876 |
| Non current assets | | | | | |
| Long-term receivables | – | – | – | – | – |
| Investments | – | – | – | – | – |
| Investment property | – | (596) | (596) | (298) | (298) |
| Investments in Associate | – | – | – | – | – |
| Property, plant and equipment | – | 37,866 | 43,757 | (2,469) | (2,469) |
| Agricultural | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| Intangible assets | – | (69) | (69) | (81) | (81) |
| Other non-current assets | – | – | – | – | – |
| Total non current assets | – | 37,201 | 43,092 | (2,849) | (2,849) |
| TOTAL ASSETS | – | 116,458 | 128,054 | 120,027 | 120,027 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Bank overdraft | – | – | – | – | – |
| Borrowing | – | – | – | – | – |
| Consumer deposits | – | – | – | 427 | 427 |
| Trade and other payables | – | 61,739 | 69,073 | (8,955) | (8,955) |
| Provisions | – | 7,897 | 8,284 | 941 | 941 |
| Total current liabilities | – | 69,636 | 77,357 | (7,587) | (7,587) |
| Non current liabilities | | | | | |
| Borrowing | – | 6,324 | 6,362 | (1,530) | (1,530) |
| Provisions | – | 12,527 | 12,527 | 4,549 | 4,549 |
| Total non current liabilities | – | 18,851 | 18,889 | 3,019 | 3,019 |
| TOTAL LIABILITIES | – | 88,487 | 96,246 | (4,569) | (4,569) |
| NET ASSETS | – | 27,972 | 31,808 | 124,596 | 124,596 |
| COMMUNITY WEALTH/EQUITY | | | | | |
| Accumulated Surplus/(Deficit) | – | 27,972 | 31,808 | 124,596 | 124,596 |
| Reserves | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | – | 27,972 | 31,808 | 124,596 | 124,596 |

The cash flows for the year to date are indicated in the following table:

WC022 Witzenberg - Table C7 Monthly Budget Statement - Cash Flow - Q2 Second Quarter

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | – | 61,689 | 61,689 | (22) | 14,527 | 30,845 | (16,318) | -53% | 61,689 |
| Government - operating | – | 291,601 | 291,601 | 7,167 | 162,821 | 145,800 | 17,021 | 12% | 291,601 |
| Government - capital | – | 17,246 | 17,246 | 197 | 55,662 | 8,623 | 47,039 | 545% | 17,246 |
| Interest | – | 97,846 | 97,846 | 24,138 | 60,898 | 48,923 | 11,975 | 24% | 97,846 |
| Dividends | – | 63,230 | 63,230 | 11,257 | 23,870 | 31,615 | (7,744) | -24% | 63,230 |
| Payments | | | | | | | | | |
| Suppliers and employees | – | – | – | – | – | – | – | | – |
| Finance charges | – | – | – | – | – | – | – | | – |
| Transfers and Grants | – | (369,994) | (369,994) | 16,410 | (263,925) | (184,997) | 78,928 | -43% | (369,994) |
| NET CASH FROM/(USED) OPERATING ACTIV | – | 161,618 | 161,618 | 59,147 | 53,854 | 80,809 | (26,956) | -33% | 161,618 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | – | – | – | – | – | – | – | | – |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | | – |
| Decrease (increase) other non-current receiva | – | – | – | – | – | – | – | | – |
| Decrease (increase) in non-current investmen | – | – | – | – | – | – | – | | – |
| Payments | | | | | | | | | |
| Capital assets | – | – | – | 13,500 | (17,011) | – | 17,011 | | – |
| NET CASH FROM/(USED) INVESTING ACTIVI | – | – | – | 13,500 | (17,011) | – | 17,011 | | – |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | – | – | – | – | – | – | – | | – |
| Borrowing long term/refinancing | – | 3,500 | 3,500 | – | – | 1,750 | (1,750) | -100% | 3,500 |
| Increase (decrease) in consumer deposits | – | – | – | 23 | 91 | – | 91 | | – |
| Payments | | | | | | | | | |
| Repayment of borrowing | – | – | – | (109) | (1,022) | – | 1,022 | | – |
| NET CASH FROM/(USED) FINANCING ACTIVI | – | 3,500 | 3,500 | (86) | (931) | 1,750 | 2,681 | 153% | 3,500 |
| NET INCREASE/ (DECREASE) IN CASH HELD | – | 165,118 | 165,118 | 72,561 | 35,912 | 82,559 | | | 165,118 |
| Cash/cash equivalents at beginning: | – | – | – | | – | – | | | – |
| Cash/cash equivalents at month/year end: | – | 165,118 | 165,118 | | 35,912 | 82,559 | | | 165,118 |

The debtors age analysis per Income source and customer group is as follows:

WC022 Witzenberg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q2 Second Quarter

| Description | NT Code | Budget Year 2017/18 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days |
| Debtors Age Analysis By Income Source | | | | | | | | | | | |
| Water | 1200 | 6,889 | 1,523 | 1,382 | 948 | 932 | 931 | 5,047 | 41,839 | 59,490 | 49,697 |
| Electricity | 1300 | 12,308 | 675 | 737 | 287 | 254 | 184 | 859 | 2,464 | 17,766 | 4,047 |
| Property Rates | 1400 | 3,684 | 217 | 180 | 156 | 2,812 | 129 | 692 | 12,818 | 20,686 | 16,606 |
| Waste Water Management | 1500 | 3,287 | 619 | 573 | 527 | 499 | 456 | 2,604 | 19,021 | 27,586 | 23,107 |
| Waste Management | 1600 | 3,320 | 810 | 675 | 675 | 632 | 456 | 2,407 | 23,251 | 32,226 | 27,421 |
| Property Rental Debtors | 1700 | 45 | 18 | 17 | 74 | 16 | 16 | 93 | 997 | 1,275 | 1,196 |
| Interest on Arrear Accounts | 1810 | 69 | 64 | 85 | 81 | 96 | 108 | 946 | 31,872 | 33,322 | 33,103 |
| Recoverable expenditure | 1820 | – | – | – | – | – | – | – | – | – | – |
| Other | 1900 | (2,973) | 72 | 42 | 45 | 25 | 104 | 168 | 1,157 | (1,360) | 1,500 |
| Total By Income Source | 2000 | 26,627 | 3,998 | 3,690 | 2,792 | 5,266 | 2,385 | 12,816 | 133,419 | 190,992 | 156,677 |
| 2016/17 - totals only | | | | | | | | | | – | – |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | |
| Organs of State | 2200 | 1,947 | 696 | 558 | 136 | 505 | 70 | 108 | 2,380 | 6,400 | 3,199 |
| Commercial | 2300 | 11,254 | 249 | 218 | 267 | 1,083 | 225 | 930 | 6,329 | 20,555 | 8,833 |
| Households | 2400 | 12,161 | 2,821 | 2,679 | 2,194 | 2,670 | 1,917 | 10,632 | 117,085 | 152,159 | 134,498 |
| Other | 2500 | 1,264 | 232 | 236 | 195 | 1,008 | 172 | 1,146 | 7,626 | 11,878 | 10,147 |
| Total By Customer Group | 2600 | 26,627 | 3,998 | 3,690 | 2,792 | 5,266 | 2,385 | 12,816 | 133,419 | 190,992 | 156,677 |

Some consumers used council's gesture to enable them to purchase electricity although their accounts are in arrears during the holiday season as an excuse to not pay their municipal accounts due in December. The collection rate for December was only 78%, forcing the year to date collection rate down to 93% from the 96% achieved at the end of November.

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The movement in investments is detailed below.

WC022 Witzenberg - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q2 Second Quarter

| Investments by maturity<br>Name of institution & investment ID<br><br>R thousands | Period of Investment<br>Yrs/Months | Type of Investment | Expiry date of investment | Accrued interest for the month | Yield for the month 1 (%) | Market value at beginning of month | Change in market value | Market value at end of the month |
|---|---|---|---|---|---|---|---|---|
| Municipality | | | | | | | | |
| ABSA | – | – | – | – | | – | – | – |
| Investec | – | – | – | – | | – | – | – |
| Nedbank | – | – | – | – | | – | – | – |
| Standard Bank | – | – | – | – | | – | – | 17,000 |
| | – | – | – | – | | – | – | – |
| | – | – | – | – | | – | – | – |
| Municipality sub-total | | | | – | | – | – | 17,000 |
| Entities | | | | | | | | |
| Entities sub-total | | | | – | | – | – | – |
| TOTAL INVESTMENTS AND INTEREST | | | | – | | – | – | 17,000 |

Operating and Capital transfers received are indicated in the following table:

WC022 Witzenberg - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q2 Second Quarter

| Description | Ref | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| RECEIPTS: | 1,2 | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | | 73,960 | 73,960 | 23,748 | 53,988 | 36,980 | 17,008 | 46.0% | 73,960 |
| Equitable Share | | 70,412 | 70,412 | 23,470 | 52,809 | 35,206 | 17,603 | 50.0% | 70,412 |
| Local Government Financial Management Grant [Sche | | 1,550 | 1,550 | 27 | 167 | 775 | (608) | -78.4% | 1,550 |
| Expanded Public Works Programme Integrated Grant f | | 1,485 | 1,485 | 251 | 1,012 | 743 | 269 | 36.2% | 1,485 |
| Municipal Infrastructure Grant [Schedule 5B] | | 513 | 513 | – | – | 257 | (257) | -100.0% | 513 |
| | | – | – | – | – | – | – | | – |
| | 3 | – | – | – | – | – | – | | – |
| Provincial Government: | | 23,886 | 24,311 | 6,567 | 11,109 | 12,155 | (1,047) | -8.6% | 24,311 |
| Human Settlement Development | | 14,328 | 14,328 | 6,565 | 9,459 | 7,164 | 2,295 | 32.0% | 14,328 |
| Financial Management | | 240 | 240 | – | – | 120 | (120) | -100.0% | 240 |
| Replacement Funding for most vulnerable B3 municip | | 5,450 | 5,874 | – | 1,608 | 2,937 | (1,329) | -45.3% | 5,874 |
| Library Service Conditional Grant | 4 | 2,600 | 2,600 | – | – | 1,300 | (1,300) | -100.0% | 2,600 |
| Community Development Workers | | 148 | 148 | 2 | 41 | 74 | (33) | -44.4% | 148 |
| Regional Socio-economic Project/Violence Preventio | | 1,000 | 1,000 | – | – | 500 | (500) | -100.0% | 1,000 |
| *Maintenance of Main Roads* | | 120 | 120 | – | – | 60 | (60) | -100.0% | 120 |
| Total Operating Transfers and Grants | 5 | 97,846 | 98,271 | 30,315 | 65,096 | 49,135 | 15,961 | 32.5% | 98,271 |
| Capital Transfers and Grants | | | | | | | – – | | |
| National Government: | | 35,598 | 35,598 | 375 | 9,220 | 17,799 | (8,579) | -48.2% | 35,598 |
| Municipal Infrastructure Grant [Schedule 5B] | | 22,226 | 22,226 | 366 | 9,212 | 11,113 | (1,901) | -17.1% | 22,226 |
| Regional Bulk Infrastructure Grant (Schedule 5B) | | 13,372 | 13,372 | 9 | 9 | 6,686 | (6,677) | -99.9% | 13,372 |
| Integrated National Electrification Programme (Mun | | – | – | – | – | – | – | | – |
| Provincial Government: | | 27,632 | 32,632 | 6 | 29 | 16,316 | (16,287) | -99.8% | 32,632 |
| *Human Settlement* | | 27,632 | 32,632 | 6 | 29 | 16,316 | (16,287) | -99.8% | 32,632 |
| | | – | – | – | – | – | – | | – |
| Total Capital Transfers and Grants | 5 | 63,230 | 68,230 | 381 | 9,249 | 34,115 | (24,865) | -72.9% | 68,230 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 5 | 161,076 | 166,500 | 30,696 | 74,346 | 83,250 | – (8,904) | -10.7% | 166,500 |

Operating and Capital expenditure financed from grants are indicated in the following table:

WC022 Witzenberg - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q2 Second Quarter

| Description | Ref | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| EXPENDITURE | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | | 73,960 | 73,915 | 3,536 | 19,280 | 36,958 | (17,677) | -47.8% | 73,915 |
| Equitable Share | | 70,412 | 70,367 | 3,309 | 18,114 | 35,184 | (17,069) | -48.5% | 70,367 |
| Local Government Financial Management Grant [Sche | | 1,550 | 1,550 | 27 | 161 | 775 | (614) | -79.2% | 1,550 |
| Expanded Public Works Programme Integrated Grant f | | 1,485 | 1,485 | 200 | 1,005 | 743 | 263 | 35.4% | 1,485 |
| Municipal Infrastructure Grant [Schedule 5B] | | 513 | 513 | – | – | 257 | (257) | -100.0% | 513 |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| Other transfers and grants [insert description] | | – | – | – | – | – | – | | – |
| Provincial Government: | | 43,284 | 48,284 | 40 | 9,511 | 24,142 | (14,631) | -60.6% | 48,284 |
| Human Settlement Development | | 41,960 | 46,960 | 29 | 9,459 | 23,480 | (14,021) | -59.7% | 46,960 |
| Replacement Funding for most vulnerable B3 municip | | – | – | – | – | – | – | | – |
| Library Service Conditional Grant | | – | – | – | – | – | – | | – |
| Community Development Workers | | 204 | 204 | 2 | 39 | 102 | (63) | -62.0% | 204 |
| Regional Socio-economic Project/Violence Preventic | | 1,000 | 1,000 | 9 | 12 | 500 | (488) | -97.5% | 1,000 |
| Maintenance of Main Roads | | 120 | 120 | – | – | 60 | (60) | -100.0% | 120 |
| Other grant providers: | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| [insert description] | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| Other capital transfers [insert description] | | – | – | – | – | – | – | | – |
| Total operating expenditure of Transfers and Grants: | | 117,244 | 122,199 | 3,576 | 28,791 | 61,100 | (32,309) | -52.9% | 122,199 |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | | 31,226 | 31,226 | 2,675 | 13,468 | 15,613 | (2,146) | -13.7% | 31,226 |
| Municipal Infrastructure Grant [Schedule 5B] | | 19,496 | 19,496 | 2,614 | 13,407 | 9,748 | 3,658 | 37.5% | 19,496 |
| Regional Bulk Infrastructure Grant (Schedule 5B) | | 11,730 | 11,730 | 61 | 61 | 5,865 | (5,804) | -99.0% | 11,730 |
| Integrated National Electrification Programme (Mun | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| District Municipality: | | – | – | – | – | – | – | | – |
| Provincial Government: | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| Other grant providers: | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| | | – | – | – | – | – | – | | – |
| Total capital expenditure of Transfers and Grants | | 31,226 | 31,226 | 2,675 | 13,468 | 15,613 | (2,146) | -13.7% | 31,226 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 148,470 | 153,426 | 6,251 | 42,259 | 76,713 | (34,454) | -44.9% | 153,426 |

Expenditure on councillor allowances and employee benefits:

WC022 Witzenberg - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q2 Second Quarter

| Summary of Employee and Councillor remuneration | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| | B | C | | | | | | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | |
| Basic Salaries and Wages | 7,196 | 7,196 | 537 | 3,246 | 3,598 | (352) | -10% | 7,196 |
| Pension and UIF Contributions | 1,003 | 1,003 | 78 | 471 | 502 | (30) | -6% | 1,003 |
| Medical Aid Contributions | 201 | 201 | 9 | 62 | 100 | (38) | -38% | 201 |
| Motor Vehicle Allowance | 651 | 651 | – | – | 325 | (325) | -100% | 651 |
| Cellphone Allowance | 556 | 556 | 43 | 266 | 278 | (13) | -5% | 556 |
| Housing Allowances | 425 | 425 | 3 | 51 | 213 | (162) | -76% | 425 |
| Other benefits and allowances | 50 | 50 | – | 1 | 25 | (24) | -96% | 50 |
| Sub Total - Councillors | 10,083 | 10,083 | 670 | 4,097 | 5,041 | (945) | -19% | 10,083 |
| % increase | | | | | | | | |
| Senior Managers of the Municipality | | | | | | | | |
| Basic Salaries and Wages | 4,260 | 4,260 | 347 | 2,032 | 2,130 | (98) | -5% | 4,260 |
| Pension and UIF Contributions | 704 | 704 | 46 | 271 | 352 | (81) | -23% | 704 |
| Medical Aid Contributions | 131 | 131 | 8 | 50 | 65 | (16) | -24% | 131 |
| Overtime | – | – | – | – | – | – | | – |
| Performance Bonus | 805 | 805 | – | 321 | 403 | (81) | -20% | 805 |
| Motor Vehicle Allowance | 945 | 945 | 31 | 126 | 473 | (347) | -73% | 945 |
| Cellphone Allowance | 64 | 64 | 2 | 11 | 32 | (21) | -65% | 64 |
| Housing Allowances | 138 | 138 | – | – | 69 | (69) | -100% | 138 |
| Other benefits and allowances | 158 | 125 | 57 | 354 | 63 | 291 | 464% | 125 |
| Payments in lieu of leave | – | – | – | – | – | – | | – |
| Long service awards | – | – | – | – | – | – | | – |
| Post-retirement benefit obligations | – | – | – | – | – | – | | – |
| Sub Total - Senior Managers | 7,205 | 7,172 | 492 | 3,165 | 3,586 | (422) | -12% | 7,172 |
| % increase | | | | | | | | |
| Other Municipal Staff | | | | | | | | |
| Basic Salaries and Wages | 97,371 | 97,693 | 7,292 | 42,536 | 48,846 | (6,310) | -13% | 97,693 |
| Pension and UIF Contributions | 15,318 | 15,321 | 1,169 | 6,944 | 7,660 | (717) | -9% | 15,321 |
| Medical Aid Contributions | 6,806 | 6,806 | 525 | 3,167 | 3,403 | (237) | -7% | 6,806 |
| Overtime | 10,974 | 10,971 | 1,085 | 7,211 | 5,486 | 1,725 | 31% | 10,971 |
| Performance Bonus | 7,091 | 7,091 | 581 | 3,611 | 3,546 | 66 | 2% | 7,091 |
| Motor Vehicle Allowance | 4,092 | 3,978 | 332 | 1,807 | 1,989 | (182) | -9% | 3,978 |
| Cellphone Allowance | 378 | 380 | 35 | 251 | 190 | 61 | 32% | 380 |
| Housing Allowances | 1,490 | 1,490 | 120 | 717 | 745 | (28) | -4% | 1,490 |
| Other benefits and allowances | 1,596 | 1,596 | 235 | 1,403 | 798 | 604 | 76% | 1,596 |
| Payments in lieu of leave | 791 | 791 | (2,069) | (134) | 396 | (530) | -134% | 791 |
| Long service awards | 388 | 388 | 69 | 441 | 194 | 247 | 127% | 388 |
| Post-retirement benefit obligations | 10,126 | 10,126 | 908 | 5,585 | 5,063 | 522 | 10% | 10,126 |
| Sub Total - Other Municipal Staff | 156,422 | 156,632 | 10,283 | 73,539 | 78,316 | (4,777) | -6% | 156,632 |
| % increase | | | | | | | | |
| Total Parent Municipality | 173,711 | 173,888 | 11,445 | 80,800 | 86,944 | (6,144) | -7% | 173,888 |
| | #DIV/0! | #DIV/0! | | | | | | #DIV/0! |
| Unpaid salary, allowances & benefits in arrears: | | | | | | | | |
| Total Municipal Entities | – | – | – | – | – | – | | – |
| TOTAL SALARY, ALLOWANCES & | 173,711 | 173,888 | 11,445 | 80,800 | 86,944 | (6,144) | -7% | 173,888 |
| % increase | | | | | | | | |
| TOTAL MANAGERS AND STAFF | 163,628 | 163,805 | 10,774 | 76,703 | 81,902 | (5,199) | -6% | 163,805 |

The monthly cash flows for the year to date are indicated in the following table:

WC022 Witzenberg - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Q2 Second Quarter

| Description | Ref | Budget Year 2017/18 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June |
| R thousands | 1 | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Budget | Budget | Budget | Budget | Budget | Budget |
| Cash Receipts By Source | | | | | | | | | | | | | |
| Property rates | | 3,345 | 12,935 | 5,490 | 12,707 | 4,868 | 3,463 | 5,141 | 5,141 | 5,141 | 5,141 | 5,141 | 16,296 |
| Service charges - electricity revenue | | 18,142 | 20,502 | 15,447 | 17,251 | 14,535 | 12,109 | 18,169 | 18,169 | 18,169 | 18,169 | 18,169 | 57,360 |
| Service charges - water revenue | | 2,316 | 3,051 | 2,526 | 2,851 | 3,597 | 2,663 | 2,951 | 2,951 | 2,951 | 2,951 | 2,951 | 11,747 |
| Service charges - sanitation revenue | | 4,300 | 2,031 | 1,676 | 1,668 | 1,745 | 1,311 | 1,605 | 1,605 | 1,605 | 1,605 | 1,605 | 5,844 |
| Service charges - refuse | | 1,483 | 2,094 | 1,671 | 1,804 | 1,828 | 1,291 | 1,488 | 1,488 | 1,488 | 1,488 | 1,488 | 2,129 |
| Service charges - other | | 2,075 | 1,341 | 1,346 | 1,974 | 3,604 | 605 | 87 | 87 | 87 | 87 | 87 | (86,934) |
| Rental of facilities and equipment | | 66 | 32 | 816 | 144 | 206 | 804 | 804 | 804 | 804 | 804 | 804 | 3,560 |
| Interest earned - external investments | | 10 | 1,053 | (0) | 1,234 | 549 | 380 | 380 | 380 | 380 | 380 | 380 | (565) |
| Interest earned - outstanding debtors | | – | 13 | – | – | – | 713 | 713 | 713 | 713 | 713 | 713 | 4,262 |
| Dividends received | | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | | 6 | 13 | 18 | 144 | 217 | 248 | 248 | 248 | 248 | 248 | 248 | 1,092 |
| Licences and permits | | 21 | – | (1,491) | (206) | 394 | – | – | – | – | – | – | 1,283 |
| Agency services | | – | – | – | – | – | 385 | 385 | 385 | 385 | 385 | 385 | 2,307 |
| Transfer receipts - operating | | – | 29,339 | 354 | 7,046 | 21 | 8,154 | 8,154 | 8,154 | 8,154 | 8,154 | 8,154 | 12,163 |
| Other revenue | | 8 | 50,632 | 715 | 3,298 | 432 | – | – | – | – | – | – | (55,085) |
| Cash Receipts by Source | | 31,771 | 123,036 | 28,567 | 49,915 | 31,998 | 32,126 | 40,125 | 40,125 | 40,125 | 40,125 | 40,125 | (24,540) |
| Other Cash Flows by Source | | | | | | | | | | | | | – |
| Transfer receipts - capital | | – | 12,613 | – | – | – | 5,269 | 5,269 | 5,269 | 5,269 | 5,269 | 5,269 | 19,001 |
| Contributions & Contributed assets | | – | – | – | – | – | – | – | – | – | – | – | – |
| Proceeds on disposal of PPE | | – | – | – | – | – | – | – | – | – | – | – | – |
| Short term loans | | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | | – | – | – | – | – | – | – | – | – | – | – | 3,500 |
| Increase in consumer deposits | | (24) | (54) | 61 | 76 | 10 | – | – | – | – | – | – | (69) |
| Receipt of non-current debtors | | – | – | – | – | – | – | – | – | – | – | – | – |
| Receipt of non-current receivables | | – | – | – | – | – | – | – | – | – | – | – | – |
| Change in non-current investments | | – | – | (11) | – | – | – | – | – | – | – | – | 11 |
| Total Cash Receipts by Source | | 31,747 | 135,595 | 28,618 | 49,991 | 32,008 | 37,395 | 45,394 | 45,394 | 45,394 | 45,394 | 45,394 | (2,096) |
| Cash Payments by Type | | | | | | | | | | | | | – |
| Employee related costs | | 8,269 | 8,312 | 11,092 | 11,416 | 18,403 | 12,029 | 12,029 | 12,029 | 12,029 | 12,029 | 12,029 | 14,681 |
| Remuneration of councillors | | 698 | 752 | 729 | 752 | 728 | 840 | 840 | 840 | 840 | 840 | 840 | 1,381 |
| Interest paid | | – | – | 231 | – | – | 78 | 78 | 78 | 78 | 78 | 78 | 238 |
| Bulk purchases - Electricity | | 187 | 351 | 44,688 | 13,080 | 11,853 | 13,579 | 13,579 | 13,579 | 13,579 | 13,579 | 13,579 | 11,314 |
| Bulk purchases - Water & Sewer | | – | – | – | – | – | – | – | – | – | – | – | – |
| Other materials | | 46 | 0 | 919 | 2,045 | 2,077 | 625 | 625 | 625 | 625 | 625 | 625 | (1,338) |
| Contracted services | | 446 | 13 | 1,252 | 507 | 3,925 | 1,634 | 1,634 | 1,634 | 1,634 | 1,634 | 1,634 | 3,660 |
| Grants and subsidies paid - other municipalities | | 203 | – | – | – | – | – | – | – | – | – | – | (203) |
| Grants and subsidies paid - other | | – | – | 46 | 3,120 | 6,550 | 49 | 49 | 49 | 49 | 49 | 49 | (9,423) |
| General expenses | | 19,162 | 34,537 | 6,267 | 3,147 | 7,724 | 2,084 | 2,084 | 2,084 | 2,084 | 2,084 | 2,084 | (57,832) |
| Cash Payments by Type | | 29,012 | 43,966 | 65,225 | 34,069 | 51,261 | 30,918 | 30,918 | 30,918 | 30,918 | 30,918 | 30,918 | (37,523) |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | |
| Capital assets | | 12,297 | 6,429 | 3,599 | 2,293 | 2,583 | 5,778 | 2,214 | 2,996 | 8,489 | 9,348 | 8,272 | 19,383 |
| Repayment of borrowing | | 32,576 | 14,453 | (9,193) | (1,353) | 30,471 | – | – | – | – | – | – | (66,954) |
| Other Cash Flows/Payments | | 21,681 | (300) | 5,687 | 89,274 | (4,385) | (17,494) | (47,237) | 78,727 | (64,560) | (18,751) | (14,902) | 24,741 |
| Total Cash Payments by Type | | 95,566 | 64,547 | 65,317 | 124,283 | 79,929 | 19,202 | (14,105) | 112,641 | (25,153) | 21,516 | 24,287 | (60,352) |
| NET INCREASE/(DECREASE) IN CASH HELD | | (63,819) | 71,048 | (36,699) | (74,291) | (47,922) | 18,192 | 59,499 | (67,247) | 70,546 | 23,878 | 21,106 | 58,256 |
| Cash/cash equivalents at the month/year beginning: | | 45,875 | (17,944) | 53,104 | 16,405 | (57,887) | (105,808) | (87,616) | (28,117) | (95,364) | (24,817) | (939) | 20,167 |
| Cash/cash equivalents at the month/year end: | | (17,944) | 53,104 | 16,405 | (57,887) | (105,808) | (87,616) | (28,117) | (95,364) | (24,817) | (939) | 20,167 | 78,423 |

**Withdrawals from Municipal Bank Accounts**
**Quarter ending 31 December 2017**
**Report in terms of section 11(4)(a) of the MFMA, Act no 56 of 2003**

| MFMA Section | Item Description | Income transactions October 2017 | Income transactions November 2017 | Income transactions December 2016 | Expenditure transactions October 2017 | Expenditure transactions November 2017 | Expenditure transactions December 2016 |
|---|---|---|---|---|---|---|---|
| | | R | R | R | R | R | R |
| 11(1) (b) | Expenditure authorised in terms of section 26(4) (Expenditure before annual budget is approved) | | | | | | |
| 11(1) (c) | Unforeseeable and unavoidable expenditure authorised in terms of section 29(1) (Mayor may approve emergency or other exceptional circumstances expenditure for which no budget provision was made) | | | | | | |
| 11(1) (d) | Section 12 withdrawals (Relief, charitable, trust or other funds withdrawals) | | | | | | |
| 11(1) (e) (i) | Money collected on behalf of organ of state: | | | | | | |
| | - VAT | -107,401 | -2,586 | - | 2,372,128 | 2,559,981 | 2,871,501 |
| | - Agency fees, for example motor registration, drivers licence, etc. | -632,092 | 59,516 | 1,360,958 | 1,120,374 | - | - |
| 11(1) (e) (ii) | Insurance received by the Municipality on behalf of organ of state | | | | | | |
| 11(1) (f) | Refund of money incorrectly paid into bank account | | | | | | |
| 11(1) (g) | Refund of guarantees, sureties & security dep | -157,724 | -183,075 | -142,820 | 143,750 | 169,066 | 109,227 |
| | | **-897,217** | **-126,145** | **1,218,139** | **3,636,252** | **2,729,047** | **2,980,728** |

| | | Transactions October 2016 | Transactions November 2016 | Transactions December 2016 |
|---|---|---|---|---|
| 11(1) (h) | Cash management and investment purposes: | | | |
| | - Realised | -12,500,000 | -13,000,000 | -13,500,000 |
| | - Made | - | - | - |
| | **- Nett movement** | **-12,500,000** | **-13,000,000** | **-13,500,000** |

**Expenditure on Staff & Councillor Benefits for the period 1 July 2017 to 31 December 2017.**

(Report in terms of Section 66 of the MFMA)

| MFMA Section | Item Description | Original Budget 2017/2018 | Amended Budget 2017/2018 | Year to Date Total | % Spent to date |
|---|---|---|---|---|---|
| **Staff Benefits** | | | | | |
| 66(a) | Salaries and Wages | 101,631,849 | 101,953,023 | 44,567,928 | 43.71% |
| 66(b) | Contributions to pension funds and medical aids | 22,958,330 | 22,961,542 | 10,430,705 | 45.43% |
| 66(c) | Travel, accomodation and subsistence | 5,037,107 | 4,923,737 | 1,932,841 | 39.26% |
| 66(d) | Housing benefits and allowances | 1,628,586 | 1,628,586 | 717,250 | 44.04% |
| 66(e) | Overtime | 10,974,215 | 10,971,215 | 7,210,891 | 65.73% |
| 66(f) | Loans and advances | 0 | 0 | 0 | 0.00% |
| 66(g) | Other type of benefit or allowances | 21,397,639 | 21,366,639 | 11,843,568 | 55.43% |
| | **Sub - Total (Staff Benefits)** | **R 163,627,726** | **R 163,804,742** | **R 76,703,183** | **46.83%** |
| | | | | | |
| **Councillor Benefits** | | | | | |
| MAY | Mayor | 838,861 | 838,861 | 280,129 | 33.39% |
| DM | Deputy Mayor | 621,755 | 621,755 | 259,026 | 41.66% |
| SP | Speaker | 622,012 | 622,012 | 259,279 | 41.68% |
| MCM | Mayoral Committee members | 2,476,596 | 2,476,596 | 943,732 | 38.11% |
| CLLR | Other Councillors | 4,319,456 | 4,319,456 | 1,820,664 | 42.15% |
| MED | Medical aid contributions | 200,997 | 200,997 | 62,252 | 30.97% |
| PEN | Pension fund contributions | 1,003,257 | 1,003,257 | 471,492 | 47.00% |
| WARD | Ward Committee Alllowance | 720,000 | 720,000 | 352,000 | 48.89% |
| | **Sub - Total (Councillors' Benefits)** | **10,802,934** | **10,802,934** | **4,448,573** | **41.18%** |
| | | | | | |
| **Total Councillor and Staff Benefits** | | **R 174,430,660** | **R 174,607,676** | **R 81,151,756** | **46.48%** |

The councillor benefits are determined annually by the national minister for cooperative governance and traditional affairs. The benefits are contained in Government Notice No. 1440 dated 15 December 2017, and was published in Government Gazette No. 41335.
The concurrence of the Provincial Minister of Local Government is awaited before the adjustments are implemented.

The expenditure on overtime and other benefits are a concern and must be managed downwards.
The savings on salaries and wages are due to vacancies. Only critical vacancies must be filled until the financial effect of the implementation of TASK can be determined more accurately.

# WITZENBERG MUNICIPALITY

## SDBIP TOP LAYER MID-YEAR REPORT 2017/18

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 2nd Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Essential services | Sustainable provision & maintenance of basic services | TecDir1 | Percentage expenditure on maintenance budget by Technical Directorate. | 99% | 50% | 44% |
| | | TecDir3 | Percentage expenditure on capital budget by Technical Directorate. | 96% | 40% | 23% |
| | | TecRo7 | Kilometres of roads upgraded & rehabilitated. | 3 | 0,5 | 1,16 |
| | | TecWat21 | Percentage compliance with drinking water quality standards | 98% | 98% | 100% |
| | | TecWat20 | Decrease unaccounted water losses. | 18% | 18% | 16% |
| | | TecEl37 | Decrease unaccounted electricity losses. | 8% | 8% | 8,8% |
| | | FinInc17 | Number of outstanding valid applications for water services expressed as a % of total number of billings for the service. | <1% | <1% | 0% |
| | | FinInc18 | Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service. | <1% | <1% | 0% |
| | | FinInc19 | Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service. | <1% | <1% | 0,4% |
| | | FinInc20 | Number of outstanding valid applications for waste removal services expressed as a % of total number of billings for the service. | <1% | <1% | 0% |
| | Provide for the needs of informal settlements through improved services | TecDir2 | Number of subsidised serviced sites developed. | 500 | 150 | 0 |
| | | TecWat22 | Provide basic services - number of informal areas with sufficient communal water service points (taps). | 3 | 3 | 3 |
| | | TecSan13 | Provide basic services - number of informal areas with sufficient communal sanitation service points(toilets). | 3 | 3 | 3 |
| | | TecRef31 | Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area cleaning service. | 3 | 3 | 3 |
| | | TecEl36 | Number of subsidised electricity connections installed. | 309 | 50 | 187 |
| Governance | Support institutional development & transformation | CorpHR12 | Percentage of people from employment equity target groups employed in the three highest levels of management. | 75% | 75% | 71% |
| | | CorpHR13 | Percentage budget spend on the implementation of the Workplace Skills Plan | 96% | 50% | 37% |
| | Financial Viability | MM1 | Pecentage spend on maintenance for the whole municipality. | 99% | 50% | 44% |
| | | MM2 | Percentage spend on Capital Budget for the whole municipality. | 96% | 40% | 23% |
| | | FinDir3 | Opinion of the Auditor-General on annual financial statements of the previous year. | Unqualifie d | | 1 |
| | | FinFAdm9 | Financial viability expressed as Cost-Coverage ratio | 2,8 | 2,8 | 3,7 |
| | | FinFAdm10 | Financial viability expressed as Debt-Coverage ratio | 30 | 30 | 101 |
| | | FinFAdm11 | Financial viability expressed outstanding service debtors | 44% | 44% | 85,83% |
| | | FinInc15 | Increased revenue collection | 95% | 95% | 93% |
| | Strengthen relations | MMIDP9 | Number of IDP community meetings held. | 14 | 7 | 7 |
| | | ComSoc49 | Number of meetings with intergovernmental partners. | 12 | 6 | 6 |

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 2nd Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Communal services | Provide & maintain facilities | ComDir1 | Percentage expenditure on maintenance budget by Community Directorate. | 99% | 50% | 68% |
| | | ComDir2 | Percentage expenditure on capital budget by Community Directorate. | 96% | 40% | 35% |
| | | ComAm34 | Customer satisfaction survey on community facilities (score 1 - 5) | 2,5 | | |
| Socio-Economic Support Services | Support the poor & vulnerable | ComLed8 | The number of jobs created through the municipality's local economic development initiatives including capital projects. | 390 | 200 | 200 |
| | | ComHS14 | Number of housing opportunities provided per year - top structures. | 309 | 50 | 107 |
| | | ComHS15 | Number of rental stock transferred. | 60 | 30 | 6 |
| | | ComSoc41 | Number of account holders subsidised through the municipality's Indigent Policy | 2750 | 2750 | 2296 |
| | | ComSoc42 | Bi-annual HIV/AIDS awareness programmes | 3 | 1 | 1 |
| | | ComSoc43 | Arrange workshops for youth per twinning agreement | 2 | 2 | 2 |
| | | ComSoc44 | Implement substance abuse programmes | 5 | 3 | 3 |
| | | ComSoc45 | Implementation of child protection programmes | 2 | | |
| | | ComSoc46 | Implementation of early childhood development programmes | 4 | 2 | 2 |
| | | ComSoc47 | Implementation of gender programmes | 2 | 1 | 1 |
| | | ComSoc48 | Implementation of projects for persons with disabilities | 2 | 1 | 1 |
| | Create an enabling environment to attract investment & support local economy. | MMProp21 | Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards. | Phase 4 Implement | | |
| | | ComLed4 | Compile & Implementation of LED Strategy. | Review of plan | | |

**Targets not achieved:**

<u>TecDir1</u> – *Percentage expenditure on maintenance budget by Technical Directorate.*

Reason for target not achieved:

- The contractor who does some of the maintenance work on the Roads & Storm water, had cash flow problems.

Corrective measures:

- The contractor was issued with 2 rate of progress letters, as per the General Conditions of Contract, the progress of the contractor has since increased and will the expenditure also be improving now.

<u>TecDir3</u> – *Percentage expenditure on capital budget by Technical Directorate.*

Reason for target not achieved:

- This underspending is due to the late start of the Vredebes internal services housing project. The layout was amended which had the effect that the services plans could not be approved. The layout has been approved and the services plans approved in the meantime. The number of sites to be serviced has also been reduced to 300. Vredebes Housing Project – R25 000 000,00. Asla was given approval to commence with the services of Vredbes phase F1 on 6 October 2017 already, Asla submitted an application to dept. of Human Settlements for additional funding due to Geotechnical

conditions, Asla indicated they need clarity from dept. Human Settlements on the additional funding before they can establish site.

- Tulbagh Construction of Dam - R11 729 824,00 . DWS has not approved the funding , to enable us to commence with the project.
- Total of these two projects – R36 729 824.00

Corrective measures:

- Reduced amount to be corrected with adjustment budget. Vredebes Housing Project – Follow up with Asla & dept. Human Settlements on the approval of the additional geotech funding.
- Tulbagh Construction of Dam – Follow up with DWS on approval of funding. I am already following up with DWS on a monthly basis on the progress of the release of the RBIG funding.

TecEl37 – *Decrease unaccounted electricity losses.*

Reason for target not achieved:

- Technical losses is actual losses that occur when transferring power in dsitribution system. This can only be optimised and is not always practical due to budget constraints.
- Electricity theft. Connections can be removed but the safety of personnel are at risk as well as the possibality of riots.
- Unmetered installations and meters will be addressed once the challenges with the GIS as reported seperately have been addressed.
- The identification of faulty and inaccurate meters is a challenge due to staff and equipment constraints.

Corrective measures:

- A load-flow study to identify upgrades and possible switching to increase network performance and reduce technical losses will be completed by June 2018.
- An illegal strategy connection will be drafted by February 2018
- Using GIS to determine anomalies
- Investigation on the erven identified with possible annomalies in order to address electricity losses.
- Appoint a consultant by June 2018 to do a complete meter audit.

TecDir2 – *Number of subsidised serviced sites developed.*

Reason for target not achieved:

- Engineering drawings for the internal services of the Vredebes phase F1 was approved on 1 November 2017. Asla has not started on site yet, as they submitted a geotechnical variance application for additional funds to Human Settlements, the outcome of the geotechnical funding are currently awaited.

Corrective measures:

- The geotechnical variance application must be finalised by Human Settlements, to allow the Contractor to commence on site.

CorpHR12 – *Percentage of people from employment equity target groups employed in the three highest levels of management.*

Reason for target not achieved:

- Vacant positions has been advertised but appointments has not been made due to a lack of suitable candidates.

Corrective measures:

CorpHR13 – *Percentage budget spent on the Implementation of the Workplace Skills Plan .*

Reason for target not achieved:

- Bidders did not comply in terms of pre-Bid Specifications

Corrective measures:

- Bid will be re-advertised
- Orders to the amount of 53% of budget has been issued.

MM1 – *Percentage expenditure on maintenance budget for the whole Municipality.*

Reason for target not achieved:

- The contractor who does some of the maintenance work on the Roads & Storm water, had cash flow problems.
- Orders was not issued timeously by Finance for various R&M votes, due to MSCOA.

Corrective measures:

- R&M votes and orders have been received and spending will increase now.
- The roads contractor was issued with 2 rate of progress letters, as per the General Conditions of Contract, the progress of the contractor has since increased and will the expenditure also be improving now.

MM2 – *Percentage expenditure on capital budget for the whole municipality..*

Reason for target not achieved:

- Vredebes Housing Project – Serviced sites budget. Originally it was indicated by the Dept of Human Settlements that 500 sites will be approved for implementation and thus provision for 500 sites was made in the municipal budget. In the approval letter dated November 2017 it was indicated that only 300 sites will be budgeted for by the Department.
- Vredebes Housing Project – Serviced sites implementation. Official budget approval was only received in November 2017. The Implementing agent also indicated that the budget need to be increased due to the geotechnical conditions of the area. The planned expenditure to date was R 15m which did not realise due to the abovementioned issues.
- Tulbagh Construction of Dam - R11 729 824,00 . DWS has not approved the funding , to enable us to commence with the project.

Corrective measures:

- Reduced amount to be corrected with adjustment budget. Vredebes Housing Project – Follow up with Asla & dept. Human Settlements on the approval of the additional geotech funding.
- Tulbagh Construction of Dam – Follow up with DWS on approval of funding. I am already following up with DWS on a monthly basis on the progress of the release of the RBIG funding.

FinAdm11 – *Financial viability expressed as outstanding service debtors..*

Reason for target not achieved:

- Credit control measures are limited in areas where electricity is supplied by Eskom. This concern has been addressed by SALGA but no workable solution has been reached to date.
- An additional contributing factor to the none achievement of the KPI is due to limited applications for indigent support within these areas.

Corrective measures:

- Implementation of water management meters to limit water consumption and to address the non-payment for the water service.

Corrective measures:

- Implementation of water management meters to limit water consumption and to address the non-payment for the water service.

FinInc15 – *Increased revenue collection*

Reason for target not achieved:

- Credit control measures are limited in areas where electricity is supplied by Eskom. This concern has been addressed by SALGA but no workable solution has been reached to date.
- An additional contributing factor to the none achievement of the KPI is due to limited applications for indigent support within these areas.

Corrective measures:

- Implementation of water management meters to limit water consumption and to address the non-payment for the water service.

ComDir2 – *Percentage expenditure on capital budget by Community Directorate.*

Reason for target not achieved:

- Capital projects base on the availability of the municipal loan has not being finalized.

Corrective measures:

- In terms of Amenities some tenders has been re-advertised.

ComHS15 – *Number of rental stock transferred.*

Reason for target not achieved:

- Attorney indicated that he struggled to get documents signed by beneficiaries who did not show for their appointments.
- Extended RCC (rates clearance certificates) were required for 9 properties from the Finance Department and was delayed.
- Registration of N'duli properties are linked to lost VA for certain titles at the deeds office

Corrective measures:

- Lost VA's were found, RCC again requested and received by Agent (Dykes Van Heerden) and Attorney and will be lodge by middle November 2017
- 4 applications lodge on 3 October 2017 – registration 3 weeks after lodgement – Attorney
- Signed documents already handed in for signature of MM and send back) – Attorney needs to expedite lodgement

# Municipal Manager's quality certification

**Quality Certificate**

I, Mr D Nasson, Municipal Manager of Witzenberg Municipality, hereby certify that the quarterly budget assessment has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print name Mr D NASSON

Municipal Manager of WITZENBERG MUNICIPALITY.

Signature: _____

Date 17 January 2018

# WITZENBERG

## MUNISIPALITEIT UMASIPALA MUNICIPALITY

## - MEMORANDUM -

**AAN / TO:** Municipal Manager

**VAN / FROM:** Director: Finance

**DATUM / DATE:** 21 May 2018

**VERW. / REF.:** 05/01/1/17

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**BUDGET 2018/2019 AND REVIEWED IDP FOR CONSIDERATION**

**1. PURPOSE**

The purpose of this report is to table the 2018/2019 draft Budget and IDP for consideration to the Municipal Manager, Executive Mayor and Council.

**2. LEGAL FRAMEWORK**

Section 16 - 18 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

***"Annual budgets***

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

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

*(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years."*

***"Contents of annual budgets and supporting documents***

*17. (1) An annual budget of a municipality must be a schedule in the prescribed format –*

*(a) Setting out realistically anticipated revenue for the budget year from each revenue source;*

*(b) Appropriating expenditure for the budget year under the different votes of the municipality;*

*(c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;*

*(d) Setting out –*

*(i) Estimated revenue and expenditure by vote for the current year; and*
*(ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and*

*(e) A statement containing any other information required by section 215 (3) of the Constitution or as may be prescribed.*

*(2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.*

*(3) When an annual budget is tabled in terms of section 16 (2), it must be accompanied by the following documents:*

*(a) Draft resolutions –*
*(i) Approving the budget of the municipality;*
*(ii) Imposing any municipal tax and setting any municipal tariffs as may be required for the budget year;*
*(iii) Approving the budgets for the relevant financial year of each municipal entity under the sole or shared control of the municipality; and*
*(iv) Approving any other matter that may be prescribed;*

*(b) Measurable performance objectives for each vote in the budget, taking into account the municipality's integrated development plan;*

*(c) A projection of cash flow for the budget year by revenue source, broken down per month;*

*(d) Any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;*

*(e) Any proposed amendments to the budget-related policies of the municipality;*

*(f) Particulars of the municipality's investments;*

*(g) Any prescribed budget information on municipal entities under the sole or shared control of the municipality;*

*(h) Particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;*

*(i) Particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;*

*(j) Particulars of any proposed allocations or grants by the municipality to –*
*(i) Other municipalities;*
*(ii) Any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;*
*(iii) Any other organs of state;*
*(iv) Any organisations or bodies referred to in section 67 (1);*

*(k) The proposed cost to the municipality for the budget year of the salary, allowances and benefits of–*
*(i) Each political office-bearer of the municipality;*
*(ii) Councillors of the municipality; and*
*(iii) The municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality at a remuneration package at least equal to that of a senior manager;*

*(l) The proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of –*
*(i) Each member of the entity's board of directors; and*
*(ii) The chief executive officer and each senior manager of the entity; and*

*(m) Any other supporting documentation as may be prescribed."*

***"Funding of expenditures***

*18. (1) an annual budget may only be funded from –*

*(a) Realistically anticipated revenues to be collected;*

*(b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and*

*(c) Borrowed funds, but only for the capital budget referred to in section 17 (2).*

*(2) Revenue projections in the budget must be realistic, taking into account –*

*(a) Projected revenue for the current year based on collection levels to date; and*

*(b) Actual revenue collected in previous financial years."*

## 3. DISCUSSION

The Budget documents and IDP were tabled at the Council Meeting held on 28 March 2018.

The Budget documents and IDP were published in a local newspaper, on the municipal website and meetings were held in all towns in the Witzenberg area.

## 4. RECOMMENDATION

(a) That the annual budget of Witzenberg Municipality for the financial year 2018/2019; and indicative for the two projected years 2019/2020 and 2020/2021, as set out in the schedules contained in Section 4, be approved:

i. Table A2: Budgeted Financial Performance (expenditure by standard classification).

ii. Table A3: Budgeted Financial Performance (expenditure by municipal vote).

iii. Table A4: Budgeted Financial Performance (revenue by source).

iv. Table A5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.

(b) Property rates reflected in Annexure 8.1.8(c) and any other municipal tax reflected in Annexure 8.1.8(c) are imposed for the budget year 2018/2019.

(c) Tariffs and charges reflected in Annexure 8.1.8(c) are approved for the budget year 2018/2019.

(d) The measurable performance objectives for revenue from each source reflected in Table A4 - Budgeted Financial Performance (revenue and expenditure) are approved for the budget year 2018/2019.

(e) The measurable performance objectives for each vote reflected in SA8 are approved for the budget year 2018/2019.

(f) That the new amended budget related policies be approved with implementation as from 1 July 2018:

i. Tariff Policy
ii. Property Rates Policy
iii. Credit Control and Debt Collection Policy.
iv. Cash Management and Investment Policy
v. Consumer Payment Incentive Policy.
vi. Municipal Supply Chain Management Policy.
vii. Petty Cash Policy
viii. Indigent Policy
ix. Budget Policy
x. Budget Virement Policy
xi. Asset Management Policy
xii. Funding and Reserves Policy
xiii. Cellular telephone and data card policy
xiv. Borrowing Policy
xv. Long Term Financial Plan Policy
xvi. Transport, Travel and Subsistence Allowance
xvii. Post-Employment Medical Aid Contributions

(g) That the reviewed Integrated Development Plan be approved.

(h) That council take cognisance of the budget circulars issued by National Treasury and Provincial Treasury.

Yours faithfully

H J KRITZINGER
**DIRECTOR FINANCE**

WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase

# BUDGET FOR CONSIDERATION: 2018 / 2019 – 2020 / 2021

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# 1 Glossary

**Adjustments Budgets –** Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

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

**AFS –** Annual Financial Statements

**Budget –** The financial plan of a municipality.

**Budget related policy –** Policy of a municipality affecting or affected by the budget.

**Capital Expenditure –** Spending on municipal assets such as land, buildings, distribution networks, treatment plants and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement –** A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

**CFO –** Chief Financial Officer / Director: Finance

**DORA –** Division of Revenue Act. An annual piece of legislation indicating the allocations from National Government to Local Government.

**Equitable Share –** A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

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

**GDFI -** Gross Domestic Fixed Investment

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

**GRAP –** Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

**IDP –** Integrated Development Plan. The main strategic planning document of a municipality.

**KPI's –** Key Performance Indicators. Measures of service output and/or outcome.

**MFMA –** Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

**MIG –** Municipal Infrastructure Grant

**Glossary (Continued)**

**MPRA –** Municipal Property Rates Act (No 6 of 2004) as amended.

**MTREF –** Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level. Also includes details of the previous three years and current years' financial position.

**NT** – National Treasury

**Net Assets –** Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure –** Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Rates –** Local Government tax based on assessed valuation of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**RBIG –** Regional Bulk Infrastructure Grant

**R&M –** Repairs and maintenance on property, plant and equipment.

**SCM –** Supply Chain Management.

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

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

**TMA –** Total Municipal Account

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

**Virement –** A transfer of budget.

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

**Vote –** One of the main segments into which a budget is divided, usually at department level.

**WM –** Witzenberg Municipality

# 2 Mayors Report

Speaker
Aldermen
Deputy Executive Mayor
Members of the Mayoral Committee
Councillors
Representatives of Provincial Government
Municipal Manager
Directors and officials

It is my privilege to present to you the budget for the 2018 / 2019 financial year as well as the 2019 / 2020 to 2020 / 2021 medium term revenue and expenditure framework.

It remains a challenge to raise sufficient funds for improved service delivery while tariffs must still be affordable to the community. Debt collection needs to improve to make more funds available for capital expenditure on basic service and the needed maintenance of the municipalities' assets. Unaffordable tariffs charged to consumers results in more bad debts for the municipality.

The municipality cash and cash equivalents is only sufficient to cover expenditure for about 4 months. A balance must be found between improving the available cash and cash equivalents and spending money on service delivery.

**Pro poor budget**

Numerous complaints were received from the community about the inclusion of the income of everyone that stay on a property in determining whether a household qualifies for the indigent subsidy.

The Indigent policy's qualifying criteria will be amended to only include the income of the property owner or account holder and his or her spouse.

**The capital budget**

The capital budget for the next financial year amounts to R 81 million of which only R 27 million is from own revenue. The rest of the capital budget is financed from Grants.

As can be seen from the aforementioned, the municipality is too reliant on Grants to fund its capital expenditure. That said we are thankful for the Grants allocated to Witzenberg Municipality.

The bulk of the proposed capital expenditure is in respect of housing delivery and infrastructure expansion to support the housing delivery. It is a concern that almost all the grant funding is utilised to finance bulk services for housing projects. The provision of housing is a provincial function and it is believed that the provincial housing department must finance the bulk infrastructure as well. More of the residents need to benefit from the capital grants received from national government

**The operating budget**

The operating revenue budget for next year amounts to R 663 million of which R 491 million is from own revenue. The rest of the operating budget is financed from Grants.
Provision is made for the installation of water management devices to curb water consumption and the increase in outstanding debt in respect of water.

**Tariff implications of the annual budget**

**Electricity:**

The revenue from both the non-domestic tariff and the domestic tariff will increase by an average 6.84%, in line with the actual bulk cost increase to Council which is 7.32%.

**Water:**

The water consumption tariff increase will be ± 7%. An increase of 0.71% is proposed for basic charges for connection of up to 25 mm.

The water saving tariffs have been amended to provide for 5 levels of water restrictions in terms of the drought management plan.

The water tariffs for prepaid meters have been recalculated to make prepaid water meters more acceptable for the community.

**Rates:**

The increase of Property Rates Revenue will be 8%.

**Sanitation:**

The increase of Sanitation Tariffs will be 6%.

**Refuse removal:**

The average tariff increase for Refuse Removal Tariffs will be 6%.

**VAT increase**

The VAT increase will have a negative effect on the affordability of municipal accounts.

**Tabling:**

Honourable Speaker, I recommend that the annual budget, budget related policies and the reviewed Integrated Development Plan be approved.

**COUNCILLOR B KLAASEN**
**EXECUTIVE MAYOR**

# 3 Resolutions

*(a) That the annual budget of Witzenberg Municipality for the financial year 2018/2019; and indicative for the two projected years 2019/2020 and 2020/2021, as set out in the schedules contained in Section 4, be approved:*

*(i) Table A2: Budgeted Financial Performance (expenditure by standard classification).*

*(ii) Table A3: Budgeted Financial Performance (expenditure by municipal vote).*

*(iii) Table A4: Budgeted Financial Performance (revenue by source).*

*(iv) Table A5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.*

*(b) Property rates reflected in Annexure 8.1.8(c) and any other municipal tax reflected in Annexure 8.1.8(c) are imposed for the budget year 2018/2019.*

*(c) Tariffs and charges reflected in Annexure 8.1.8(c) are approved for the budget year 2018/2019.*

*(d) The measurable performance objectives for revenue from each source reflected in Table A4 - Budgeted Financial Performance (revenue and expenditure) are approved for the budget year 2018/2019.*

*(e) The measurable performance objectives for each vote reflected in SA8 are approved for the budget year 2018/2019.*

*(f) That the new amended budget related policies be approved with implementation as from 1 July 2018:*

*(i) Tariff Policy*
*(ii) Property Rates Policy*
*(iii) Credit Control and Debt Collection Policy.*
*(iv) Cash Management and Investment Policy*
*(v) Consumer Payment Incentive Policy.*
*(vi) Municipal Supply Chain Management Policy.*
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*(ix) Budget Policy*
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*(xiv) Borrowing Policy*
*(xv) Long Term Financial Plan Policy*
*(xvi) Transport, Travel and Subsistence Allowance*
*(xvii) Post-Employment Medical Aid Contributions*
*(xviii) Infrastructure Investment Policy*

*(g) That the reviewed Integrated Development Plan be approved*

# 4 Executive Summary

**Economic outlook**

The economic outlook remains unsteady due to the negative cost effects of the declining value of the Rand, but it supports exporters. The negative effects of the drought will impact negatively on the municipality as the large consumers' uses fewer services and less people are employed, and for shorter periods.

Eskom's policy to subsidise alternative energy for bulk consumers have a negative effect on the revenue of both the Witzenberg municipality and Eskom itself. The maximum demand by the mentioned consumers is in summer when the maximum demand for the country is at its lowest; therefore Eskom should not experience any problems in meeting the demands. Less electricity sales will result in less money available to finance service delivery. The high cost of electricity and the limited supply remains a concern as it hamper economic growth. Load shedding is also not helping.

We know that job creation is a priority and that the climate must be created to attract investments to the Witzenberg municipal area. The rebate policy for new investments must be advertised more aggressively. The municipality itself cannot create internal job opportunities as it will lead to increased tariffs and more outstanding debt in respect of service charges.

**Past performance**

Witzenberg Municipality has now attained four unqualified and four clean audit reports for the last eight financial years. Whilst the reports are very positive achievements one has to be honest and say that it tells the reader little about whether we have improved service delivery or even delivered on our constitutional mandate. What they do say is that the Council is reasonably honest in its operations to tax and spend on behalf of the local population.

**Budget Summary**

The Municipality's 2018 / 2019 budget amounts to R 662 million, represented by a Capital Budget of R 76 million and an Operating Budget of R 586 million.

The total 2018 / 2019 budget (operating and capital) will be financed from own income R 490 million, Government Grants R 172.

***Revenue / tariff increases***

- The increase of Property Rates Revenue will be ± 8%.
- The increase of Water consumption Tariffs will be ± 7%. An increase of 0.71% is proposed for basic charges for connection of up to 25 mm.
- The increase of Sanitation Tariffs will be 6%.
- The average tariff increase for Refuse Removal Tariffs will be 6%.
- The tariff increase for Electricity Tariffs will be 7% on average.
- The VAT increase will have a negative effect on the affordability of municipal accounts.

***Expenditure category increases***

The budgeted increase in expenditure categories are as follows:

| Expenditure by Type | 2017 / 2018 | 2018 / 2019 | Increase |
|---|---|---|---|
| | R'000 | R'000 | R'000 |
| Employee related costs | 163 628 | 179 864 | 9.9% |
| Remuneration of councillors | 10 083 | 10 709 | 6.2% |
| Bad Debts Written Off | - | - | |
| Depreciation & asset impairment | 46 045 | 43 032 | -6.5% |
| Finance charges | 3 710 | 3 671 | -1.1% |
| Bulk purchases | 183 215 | 197 541 | 7.8% |
| Contracted services | 38 605 | 47 975 | 24.3% |
| Transfers and Subsidies | 15 763 | 14 407 | -8.6% |
| Operational Cost | 65 252 | 41 926 | -35.7% |
| Inventory Consumed | 18 523 | 21 062 | 13.7% |
| Operating Leases | 3 206 | 2 082 | -35.1% |

The increase in salary expenditure in based on an expected increase of 6.5% as negotiations at the bargaining council is still in progress as well as the notch increase for qualifying employees.

The increase in bulk purchases is to cover the 7.32% increases in Eskom tariffs as well as the expected grow in demand.

The budgeted decrease in finance charges is a direct result of the redemption of annuity loans.

The financing of capital expenditure from own funds (CRR) totals R 25 million. This amount represents an increase to originally planned values and is earmarked to address specific infrastructural capital investment aligned to IDP focus areas. This level is considered to be affordable over the MTREF 3-year period.

Capital investment funding from Capital Grants represents a significant portion (75%) of the Municipality's Capital Budget in 2018 / 2019 and consist mainly of the Provincial Housing Grant the Municipal Infrastructure Grant (MIG) and the Regional Bulk Infrastructure Grant (RBIG).

The 2018 / 2019 Budget was compiled in terms of the Municipal Budget and Reporting Regulations and a phased-in process will be followed to include all information regarding the tables and supporting documentation.

**Financial position and MTREF strategy**

The financial position of Witzenberg Municipality is set out in Table A6: Budgeted Financial Position.

**Integrated Development Plan & Priorities**

The Strategic priorities as per the IDP l is available in Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue), Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure) and Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure).

**Effect of the annual budget**

The annual budget for 2018 / 2019 to 2020 / 2021 is disclosed in detail in 'Section 4: Annual budget tables' and in 'Annexure 2: Supporting budget tables'. Each of the summarised sections below is discussed in more detail later in this document.

**Financial performance**

The revenue by source for medium term revenue and expenditure framework can be summarized as follows:

| **Revenue by source** | **2017 / 2018** | **2018 / 2019** | **Increase** |
|---|---|---|---|
| | **R'000** | **R'000** | **R'000** |
| Property Rates | 64 827 | 70 002 | 8.0% |
| Surcharges and Taxes | 2804 | 5 277 | 88.2% |
| Service Charges: Electricity | 219 007 | 235 763 | 7.7% |
| Service Charges: Water | 41 086 | 41 837 | 1.8% |
| Service Charges: Waste Water | 20 933 | 17 385 | -16.9% |
| Service Charges: Waste Management | 21 689 | 21 421 | -1.2% |
| Rental from Fixed Assets | 9 650 | 10 198 | 5.7% |
| Interest, Dividend and Rent on Land | 14 661 | 15 651 | 6.8% |
| Sales of Goods and Rendering of Services | 2 594 | 2 743 | 5.7% |
| Fines, Penalties and Forfeits | 14 668 | 18 904 | 28.9% |
| Licences or Permits | 154 | 3 655 | 2273.4% |
| Agency Services | 4 614 | 4 878 | 5.7% |
| Transfers and Subsidies | 158 279 | 166 925 | 5.5% |
| Operational Revenue | 1 036 | 1 085 | 4.7% |

**The National, Provincial and District Context**

The Municipality's budget must be seen within the context of the policies and financial priorities of National and Provincial Government as well as the district municipality. In essence, the spheres of Government are partners in meeting the service delivery challenges faced in Witzenberg Municipality. The Municipality alone cannot meet these challenges and we require support from the other spheres of Government through the direct and indirect allocation of resources as well as the achievement of their own policies.

The following table shows the allocations to Witzenberg Municipality as set out in the National Division of Revenue Bill.

| NATIONAL ALLOCATIONS | 2018 / 2019 | 2019/ 2020 | 2020 / 2021 |
|---|---|---|---|
| | R'000 | R'000 | R'000 |
| **UNCONDITIONAL GRANTS** | | | |
| EQUITABLE SHARE | 84 602 | 92 850 | 102 274 |
| **CONDITIONAL GRANTS** | | | |
| **INFRASTRUCTURE** | | | |
| MIG | 22 031 | 22 411 | 23 462 |
| INEP | 5 000 | 4 480 | 6 400 |
| RBIG | 9 500 | 19 471 | |
| **SPECIFIC PURPOSE ALLOCATIONS** | | | |
| LG FMG | 1 550 | 1 550 | 1 550 |
| EPWP | 1 780 | – | – |
| **NATIONAL GRANTS TOTAL** | **124 463** | **140 762** | **133 686** |

The following table shows the allocations to Witzenberg Municipality from the Provincial Government of the Western Cape:

| PROVINCIAL ALLOCATIONS | 2018 / 2019 | 2019/ 2020 | 2020 / 2021 |
|---|---|---|---|
| | R'000 | R'000 | R'000 |
| **DEPARTMENT OF HUMAN SETTLEMENTS** | | | |
| IHHSDG | 32 839 | 41 430 | 45 200 |
| **DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING** | | | |
| Regional socio-economic project/violence prevention through urban upgrading | 2 000 | 2 000 | |
| **DEPARTMENT OF TRANSPORT AND PUBLIC WORKS** | | | |
| Maintenance of proclaimed roads | 2 119 | 14 000 | 3 000 |
| **DEPARTMENT OF CULTURAL AFFAIRS AND SPORT** | | | |
| Library Services | 3 382 | 2 932 | 3 093 |
| library services: Municipal Replacement Funding | 5 960 | 6 290 | 6 630 |
| Development of sport | 300 | | |
| **DEPARTMENT OF LOCAL GOVERNMENT** | | | |
| CDW operational support | 148 | 148 | 148 |
| Thusong Centre | | | 110 |
| **PROVINCIALTREASURY** | | | |
| Financial Management Capacity Building | 360 | | |
| Financial Management Support | 330 | 330 | |
| **GRAND TOTAL** | **47 438** | **67 130** | **58 181** |

To date no information has been received on transfers from the Cape Winelands District Municipality.

**Budget-related policies**

Please refer to paragraph 9 for details of proposed amendments to the budget related policies.

# 5 Annual budget Tables

## (These tables will be distributed at the council meeting)

- AI Budget Summary
- A2 Budgeted Financial Performance – by standard classification
- A3 Budgeted Financial Performance – by municipal vote
- A4 Budgeted Financial Performance
- A5 Budgeted capital Expenditure by vote and Funding
- A6 Budgeted Financial Position
- A7 Budgeted Cash Flows
- A8 Cash backed reserves/accumulated surplus reconciliation
- A9 Asset Management
- A10 Basic service delivery measurement

## Annual budget Supporting Tables

SA1: Supporting Detail to Budgeted Financial Performance
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and dept.)
SA3: Supporting detail to Budgeted Financial Position
SA4: Reconciliation of IDP, Strategic Objectives and Budget (Revenue)
SA5: Reconciliation of IDP, Strategic Objectives and Budget (Operating Expenditure)
SA6: Reconciliation of IDP, Strategic Objectives and Budget (Capital Expenditure)
SA7: Measurable Performance Objectives
SA8: Performance Indicators and Benchmarks
SA9: Social, Economic and Demographic Statistics and Assumptions
SA10: Funding Measurement
SA11: Property Rates Summary
SA12a: Property rates by category (current year)
SA12b: Property rates by category (budget year)
SA13: Service Tariffs by category
SA 14: Household Bills
SA15: Investment Particulars by Type
SA16: Investment Particulars by Type
SA17: Borrowing
SA18: Transfers and Grant Receipts
SA19: Expenditure on Transfers and Grant Programme
SA20: Reconciliation of Transfers, Grant Receipts and Unspent Funds
SA21: Transfers and Grants made by the Municipality
SA22: Summary Councillor and Staff Benefits
SA23: Salaries, Allowances and Benefits (political office bearers/councillors/senior managers)

SA24: Summary of Personnel Numbers
SA25: Budgeted Monthly Revenue and Expenditure
SA26: Budgeted Monthly Revenue and Expenditure (Municipal Vote)
SA27: Budgeted Monthly Revenue and Expenditure (Standard Classification)
SA28: Budgeted Monthly Capital Expenditure (Municipal Vote)
SA29: Budgeted Monthly Capital Expenditure (Standard Classification)
SA30: Budgeted Monthly Cash Flow
SA31: Entities not required
SA32: List of External Mechanisms
SA33: Contracts having Future Budgetary Implications
SA34a: Capital Expenditure on New Assets by Asset Class
SA34b: Capital Expenditure on the Renewal of Existing Assets by Asset Class
SA34c: Repairs and Maintenance Expenditure by Asset Class
SA34d: Depreciation by Assets Class
SA35: Future Financial Implications of the Capital Budget
SA36: Detail Capital Budget
SA37: Projects Delayed from Previous Financial Years

# 6 Overview of the Budget Process

## 6.1 Political oversight of the budget process

Section 53 (1) of the MFMA stipulates that the mayor of a municipality must provide general political guidance over the budget process and the priorities that guide the preparation of the budget.

Section 21(1) of the MFMA states that the Mayor of a municipality must coordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

Furthermore, this section also states that the Mayor must at least 10 months before the start of the budget year, table in municipal council, a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

This time schedule provides for political input from formal organizations such as portfolio Committees.

## 6.2. Schedule of Key Deadlines relating to budget and IDP process [MFMA s 21(1) (b)]

The IDP and Budget time schedule of the 2018 / 2019 budget cycle was adopted by Council during August 2016, 10 months before the start of the budget year in compliance with legislative directives.

The IDP and Budget Process Plan ensure that the role-players within the process are well prepared. All activities outlined within this document have been prepared in close inter-relation with the Framework that governs both the District and all local municipalities.

Public budget and IDP meetings will be held throughout Witzenberg and all members of the public are urged to attend.

## 6.3. Process used to integrate the review of the IDP and preparation of the Budget

Updating the IDP and Budget is an evolving and re-iterative process over a 10 month period. The initial parallel process commenced with the consultative process of the IDP in 2016 and the update of the MTREF to determine the affordability and sustainability framework at the same time.

## 6.4. Process for consultation with each group of stakeholders and outcomes

Following tabling of the draft budget in March 2017, local input will be solicited via notices published in all major newspapers, including The Cape Times, Die Burger and The Witzenberg Herald. The budget documentation will be available on the municipal website: witzenberg.gov.za

Comments on the IDP/Budget will be made by the public via verbal presentations, facsimiles, emails and in the form of correspondence to the municipality and will be considered for incorporation as part of the budget process.

## 6.5. Stakeholders involved in consultations

The tabled budget will be provided to National Treasury and Provincial Treasury in March/April 2016 for their consideration in line with S23 of the MFMA.

### 6.6. Process and media used to provide information on the Budget to the community

The Municipality's consultation process on its draft IDP and budget will be held during April 2016, where various community organizations and representatives may/will come forward to give input and to re-prioritize some of their needs.

Community representatives and organizations had to review the priorities given previously and to ascertain whether it has been captured as priorities during the 2018 / 2019 IDP/Budget process.

### 6.7. Methods employed to make the Budget document available (including websites)

In compliance with the Municipal Finance Management Act and the Municipal Systems Act with regards to the advertising of Budget Documents (including the Tariffs, Fees and Charges for 2017 / 2018), advertisements will be placed in The Cape Times, Die Burger and the community newspapers. The information relating to resolutions and budget documentation will be displayed at the notice boards in the municipal offices as well as libraries.

In compliance with S22 of the MFMA, the Budget documentation will be published on the municipality's website.

# 7 IDP Overview and Amendments

- **VISION**

**A Municipality that cares for its community, creating growth and opportunities**

- **MISSION**

The Witzenberg Municipality is committed to improve the quality of life of its community by:
- Providing and maintaining affordable services.
- Promoting Social and Economic Development
- The effective and efficient use of available resources
- Effective Stakeholder and Community participation

- **VALUE SYSTEM**

- Driven by the aspirations of our Community, we will respect and uphold the Constitution of the Republic of South Africa.
- We commit ourselves to the Code of Conduct for Councillors and officials in the Municipal Systems Act.
- We commit ourselves to the principles of sound financial management.

- **Alignment with Provincial and National Government**

Witzenberg Municipality's development plan needs to align with National and Provincial initiatives to ensure optimal impact from the combined efforts of government. In this regard there are six critical elements: Accelerated and Shared Growth-South Africa (ASGI-SA), National Spatial Development Perspective (NSDP), National Strategy for Sustainable Development (NSSD), Provincial Growth and Development Strategy (PGDS) and Provincial Spatial Development Framework (PSDF).

All these feed into and influence the Integrated Development Plan.

- **Witzenberg Municipality Budget Priorities (Key Performance areas)**

The Municipality's 2018 / 2019 to 2020 / 2021 integrated development plan focuses on four strategic focus areas. The concrete objectives for each strategic focus area have been outlined and elaborated on. These objectives will be used to further develop key performance indicators against which performance implementation monitoring and reporting will be done. The corporate scorecard outlines these indicators and targets.

The four focus areas are:

- Essential Services
- Governance
- Communal Services
- Socio-Economic Support Services

# 8 Measurable performance objectives and indicators

## (a) KEY FINANCIAL INDICATORS AND RATIOS

Information regarding key financial indicators and ratios are provided on Supporting Table SA8.

## (b) MEASURABLE PERFORMANCE OBJECTIVES

*Information regarding revenue is provided as follows:*

Revenue for each vote - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Revenue for each source - Table A4 Budgeted Financial Performance (revenue and expenditure)

*Provision of free basic services:*

(i) Cost to the Witzenberg Municipality in rand value for each of the free basic services provided to indigent households:

| | **2017 / 2018** | **2018 /2019** | **2020 / 2021** |
|---|---|---|---|
| | **R'000** | **R'000** | **R'000** |
| Property rates | 2017 / 2018 | 2018 / 2019 | Increase |
| Water | R'000 | R'000 | R'000 |
| Sanitation | | | |
| Electricity | 3 821 | 5 313 | 39,0% |
| Refuse | 6 537 | 11 463 | 75,4% |
| **Total** | **2 588** | **3 518** | **35,9%** |

The increase is due to the proposed amendment of the indigent policy.

More detail is provided in Table A10 Basic service delivery measurement,

(ii) Level of service to be provided

The first R 120 000 of the municipal valuation of property in Town areas are exempt from property rates.

Indigent households will receive 50 kWh of electricity and 6 kilolitre of water per month while their basic charges for water refuse and sewerage will be subsidized.

(iii) Number of households to receive free basic services

There is budgeted for 5 000 households that will receive 50 kWh electricity per month as well as 6 kilolitre water per month.

A further 1700 households in informal areas receive all services excluding electricity free of charge.

# 9 Overview of Budget Related Policies and Amendments

The following budget related policies are tabled with the budget documentation for comments and inputs:

Budget Policy
Tariff Policy
Property Rates Policy
Credit Control and Debt Collection Policy
Cash Management and Investment Policy
Consumer Payment Incentive Policy
Petty Cash Policy
Indigent Policy
Budget Virement Policy
Asset Management Policy
Funding and Reserves Policy
Borrowing Policy
Cellular the phone and data card policy
Municipal Supply Chain Management Policy
Long Term Financial Plan Policy
Transport- travel- and subsistence allowance Policy
Post-Employment Medical Aid Contribution Policy
Infrastructure Investment Policy

Policies will be available at libraries in the municipal area and the website of the municipality.

The budget related policies were reviewed by management. The amendments recommended are explained below:

BUDGET POLICY

The aim of the policy is to set out the principles which the municipality will follow in preparing each medium term revenue and expenditure framework (budget) and the responsibilities of the mayor and officials.

No amendments are recommended.

TARIFF POLICY

The Municipal System Act requires Council to adopt a Tariff Policy. The general financial management functions covered in section 62 of the MFMA includes the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy.

It is recommended that the different factors for tariffs according to consumption be phased out and that clients will only be entitled to relief due to leakages once per financial year.

PROPERTY RATES POLICY

A Rates Policy in accordance with Section 3 of the Municipal Property Rates Act (No 6 of 2004) as amended (MPRA) was approved by Council and updated on 15 June 2010.

The policy guides the annual setting of property rates.

It is recommended that the policy be amended to soften the effect of the new property valuations on certain categories op property.

CREDIT CONTROL AND DEBT COLLECTION POLICY

This Policy has been formulated in terms of section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000 and the Credit Control and Debt Collection By-Law.

It is recommended that the Director Finance and Deputy Director Finance be authorised to deviate from the policy in special circumstances

CASH MANAGEMENT AND INVESTMENT POLICY

The underlying cash is managed and invested in accordance with the Municipality's approved Cash Management and Investment Policy, which is aligned with National Treasury's municipal investment regulations dated 01 April 2005.

No amendments are recommended.

CONSUMER PAYMENT INCENTIVE POLICY

The purpose of the policy is to encourage residents of Witzenberg to pay for services and also to promote the culture of payment amongst its citizens.

Amendments recommended:

Amend the dates for debt to be parked to include debt incurred before 30 June 2016.

PETTY CASH POLICY

The policy provides for the cash purchases up to a transaction value of R 2 000.00

No amendments are recommended.

INDIGENT POLICY

The aim of the policy is to ensure a sound and sustainable manner to provide affordable basic services to the poor by means of assisting them financially within the legal framework of the powers and functions of the municipality in order to improve the livelihood, in an effort to create a prosperous municipality free of poverty.

It is recommended that qualifying criteria be amended to only include the income of the property owner or account holder and his or her spouse.

BUDGET VIREMENT POLICY

National Treasury has advised municipalities to implement a virement policy to ensure that funds can be shifted for of operational requirements to ensure that service delivery is not hampered.

No amendments are recommended.

ASSET MANAGEMENT POLICY

The aim of the policy is to ensure that the assets of the municipality are properly managed and accounted for.

No amendments are recommended.

FUNDING AND RESERVE POLICY

In terms of section 8 of the Municipal Budget and Reporting Regulations each municipality must have a funding and reserves policy.

The policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

No amendments are recommended.

BORROWING POLICY

The policy aims to set out the objectives, statutory requirements as well as guidelines for the borrowing of funds.

No amendments are recommended.

CELLULAR TELEPHONE AND DATA CARD POLICY

The policy aims to curb the expenditure on cellular telephones by setting maximum expenditure levels and providing processes to approve and/or recover expenditure above the levels.

No amendments are recommended.

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. The Municipality's Supply Chain Management Policy was approved by Council.

Amendments in terms of the amendments to Preferential Procurement Regulations are recommended. The Preferential Procurement Regulations came in effect from 1 April 2017.

LONG TERM FINANCIAL PLAN POLICY

The long term financial plan policy integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan.

No amendments are recommended.

TRANSPORT- TRAVEL- AND SUBSISTENCE ALLOWANCE POLICY

This policy applies to all Councillors and employees of Witzenberg Municipality who are travelling on official business.

It is recommended that the cost factors for the essential user be amended to allow for inflation increases.

POST-EMPLOYMENT MEDICAL AID CONTRIBUTION POLICY

The purpose of this policy is to determine guidelines for the management of contributions to medical aids, post-employment and to determine whether an employee is entitled to the post-employment medical aid benefit.

It is recommended that the policy be adjusted to include the qualifying dependants of employees.

INFRASTRUCTURE INVESTMENT POLICY

This policy sets out the process and methodology for capital investment of any nature, regardless of the funding source.

# 10 Overview of Budget Related By-Laws and Amendments

No amendments to any By-Laws are recommended.

# 11 Overview of Budget Assumptions

**Expenditure**

Salaries and Allowances

The negations for basic salary and wages are still in progress at the Local Government Bargaining Council. Provision has been made for a 10 % increase in salaries including the 2.5% notch increases and the effect of TASK.

The Minister of Finance will approve increases of councillors during the 2018 / 2019 financial year, and the increase will be implemented as from 1 July 2018.

General expenditure

It is assumed that costs for services will increase in line with the CPIX. The current oil price is a concern and it is expected that the fuel price hikes will have a substantial effect on expenditure. It is also assumed that the capital projects for 2018 / 2019 will be completed during the financial year as there were budgeted for the depreciation of such projects as per general recognized accounting practice (GRAP). Depreciation on new capital expenditure is calculated at a varying rate ranging between 3 and 100 years depending on the nature of the asset.

Repairs and Maintenance

It is assumed that municipal infrastructure and assets will be maintained as per previous years and that no major breakages will take place during the financial year.

Capital costs

It is assumed that interest rates will be stable during the financial year, but the provision for capital has not been decreased.

Bulk Purchases

It is assumed that electricity tariffs of Eskom will increase by 7.32% as from 1 July 2018, as approved by NERSA.

**Income**

Households

It is assumed that the total households in the municipal area (the tax base) will stay stable during the financial year. The new RDP houses to be built will be for the benefit of families residing in informal areas. The total number of households is thus not expected to increase. Care must be taken that the informal structures are removed as soon as the beneficiaries moved to the new houses.

Collection rate for municipal services

It is assumed that the collection rate (percentage of service charges recovered) for the financial year will be the same as the current payment rate.

In accordance with relevant legislation and national directives, the estimated revenue recovery rates are based on realistic and sustainable trends. The Municipality's collection rate is set at an average of 95%. Adequate provision is made for non-recovery. Whilst collection rates will vary between different services and be based on current trends, special provision was made to cater for roll-out of an extended indigent program.

Grants

It is assumed that the National and Provincial grants as per Division of Revenue Act (DORA) which has been included in the budget will be received during the 2018 / 2019 financial year.

Indigents

It is assumed that the number of indigents will increase to an estimated 5 000 during the financial year due to the proposed adjustments to the indigent policy.

# 12 Overview of Budget Funding

Summary

*The operating budget for will be financed as follows:*

| | 2017 / 2018 | 2018 / 2019 | Increase |
|---|---|---|---|
| | R'000 | R'000 | R'000 |
| Charged for electricity, water, refuse and sewerage | 302 714 | 316 407 | 4,5% |
| Property Rates | 64 827 | 70 002 | 8,0% |
| Provincial and National Operating Grants | 97 846 | 121 259 | 23,9% |
| Sundry charges / Other | 47 385 | 57 122 | 20,5% |
| **Total Operating Revenue excl. Capital Transfers** | **512 772** | **554 303** | **8,1%** |

*The capital budget for 2017 / 2018to 2020 / 2021 will be financed as follows:*

| | 2017 / 2018 | 2018 /2019 | 2020 / 2021 |
|---|---|---|---|
| | R'000 | R'000 | R'000 |
| Own Funds (Capital Replacement Reserves) | 26,833 | 26,714 | 27,615 |
| Grants | 54,488 | 63,778 | 36,243 |
| Borrowing | 0 | 0 | 0 |
| **Total Capital Budget** | **81,321** | **90,492** | **63,858** |

*Reserves*

All the reserves of the municipality are not cash funded. The process to accumulate sufficient funds is a long term process as tariff increases must be kept to a minimum, and service delivery must be continued.

*Sustainability of municipality*

The way that the budget is funded will ensure that the municipality will be sustainable on the short term. The full effect of huge increases in electricity tariffs may on the long run impact negatively on the sustainability of the municipality. This is a huge concern for the municipality and the municipality has no control over the increases approved by NERSA.

*Impact on rates and tariffs*

The way that the budget is funded will ensure that, except for electricity and refuse removal tariffs, service tariff increases will be ± 6%. Property rates tariffs will increase with ± 8%. The municipality has no control over the increases of electricity tariffs and the ± 7.32% increase in electricity tariffs of Eskom; will have a positive impact on the local economy.

Property valuations, rates, tariffs and other charges

A General Valuation was done in terms of the Property Rates Act, (Act 6 of 2004) during the current financial year. The new property valuations were implemented from 1 July 2013.

The rates tariffs as well as tariffs for electricity, water, refuse, sewage together with the sundry tariffs are listed in Section B – Tariffs. The tariff increases are also indicated.

Collection Rate

Income levels for service charges and rates for the budget year were based on the following collection rates:

| | |
|---|---|
| Rates | 94.0% |
| Electricity | 99.0% |
| Water | 87.5% |
| Sanitation | 89.0% |
| Refuse | 88.0% |

Planned savings and efficiencies

The following areas were identified for possible savings after the efficiency of the usage of the assets/services has been evaluated:

Telephone costs
Cell phone cost
Overtime
Standby
Vehicle running cost

Investments

Particulars of monetary investments as at 30 April 2018:

| **Investments** | **Amount** |
|---|---|
| Investec Bank Ltd | R 22 000 000 |
| Standard Bank | R 22 000 000 |
| **TOTAL** | **R 44 000 000** |

Contributions and donations received

There was not budgeted for any contributions and donations to be received.

Planned proceeds of sale of assets

The municipality envisage the sale of certain fixed property during the 2018 / 2019 financial year.

Planned use of previous year's cash backed accumulated surplus

The previous year's accumulated surplus is not cash backed.

Particulars of existing and any new borrowing proposed to be raised

There is no new borrowing proposed.

# 13 Expenditure on allocations and grant Programmes

Particulars of budgeted allocations and grants

Please refer to Supporting Table SA19: Expenditure on transfers and grant programme.

# 14 Allocations or grants made by the Municipality

Please refer to Supporting Table SA21 Transfers and grants made by the municipality.

# 15 Councillor allowances and employee benefits

Costs to Municipality:

*Councillors*

| | |
|---|---|
| Speaker (1) | 765 103 |
| Executive Mayor (1) | 945 263 |
| Deputy Executive Mayor (1) | 765 103 |
| Executive Committee (4) | 2 880 264 |
| Chairpersons of section 79 Committees | 410 309 |
| Other Councillors (15) | 4 943 079 |
| **TOTAL** | **10 709 120** |

*Senior Managers (Including performance bonus provision)*

| | |
|---|---|
| Municipal Manager | 1 533 046 |
| Director: Corporate Services | 1 253 140 |
| Director: Community Services | 1 204 943 |
| Director: Technical Services | 1 253 141 |
| Chief Financial Officer | 1 204 943 |
| **TOTAL Senior Management** | **5 244 271** |
| **All other staff** | **173 054 702** |

| | |
|---|---|
| Number of Councillors | 23 |
| Number of Senior Managers employed | 5 |

Details of employee numbers can be obtained on Supporting Table SA24: Summary of personnel numbers.

# 16 Monthly targets for revenue, expenditure and cash flow

The monthly targets for revenue and expenditure are provided in Supporting Table SA25 Budgeted monthly revenue and expenditure.

The monthly targets for cash flows are provided in Supporting Table SA30 Budgeted monthly cash flow.

# 17 Capital spending detail

Information/detail regarding capital projects by vote is provided in Supporting Table SA36: Detailed capital budget.

# 18 Legislation compliance status

Witzenberg Municipality complies in general with legislation applicable to municipalities.

# 19 Municipal Manager's quality certification

**Quality Certificate**

I, Mr D Nasson, Municipal Manager of Witzenberg Municipality, hereby certify that the annual 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 documentations are consistent with the Integrated Development Plan of the municipality.

Print name Mr D NASSON

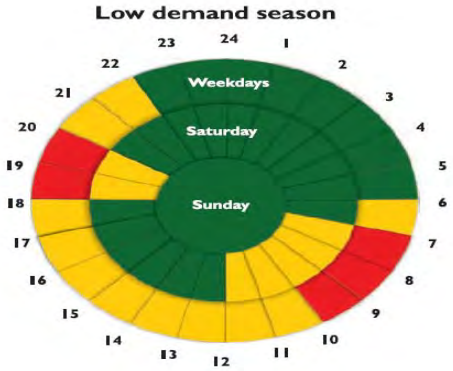
Municipal Manager of WITZENBERG MUNICIPALITY.

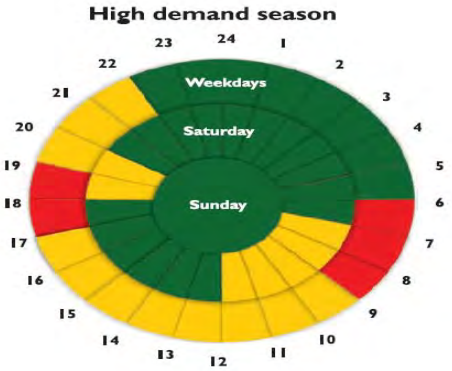
Signature: _____

Date 22 May 2018

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **1.** | **Property rates and other municipal taxes** | | | | | | | | |
| | | **1.1.** | **Property rates** | | | | | | | | |
| | R 0.00991 | **1.1.1.** | Residential Property | 0.0% | **R 0.00825** | -16.75% | R 0.00890 | 7.88% | R 0.00960 | 7.87% | |
| | R 0.00793 | **1.1.2.** | Informal Settlements | 0.0% | **R 0.00740** | -6.68% | R 0.00800 | 8.11% | R 0.00860 | 7.50% | |
| | R 0.01883 | **1.1.3.** | Business/Commercial Property | 0.0% | **R 0.01490** | -20.87% | R 0.01610 | 8.05% | R 0.01740 | 8.07% | |
| | R 0.01883 | **1.1.4.** | Industrial Property | 0.0% | **R 0.01450** | -23.00% | R 0.01570 | 8.28% | R 0.01700 | 8.28% | |
| | | **1.1.5.** | Agricultural Properties: | | | | | | | | |
| | R 0.00248 | 1.1.5.1 | Bona fida Agricultural | 0.0% | **R 0.00100** | -59.68% | R 0.00110 | 10.00% | R 0.00120 | 9.09% | |
| | R 0.00991 | 1.1.5.2 | Agricultural/Business/Residential | 0.0% | **R 0.00930** | -6.16% | R 0.01000 | 7.53% | R 0.01080 | 8.00% | |
| | R 0.00991 | 1.1.5.3 | Agricultural/Industrial | 0.0% | **R 0.00930** | -6.16% | R 0.01000 | 7.53% | R 0.01080 | 8.00% | |
| | R 0.01883 | **1.1.6.** | State owned Property | 0.0% | **R 0.01300** | -30.96% | R 0.01400 | 7.69% | R 0.01510 | 7.86% | |
| | R 0.01487 | **1.1.7.** | Vacant Land - Urban | 0.0% | **R 0.01240** | -16.61% | R 0.01340 | 8.06% | R 0.01450 | 8.21% | |
| | R 0.00248 | **1.1.8.** | Public Service Infrastructure | 0.0% | **R 0.00206** | -16.94% | R 0.00220 | 6.80% | R 0.00240 | 9.09% | |
| | R 0.00248 | **1.1.9.** | Public Benefit Organisations | 0.0% | **R 0.00206** | -16.94% | R 0.00220 | 6.80% | R 0.00240 | 9.09% | |
| | R 0.01239 | **1.1.10.** | Building clauses | 0.0% | **R 0.01031** | -16.79% | R 0.01110 | 7.66% | R 0.01200 | 8.11% | |
| | R 0.00496 | **1.1.11.** | Residential Property - Qualifying Pensioners | 0.0% | **R 0.00413** | -16.73% | R 0.00450 | 8.96% | R 0.00490 | 8.89% | |
| | | | **Pensioners may qualify for a rebate of 50% on residential property in terms of councils policy.** | | | | | | | | |
| | | | **Exemption** | | | | | | | | |
| | | | The first R 120 000.00 of property values are exempt from rates for tariffs 1.1.1; 1.1.2; 1.1.3 and 1.1.4 | | | | | | | | |
| | | **1.2.** | **Concented use and departures** | | | | | | | | |
| **R** | **1 455.00** | **1.2.1.** | Residential properties | | **R 1 601.00** | 10.03% | R 1 729.00 | 8.00% | R 1 867.00 | 7.98% | |
| **R** | **1 455.00** | **1.2.2.** | Bona fida Agricultural | | **R 1 601.00** | 10.03% | R 1 729.00 | 8.00% | R 1 867.00 | 7.98% | |
| | | **2.** | **Electricity Service Tariffs** | | | | | | | | |
| | | | **High-demand (June – August) and low-demand (September – May) seasons** | | | | | | | | |






| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **2.1** | **Service Availability:** | | | | | | | | |
| R 174.4200 | R 153.0000 | | Unimproved sites charge per month or part of it | 15.0% | **R 191.51** | 9.80% | R 204.609 | 6.84% | R 218.604 | 6.84% | R 166.53 |
| | | **2.2** | **Residential customers** | | | | | | | | |
| | | **2.2.1** | **Single part tariff** | | | | | | | | |
| | | 2.2.1.1 | **Prepaid** | | | | | | | | |
| R 1.2540 | R 1.1000 | | 0-50 kWh | | | | | | | | |
| R 1.2540 | R 1.1000 | | 51-350 kWh | 15.0% | **R 1.351** | 7.76% | R 1.444 | 6.84% | R 1.542 | 6.84% | R 1.175 |
| R 1.2540 | R 1.1000 | | 351-600 kWh | | | | | | | | |
| R 2.1660 | R 1.9000 | | Above 600 kWh | 15.0% | **R 2.335** | 7.78% | R 2.494 | 6.84% | R 2.665 | 6.84% | R 2.030 |
| | | 2.2.1.2 | **1 x 20 A** | | | | | | | | |
| | | | 0-50 kWh | | | | | | | | |
| | | | 51-350 kWh | **Removed - All consumers moved to 2.2.1.3** | | | | | | | |
| | | | 351-600 kWh | | | | | | | | |
| | | | Above 600 kWh | | | | | | | | |
| | | 2.2.1.3 | **Single phase** | | | | | | | | |
| R 1.4250 | R 1.2500 | | 0-50 kWh | | | | | | | | |
| R 1.4250 | R 1.2500 | | 51-350 kWh | 15.0% | **R 1.536** | 7.82% | R 1.641 | 6.84% | R 1.754 | 6.84% | R 1.336 |
| R 1.4250 | R 1.2500 | | 351-600 kWh | | | | | | | | |
| R 1.9266 | R 1.6900 | | Above 600 kWh | 15.0% | **R 2.077** | 7.80% | R 2.219 | 6.84% | R 2.371 | 6.84% | R 1.806 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2.2.1.4 | **Three phase** | | | | | | | | |
| | | | 0-50 kWh | | | | | | | | |
| | | | 51-350 kWh | | | | | | | | |
| | | | 351-600 kWh | | | | | | | | |
| | | | Above 600 kWh | | | | | | | | |
| | | | | **Removed - All consumers moved to 2.2.2.2** | | | | | | | |
| | | **2.2.2** | **Two part tariff** | | | | | | | | |
| | | 2.2.2.1 | **Single phase** | | | | | | | | |
| | | | Basic charge per month or part of it: | | | | | | | | |
| | | | Energy in c/kWh | | | | | | | | |
| | | | 0-50 kWh | | | | | | | | |
| | | | 51-350 kWh | | | | | | | | |
| | | | 351-600 kWh | | | | | | | | |
| | | | Above 600 kWh | | | | | | | | |
| | | | | **Removed - All consumers moved to 2.2.1.3** | | | | | | | |
| | | 2.2.2.2 | **Three phase** | | | | | | | | |
| R 563.16 | R 494.00 | | Basic charge per month or part of it: | 15.0% | **R 606.96** | 7.78% | R 648.47 | 6.84% | R 692.83 | 6.84% | R 527.79 |
| | | | Energy in c/kWh | | | | | | | | |
| R 0.8094 | R 0.7100 | | 0-50 kWh | | | | | | | | |
| R 0.8094 | R 0.7100 | | 51-350 kWh | 15.0% | **R 0.873** | 7.84% | R 0.933 | 6.84% | R 0.996 | 6.84% | R 0.759 |
| R 0.8094 | R 0.7100 | | 351-600 kWh | | | | | | | | |
| R 1.1628 | R 1.0200 | | Above 600 kWh | 15.0% | **R 1.254** | 7.80% | R 1.339 | 6.84% | R 1.431 | 6.84% | R 1.090 |
| | | **2.3** | **Commercial customers** | | | | | | | | |
| | | **2.3.1** | **Prepaid customers** | | | | | | | | |
| R 0.00 | R 0.00 | 2.3.1.1 | Basic charge per month or part of it: | 15.0% | **R 0.00** | | R 0.000 | | R 0.000 | | R 0.00 |
| | | | The basic charge on prepaid commercial customers is not applicable to schools or church properties | | | | | | | | |
| | | 2.3.1.2 | Energy in c/kWh | | | | | | | | |
| R 1.9380 | R 1.7000 | | 0-600 kWh | 15.0% | **R 2.088** | 7.76% | R 2.2312 | 6.84% | R 2.384 | 6.84% | R 1.816 |
| R 2.1090 | R 1.8500 | | Above 600 kWh | 15.0% | **R 2.274** | 7.80% | R 2.429 | 6.84% | R 2.595 | 6.84% | R 1.977 |
| | | **2.3.2** | **Single phase** | | | | | | | | |
| | | | **No new connections allowed larger than 80 AMPS on Single phase on this tariff** | | | | | | | | |
| | | 2.3.2.1 | Basic charge per month or part of it: | | | | | | | | |
| R 339.72 | R 298.0000 | | 20A - Connection | 15.0% | **R 366.14** | 7.78% | R 391.18 | 6.84% | R 417.94 | 6.84% | R 318.38 |
| R 621.30 | R 545.0000 | | 40A - Connection | 15.0% | **R 669.62** | 7.78% | R 715.42 | 6.84% | R 764.35 | 6.84% | R 582.28 |
| R 768.36 | R 674.0000 | | 60A - Connection | 15.0% | **R 828.12** | 7.78% | R 884.76 | 6.84% | R 945.28 | 6.84% | R 720.10 |
| R 769.50 | R 675.0000 | | 80A - Connection | 15.0% | **R 829.35** | 7.78% | R 886.07 | 6.84% | R 946.68 | 6.84% | R 721.17 |
| R 1 004.34 | R 881.0000 | | 100A - Connection | 15.0% | **R 1 082.45** | 7.78% | R 1 156.49 | 6.84% | R 1 235.59 | 6.84% | R 941.26 |
| R 1 126.32 | R 988.0000 | | 150A - Connection | 15.0% | **R 1 213.92** | 7.78% | R 1 296.95 | 6.84% | R 1 385.66 | 6.84% | R 1 055.58 |
| R 1 288.20 | R 1 130.0000 | | 200A - Connection | 15.0% | **R 1 388.38** | 7.78% | R 1 483.35 | 6.84% | R 1 584.81 | 6.84% | R 1 207.29 |
| R 1 423.86 | R 1 249.0000 | | 250A - Connection | 15.0% | **R 1 534.59** | 7.78% | R 1 639.56 | 6.84% | R 1 751.71 | 6.84% | R 1 334.43 |
| R 1.6188 | R 1.4200 | 2.3.2.2 | Energy in c/kWh | 15.0% | **R 1.745** | 7.77% | R 1.864 | 6.84% | R 1.9914 | 6.84% | R 1.517 |
| | | | All users with greater than 80Amp Connections must be converted to 3 phase connections | | | | | | | | |
| | | **2.3.3** | **Three phase** | | | | | | | | |
| | | | **No new connections allowed larger than 150 AMPS on Three phase on this tariff** | | | | | | | | |
| | | 2.3.3.1 | Basic charge per month or part of it: | | | | | | | | |
| R 1 090.98 | R 957.00 | | 20A - Connection | 15.0% | **R 1 175.83** | 7.78% | R 1 256.26 | 6.84% | R 1 342.19 | 6.84% | R 1 022.46 |
| R 1 225.50 | R 1 075.00 | | 40A - Connection | 15.0% | **R 1 320.81** | 7.78% | R 1 411.15 | 6.84% | R 1 507.67 | 6.84% | R 1 148.53 |
| R 1 307.58 | R 1 147.00 | | 60A - Connection | 15.0% | **R 1 409.27** | 7.78% | R 1 505.66 | 6.84% | R 1 608.65 | 6.84% | R 1 225.45 |
| R 1 398.78 | R 1 227.00 | | 80A - Connection | 15.0% | **R 1 507.57** | 7.78% | R 1 610.69 | 6.84% | R 1 720.86 | 6.84% | R 1 310.93 |
| R 1 692.90 | R 1 485.00 | | 100A - Connection | 15.0% | **R 1 824.56** | 7.78% | R 1 949.36 | 6.84% | R 2 082.70 | 6.84% | R 1 586.57 |
| R 2 077.08 | R 1 822.00 | | 150A - Connection | 15.0% | **R 2 238.61** | 7.78% | R 2 391.73 | 6.84% | R 2 555.32 | 6.84% | R 1 946.62 |
| R 2 481.78 | R 2 177.00 | | 200A - Connection | 15.0% | **R 2 674.80** | 7.78% | R 2 857.75 | 6.84% | R 3 053.22 | 6.84% | R 2 325.91 |
| R 2 536.50 | R 2 225.00 | | 250A - Connection | 15.0% | **R 2 733.77** | 7.78% | R 2 920.76 | 6.84% | R 3 120.54 | 6.84% | R 2 377.19 |
| R 1.4364 | R 1.2600 | 2.3.3.2 | Energy in c/kWh | 15.0% | **R 1.548** | 7.76% | R 1.654 | 6.84% | R 1.7669 | 6.84% | R 1.346 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **2.4** | **Agricultural customers** | | | | | | | | |
| | | **2.4.1** | **< 25 KVA** | | | | | | | | |
| R 654.36 | R 574.00 | | Basic charge per month or part of it: | 15.0% | **R 705.25** | 7.78% | R 753.49 | 6.84% | R 805.03 | 6.84% | R 613.26 |
| | | **2.4.2** | **25 KVA < = 50 KVA** | | | | | | | | |
| R 956.46 | R 839.00 | | Basic charge per month or part of it: | 15.0% | **R 1 030.85** | 7.78% | R 1 101.36 | 6.84% | R 1 176.69 | 6.84% | R 896.39 |
| | | **2.4.3** | **50 KVA < = 100 KVA** | | | | | | | | |
| R 1 293.90 | R 1 135.00 | | Basic charge per month or part of it: | 15.0% | **R 1 394.52** | 7.78% | R 1 489.91 | 6.84% | R 1 591.82 | 6.84% | R 1 212.63 |
| | | **2.4.4** | **Energy charge c/kWh** | | | | | | | | |
| R 1.7328 | R 1.5200 | | Energy in c/kWh < 1,000 units | 15.0% | **R 1.868** | 7.78% | R 1.995 | 6.84% | R 2.132 | 6.84% | R 1.624 |
| R 1.7328 | R 1.5200 | | Energy in c/kWh > 1,000 units | 15.0% | **R 1.868** | 7.78% | R 1.995 | 6.84% | R 2.132 | 6.84% | R 1.624 |
| | | **2.5** | **BULK CONSUMERS (LARGE POWER USERS)** | | | | | | | | |
| | | | **All Large Power Users (LPU) must maintain a power factor of 0.85 lagging or better** | | | | | | | | |
| | | | **The following public holidays will always be treated as a Sunday for Large Power Users. New Year's Day, Good Friday, Family Day, Christmas Day and Day of Goodwill. All other public holidays will be treated as the day of the week on which it falls.** | | | | | | | | |
| | | **2.5.1** | **Agricultural customers** | | | | | | | | |
| | | **2.5.1.1** | ***Time of use customers*** | | | | | | | | |
| | | 2.5.1.1.1 | ***< 1 MVA High tension*** | | | | | | | | |
| R 7 468.14 | R 6 551.00 | | Basic charge per month or part of it | 15.0% | **R 8 048.95** | 7.78% | R 8 599.50 | 6.84% | R 9 187.71 | 6.84% | R 6 999.09 |
| R 131.10 | R 115.00 | | Demand charge R/KVA | 15.0% | **R 138.656** | 5.76% | R 144.20 | 4.00% | R 149.97 | 4.00% | R 120.57 |
| | | | **Energy charge c/kWh** | | | | | | | | |
| | | | In season | | | | | | | | |
| R 3.4656 | R 3.0400 | | Peak time | 15.0% | **R 3.735** | 7.78% | R 3.991 | 6.84% | R 4.264 | 6.84% | R 3.248 |
| R 1.1172 | R 0.9800 | | Standard | 15.0% | **R 1.204** | 7.77% | R 1.286 | 6.84% | R 1.374 | 6.84% | R 1.047 |
| R 0.6612 | R 0.5800 | | Off- peak time | 15.0% | **R 0.713** | 7.83% | R 0.762 | 6.84% | R 0.814 | 6.84% | R 0.620 |
| | | | Out of season | | | | | | | | |
| R 1.2084 | R 1.0600 | | Peak time | 15.0% | **R 1.303** | 7.82% | R 1.392 | 6.84% | R 1.487 | 6.84% | R 1.133 |
| R 0.8664 | R 0.7600 | | Standard | 15.0% | **R 0.934** | 7.78% | R 0.998 | 6.84% | R 1.066 | 6.84% | R 0.812 |
| R 0.5814 | R 0.5100 | | Off- peak time | 15.0% | **R 0.627** | 7.80% | R 0.670 | 6.84% | R 0.715 | 6.84% | R 0.545 |
| | | 2.5.1.1.2 | ***Low tension*** | | | | | | | | |
| R 4 786.86 | R 4 199.00 | | Basic charge per month or part of it | 15.0% | **R 5 159.14** | 7.78% | R 5 512.03 | 6.84% | R 5 889.05 | 6.84% | R 4 486.21 |
| R 127.68 | R 112.00 | | Demand charge R/KVA | 15.0% | **R 135.03** | 5.76% | R 140.43 | 4.00% | R 146.05 | 4.00% | R 117.42 |
| | | | **Energy charge c/kWh** | | | | | | | | |
| | | | In season | | | | | | | | |
| R 3.8190 | R 3.3500 | | Peak time | 15.0% | **R 4.116** | 7.77% | R 4.397 | 6.84% | R 4.698 | 6.84% | R 3.579 |
| R 1.2312 | R 1.0800 | | Standard | 15.0% | **R 1.327** | 7.79% | R 1.418 | 6.84% | R 1.515 | 6.84% | R 1.154 |
| R 0.7296 | R 0.6400 | | Off- peak time | 15.0% | **R 0.787** | 7.81% | R 0.840 | 6.84% | R 0.898 | 6.84% | R 0.684 |
| | | | Out of season | | | | | | | | |
| R 1.3338 | R 1.1700 | | Peak time | 15.0% | **R 1.438** | 7.77% | R 1.536 | 6.84% | R 1.641 | 6.84% | R 1.250 |
| R 0.9462 | R 0.8300 | | Standard | 15.0% | **R 1.020** | 7.80% | R 1.090 | 6.84% | R 1.164 | 6.84% | R 0.887 |
| R 0.6384 | R 0.5600 | | Off- peak time | 15.0% | **R 0.688** | 7.72% | R 0.735 | 6.84% | R 0.785 | 6.84% | R 0.598 |
| | | **2.5.1.2** | ***Normal*** | | | | | | | | |
| | | 2.5.1.2.1 | ***< 1 MVA High tension*** | | | | | | | | |
| R 7 147.80 | R 6 270.00 | | Basic charge per month or part of it | 15.0% | **R 7 703.70** | 7.78% | R 8 230.63 | 6.84% | R 8 793.61 | 6.84% | R 6 698.87 |
| R 166.44 | R 146.00 | | *Demand charge R/KVA* | 15.0% | **R 176.03** | 5.76% | R 183.07 | 4.00% | R 190.39 | 4.00% | R 153.07 |
| R 0.9234 | R 0.8100 | | Energy charge c/kWh | 15.0% | **R 0.995** | 7.73% | R 1.063 | 6.84% | R 1.1355 | 6.84% | R 0.865 |
| | | 2.5.1.2.2 | ***Low tension*** | | | | | | | | |
| R 4 211.16 | R 3 694.00 | | Basic charge per month or part of it | 15.0% | **R 4 538.67** | 7.78% | R 4 849.12 | 6.84% | R 5 180.80 | 6.84% | R 3 946.67 |
| R 220.02 | R 193.00 | | *Demand charge R/KVA* | 15.0% | **R 232.69** | 5.76% | R 242.00 | 4.00% | R 251.68 | 4.00% | R 202.34 |
| R 0.8436 | R 0.7400 | | Energy charge c/kWh | 15.0% | **R 0.910** | 7.83% | R 0.972 | 6.84% | R 1.0383 | 6.84% | R 0.791 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **2.5.2** | **Urban customers** | | | | | | | | |
| | | **2.5.2.1** | ***Time of use customers*** | | | | | | | | |
| | | 2.5.2.1.1 | ***> 1 MVA High tension*** | | | | | | | | |
| R 15 633.96 | R 13 714.00 | | Basic charge per month or part of it | 15.0% | **R 16 849.85** | 7.78% | R 18 002.38 | 6.84% | R 19 233.74 | 6.84% | R 14 652.04 |
| R 91.20 | R 80.00 | | Demand charge R/KVA | 15.0% | **R 97.37** | 6.77% | R 101.27 | 4.00% | R 105.32 | 4.00% | R 84.67 |
| | | | **Energy charge c/kWh** | | | | | | | | |
| | | | In season | | | | | | | | |
| R 4.0470 | R 3.55 | | Peak time | 15.0% | **R 4.362** | 7.78% | R 4.660 | 6.84% | R 4.979 | 6.84% | R 3.793 |
| R 1.3110 | R 1.15 | | Standard | 15.0% | **R 1.413** | 7.81% | R 1.510 | 6.84% | R 1.613 | 6.84% | R 1.229 |
| R 0.7638 | R 0.67 | | Off- peak time | 15.0% | **R 0.823** | 7.80% | R 0.880 | 6.84% | R 0.940 | 6.84% | R 0.716 |
| | | | Out of season | | | | | | | | |
| R 1.3908 | R 1.22 | | Peak time | 15.0% | **R 1.498** | 7.74% | R 1.601 | 6.84% | R 1.710 | 6.84% | R 1.303 |
| R 1.0032 | R 0.88 | | Standard | 15.0% | **R 1.081** | 7.76% | R 1.155 | 6.84% | R 1.234 | 6.84% | R 0.940 |
| R 0.6612 | R 0.58 | | Off- peak time | 15.0% | **R 0.713** | 7.83% | R 0.762 | 6.84% | R 0.814 | 6.84% | R 0.620 |
| | | 2.5.2.1.2 | ***< 1 MVA High tension*** | | | | | | | | |
| R 9 359.40 | R 8 210.00 | | Basic charge per month or part of it | 15.0% | **R 10 087.29** | 7.78% | R 10 777.26 | 6.84% | R 11 514.42 | 6.84% | R 8 771.56 |
| R 101.46 | R 89.00 | | Demand charge R/KVA | 15.0% | **R 108.33** | 6.77% | R 112.66 | 4.00% | R 117.17 | 4.00% | R 94.20 |
| | | | **Energy charge c/kWh** | | | | | | | | |
| | | | In season | | | | | | | | |
| R 4.3092 | R 3.7800 | | Peak time | 15.0% | **R 4.645** | 7.79% | R 4.963 | 6.84% | R 5.302 | 6.84% | R 4.039 |
| R 1.3908 | R 1.2200 | | Standard | 15.0% | **R 1.498** | 7.74% | R 1.601 | 6.84% | R 1.710 | 6.84% | R 1.303 |
| R 0.8094 | R 0.7100 | | Off- peak time | 15.0% | **R 0.873** | 7.84% | R 0.933 | 6.84% | R 0.996 | 6.84% | R 0.759 |
| | | | Out of season | | | | | | | | |
| R 1.4934 | R 1.3100 | | Peak time | 15.0% | **R 1.610** | 7.81% | R 1.720 | 6.84% | R 1.838 | 6.84% | R 1.400 |
| R 1.0602 | R 0.9300 | | Standard | 15.0% | **R 1.143** | 7.82% | R 1.221 | 6.84% | R 1.305 | 6.84% | R 0.994 |
| R 0.7296 | R 0.6400 | | Off- peak time | 15.0% | **R 0.787** | 7.81% | R 0.840 | 6.84% | R 0.898 | 6.84% | R 0.684 |
| | | 2.5.2.1.3 | ***Low tension*** | | | | | | | | |
| R 8 642.34 | R 7 581.00 | | Basic charge per month or part of it | 15.0% | **R 9 314.47** | 7.78% | R 9 951.58 | 6.84% | R 10 632.27 | 6.84% | R 8 099.54 |
| R 118.56 | R 104.00 | | Demand charge R/KVA | 15.0% | **R 125.38** | 5.76% | R 130.40 | 4.00% | R 135.62 | 4.00% | R 109.03 |
| | | | **Energy charge c/kWh** | | | | | | | | |
| | | | In season | | | | | | | | |
| R 4.4118 | R 3.8700 | | Peak time | 15.0% | **R 4.755** | 7.78% | R 5.0805 | 6.84% | R 5.428 | 6.84% | R 4.135 |
| R 1.4250 | R 1.2500 | | Standard | 15.0% | **R 1.536** | 7.82% | R 1.6415 | 6.84% | R 1.754 | 6.84% | R 1.336 |
| R 0.8436 | R 0.7400 | | Off- peak time | 15.0% | **R 0.910** | 7.83% | R 0.972 | 6.84% | R 1.038 | 6.84% | R 0.791 |
| | | | Out of season | | | | | | | | |
| R 1.5276 | R 1.3400 | | Peak time | 15.0% | **R 1.647** | 7.80% | R 1.7594 | 6.84% | R 1.880 | 6.84% | R 1.432 |
| R 1.0830 | R 0.9500 | | Standard | 15.0% | **R 1.167** | 7.78% | R 1.247 | 6.84% | R 1.332 | 6.84% | R 1.015 |
| R 0.7410 | R 0.6500 | | Off- peak time | 15.0% | **R 0.798** | 7.71% | R 0.853 | 6.84% | R 0.911 | 6.84% | R 0.694 |
| | | **2.5.2.2** | ***Normal*** | | | | | | | | |
| | | 2.5.2.2.1 | ***> 1 MVA High tension*** | | | | | | | | |
| R 13 046.16 | R 11 444.00 | | Basic charge per month or part of it | 15.0% | **R 14 060.79** | 7.78% | R 15 022.54 | 6.84% | R 16 050.08 | 6.84% | R 12 226.77 |
| R 117.42 | R 103.00 | | *Demand charge R/KVA* | 15.0% | **R 124.19** | 5.76% | R 129.16 | 4.00% | R 134.33 | 4.00% | R 107.99 |
| R 1.1400 | R 1.0000 | | Energy charge c/kWh | 15.0% | **R 1.228** | 7.74% | R 1.312 | 6.84% | R 1.402 | 6.84% | R 1.068 |
| | | 2.5.2.2.2 | ***< 1 MVA High tension*** | | | | | | | | |
| R 10 623.66 | R 9 319.00 | | Basic charge per month or part of it | 15.0% | **R 11 449.88** | 7.78% | R 12 233.05 | 6.84% | R 13 069.79 | 6.84% | R 9 956.42 |
| R 126.54 | R 111.00 | | *Demand charge R/KVA* | 15.0% | **R 133.83** | 5.76% | R 139.18 | 4.00% | R 144.75 | 4.00% | R 116.37 |
| R 1.1058 | R 0.9700 | | Energy charge c/kWh | 15.0% | **R 1.191** | 7.74% | R 1.273 | 6.84% | R 1.360 | 6.84% | R 1.036 |
| | | 2.5.2.2.3 | ***Low tension*** | | | | | | | | |
| R 8 642.34 | R 7 581.00 | | Basic charge per month or part of it | 15.0% | **R 9 314.47** | 7.78% | R 9 951.58 | 6.84% | R 10 632.27 | 6.84% | R 8 099.54 |
| R 119.70 | R 105.00 | | *Demand charge R/KVA* | 15.0% | **R 126.59** | 5.76% | R 131.66 | 4.00% | R 136.93 | 4.00% | R 110.08 |
| R 1.1970 | R 1.0500 | | Energy charge c/kWh | 15.0% | **R 1.290** | 7.79% | R 1.379 | 6.84% | R 1.4728 | 6.84% | R 1.122 |
| | | **2.6** | **Sport customers** | | | | | | | | |
| R 1.8924 | R 1.6600 | | Energy charge c/kWh | 15.0% | **R 2.040** | 7.80% | R 2.180 | 6.84% | R 2.329 | 6.84% | R 1.774 |
| | | **2.7** | **Streetlights** | | | | | | | | |
| R 1.6000 | R 1.6000 | | Energy charge c/kWh | 0.0% | **R 1.709** | 6.81% | R 1.826 | 6.84% | R 1.951 | 6.84% | R 1.709 |
| | | **2.8** | Unnecessary call outs for work on customer side | 15.0% | **R 500.00** | new | R 534.200 | 6.84% | R 570.739 | 6.84% | R 0.000 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **3.** | **Refuse Service Tariffs** | | | | | | | | |
| | | | **(All Areas in respect of residential sites)** | | | | | | | | |
| | | **3.1.** | **Service Availability charge per month or part of it:** | 15.0% | **R 74.85** | 6.93% | R 80.10 | 7.01% | R 85.70 | 6.99% | R 65.09 |
| R 70.0000 | R 61.4035 | | **Unimproved sites** | | | | | | | | |
| | | **3.2.** | **Monthly Tariff per number of collections. 2 refuse bags (unit) per collection per week per household** | | | | | | | | |
| | R 0.00 | **3.2.1** | 1 Collection per week (2 refuse bags or less) | | | | | | | | |
| | R 0.00 | **3.2.2** | 2 Collection per week (2 refuse bags or less) | | | | | | | | |
| | R 0.00 | **3.2.3** | 3 Collection per week (2 refuse bags or less) | | | | | | | | |
| | R 0.00 | **3.2.4** | Additional units per collection | | | | | | | | |
| | R 0.00 | **3.2.5** | Informal settlements without an account (Flat rate) | | | | | | | | |
| | | **3.2.6** | Departmental tariffs: | | | | | | | | |
| | R 0.00 | 3.2.6.1 | Dennebos | | | | | | | | |
| | R 0.00 | 3.2.6.2 | All other | | | | | | | | |
| | | | **Residential Properties: (2 refuse bags or less)** | | | | | | | | |
| **R 157.0920** | **R 137.8000** | | Valuation ≤ 100 000 | 15.0% | **R 167.98** | 6.93% | R 179.70 | 6.98% | R 192.30 | 7.01% | R 146.07 |
| **R 169.1760** | **R 148.4000** | | Valuation > 100 000 ≤ 150 000 | 15.0% | **R 180.90** | 6.93% | R 193.60 | 7.02% | R 207.20 | 7.02% | R 157.30 |
| **R 181.2600** | **R 159.0000** | | Valuation > 150 000 ≤ 200 000 | 15.0% | **R 193.82** | 6.93% | R 207.40 | 7.01% | R 221.90 | 6.99% | R 168.54 |
| **R 193.3440** | **R 169.6000** | | Valuation > 200 000 ≤ 500 000 | 15.0% | **R 206.74** | 6.93% | R 221.20 | 6.99% | R 236.70 | 7.01% | R 179.78 |
| **R 210.2616** | **R 184.4400** | | Valuation > 500 000 ≤ 800 000 | 15.0% | **R 224.83** | 6.93% | R 240.60 | 7.01% | R 257.40 | 6.98% | R 195.51 |
| **R 217.5120** | **R 190.8000** | | Valuation > 800 000 ≤ 1 000 000 | 15.0% | **R 232.59** | 6.93% | R 248.90 | 7.01% | R 266.30 | 6.99% | R 202.25 |
| **R 241.6800** | **R 212.0000** | | Valuation > 1 000 000 | 15.0% | **R 258.43** | 6.93% | R 276.50 | 6.99% | R 295.90 | 7.02% | R 224.72 |
| **R 157.0920** | **R 137.8000** | | All other residential consumers | 15.0% | **R 167.98** | 6.93% | R 179.70 | 6.98% | R 192.30 | 7.01% | R 146.07 |
| **R 157.0920** | **R 137.8000** | | Additional units per collection | 15.0% | **R 167.98** | 6.93% | R 179.70 | 6.98% | R 192.30 | 7.01% | R 146.07 |
| | | | Pine Forest Flat Rate | | | | | | | | |
| | | | **All other properties Monthly Tariff** | | | | | | | | |
| | | | **770L Wheelie Bin** | | | | | | | | |
| **R 725.0400** | **R 636.0000** | | 1 Collection per week per | 15.0% | **R 775.28** | 6.93% | R 829.55 | 7.00% | R 895.91 | 8.00% | R 674.16 |
| **R 1 450.0800** | **R 1 272.0000** | | 2 Collections per week per 700L Wheelie Bin | 15.0% | **R 1 550.57** | 6.93% | R 1 659.11 | 7.00% | R 1 791.84 | 8.00% | R 1 348.32 |
| **R 2 175.1200** | **R 1 908.0000** | | 3 Collections per week per 700L Wheelie Bin | 15.0% | **R 2 325.85** | 6.93% | R 2 488.66 | 7.00% | R 2 687.75 | 8.00% | R 2 022.48 |
| **R 725.0400** | **R 636.0000** | | 1 Collection per week per additional Wheelie Bin | 15.0% | **R 775.28** | 6.93% | R 829.55 | 7.00% | R 895.91 | 8.00% | R 674.16 |
| **R 1 450.0800** | **R 1 272.0000** | | 2 Collections per week per additional Wheelie Bin | 15.0% | **R 1 550.57** | 6.93% | R 1 659.11 | 7.00% | R 1 791.84 | 8.00% | R 1 348.32 |
| **R 2 175.1200** | **R 1 908.0000** | | 3 Collections per week per additional Wheelie Bin | 15.0% | **R 2 325.85** | 6.93% | R 2 488.66 | 7.00% | R 2 687.75 | 8.00% | R 2 022.48 |
| | | | **If a counter system is available, the above tariffs will be implemented as follows:** | | | | | | | | |
| **R 725.04** | **R 636.0000** | | Service availability - per month. Include 4 removals/month. | 15.0% | **R 775.28** | 6.93% | R 829.55 | 7.00% | R 895.91 | 8.00% | R 674.16 |
| **R 180.20** | **R 158.0702** | | Additional removals per removal. | 15.0% | **R 192.69** | 6.93% | R 206.18 | 7.00% | R 222.67 | 8.00% | R 167.55 |
| | | | **240L Wheelie Bin** | | | | | | | | |
| **R 302.1000** | **R 265.0000** | | 1 Collection per week per 240L Wheelie Bin | 15.0% | **R 323.04** | 6.93% | R 345.65 | 7.00% | R 373.31 | 8.00% | R 280.90 |
| **R 604.2000** | **R 530.0000** | | 2 Collections per week per 240L Wheelie Bin | 15.0% | **R 646.07** | 6.93% | R 691.29 | 7.00% | R 746.60 | 8.00% | R 561.80 |
| **R 906.3000** | **R 795.0000** | | 3 Collections per week per 240L Wheelie Bin | 15.0% | **R 969.11** | 6.93% | R 1 036.95 | 7.00% | R 1 119.90 | 8.00% | R 842.70 |
| **R 302.1000** | **R 265.0000** | | 1 Collection per week per additional Wheelie Bin | 15.0% | **R 323.04** | 6.93% | R 345.65 | 7.00% | R 373.31 | 8.00% | R 280.90 |
| **R 604.2000** | **R 530.0000** | | 2 Collections per week per additional Wheelie Bin | 15.0% | **R 646.07** | 6.93% | R 691.29 | 7.00% | R 746.60 | 8.00% | R 561.80 |
| **R 906.3000** | **R 795.0000** | | 3 Collections per week per additional Wheelie Bin | 15.0% | **R 969.11** | 6.93% | R 1 036.95 | 7.00% | R 1 119.90 | 8.00% | R 842.70 |
| | | | **If a counter system is available, the above tariffs will be implemented as follows:** | | | | | | | | |
| **R 302.10** | **R 265.0000** | | Service availability - per month. Include 4 removals/month. | 15.0% | **R 323.04** | 6.93% | R 345.65 | 7.00% | R 373.31 | 8.00% | R 280.90 |
| **R 76.32** | **R 66.9474** | | Additional removals per removal. | 15.0% | **R 81.61** | 6.93% | R 87.32 | 7.00% | R 94.31 | 8.00% | R 70.96 |
| | | | Cost of Wheelie Bins | | | | | | | | |
| **R 4 560.0000** | **R 4 000.0000** | | **700L Wheelie Bin** | 15.0% | **R 4 876.00** | 6.93% | R 5 217.32 | 7.00% | R 5 634.71 | 8.00% | R 4 240.00 |
| **R 513.0000** | **R 450.0000** | | **240L Wheelie Bin** | 15.0% | **R 548.55** | 6.93% | R 586.95 | 7.00% | R 633.90 | 8.00% | R 477.00 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **4.** | **Sewerage Service Tariffs** | | | | | | | | |
| | | **4.1.** | **Septic Tank systems** | | | | | | | | |
| | | | **(All Areas, excluding rural area in respect of availability charge)** | | | | | | | | |
| | | **4.1.1.** | **Service Availability charge per month or part of it:** | | | | | | | | |
| R 33.37 | R 29.28 | 4.1.1.1 | Per site with improvements | 15.0% | **R 36.04** | 8.00% | R 38.57 | 7.00% | R 41.27 | 7.00% | R 31.34 |
| | | **4.1.2.** | **Suction charge:** | | | | | | | | |
| R 201.55 | R 176.80 | **4.1.2.1.** | Urban areas charge per occasion | 15.0% | **R 215.52** | 6.93% | R 230.61 | 7.00% | R 246.75 | 7.00% | R 187.41 |
| | | **4.1.2.2.** | **Rural areas:** | | | | | | | | |
| R 819.97 | R 719.27 | 4.1.2.2.1 | Charge per occasion | 15.0% | **R 869.16** | 6.00% | R 930.01 | 7.00% | R 995.11 | 7.00% | R 755.79 |
| R 45.58 | R 39.98 | 4.1.2.2.2 | Charge per kilometre | 15.0% | **R 45.58** | 0.00% | R 45.58 | 0.00% | R 45.58 | 0.00% | R 39.63 |
| | | **4.2.** | **Waterborne Sewerage systems** | | | | | | | | |
| | | | **(All Areas connected to the main sewerage system)** | | | | | | | | |
| | | | (Where more than one service point exist on the same site and more than one or one water connection exists the tariff equal to the larges water connection will be applicable on | | | | | | | | |
| | | **4.2.1.** | **Service Availability charge per month or part of it:** | | | | | | | | |
| R 69.98 | R 61.39 | 4.2.1.1 | Unimproved sites | 15.0% | **R 76.25** | 8.95% | R 81.58 | 7.00% | R 87.29 | 7.00% | R 66.30 |
| R 201.55 | R 176.80 | 4.2.1.2 | Water connection size: 0 - 25 mm | 15.0% | **R 215.52** | 6.93% | R 230.61 | 7.00% | R 246.75 | 7.00% | R 187.41 |
| R 784.33 | R 688.01 | 4.2.1.3 | Water connection size: 26 - 50 mm | 15.0% | **R 838.68** | 6.93% | R 897.39 | 7.00% | R 960.21 | 7.00% | R 729.29 |
| R 2 008.30 | R 1 761.66 | 4.2.1.4 | Water connection size: 51 - 80 mm | 15.0% | **R 2 147.46** | 6.93% | R 2 297.79 | 7.00% | R 2 458.63 | 7.00% | R 1 867.36 |
| R 3 137.65 | R 2 752.32 | 4.2.1.5 | Water connection size: 81 - 100 mm | 15.0% | **R 3 355.08** | 6.93% | R 3 589.93 | 7.00% | R 3 841.23 | 7.00% | R 2 917.46 |
| R 7 057.54 | R 6 190.83 | 4.2.1.6 | Water connection size: 101 - 150 mm | 15.0% | **R 7 546.62** | 6.93% | R 8 074.89 | 7.00% | R 8 640.13 | 7.00% | R 6 562.28 |
| | | **4.2.2.** | **Exceptions:** | | | | | | | | |
| R 33 080.48 | R 29 017.96 | 4.2.2.1 | Obiqua Prison - Tulbagh | 15.0% | **R 35 706.60** | 7.94% | R 38 206.06 | 7.00% | R 40 880.49 | 7.00% | R 31 049.22 |
| R 201.55 | R 176.80 | 4.2.2.2 | Schools - Op-die-Berg | 15.0% | **R 215.52** | 6.93% | R 230.61 | 7.00% | R 246.75 | 7.00% | R 187.41 |
| R 201.55 | R 176.80 | 4.2.2.3 | Other sites - Op-die-Berg | 15.0% | **R 215.52** | 6.93% | R 230.61 | 7.00% | R 246.75 | 7.00% | R 187.41 |
| R 72.62 | R 72.62 | 4.2.2.4 | Departmental tariff | 0.0% | **R 76.98** | 6.00% | R 82.37 | 7.00% | R 88.13 | 7.00% | R 76.98 |
| | | 4.2.2.5 | **Special Contracts, for example Del monte as per each agreement. Rand per Kg COD** | | | | | | | | |
| R 5.57 | R 4.89 | 4.2.2.5.1 | Ceres Group Companies | 15.0% | **R 5.96** | 6.93% | R 6.37 | 7.00% | R 6.82 | 7.00% | R 5.18 |
| R 8.95 | R 7.85 | 4.2.2.5.2 | Du Toit Vrugte | 15.0% | **R 9.57** | 6.93% | R 10.24 | 7.00% | R 10.96 | 7.00% | R 8.33 |
| R 8.95 | R 7.85 | 4.2.2.5.3 | L O Rall | 15.0% | **R 9.57** | 6.93% | R 10.24 | 7.00% | R 10.96 | 7.00% | R 8.33 |
| R 8.95 | R 7.85 | 4.2.2.5.4 | Bokkeveld Korrektiewe Dienste | 15.0% | **R 9.57** | 6.93% | R 10.24 | 7.00% | R 10.96 | 7.00% | R 8.33 |
| R 8.95 | R 7.85 | 4.2.2.5.5 | Snocooled Marketing (Edms). Bpk. | 15.0% | **R 9.57** | 6.93% | R 10.24 | 7.00% | R 10.96 | 7.00% | R 8.33 |
| R 8.95 | R 7.85 | 4.2.2.5.6 | Ceres Fruit Growers | 15.0% | **R 9.57** | 6.93% | R 10.24 | 7.00% | R 10.96 | 7.00% | R 8.33 |
| R 133.44 | R 133.44 | 4,2,2.6 | Informal settlements without an account (Flat rate) | 0.0% | **R 141.44** | 6.00% | R 151.34 | 7.00% | R 161.94 | 7.00% | R 141.44 |
| | | 4.3 | Unnecessary call outs for work on customer side | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 572.45 | 7.00% | R 434.78 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **5.** | **Water service Tariffs** | | | | | | | | |
| | | **5.1.** | **Conventional Meters (All Areas)** | | | | | | | | |
| | | **5.1.1.** | **Service Availability charge per month or part of it:** | | | | | | | | |
| R 123.45 | R 108.29 | 5.1.1.1 | Unimproved sites | 15.0% | **R 136.00** | 10.16% | R 145.52 | 7.00% | R 155.71 | 7.00% | R 118.26 |
| R 82.42 | R 72.29 | 5.1.1.2 | Water connection size: 0 - 25 mm | 15.0% | **R 83.00** | 0.71% | R 83.00 | 0.00% | R 83.00 | 0.00% | R 72.17 |
| R 918.88 | R 806.04 | 5.1.1.3 | Water connection size: 26 - 50 mm | 15.0% | **R 950.00** | 3.39% | R 1 016.50 | 7.00% | R 1 087.66 | 7.00% | R 826.09 |
| R 2 344.55 | R 2 056.62 | 5.1.1.4 | Water connection size: 51 - 80 mm | 15.0% | **R 2 400.00** | 2.37% | R 2 568.00 | 7.00% | R 2 747.76 | 7.00% | R 2 086.96 |
| R 3 663.13 | R 3 213.27 | 5.1.1.5 | Water connection size: 81 - 100 mm | 15.0% | **R 3 800.00** | 3.74% | R 4 066.00 | 7.00% | R 4 350.62 | 7.00% | R 3 304.35 |
| R 8 241.00 | R 7 228.95 | 5.1.1.6 | Water connection size: 101 - 150 mm | 15.0% | **R 8 500.00** | 3.14% | R 9 095.00 | 7.00% | R 9 731.65 | 7.00% | R 7 391.30 |
| R 176 890.28 | R 155 166.91 | 5.1.1.7 | Consumption of more than 20,000 kl per month | 15.0% | **R 185 000.00** | 4.58% | R 197 950.00 | 7.00% | R 211 806.50 | 7.00% | R 160 869.57 |
| R 268.52 | R 235.54 | 5.1.1.8 | Un-metered connections | 15.0% | **R 280.00** | 4.28% | R 299.60 | 7.00% | R 320.57 | 7.00% | R 243.48 |
| | | **5.1.2** | **Consumption per kiloliter** | | | | | | | | |
| | | 5.1.2.1 | **Block A (Aimed at residential and smaller commercial clients)** | | | | | | | | |
| R 2.85 | R 2.50 | | 0-6 kl | 15.0% | **R 3.00** | 5.32% | R 3.21 | 7.00% | R 3.44 | 7.0% | R 2.61 |
| R 8.05 | R 7.06 | | 7-30 kl | 15.0% | **R 8.68** | 7.84% | R 9.29 | 7.00% | R 9.94 | 7.00% | R 7.55 |
| R 8.05 | R 7.06 | | 31-60 kl | 15.0% | **R 8.68** | 7.84% | R 9.29 | 7.00% | R 9.94 | 7.00% | R 7.55 |
| R 8.05 | R 7.06 | | 61-300 kl | 15.0% | **R 8.68** | 7.84% | R 9.29 | 7.00% | R 9.94 | 7.00% | R 7.55 |
| R 30.00 | R 26.32 | | Above 300 kl | 15.0% | **R 30.27** | 0.89% | R 30.27 | 0.00% | R 30.27 | 0.00% | R 26.32 |
| | | 5.1.2.2 | **Block B (Aimed at larger commercial and smaller industrial clients)** | | | | | | | | |
| R 8.78 | R 7.70 | | 0-300 kl | 15.0% | **R 9.48** | 7.98% | R 10.14 | 7.00% | R 10.85 | 7.00% | R 8.24 |
| R 8.78 | R 7.70 | | 301-1000 kl | 15.0% | **R 9.48** | 7.98% | R 10.14 | 7.00% | R 10.85 | 7.00% | R 8.24 |
| R 8.41 | R 7.38 | | 1001-8000 kl | 15.0% | **R 9.17** | 8.94% | R 10.08 | 10.00% | R 10.85 | 7.61% | R 7.97 |
| R 8.41 | R 7.38 | | Above 8000 kl | 15.0% | **R 9.17** | 8.94% | R 10.08 | 10.00% | R 10.85 | 7.61% | R 7.97 |
| | | 5.1.2.3 | **Block C (Aimed at larger industrial clients)** | | | | | | | | |
| R 2.71 | R 2.38 | | Consumption above 20,000 kl per month | 15.0% | **R 2.93** | 8.11% | R 3.20 | 9.14% | R 3.49 | 9.14% | R 2.55 |
| | | 5.1.2.4 | **Block D (Internal)** | | | | | | | | |
| R 2.30 | R 2.02 | | Departmental consumption | 15.0% | **R 2.49** | New | R 2.66 | 7.00% | R 2.85 | 7.00% | R 2.16 |
| | | **5.1.2** | **Consumption per kiloliter: Restrictions Level 1** | | | | | | | | |
| | | 5.1.2.1 | **Block A (Aimed at residential and smaller commercial clients)** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 3.00** | New | R 3.21 | 7.05% | R 3.44 | 7.0% | R 2.61 |
| | | | 7-30 kl | 15.0% | **R 10.42** | New | R 11.25 | 8.00% | R 12.15 | 8.0% | R 9.06 |
| | | | 31-60 kl | 15.0% | **R 10.42** | New | R 11.25 | 8.00% | R 12.15 | 8.0% | R 9.06 |
| | | | 61-300 kl | 15.0% | **R 10.42** | New | R 11.25 | 8.00% | R 12.15 | 8.0% | R 9.06 |
| | | | Above 300 kl | 15.0% | **R 30.27** | New | R 32.69 | 8.00% | R 35.30 | 8.0% | R 26.32 |
| | | 5.1.2.2 | **Block B (Aimed at larger commercial and smaller industrial clients)** | | | | | | | | |
| | | | 0-300 kl | 15.0% | **R 11.38** | New | R 12.29 | 8.00% | R 13.27 | 8.0% | R 9.89 |
| | | | 301-1000 kl | 15.0% | **R 11.38** | New | R 12.29 | 8.00% | R 13.27 | 8.0% | R 9.89 |
| | | | 1001-8000 kl | 15.0% | **R 11.00** | New | R 11.88 | 8.00% | R 12.83 | 8.0% | R 9.57 |
| | | | Above 8000 kl | 15.0% | **R 11.00** | New | R 11.88 | 8.00% | R 12.83 | 8.0% | R 9.57 |
| | | 5.1.2.3 | **Block C (Aimed at larger industrial clients)** | | | | | | | | |
| | | | Consumption above 20,000 kl per month | 15.0% | **R 3.63** | New | R 3.92 | 8.00% | R 4.23 | 8.0% | R 3.16 |
| | | **5.1.2** | **Consumption per kiloliter: Restrictions Level 2** | | | | | | | | |
| | | 5.1.2.1 | **Block A (Aimed at residential and smaller commercial clients)** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 3.00** | New | R 3.21 | 7.05% | R 3.44 | 7.0% | R 2.61 |
| | | | 7-30 kl | 15.0% | **R 12.16** | New | R 13.14 | 8.00% | R 14.19 | 8.0% | R 10.58 |
| | | | 31-60 kl | 15.0% | **R 12.16** | New | R 13.14 | 8.00% | R 14.19 | 8.0% | R 10.58 |
| | | | 61-300 kl | 15.0% | **R 12.16** | New | R 13.14 | 8.00% | R 14.19 | 8.0% | R 10.58 |
| | | | Above 300 kl | 15.0% | **R 30.27** | New | R 32.69 | 8.00% | R 35.30 | 8.0% | R 26.32 |
| | | 5.1.2.2 | **Block B (Aimed at larger commercial and smaller industrial clients)** | | | | | | | | |
| | | | 0-300 kl | 15.0% | **R 13.28** | New | R 14.34 | 8.00% | R 15.48 | 8.0% | R 11.54 |
| | | | 301-1000 kl | 15.0% | **R 13.28** | New | R 14.34 | 8.00% | R 15.48 | 8.0% | R 11.54 |
| | | | 1001-8000 kl | 15.0% | **R 12.84** | New | R 13.87 | 8.00% | R 14.98 | 8.0% | R 11.17 |
| | | | Above 8000 kl | 15.0% | **R 12.84** | New | R 13.87 | 8.00% | R 14.98 | 8.0% | R 11.17 |
| | | 5.1.2.3 | **Block C (Aimed at larger industrial clients)** | | | | | | | | |
| | | | Consumption above 20,000 kl per month | 15.0% | **R 4.33** | New | R 4.68 | 8.00% | R 5.05 | 8.0% | R 3.77 |
| | | **5.1.2** | **Consumption per kiloliter: Restrictions Level 3** | | | | | | | | |
| | | 5.1.2.1 | **Block A (Aimed at residential and smaller commercial clients)** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 3.00** | New | R 3.21 | 7.05% | R 3.44 | 7.0% | R 2.61 |
| | | | 7-30 kl | 15.0% | **R 13.90** | New | R 15.02 | 8.00% | R 16.22 | 8.0% | R 12.09 |
| | | | 31-60 kl | 15.0% | **R 13.90** | New | R 15.02 | 8.00% | R 16.22 | 8.0% | R 12.09 |
| | | | 61-300 kl | 15.0% | **R 13.90** | New | R 15.02 | 8.00% | R 16.22 | 8.0% | R 12.09 |
| | | | Above 300 kl | 15.0% | **R 30.27** | New | R 32.69 | 8.00% | R 35.30 | 8.0% | R 26.32 |
| | | 5.1.2.2 | **Block B (Aimed at larger commercial and smaller industrial clients)** | | | | | | | | |
| | | | 0-300 kl | 15.0% | **R 15.17** | New | R 16.39 | 8.00% | R 17.70 | 8.0% | R 13.20 |
| | | | 301-1000 kl | 15.0% | **R 15.17** | New | R 16.39 | 8.00% | R 17.70 | 8.0% | R 13.20 |
| | | | 1001-8000 kl | 15.0% | **R 14.68** | New | R 15.85 | 8.00% | R 17.12 | 8.0% | R 12.76 |
| | | | Above 8000 kl | 15.0% | **R 14.68** | New | R 15.85 | 8.00% | R 17.12 | 8.0% | R 12.76 |
| | | 5.1.2.3 | **Block C (Aimed at larger industrial clients)** | | | | | | | | |
| | | | Consumption above 20,000 kl per month | 15.0% | **R 5.04** | New | R 5.44 | 8.00% | R 5.88 | 8.0% | R 4.38 |
| | | **5.1.2** | **Consumption per kiloliter: Restrictions Level 4** | | | | | | | | |
| | | 5.1.2.1 | **Block A (Aimed at residential and smaller commercial clients)** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 3.00** | New | R 3.21 | 7.05% | R 3.44 | 7.0% | R 2.61 |
| | | | 7-30 kl | 15.0% | **R 15.64** | New | R 16.90 | 8.00% | R 18.25 | 8.0% | R 13.60 |
| | | | 31-60 kl | 15.0% | **R 15.64** | New | R 16.90 | 8.00% | R 18.25 | 8.0% | R 13.60 |
| | | | 61-300 kl | 15.0% | **R 15.64** | New | R 16.90 | 8.00% | R 18.25 | 8.0% | R 13.60 |
| | | | Above 300 kl | 15.0% | **R 30.27** | New | R 32.69 | 8.00% | R 35.30 | 8.0% | R 26.32 |
| | | 5.1.2.2 | **Block B (Aimed at larger commercial and smaller industrial clients)** | | | | | | | | |
| | | | 0-300 kl | 15.0% | **R 17.07** | New | R 18.44 | 8.00% | R 19.92 | 8.0% | R 14.85 |
| | | | 301-1000 kl | 15.0% | **R 17.07** | New | R 18.44 | 8.00% | R 19.92 | 8.0% | R 14.85 |
| | | | 1001-8000 kl | 15.0% | **R 16.51** | New | R 17.84 | 8.00% | R 19.26 | 8.0% | R 14.36 |
| | | | Above 8000 kl | 15.0% | **R 16.51** | New | R 17.84 | 8.00% | R 19.26 | 8.0% | R 14.36 |
| | | 5.1.2.3 | **Block C (Aimed at larger industrial clients)** | | | | | | | | |
| | | | Consumption above 20,000 kl per month | 15.0% | **R 5.74** | New | R 6.20 | 8.00% | R 6.70 | 8.0% | R 4.99 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **5.1.2** | **Consumption per kiloliter: Restrictions Level 5** | | | | | | | | |
| | | 5.1.2.1 | **Block A (Aimed at residential and smaller commercial clients)** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 3.00** | New | R 3.21 | 7.05% | R 3.44 | 7.0% | R 2.61 |
| | | | 7-30 kl | 15.0% | **R 17.38** | New | R 18.77 | 8.00% | R 20.27 | 8.0% | R 15.11 |
| | | | 31-60 kl | 15.0% | **R 17.38** | New | R 18.77 | 8.00% | R 20.27 | 8.0% | R 15.11 |
| | | | 61-300 kl | 15.0% | **R 17.38** | New | R 18.77 | 8.00% | R 20.27 | 8.0% | R 15.11 |
| | | | Above 300 kl | 15.0% | **R 30.27** | New | R 32.69 | 8.00% | R 35.30 | 8.0% | R 26.32 |
| | | 5.1.2.2 | **Block B (Aimed at larger commercial and smaller industrial clients)** | | | | | | | | |
| | | | 0-300 kl | 15.0% | **R 18.96** | New | R 20.48 | 8.00% | R 22.12 | 8.0% | R 16.49 |
| | | | 301-1000 kl | 15.0% | **R 18.96** | New | R 20.48 | 8.00% | R 22.12 | 8.0% | R 16.49 |
| | | | 1001-8000 kl | 15.0% | **R 18.34** | New | R 19.81 | 8.00% | R 21.39 | 8.0% | R 15.95 |
| | | | Above 8000 kl | 15.0% | **R 18.34** | New | R 19.81 | 8.00% | R 21.39 | 8.0% | R 15.95 |
| | | 5.1.2.3 | **Block C (Aimed at larger industrial clients)** | | | | | | | | |
| | | | Consumption above 20,000 kl per month | 15.0% | **R 6.45** | New | R 6.97 | 8.00% | R 7.52 | 8.0% | R 5.61 |
| | | **5.2.** | **Prepaid Meters (All Areas)** | | | | | | | | |
| | | **5.2.1.** | **Water connection on site (Consumption per kiloliter)** | | | | | | | | |
| R 5.02 | R 4.40 | | 0-6 kl | 15.0% | **R 5.37** | 7.00% | R 5.80 | 8.00% | R 6.26 | 8.00% | R 4.67 |
| R 9.56 | R 8.39 | | Bo 6 kl | 15.0% | **R 10.31** | 7.84% | R 11.14 | 8.00% | R 12.03 | 8.00% | R 8.97 |
| | | | **Consumption per kiloliter: Restrictions Level 1** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 6.44** | New | R 6.95 | 8.00% | R 7.51 | 8.00% | R 5.60 |
| | | | Bo 6 kl | 15.0% | **R 12.37** | New | R 13.36 | 8.00% | R 14.43 | 8.00% | R 10.76 |
| | | | **Consumption per kiloliter: Restrictions Level 2** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 7.51** | New | R 8.11 | 8.00% | R 8.76 | 8.00% | R 6.53 |
| | | | Bo 6 kl | 15.0% | **R 14.43** | New | R 15.59 | 8.00% | R 16.84 | 8.00% | R 12.55 |
| | | | **Consumption per kiloliter: Restrictions Level 3** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 8.58** | New | R 9.27 | 8.00% | R 10.01 | 8.00% | R 7.46 |
| | | | Bo 6 kl | 15.0% | **R 16.49** | New | R 17.81 | 8.00% | R 19.24 | 8.00% | R 14.34 |
| | | | **Consumption per kiloliter: Restrictions Level 4** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 9.65** | New | R 10.42 | 8.00% | R 11.25 | 8.00% | R 8.39 |
| | | | Bo 6 kl | 15.0% | **R 18.55** | New | R 20.04 | 8.00% | R 21.64 | 8.00% | R 16.13 |
| | | | **Consumption per kiloliter: Restrictions Level 5** | | | | | | | | |
| | | | 0-6 kl | 15.0% | **R 10.74** | New | R 11.60 | 8.00% | R 12.52 | 8.00% | R 9.34 |
| | | | Bo 6 kl | 15.0% | **R 20.63** | New | R 22.28 | 8.00% | R 24.06 | 8.00% | R 17.94 |
| | | | **Pensioners may qualify for 6 Kl of water free of charge per month in terms of councils policy.** | | | | | | | | |
| R 808.54 | R 709.25 | **5.3.** | **"Leiwater beurte" (In Urban areas per month)** | 15.0% | **R 865.14** | 7.00% | R 925.70 | 7.00% | R 990.50 | 7.00% | R 669.10 |
| R 83.69 | R 83.69 | **5.4.** | **Informal settlements without an account (Flat rate)** | 15.0% | **R 89.55** | 7.00% | R 95.82 | 7.00% | R 102.52 | 7.00% | R 78.95 |
| | | **5.5.** | **Mobile Water provision** | | | | | | | | |
| Free | | **5.5.1** | Humanitarian purposes | | **Free** | | **Free** | | **Free** | | |
| R 250.0000 | | **5.5.2** | All non Residential per trip | 15.0% | **R 250.00** | new | R 267.50 | 7.00% | R 290.00 | 8.41% | R 219.30 |
| | | **5.6** | Unnecessary call outs for work on customer side | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 290.00 | -45.79% | R 438.60 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.** | **Other tariffs and charges** | | | | | | | | |
| | | **6.1.** | **CORPORATE SERVICES** | | | | | | | | |
| R 527.00 | | 6.1.1 | Erection of banners ( per application) | 15.0% | **R 563.00** | 6.83% | R 602.00 | 6.93% | R 644.00 | 6.98% | R 489.57 |
| R 405.00 | | 6.1.2 | Erection of placards (deposit) | 15.0% | **R 433.00** | 6.91% | R 463.00 | 6.93% | R 495.00 | 6.91% | R 376.52 |
| R 822.00 | | 6.1.3 | Cancellation of purchase agreement (Admin fee) | 15.0% | **R 879.00** | 6.93% | R 940.00 | 6.94% | R 1 005.00 | 6.91% | R 764.35 |
| | | 6.1.4 | Agenda and minutes of Council meetings | | | | | | | | |
| R 136.00 | | | 001-400 g | 15.0% | **R 145.00** | 6.62% | R 155.00 | 6.90% | R 165.00 | 6.45% | R 126.09 |
| R 151.00 | | | 401-500 g | 15.0% | **R 161.00** | 6.62% | R 172.00 | 6.83% | R 184.00 | 6.98% | R 140.00 |
| R 177.00 | | | 501-600 g | 15.0% | **R 189.00** | 6.78% | R 202.00 | 6.88% | R 216.00 | 6.93% | R 164.35 |
| R 191.00 | | | 601-700 g | 15.0% | **R 204.00** | 6.81% | R 218.00 | 6.86% | R 233.00 | 6.88% | R 177.39 |
| R 236.00 | | | 701+ g | 15.0% | **R 252.00** | 6.78% | R 269.00 | 6.75% | R 287.00 | 6.69% | R 219.13 |
| R 366.00 | | 6.1.6 | Translation service (Per hour or part of it) | 15.0% | **R 391.00** | 6.83% | R 418.00 | 6.91% | R 447.00 | 6.94% | R 340.00 |
| | | 6.1.7 | Access to information | | | | | | | | |
| R 99.00 | | 6.1.7.1 | Fee payable when information is requested | 15.0% | **R 105.00** | 6.06% | R 112.00 | 6.67% | R 119.00 | 6.25% | R 91.30 |
| | | 6.1.7.2 | *Reproduction fees:* | | | | | | | | |
| R 1.50 | | | Photocopies (A4 or part of it) per page | 15.0% | **R 1.50** | 0.00% | R 1.60 | 6.67% | R 1.70 | 6.25% | R 1.30 |
| R 1.00 | | | Print outs per copy | 15.0% | **R 1.00** | 0.00% | R 1.10 | 10.00% | R 1.20 | 9.09% | R 0.87 |
| R 17.00 | | | Information on a memory stick | 15.0% | **R 19.00** | 11.76% | R 21.00 | 10.53% | R 23.00 | 9.52% | R 16.52 |
| R 111.00 | | | Information on a CD | 15.0% | **R 118.00** | 6.31% | R 126.00 | 6.78% | R 134.00 | 6.35% | R 102.61 |
| R 62.00 | | | Transcription of visual image (A4 page) per page | 15.0% | **R 66.00** | 6.45% | R 70.00 | 6.06% | R 74.00 | 5.71% | R 57.39 |
| R 163.00 | | | Copy of a visual image (A4 page) per page | 15.0% | **R 174.00** | 6.75% | R 186.00 | 6.90% | R 199.00 | 6.99% | R 151.30 |
| R 35.00 | | | Transcription of an audio record (A4 page) per page | 15.0% | **R 37.00** | 5.71% | R 39.00 | 5.41% | R 41.00 | 5.13% | R 32.17 |
| R 46.00 | | | Copy of audio record | 15.0% | **R 49.00** | 6.52% | R 52.00 | 6.12% | R 55.00 | 5.77% | R 42.61 |
| | | 6.1.7.3 | Investigation fee | | | | | | | | |
| R 42.00 | | | To search for record and to prepare it for release -- per hour, first hour excluded | 15.0% | **R 44.00** | 4.76% | R 47.00 | 6.82% | R 50.00 | 6.38% | R 38.26 |
| | | 6.1.7.4 | Postage | | | | | | | | |
| ıs 20% plus VAT | | | If record should be posted to applicant | 15.0% | **ıs 20% plus VAT** | | | | | | |
| R 3 434.00 | | 6.1.8 | Application for extention of trading hours to sell Liquor | 15.0% | **R 3 674.00** | 6.99% | R 3 931.00 | 7.00% | R 4 206.00 | 7.00% | R 3 194.78 |
| | | **6.2.** | **COMMUNITY SERVICES** | | | | | | | | |
| | | **6.2.1** | **Libraries** | | | | | | | | |
| | | 6.2.1.1 | Hall rental (per session or part thereof) | | | | | | | | |
| | | | **NOTE:** a session is from | | | | | | | | |
| R 124.00 | | | 08:00 - 13:00 | 15.0% | **R 132.00** | 6.45% | R 141.00 | 6.82% | R 150.00 | 6.38% | R 114.78 |
| R 136.00 | | | 13:00 - 18:00 | 15.0% | **R 145.00** | 6.62% | R 155.00 | 6.90% | R 165.00 | 6.45% | R 126.09 |
| R 151.00 | | | 18:00 - 00:00 | 15.0% | **R 161.00** | 6.62% | R 172.00 | 6.83% | R 184.00 | 6.98% | R 140.00 |
| | | | **NB:** The amenities are available without charge to youth-, service-,charity-community-,sport-, educational-, and governmental institutions, as well as for meetings of local | | | | | | | | |
| R 331.00 | | 6.2.1.2 | Kitchen rental (per session or part thereof) | 15.0% | **R 354.00** | 6.95% | R 378.00 | 6.78% | R 404.00 | 6.88% | R 307.83 |
| R 146.00 | | | Deposit for kitchen rental | Exempt | **R 156.00** | 6.85% | R 166.00 | 6.41% | R 177.00 | 6.63% | |
| | | **6.2.2** | **Traffic Services** | | | | | | | | |
| | | **6.2.2.1** | **Assistance: Escorting and Traffic assistance or Any Other Special Event** | | | | | | | | |
| | | | (Section 111 (3) (C) of the Road Traffic Act 1989, Act 29 of 1989, in conjunction with Section 22 of the Standard Regulation Re: Roads, Provincial Notice 562 of October 1987. | | | | | | | | |
| | | 6.2.2.1.1 | Profit Organisations: (per gathering/march) | | | | | | | | |
| R 531.00 | | | (a) First hour per officer (normal working hours) | 15.0% | **R 568.00** | 6.97% | R 607.00 | 6.87% | R 649.00 | 6.92% | R 493.91 |
| R 191.00 | | | (b) Subsequent hourly tariff within normal working hours | 15.0% | **R 204.00** | 6.81% | R 218.00 | 6.86% | R 233.00 | 6.88% | R 177.39 |
| R 669.00 | | | (c) First hour per officer ( after hours & weekends) | 15.0% | **R 715.00** | 6.88% | R 765.00 | 6.99% | R 818.00 | 6.93% | R 621.74 |
| R 264.00 | | | (d) Subsequent hourly tariff after hours & weekends | 15.0% | **R 282.00** | 6.82% | R 301.00 | 6.74% | R 322.00 | 6.98% | R 245.22 |
| R 1 373.00 | | | (e) Per officer ( Sundays per 4 hour bracket) | 15.0% | **R 1 469.00** | 6.99% | R 1 571.00 | 6.94% | R 1 680.00 | 6.94% | R 1 277.39 |
| R 163.00 | | | (f) Per vehicle (less than 15 km) | 15.0% | **R 174.00** | 6.75% | R 186.00 | 6.90% | R 199.00 | 6.99% | R 151.30 |
| R 7.60 | | | (g) Per kilometre tariff thereafter | 15.0% | **R 8.20** | 7.89% | R 9.00 | 9.76% | R 9.50 | 5.56% | R 7.13 |
| R 163.00 | | | (h) Hiring of road signs and equipment | 15.0% | **R 174.00** | 6.75% | R 186.00 | 6.90% | R 199.00 | 6.99% | R 151.30 |
| R 679.00 | | | (i) Mega phone per day | 15.0% | **R 726.00** | 6.92% | R 776.00 | 6.89% | R 830.00 | 6.96% | R 631.30 |
| | | 6.2.2.1.2 | Non-Profit Organisations: | | | | | | | | |
| | | | (per gathering/march) | | | | | | | | |
| R 191.00 | | | (a) First hour per officer (normal working hours) | 15.0% | **R 204.00** | 6.81% | R 218.00 | 6.86% | R 233.00 | 6.88% | R 177.39 |
| R 99.00 | | | (b) Subsequent hourly tariff within normal working hours | 15.0% | **R 105.00** | 6.06% | R 112.00 | 6.67% | R 119.00 | 6.25% | R 91.30 |
| R 251.00 | | | (c) First hour per officer ( after hours & weekends) | 15.0% | **R 268.00** | 6.77% | R 286.00 | 6.72% | R 306.00 | 6.99% | R 233.04 |
| R 151.00 | | | (d) Subsequent hourly tariff after hours & weekends | 15.0% | **R 161.00** | 6.62% | R 172.00 | 6.83% | R 184.00 | 6.98% | R 140.00 |
| R 686.00 | | | (e) Per officer ( Sundays per 4 hour bracket) | 15.0% | **R 734.00** | 7.00% | R 785.00 | 6.95% | R 839.00 | 6.88% | R 638.26 |
| R 99.00 | | | (f) Per vehicle (less than 15 km) | 15.0% | **R 105.00** | 6.06% | R 112.00 | 6.67% | R 119.00 | 6.25% | R 91.30 |
| R 7.60 | | | (g) Per kilometre tariff thereafter | 15.0% | **R 8.20** | 7.89% | R 9.00 | 9.76% | R 9.50 | 5.56% | R 7.13 |
| R 73.00 | | | (h) Hiring of road signs and equipment | 15.0% | **R 78.00** | 6.85% | R 83.00 | 6.41% | R 88.00 | 6.02% | R 67.83 |
| R 338.00 | | | (i) Mega phone per day | 15.0% | **R 361.00** | 6.80% | R 386.00 | 6.93% | R 413.00 | 6.99% | R 313.91 |
| | | **6.2.2.2** | **Dog Tax Tariffs** | | | | | | | | |
| R 203.00 | | 6.2.2.2.1 | Male dog: per year or part thereof | 15.0% | **R 217.00** | 6.90% | R 232.00 | 6.91% | R 248.00 | 6.90% | R 188.70 |
| R 408.00 | | 6.2.2.2.2 | Bitch: per year or part thereof | 15.0% | **R 436.00** | 6.86% | R 466.00 | 6.88% | R 498.00 | 6.87% | R 379.13 |
| R 101.00 | | 6.2.2.2.3 | Sterilised/castrated ( proof) | 15.0% | **R 108.00** | 6.93% | R 115.00 | 6.48% | R 123.00 | 6.96% | R 93.91 |
| R 162.00 | | **6..2.2.3** | **Executing of warrants of arrest** | 15.0% | **R 173.00** | 6.79% | R 185.00 | 6.94% | R 197.00 | 6.49% | R 150.43 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.2.3** | **Fire Brigade Service** | | | | | | | | |
| | | | (In terms of Provincial Notice 396 of 11 June 1982) | | | | | | | | |
| R 2 404.00 | | 6.2.3.1 | Call-outs (per call) (excluding resedential) | 15.0% | **R 2 572.00** | 6.99% | R 2 752.00 | 7.00% | R 2 944.00 | 6.98% | R 2 236.52 |
| | | | This includes all fire fighting vehicles, all manpower water supply and pump operation during the actual delivery of specialized in fire fighting, (excluding travel time) where more than 1 hour worked. (excluding travel time) (Per hour or part thereof) | | | | | | | | |
| Cost | | 6.2.3.2 | Addisional sources and consumables: | | **Cost** | New | Cost | | Cost | | |
| R 1 602.00 | | 6.2.3.3 | Spesial Standby Services at Events | 15.0% | **R 1 714.00** | 6.99% | R 1 833.00 | 6.94% | R 1 961.00 | 6.98% | R 1 490.43 |
| R 2 474.00 | | **6.2.4** | **Filling of swimming pools** (per pool) | 15.0% | **R 2 647.00** | 6.99% | R 2 832.00 | 6.99% | R 3 030.00 | 6.99% | R 2 301.74 |
| | | **6.2.5** | **Permits (**per permit) | | | | | | | | |
| R 228.00 | | | (a) Gas | 15.0% | **R 243.00** | 6.58% | R 260.00 | 7.00% | R 278.00 | 6.92% | R 211.30 |
| R 228.00 | | | (b) Liquid Fuel | 15.0% | **R 243.00** | 6.58% | R 260.00 | 7.00% | R 278.00 | 6.92% | R 211.30 |
| R 250.00 | | | © Inspection of Vehicles for Hazardous contents transport (HAZCHEM): | 15.0% | **R 267.00** | 6.80% | R 285.00 | 6.74% | R 304.00 | 6.67% | R 232.17 |
| R 500.00 | | | (d) Spray-paint rooms | 15.0% | **R 535.00** | 7.00% | R 572.00 | 6.92% | R 612.00 | 6.99% | R 465.22 |
| | | **6.2.6** | **Refuse tariffs moved to Civil Services** | | | | | | | | |
| | | **6.2.7** | **Licensing and Regulating: Hiring and Sundry** | | | | | | | | |
| R 680.00 | | 6.2.7.1 | Vendor stalls (uncovered) | 15.0% | **R 727.00** | 6.91% | R 777.00 | 6.88% | R 831.00 | 6.95% | R 632.17 |
| R 1 100.00 | | 6.2.7.2 | Vendor stalls -- under cover (per annum) | 15.0% | **R 1 177.00** | 7.00% | R 1 259.00 | 6.97% | R 1 347.00 | 6.99% | R 1 023.48 |
| | | 6.2.7.3 | Clean-up of premises (cost recoverable from owner) | | | | | | | | |
| | | **6.2.8** | **Holiday Resorts** | | | | | | | | |
| | | | Deposit for hiring C & D types Chalets at Pine Forest | Exempt | | | | | | | |
| R 515.00 | | | (*Dennebos* ) | | **R 551.00** | 6.99% | R 589.00 | 6.90% | R 630.00 | 6.96% | |
| R 400.00 | | | Deposit for hiring of other | Exempt | **R 428.00** | 7.00% | R 457.00 | 6.78% | R 488.00 | 6.78% | |
| | | **6.2.8.1** | **Pine Forest (*Dennebos*)** | | | | | | | | |
| | | **6.2.8.1.1** | Administrative levy for cancellation of booking | | | | | | | | |
| 25.00% | | | (% of rental amount, no maximum) | 15.0% | **25.00%** | 0.00% | 25.00% | 0.00% | 25.00% | 0.00% | R 0.22 |
| | | **6.2.8.1.2** | **Camping ( per stand per night )** | | | | | | | | |
| R 327.00 | | | High season | 15.0% | **R 349.00** | 6.73% | R 373.00 | 6.88% | R 399.00 | 6.97% | R 303.48 |
| R 212.00 | | | In season | 15.0% | **R 226.00** | 6.60% | R 241.00 | 6.64% | R 257.00 | 6.64% | R 196.52 |
| R 129.00 | | | Out of season | 15.0% | **R 138.00** | 6.98% | R 147.00 | 6.52% | R 157.00 | 6.80% | R 120.00 |
| R 400.00 | | | Deposit | Exempt | **R 428.00** | 7.00% | R 457.00 | 6.78% | R 488.00 | 6.78% | |
| | | **6.2.8.1.3** | **Annual Booking Fee** | | | | | | | | |
| R 15 302.00 | | | A-type - caravan premises | 15.0% | **R 16 449.00** | 7.50% | R 18 093.00 | 9.99% | R 19 902.00 | 10.00% | R 14 303.48 |
| R 12 031.00 | | | B-type - caravan premises | 15.0% | **R 12 933.00** | 7.50% | R 14 226.00 | 10.00% | R 15 648.00 | 10.00% | R 11 246.09 |
| R 11 193.00 | | | C-type - caravan premises | 15.0% | **R 12 032.00** | 7.50% | R 13 235.00 | 10.00% | R 14 558.00 | 10.00% | R 10 462.61 |
| R 15 302.00 | | | Log Cabins | 15.0% | **R 16 449.00** | 7.50% | R 18 093.00 | 9.99% | R 19 902.00 | 10.00% | R 14 303.48 |
| R 11 749.00 | | | A-type - Lost City | 15.0% | **R 12 630.00** | 7.50% | R 13 893.00 | 10.00% | R 15 282.00 | 10.00% | R 10 982.61 |
| R 9 854.00 | | | B-type - Lost City | 15.0% | **R 10 593.00** | 7.50% | R 11 652.00 | 10.00% | R 12 817.00 | 10.00% | R 9 211.30 |
| | | | Deposit | Exempt | | | | | | | |
| | | **6.2.8.1.4** | **Chalets (per unit per night)** | | | | | | | | |
| | | 6.2.8.1.4.1 | **A - Type** | | | | | | | | |
| R 400.00 | R 350.88 | | High season (24 December to 9 January & Easter weekend) | 15.0% | **R 428.00** | 7.00% | R 457.00 | 6.78% | R 488.00 | 6.78% | R 372.17 |
| R 357.00 | R 313.16 | | In season | 15.0% | **R 382.00** | 7.00% | R 408.00 | 6.81% | R 436.00 | 6.86% | R 332.17 |
| R 292.00 | R 256.14 | | Out of season | 15.0% | **R 312.00** | 6.85% | R 333.00 | 6.73% | R 356.00 | 6.91% | R 271.30 |
| | | 6.2.8.1.4.2 | **B - Type** | | | | | | | | |
| R 652.00 | R 571.93 | | High season (24 December to 9 January & Easter weekend) | 15.0% | **R 697.00** | 6.90% | R 745.00 | 6.89% | R 797.00 | 6.98% | R 606.09 |
| R 530.00 | R 464.91 | | In season | 15.0% | **R 567.00** | 6.98% | R 606.00 | 6.88% | R 648.00 | 6.93% | R 493.04 |
| R 411.00 | R 360.53 | | Out of season | 15.0% | **R 439.00** | 6.81% | R 469.00 | 6.83% | R 501.00 | 6.82% | R 381.74 |
| | | 6.2.8.1.4.3 | **C - Type** | | | | | | | | |
| R 934.00 | R 819.30 | | High season (24 December to 9 January & Easter weekend) | 15.0% | **R 999.00** | 6.96% | R 1 068.00 | 6.91% | R 1 142.00 | 6.93% | R 868.70 |
| R 892.00 | R 782.46 | | In season | 15.0% | **R 954.00** | 6.95% | R 1 020.00 | 6.92% | R 1 091.00 | 6.96% | R 829.57 |
| R 492.00 | R 431.58 | | Out of season | 15.0% | **R 526.00** | 6.91% | R 562.00 | 6.84% | R 601.00 | 6.94% | R 457.39 |
| | | 6.2.8.1.4.4 | **D - Type** | | | | | | | | |
| R 845.00 | R 741.23 | | High season (24 December to 9 January & Easter weekend) | 15.0% | **R 904.00** | 6.98% | R 967.00 | 6.97% | R 1 034.00 | 6.93% | R 786.09 |
| R 709.00 | R 621.93 | | In season | 15.0% | **R 758.00** | 6.91% | R 811.00 | 6.99% | R 867.00 | 6.91% | R 659.13 |
| R 449.00 | R 393.86 | | Out of season | 15.0% | **R 480.00** | 6.90% | R 513.00 | 6.88% | R 548.00 | 6.82% | R 417.39 |
| | | 6.2.8.1.4.5 | **E - Type** | | | | | | | | |
| R 614.00 | R 538.60 | | High season (24 December to 9 January & Easter weekend) | 15.0% | **R 657.00** | 7.00% | R 702.00 | 6.85% | R 751.00 | 6.98% | R 571.30 |
| R 569.00 | R 499.12 | | In season | 15.0% | **R 608.00** | 6.85% | R 650.00 | 6.91% | R 695.00 | 6.92% | R 528.70 |
| R 366.00 | R 321.05 | | Out of season | 15.0% | **R 391.00** | 6.83% | R 418.00 | 6.91% | R 447.00 | 6.94% | R 340.00 |
| | | 6.2.8.1.4.6 | **F - Type** | | | | | | | | |
| R 400.00 | R 350.88 | | High season (24 December to 9 January & Easter weekend) | 15.0% | **R 428.00** | 7.00% | R 457.00 | 6.78% | R 488.00 | 6.78% | R 372.17 |
| R 357.00 | R 313.16 | | In season | 15.0% | **R 382.00** | 7.00% | R 408.00 | 6.81% | R 436.00 | 6.86% | R 332.17 |
| R 292.00 | R 256.14 | | Out of season | 15.0% | **R 312.00** | 6.85% | R 333.00 | 6.73% | R 356.00 | 6.91% | R 271.30 |
| | | 6.2.8.1.4.7 | **G - Type** | | | | | | | | |
| R 939.00 | R 823.68 | | High season (24 December to 9 January & Easter weekend) | 15.0% | **R 1 004.00** | 6.92% | R 1 074.00 | 6.97% | R 1 149.00 | 6.98% | R 873.04 |
| R 748.00 | R 656.14 | | In season | 15.0% | **R 800.00** | 6.95% | R 856.00 | 7.00% | R 915.00 | 6.89% | R 695.65 |
| R 465.00 | R 407.89 | | Out of season | 15.0% | **R 497.00** | 6.88% | R 531.00 | 6.84% | R 568.00 | 6.97% | R 432.17 |
| | | 6.2.8.1.4.8 | Long-term monthly rentals are based on the weekend tariff multiplied by four (4) plus 20 percent. | | | | | | | | |
| | | **6.2.8.1.5** | **Day Visitors - Entrance** | | | | | | | | |
| R 65.00 | R 57.02 | | Per person per day | 15.0% | **R 70.00** | 7.69% | R 74.00 | 5.71% | R 79.00 | 6.76% | R 60.87 |
| R 62.00 | R 54.39 | | Per vehicle per day | 15.0% | **R 66.00** | 6.45% | R 70.00 | 6.06% | R 74.00 | 5.71% | R 57.39 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.2.8.1.6** | **Sundry Tariffs** | | | | | | | | |
| R 797.00 | | | Conference Hall (deposit) | Exempt | **R 800.00** | 0.38% | R 856.00 | 7.00% | R 915.00 | 6.89% | |
| | | | Conference Hall hire: per session | | | | | | | | |
| R 471.00 | R 413.16 | | 08:00 – 13.00 | 15.0% | **R 504.00** | 7.01% | R 539.00 | 6.94% | R 576.00 | 6.86% | R 438.26 |
| R 471.00 | R 413.16 | | 13:00 – 18:00 | 15.0% | **R 504.00** | 7.01% | R 539.00 | 6.94% | R 576.00 | 6.86% | R 438.26 |
| R 631.00 | R 553.51 | | 18:00 – 24:00 | 15.0% | **R 675.00** | 6.97% | R 722.00 | 6.96% | R 772.00 | 6.93% | R 586.96 |
| R 1 206.00 | R 1 057.89 | | Conference Hall hire: per day | 15.0% | **R 1 290.00** | 6.97% | R 1 380.00 | 6.98% | R 1 476.00 | 6.96% | R 1 121.74 |
| | | | Renting of Recreational Halls to sports clubs (local): | | | | | | | | |
| R 350.00 | | | Deposit | Exempt | **R 350.00** | 0.00% | R 374.00 | 6.86% | R 400.00 | 6.95% | |
| R 1 500.00 | R 1 315.79 | | Annual tariff | 15.0% | **R 1 604.00** | 6.93% | R 1 716.00 | 6.98% | R 1 836.00 | 6.99% | R 1 394.78 |
| R 71.00 | R 62.28 | | Bedding hiring: per set per week (chalets) | 15.0% | **R 76.00** | 7.04% | R 81.00 | 6.58% | R 86.00 | 6.17% | R 66.09 |
| | | | Entrance (Local Residents) | | | | | | | | |
| R 155.00 | R 135.96 | | Clip cards - Local residence in Witzenberg area entrance (5 Visits) | 15.0% | **R 166.00** | 7.10% | R 177.00 | 6.63% | R 189.00 | 6.78% | R 144.35 |
| | | | Local residence in Witzenberg annual tickets (per ticket) | | | | | | | | |
| R 357.00 | R 313.16 | | Adults | 15.0% | **R 382.00** | 7.00% | R 408.00 | 6.81% | R 436.00 | 6.86% | R 332.17 |
| R 263.00 | R 230.70 | | Children | 15.0% | **R 281.00** | 6.84% | R 300.00 | 6.76% | R 321.00 | 7.00% | R 244.35 |
| R 246.00 | R 215.79 | | Vehicles | 15.0% | **R 263.00** | 6.91% | R 281.00 | 6.84% | R 300.00 | 6.76% | R 228.70 |
| R 56.00 | R 49.12 | | Clip cards - Recreational facilities 5 clips per ticket | 15.0% | **R 60.00** | 7.14% | R 64.00 | 6.67% | R 68.00 | 6.25% | R 52.17 |
| | | | Laundromat facilities | | | | | | | | |
| R 45.00 | R 39.47 | | Per 8kg, excluding washing powder | 15.0% | **R 48.00** | 6.67% | R 51.00 | 6.25% | R 54.00 | 5.88% | R 41.74 |
| | | **6.2.8.2** | **Klipriver Park (Closed)** | | | | | | | | |
| | | **6.2.8.2.1** | **Chalets (per unit per night)** | | | | | | | | |
| | | | **A - Type** | | | | | | | | |
| R 346.00 | | | High season (15 December to 16 January & Easter weekend) | 15.0% | **R 371.00** | 7.23% | R 396.00 | 6.74% | R 423.00 | 6.82% | R 322.61 |
| R 291.00 | | | In season | 15.0% | **R 312.00** | 7.22% | R 333.00 | 6.73% | R 356.00 | 6.91% | R 271.30 |
| R 204.00 | | | Out of season | 15.0% | **R 219.00** | 7.35% | R 234.00 | 6.85% | R 250.00 | 6.84% | R 190.43 |
| | | | **B - Type** | | | | | | | | |
| R 383.00 | | | High season (15 December to 16 January & Easter weekend) | 15.0% | **R 411.00** | 7.31% | R 439.00 | 6.81% | R 469.00 | 6.83% | R 357.39 |
| R 306.00 | | | In season | 15.0% | **R 328.00** | 7.19% | R 350.00 | 6.71% | R 374.00 | 6.86% | R 285.22 |
| R 209.00 | | | Out of season | 15.0% | **R 224.00** | 7.18% | R 239.00 | 6.70% | R 255.00 | 6.69% | R 194.78 |
| | | **6.2.8.2.2** | **Camping (per stand per night )** | | | | | | | | |
| R 171.00 | | | High season | 15.0% | **R 183.00** | 7.02% | R 195.00 | 6.56% | R 208.00 | 6.67% | R 159.13 |
| R 120.00 | | | In season | 15.0% | **R 129.00** | 7.50% | R 138.00 | 6.98% | R 147.00 | 6.52% | R 112.17 |
| R 70.00 | | | Out of season | 15.0% | **R 75.00** | 7.14% | R 80.00 | 6.67% | R 85.00 | 6.25% | R 65.22 |
| | | **6.2.8.2.3** | **Day Visitors** | | | | | | | | |
| R 61.00 | | | Per person per day | 15.0% | **R 65.00** | 6.56% | R 69.00 | 6.15% | R 73.00 | 5.80% | R 56.52 |
| R 61.00 | | | Per vehicle per day | 15.0% | **R 65.00** | 6.56% | R 69.00 | 6.15% | R 73.00 | 5.80% | R 56.52 |
| | | **6.2.8.3** | **Discounts - Both Resorts** | | | | | | | | |
| | | | The following discounts will be allowed on booking by: | | | | | | | | |
| | | | Pensioners - less 50% during off-season and midweek periods out of peak season | | | | | | | | |
| | | | Registered Caravan Clubs and Club members - less 10% in periods out of peak season | | | | | | | | |
| | | | Midweek in- and off season - less 25% | | | | | | | | |
| | | | Students accompanied by parents - less 12% on day visitor fee | | | | | | | | |
| | | **6.2.9** | **Swimming Pools** | | | | | | | | |
| | | | All swimming pools in Witzenberg | | | | | | | | |
| R 10.00 | | | Entrance: Adults | 15.0% | **R 11.00** | 10.00% | R 11.77 | 7.00% | R 12.59 | 7.00% | R 9.57 |
| R 2.00 | | | Children (school-going) | 15.0% | **R 2.50** | 25.0% | R 2.68 | 7.00% | R 2.86 | 7.00% | R 2.17 |
| R 135.00 | | | Season tickets | 15.0% | **R 150.00** | 11.11% | R 160.00 | 6.67% | R 171.00 | 6.88% | R 130.43 |
| R 500.00 | | | Annual fee per School (Only for School activities) | 15.0% | **R 600.00** | 20.0% | R 642.00 | 7.00% | R 686.00 | 6.85% | R 521.74 |
| R 1 000.00 | | | Annual fee per Service providers for Swimming training/lessons (Allow all trainees entry free) | 15.0% | **R 1 100.00** | 10.00% | R 1 177.00 | 7.00% | R 1 259.00 | 6.97% | R 956.52 |
| | | **6.2.1** | **Sports grounds** | | | | | | | | |
| | | **6.2.10.1** | **All sports grounds in Witzenberg** | | | | | | | | |
| R 66.00 | | | School practices (per practice) | 15.0% | **R 70.00** | 6.06% | R 74.00 | 5.71% | R 79.00 | 6.76% | R 60.87 |
| R 58.00 | | | If the school book the practices at the beginning of year and pay in full for all practices. (per practice) No refunds | 15.0% | **R 62.00** | 6.90% | R 66.00 | 6.45% | R 70.00 | 6.06% | R 53.91 |
| R 139.00 | | | School matches (per match) | 15.0% | **R 148.00** | 6.47% | R 158.00 | 6.76% | R 169.00 | 6.96% | R 128.70 |
| R 139.00 | | | Sports clubs (per practice) | 15.0% | **R 148.00** | 6.47% | R 158.00 | 6.76% | R 169.00 | 6.96% | R 128.70 |
| R 103.00 | | | If the sport club book the practices at the beginning of year and pay in full for all practices. (per practice) No refunds | 15.0% | **R 110.00** | 6.80% | R 117.00 | 6.36% | R 125.00 | 6.84% | R 95.65 |
| R 299.00 | | | Sports clubs (per match) | 15.0% | **R 319.00** | 6.69% | R 341.00 | 6.90% | R 364.00 | 6.74% | R 277.39 |
| R 327.00 | | | Other events | 15.0% | **R 349.00** | 6.73% | R 373.00 | 6.88% | R 399.00 | 6.97% | R 303.48 |
| R 884.00 | | | Festivals and Carnivals (per day) | 15.0% | **R 945.00** | 6.90% | R 1 011.00 | 6.98% | R 1 081.00 | 6.92% | R 821.74 |
| R 355.00 | | **6.2.10.2** | **Deposit per event** | Exempt | **R 379.00** | 6.76% | R 405.00 | 6.86% | R 433.00 | 6.91% | |
| | | **6.2.11** | **Community Halls and Town Halls** | | | | | | | | |
| | | **6.2.11.1** | **Non-local and Outside Organisations** | | | | | | | | |
| | | **6.2.11.1.1** | **Tulbagh Community Hall** | | | | | | | | |
| | | | Concerts, Theatre productions and Film Shows | | | | | | | | |
| R 1 117.00 | | | Non-local Associations | 15.0% | **R 1 184.00** | 6.00% | R 1 255.00 | 6.00% | R 1 330.00 | 5.98% | R 1 029.57 |
| | | | Conferences, Meetings, Gatherings, Church Services and Bazaars | | | | | | | | |
| R 160.00 | | | Non-local Associations (per session) | 15.0% | **R 169.00** | 5.63% | R 179.00 | 5.92% | R 189.00 | 5.59% | R 146.96 |
| | | | Dances, Dinners, Birthdays, Celebrations, Receptions and Disco's | | | | | | | | |
| R 1 365.00 | | | Non-local Associations | 15.0% | **R 1 446.00** | 5.93% | R 1 532.00 | 5.95% | R 1 623.00 | 5.94% | R 1 257.39 |
| | | | Shows, Exhibitions and Auctions | | | | | | | | |
| R 1 117.00 | | | Non-local Associations | 15.0% | **R 1 184.00** | 6.00% | R 1 255.00 | 6.00% | R 1 330.00 | 5.98% | R 1 029.57 |
| | | | Performances, Mannequin Parades, Cooking demo's and Debutant | | | | | | | | |
| R 1 117.00 | | | Non-local Associations | 15.0% | **R 1 184.00** | 6.00% | R 1 255.00 | 6.00% | R 1 330.00 | 5.98% | R 1 029.57 |
| R 781.00 | | | Deposit for all the above | 15.0% | **R 827.00** | 5.89% | R 876.00 | 5.93% | R 928.00 | 5.94% | R 719.13 |
| R 97.00 | | | Preparation of hall per hour | 15.0% | **R 102.00** | 5.15% | R 108.00 | 5.88% | R 114.00 | 5.56% | R 88.70 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.2.11.1.2** | **Tulbagh Town Hall** | | | | | | | | |
| | | | Concerts, Theatre productions and Film Shows | | | | | | | | |
| R 1 265.00 | | | Non-local Associations | 15.0% | **R 1 340.00** | 5.93% | R 1 420.00 | 5.97% | R 1 505.00 | 5.99% | R 1 165.22 |
| R 1 350.00 | | | Deposit for above | Exempt | **R 1 431.00** | 6.00% | R 1 516.00 | 5.94% | R 1 606.00 | 5.94% | R 1 431.00 |
| | | | **Local Organisations/Individuals** | | | | | | | | |
| | | **6.2.11.1.3** | **Town Hall - Ceres** | | | | | | | | |
| | | | **Hall, stage and main toilets** | | | | | | | | |
| R 321.00 | | | Morning | 15.0% | **R 340.00** | 5.92% | R 360.00 | 5.88% | R 381.00 | 5.83% | R 295.65 |
| R 321.00 | | | Afternoon | 15.0% | **R 340.00** | 5.92% | R 360.00 | 5.88% | R 381.00 | 5.83% | R 295.65 |
| R 397.00 | | | Evening | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 365.22 |
| | | | **Kitchen** | | | | | | | | |
| R 209.00 | | | Morning | 15.0% | **R 221.00** | 5.74% | R 234.00 | 5.88% | R 248.00 | 5.98% | R 192.17 |
| R 209.00 | | | Afternoon | 15.0% | **R 221.00** | 5.74% | R 234.00 | 5.88% | R 248.00 | 5.98% | R 192.17 |
| R 271.00 | | | Evening | 15.0% | **R 287.00** | 5.90% | R 304.00 | 5.92% | R 322.00 | 5.92% | R 249.57 |
| | | | **Banqueting Hall: (only when not used in conjunction with kitchen) per session** | | | | | | | | |
| R 198.00 | | | Morning | 15.0% | **R 209.00** | 5.56% | R 221.00 | 5.74% | R 234.00 | 5.88% | R 181.74 |
| R 198.00 | | | Afternoon | 15.0% | **R 209.00** | 5.56% | R 221.00 | 5.74% | R 234.00 | 5.88% | R 181.74 |
| R 224.00 | | | Evening | 15.0% | **R 237.00** | 5.80% | R 251.00 | 5.91% | R 266.00 | 5.98% | R 206.09 |
| | | | **Tariff 2: Public dances per session** | | | | | | | | |
| R 781.00 | | | Hall, stage and toilets | 15.0% | **R 827.00** | 5.89% | R 876.00 | 5.93% | R 928.00 | 5.94% | R 719.13 |
| | | | **Tariff 3: Guarantee deposit** | | | | | | | | |
| R 1 350.00 | | | Per function | Exempt | **R 1 431.00** | 6.00% | R 1 516.00 | 5.94% | R 1 606.00 | 5.94% | R 1 431.00 |
| | | | **Tariff 4: equipment per occasion** | | | | | | | | |
| R 31.00 | | | Hiring of table cloths (each, per day) | 15.0% | **R 32.00** | 3.23% | R 33.00 | 3.13% | R 34.00 | 3.03% | R 27.83 |
| R 20.00 | | | Hiring of tables (each, per day) | 15.0% | **R 21.00** | 5.00% | R 22.00 | 4.76% | R 23.00 | 4.55% | R 18.26 |
| R 18.00 | | | Hiring of cutlery (per dozen, per day) | 15.0% | **R 19.00** | 5.56% | R 20.00 | 5.26% | R 21.00 | 5.00% | R 16.52 |
| | | | **Tariff 5: reduced rates** | | | | | | | | |
| | | | 50% discount to organisations that qualify | | | | | | | | |
| | | | **Tariff 6: Levy in respect of exceeding the vacating time** | | | | | | | | |
| | | | In the event of the hirer failing to vacate the hired premises within the applicable period, or by 13:00 of the following work day provided official authorisation thereto has been | | | | | | | | |
| | | | **Tariff 7: Pianos per function** | | | | | | | | |
| R 187.00 | | | Piano organ | 15.0% | **R 198.00** | 5.88% | R 209.00 | 5.56% | R 221.00 | 5.74% | R 172.17 |
| R 209.00 | | | Grand piano | 15.0% | **R 221.00** | 5.74% | R 234.00 | 5.88% | R 248.00 | 5.98% | R 192.17 |
| | | | **Tariff 8: Rehearsals (per rehearsal)** | | | | | | | | |
| | | | In respect of hall and stage only | | | | | | | | |
| R 133.00 | | | Morning: 10:00 - 12:00 (per rehearsal) | 15.0% | **R 140.00** | 5.26% | R 148.00 | 5.71% | R 156.00 | 5.41% | R 121.74 |
| R 148.00 | | | Evening: 18:00 - 20:00 (per rehearsal) | 15.0% | **R 156.00** | 5.41% | R 165.00 | 5.77% | R 174.00 | 5.45% | R 135.65 |
| | | | **Tariff 9: Changes to Bookings -- per booking** | | | | | | | | |
| | | | If notice of a change to a booking is given less than 30 days prior --- excepting when the change is occasioned by a request from Council --- a levy will be charged | | | | | | | | |
| R 109.00 | | | Levy | 15.0% | **R 115.00** | 5.50% | R 121.00 | 5.22% | R 128.00 | 5.79% | R 100.00 |
| R 224.00 | | | **Sound system for Town Hall (per occasion)** | 15.0% | **R 237.00** | 5.80% | R 251.00 | 5.91% | R 266.00 | 5.98% | R 206.09 |
| | | **6.2.11.1.4** | **Bella Vista Community Hall** | | | | | | | | |
| | | | **Tariff 1: Basic charges per session** | | | | | | | | |
| | | | **Hall, stage and main toilets** | | | | | | | | |
| R 232.00 | | | Morning | 15.0% | **R 245.00** | 5.60% | R 259.00 | 5.71% | R 274.00 | 5.79% | R 213.04 |
| R 232.00 | | | Afternoon | 15.0% | **R 245.00** | 5.60% | R 259.00 | 5.71% | R 274.00 | 5.79% | R 213.04 |
| R 347.00 | | | Evening | 15.0% | **R 367.00** | 5.76% | R 389.00 | 5.99% | R 412.00 | 5.91% | R 319.13 |
| | | | **Kitchen** | | | | | | | | |
| R 209.00 | | | Morning | 15.0% | **R 221.00** | 5.74% | R 234.00 | 5.88% | R 248.00 | 5.98% | R 192.17 |
| R 209.00 | | | Afternoon | 15.0% | **R 221.00** | 5.74% | R 234.00 | 5.88% | R 248.00 | 5.98% | R 192.17 |
| R 232.00 | | | Evening | 15.0% | **R 245.00** | 5.60% | R 259.00 | 5.71% | R 274.00 | 5.79% | R 213.04 |
| | | | **Change rooms (excluding main toilets)** | | | | | | | | |
| R 61.00 | | | Morning | 15.0% | **R 64.00** | 4.92% | R 67.00 | 4.69% | R 71.00 | 5.97% | R 55.65 |
| R 61.00 | | | Afternoon | 15.0% | **R 64.00** | 4.92% | R 67.00 | 4.69% | R 71.00 | 5.97% | R 55.65 |
| R 121.00 | | | Evening | 15.0% | **R 128.00** | 5.79% | R 135.00 | 5.47% | R 143.00 | 5.93% | R 111.30 |
| | | | **Tariff 2: Public dances per session** | | | | | | | | |
| R 795.00 | | | Hall, stage and toilets | 15.0% | **R 842.00** | 5.91% | R 892.00 | 5.94% | R 945.00 | 5.94% | R 732.17 |
| | | | **Tariff 3: Guarantee deposit** | | | | | | | | |
| R 333.00 | | | Per function --- excluding kitchen | 15.0% | **R 352.00** | 5.71% | R 373.00 | 5.97% | R 395.00 | 5.90% | R 306.09 |
| R 1 350.00 | | | Per function --- including kitchen | 15.0% | **R 1 431.00** | 6.00% | R 1 516.00 | 5.94% | R 1 606.00 | 5.94% | R 1 244.35 |
| | | | **Tariff 4: equipment per occasion** | | | | | | | | |
| R 31.00 | | | Hiring of table cloths (each, per day) | 15.0% | **R 32.00** | 3.23% | R 33.00 | 3.13% | R 34.00 | 3.03% | R 27.83 |
| R 15.00 | | | Hiring of tables (each, per day) | 15.0% | **R 15.90** | 6.00% | R 16.90 | 6.29% | R 17.90 | 5.92% | R 13.83 |
| R 14.00 | | | Hiring of cutlery (per dozen, per day) | 15.0% | **R 14.80** | 5.71% | R 15.70 | 6.08% | R 16.60 | 5.73% | R 12.87 |
| | | | **Tariff 5: Reduced rates** | | | | | | | | |
| | | | 50% discount to organisations that qualify | | | | | | | | |
| | | | **Tariff 6: Levy in respect of exceeding the vacating time** | | | | | | | | |
| | | | In the event of the hirer failing to vacate the hired premises within the applicable period, or by 13:00 of the following work day provided official authorisation thereto has been | | | | | | | | |
| | | | **Tariff 7: Pianos** | | | | | | | | |
| | | | **Tariff 8: Rehearsals (per rehearsal)** | | | | | | | | |
| | | | In respect of hall and stage only | | | | | | | | |
| R 85.00 | | | Morning: 10:00 - 12:00 (per rehearsal) | 15.0% | **R 90.00** | 5.88% | R 95.00 | 5.56% | R 100.00 | 5.26% | R 78.26 |
| R 121.00 | | | Evening: 18:00 - 20:00 (per rehearsal) | 15.0% | **R 128.00** | 5.79% | R 135.00 | 5.47% | R 143.00 | 5.93% | R 111.30 |
| | | | **Tariff 9: Changes to Bookings -- per booking** | | | | | | | | |
| | | | If notice of a change to a booking is given less than 30 days prior --- excepting when the change is occasioned by a request from Council --- a levy will be charged | | | | | | | | |
| R 97.00 | | | Levy | 15.0% | **R 102.00** | 5.15% | R 108.00 | 5.88% | R 114.00 | 5.56% | R 88.70 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.2.11.1.5** | **Dreyer Hall (currently on lease contract)** | | | | | | | | |
| | | | **Tariff 1: Basic charges per session** | | | | | | | | |
| | | | **Hall, stage and main toilets** | | | | | | | | |
| R 198.00 | | | Morning | 15.0% | **R 211.00** | 6.57% | R 225.00 | 6.64% | R 240.00 | 6.67% | R 183.48 |
| R 198.00 | | | Afternoon | 15.0% | **R 211.00** | 6.57% | R 225.00 | 6.64% | R 240.00 | 6.67% | R 183.48 |
| R 270.00 | | | Evening | 15.0% | **R 288.00** | 6.67% | R 308.00 | 6.94% | R 329.00 | 6.82% | R 250.43 |
| | | | **Kitchen** | | | | | | | | |
| R 68.00 | | | Morning | 15.0% | **R 72.00** | 5.88% | R 77.00 | 6.94% | R 82.00 | 6.49% | R 62.61 |
| R 68.00 | | | Afternoon | 15.0% | **R 72.00** | 5.88% | R 77.00 | 6.94% | R 82.00 | 6.49% | R 62.61 |
| R 81.00 | | | Evening | 15.0% | **R 86.00** | 6.17% | R 92.00 | 6.98% | R 98.00 | 6.52% | R 74.78 |
| | | | **Change rooms (excluding main toilets)** | | | | | | | | |
| R 58.00 | | | Morning | 15.0% | **R 62.00** | 6.90% | R 66.00 | 6.45% | R 70.00 | 6.06% | R 53.91 |
| R 58.00 | | | Afternoon | 15.0% | **R 62.00** | 6.90% | R 66.00 | 6.45% | R 70.00 | 6.06% | R 53.91 |
| R 126.00 | | | Evening | 15.0% | **R 134.00** | 6.35% | R 143.00 | 6.72% | R 153.00 | 6.99% | R 116.52 |
| | | | **Tariff 2: Public dances per session** | | | | | | | | |
| R 750.00 | | | Hall, stage and toilets | 15.0% | **R 802.00** | 6.93% | R 858.00 | 6.98% | R 918.00 | 6.99% | R 697.39 |
| R 286.00 | | | **Tariff 3: Guarantee deposit per function** | Exempt | **R 306.00** | 6.99% | R 327.00 | 6.86% | R 349.00 | 6.73% | R 306.00 |
| | | | **Tariff 4: Equipment** | | | | | | | | |
| | | | **Tariff 5: Reduced rates** | | | | | | | | |
| | | | 50% discount to organisations that qualify | | | | | | | | |
| | | | **Tariff 6: Levy in respect of exceeding the vacating time** | | | | | | | | |
| | | | In the event of the hirer failing to vacate the hired premises within the applicable period, or by 13:00 of the following work day provided official authorisation thereto has been | | | | | | | | |
| | | | **Tariff 7: Pianos** | | | | | | | | |
| | | | **Tariff 8: Rehearsals (per rehearsal)** | | | | | | | | |
| | | | In respect of hall and stage only | | | | | | | | |
| R 58.00 | | | Morning: 10:00 - 12:00 (per rehearsal) | 15.0% | **R 62.00** | 6.90% | R 66.00 | 6.45% | R 70.00 | 6.06% | R 53.91 |
| R 92.00 | | | Evening: 18:00 - 20:00 (per rehearsal) | 15.0% | **R 98.00** | 6.52% | R 104.00 | 6.12% | R 111.00 | 6.73% | R 85.22 |
| | | | **Tariff 9: Changes to Bookings -- per booking** | | | | | | | | |
| | | | If notice of a change to a booking is given less than 30 days prior --- excepting when the change is occasioned by a request from Council --- a levy will be charged | | | | | | | | |
| R 92.00 | | | Levy | 15.0% | **R 98.00** | 6.52% | R 104.00 | 6.12% | R 111.00 | 6.73% | R 85.22 |
| | | **6.2.11.1.6** | **Bella Vista Youth Centre and Polo cross Hall N'duli** | | | | | | | | |
| | | | **Tariff 1: Basic charges per session** | | | | | | | | |
| | | | **Hall, stage and main toilets** | | | | | | | | |
| R 209.00 | | | Morning | 15.0% | **R 221.00** | 5.74% | R 234.00 | 5.88% | R 248.00 | 5.98% | R 192.17 |
| R 209.00 | | | Afternoon | 15.0% | **R 221.00** | 5.74% | R 234.00 | 5.88% | R 248.00 | 5.98% | R 192.17 |
| R 286.00 | | | Evening | 15.0% | **R 303.00** | 5.94% | R 321.00 | 5.94% | R 340.00 | 5.92% | R 263.48 |
| | | | **Tariff 2: Public dances per session** | | | | | | | | |
| R 795.00 | | | Hall, stage and toilets | 15.0% | **R 842.00** | 5.91% | R 892.00 | 5.94% | R 945.00 | 5.94% | R 732.17 |
| R 303.00 | | | **Tariff 3: Guarantee deposit per function** | Exempt | **R 321.00** | 5.94% | R 340.00 | 5.92% | R 360.00 | 5.88% | R 321.00 |
| | | | **Tariff 4: Reduced rates** | | | | | | | | |
| | | | 50% discount to organisations that qualify | | | | | | | | |
| | | | **Tariff 5: Levy in respect of exceeding the vacating time** | | | | | | | | |
| | | | In the event of the lessee failing to vacate the hired premises within the applicable period, or by 13:00 of the following work day provided official authorisation thereto has been | | | | | | | | |
| | | | **Tariff 6: Rehearsals (per rehearsal)** | | | | | | | | |
| | | | In respect of hall and stage only | | | | | | | | |
| R 61.00 | | | Morning: 10:00 - 12:00 (per rehearsal) | 15.0% | **R 64.00** | 4.92% | R 67.00 | 4.69% | R 71.00 | 5.97% | R 55.65 |
| R 97.00 | | | Evening: 18:00 - 20:00 (per rehearsal) | 15.0% | **R 102.00** | 5.15% | R 108.00 | 5.88% | R 114.00 | 5.56% | R 88.70 |
| | | | **Tariff 7: Changes to bookings --- per booking** | | | | | | | | |
| | | | If notice of a change to a booking is given less than 30 days prior --- excepting when the change is occasioned by a request from Council --- a levy will be charged | | | | | | | | |
| R 109.00 | | | Levy | 15.0% | **R 115.00** | 5.50% | R 121.00 | 5.22% | R 128.00 | 5.79% | R 100.00 |
| | | **6.2.11.1.7** | **N'duli New Hall** | | | | | | | | |
| | | | **Tariff 1: Basic charges per session** | | | | | | | | |
| | | | **Hall, stage and main toilets** | | | | | | | | |
| R 246.00 | | | Morning | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 226.09 |
| R 246.00 | | | Afternoon | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 226.09 |
| R 347.00 | | | Evening | 15.0% | **R 367.00** | 5.76% | R 389.00 | 5.99% | R 412.00 | 5.91% | R 319.13 |
| | | | **Kitchen** | | | | | | | | |
| R 109.00 | | | Morning | 15.0% | **R 115.00** | 5.50% | R 121.00 | 5.22% | R 128.00 | 5.79% | R 100.00 |
| R 109.00 | | | Afternoon | 15.0% | **R 115.00** | 5.50% | R 121.00 | 5.22% | R 128.00 | 5.79% | R 100.00 |
| R 160.00 | | | Evening | 15.0% | **R 169.00** | 5.63% | R 179.00 | 5.92% | R 189.00 | 5.59% | R 146.96 |
| | | | **Change rooms (excluding main toilets)** | | | | | | | | |
| R 47.00 | | | Morning | 15.0% | **R 49.00** | 4.26% | R 51.00 | 4.08% | R 54.00 | 5.88% | R 42.61 |
| R 47.00 | | | Afternoon | 15.0% | **R 49.00** | 4.26% | R 51.00 | 4.08% | R 54.00 | 5.88% | R 42.61 |
| R 72.00 | | | Evening | 15.0% | **R 76.00** | 5.56% | R 80.00 | 5.26% | R 84.00 | 5.00% | R 66.09 |
| | | | **Tariff 2: Public dances per session** | | | | | | | | |
| R 844.00 | | | Hall, stage and toilets | 15.0% | **R 894.00** | 5.92% | R 947.00 | 5.93% | R 1 003.00 | 5.91% | R 777.39 |
| R 436.00 | | | **Tariff 3: Guarantee deposit per function** | Exempt | **R 462.00** | 5.96% | R 489.00 | 5.84% | R 518.00 | 5.93% | R 462.00 |
| | | | **Tariff 4: Equipment** | | | | | | | | |
| | | | **Tariff 5: Reduced rates** | | | | | | | | |
| | | | 50% discount to organisations that qualify | | | | | | | | |
| | | | **Tariff 6: Levy in respect of exceeding the vacating time** | | | | | | | | |
| | | | In the event of the hirer failing to vacate the hired premises within the applicable period, or by 13:00 of the following work day provided official authorisation thereto has been | | | | | | | | |
| | | | **Tariff 7: Rehearsals (per rehearsal)** | | | | | | | | |
| | | | In respect of hall and stage only | | | | | | | | |
| R 97.00 | | | Morning: 10:00 - 12:00 (per rehearsal) | 15.0% | **R 102.00** | 5.15% | R 108.00 | 5.88% | R 114.00 | 5.56% | R 88.70 |
| R 121.00 | | | Evening: 18:00 - 20:00 (per rehearsal) | 15.0% | **R 128.00** | 5.79% | R 135.00 | 5.47% | R 143.00 | 5.93% | R 111.30 |
| | | | **Tariff 8: Changes to bookings --- per booking** | | | | | | | | |
| | | | If notice of a change to a booking is given less than 30 days prior --- excepting when the change is occasioned by a request from Council --- a levy will be charged | | | | | | | | |
| R 97.00 | | | Levy | 15.0% | **R 102.00** | 5.15% | R 108.00 | 5.88% | R 114.00 | 5.56% | R 88.70 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.2.11.1.8** | **Prince Alfred's Hamlet Town Hall** | | | | | | | | |
| R 47.00 | | | **Tariff 1: Information sessions** | 15.0% | **R 49.00** | 4.26% | R 51.00 | 4.08% | R 54.00 | 5.88% | R 42.61 |
| | | | **Tariff 2: Welfare Functions** | | | | | | | | |
| | | | **Tariff 3: Meetings per session (included coucil chamber for councillors)** | | | | | | | | |
| R 61.00 | | | Hire | 15.0% | **R 64.00** | 4.92% | R 67.00 | 4.69% | R 71.00 | 5.97% | R 55.65 |
| R 193.00 | | | Deposit | Exempt | **R 204.00** | 5.70% | R 216.00 | 5.88% | R 228.00 | 5.56% | R 204.00 |
| | | | **Tariff 4: All functions not covered under other tariffs (e.g Weddings, dinners, receptions and all dances/ bithdays)** | | | | | | | | |
| R 844.00 | | | Hire | 15.0% | **R 894.00** | 5.92% | R 947.00 | 5.93% | R 1 003.00 | 5.91% | R 777.39 |
| R 958.00 | | | Deposit | Exempt | **R 1 015.00** | 5.95% | R 1 075.00 | 5.91% | R 1 139.00 | 5.95% | R 1 015.00 |
| | | | **Tariff 5: Church services ( per service) and fundraisings** | | | | | | | | |
| R 434.00 | | | Hire | 15.0% | **R 460.00** | 5.99% | R 487.00 | 5.87% | R 516.00 | 5.95% | R 400.00 |
| R 610.00 | | | Deposit | Exempt | **R 646.00** | 5.90% | R 684.00 | 5.88% | R 725.00 | 5.99% | R 646.00 |
| | | | **Tariff 6: Sport practices ( per session)** | | | | | | | | |
| R 198.00 | | | Hire | 15.0% | **R 209.00** | 5.56% | R 221.00 | 5.74% | R 234.00 | 5.88% | R 181.74 |
| R 348.00 | | | Deposit | Exempt | **R 368.00** | 5.75% | R 390.00 | 5.98% | R 413.00 | 5.90% | R 368.00 |
| | | **6.2.11.1.9** | **Prince Alfred's Hamlet Community Hall** | | | | | | | | |
| R 47.00 | | | **Tariff 1: Information sessions** | 15.0% | **R 49.00** | 4.26% | R 51.00 | 4.08% | R 54.00 | 5.88% | R 42.61 |
| | | | **Tariff 2: Welfare Functions** | | | | | | | | |
| | | | **Tariff 3: Meetings ( per session)** | | | | | | | | |
| R 61.00 | | | Hire | 15.0% | **R 64.00** | 4.92% | R 67.00 | 4.69% | R 71.00 | 5.97% | R 55.65 |
| R 151.00 | | | Deposit | Exempt | **R 160.00** | 5.96% | R 169.00 | 5.63% | R 179.00 | 5.92% | R 160.00 |
| | | | **Tariff 4: All functions not covered under other tariffs (e.g Weddings, dinners, receptions and all dances/ bithdays)** | | | | | | | | |
| R 807.00 | | | Hire | 15.0% | **R 855.00** | 5.95% | R 906.00 | 5.96% | R 960.00 | 5.96% | R 743.48 |
| R 870.00 | | | Deposit | Exempt | **R 922.00** | 5.98% | R 977.00 | 5.97% | R 1 035.00 | 5.94% | R 922.00 |
| | | | **Tariff 5: Church services ( per service) and fundraisings** | | | | | | | | |
| R 434.00 | | | Hire | 15.0% | **R 460.00** | 5.99% | R 487.00 | 5.87% | R 516.00 | 5.95% | R 400.00 |
| R 610.00 | | | Deposit | Exempt | **R 646.00** | 5.90% | R 684.00 | 5.88% | R 725.00 | 5.99% | R 646.00 |
| | | | **Tariff 6: Sport practices** | | | | | | | | |
| R 97.00 | | | Hire | 15.0% | **R 102.00** | 5.15% | R 108.00 | 5.88% | R 114.00 | 5.56% | R 88.70 |
| R 479.00 | | | Deposit | Exempt | **R 507.00** | 5.85% | R 537.00 | 5.92% | R 569.00 | 5.96% | R 507.00 |
| | | **6.2.11.1.10** | **Tulbagh Community Hall** | | | | | | | | |
| | | | **Indoor Sport** | | | | | | | | |
| R 1 616.00 | | | Professional | 15.0% | **R 1 712.00** | 5.94% | R 1 814.00 | 5.96% | R 1 922.00 | 5.95% | R 1 488.70 |
| R 930.00 | | | Amateur | 15.0% | **R 985.00** | 5.91% | R 1 044.00 | 5.99% | R 1 106.00 | 5.94% | R 856.52 |
| R 121.00 | | | Practices -- per hour | 15.0% | **R 128.00** | 5.79% | R 135.00 | 5.47% | R 143.00 | 5.93% | R 111.30 |
| R 651.00 | | | Deposit | Exempt | **R 690.00** | 5.99% | R 731.00 | 5.94% | R 774.00 | 5.88% | R 690.00 |
| | | | **Concerts, Theatre productions and Film Shows** | | | | | | | | |
| R 657.00 | | | Local Associations | 15.0% | **R 696.00** | 5.94% | R 737.00 | 5.89% | R 781.00 | 5.97% | R 605.22 |
| R 1 616.00 | | | Professional / Private | 15.0% | **R 1 712.00** | 5.94% | R 1 814.00 | 5.96% | R 1 922.00 | 5.95% | R 1 488.70 |
| R 651.00 | | | Deposit | Exempt | **R 690.00** | 5.99% | R 731.00 | 5.94% | R 774.00 | 5.88% | R 690.00 |
| | | | **Conferences, Meetings, Gatherings, Church Services and Bazaars** | | | | | | | | |
| R 133.00 | | | Local Associations | 15.0% | **R 140.00** | 5.26% | R 148.00 | 5.71% | R 156.00 | 5.41% | R 121.74 |
| R 544.00 | | | Deposit | Exempt | **R 576.00** | 5.88% | R 610.00 | 5.90% | R 646.00 | 5.90% | R 576.00 |
| | | | **Dances, Dinners, Birthdays, Celebrations, Receptions and Disco's** | | | | | | | | |
| R 1 044.00 | | | Local Associations | 15.0% | **R 1 106.00** | 5.94% | R 1 172.00 | 5.97% | R 1 242.00 | 5.97% | R 961.74 |
| R 1 576.00 | | | Private | 15.0% | **R 1 670.00** | 5.96% | R 1 770.00 | 5.99% | R 1 876.00 | 5.99% | R 1 452.17 |
| R 651.00 | | | Deposit | Exempt | **R 690.00** | 5.99% | R 731.00 | 5.94% | R 774.00 | 5.88% | R 690.00 |
| | | | **Shows, Exhibitions and Auctions** | | | | | | | | |
| R 1 117.00 | | | Non-local Associations | 15.0% | **R 1 184.00** | 6.00% | R 1 255.00 | 6.00% | R 1 330.00 | 5.98% | R 1 029.57 |
| | | | Local Associations | | | | | | | | |
| R 718.00 | | | Deposit | Exempt | **R 761.00** | 5.99% | R 806.00 | 5.91% | R 854.00 | 5.96% | R 761.00 |
| | | | **Performances, Mannequin Parades, Cooking demo's and Debutant** | | | | | | | | |
| R 942.00 | | | Non-local Associations | 15.0% | **R 998.00** | 5.94% | R 1 057.00 | 5.91% | R 1 120.00 | 5.96% | R 867.83 |
| R 657.00 | | | Local Associations | 15.0% | **R 696.00** | 5.94% | R 737.00 | 5.89% | R 781.00 | 5.97% | R 605.22 |
| R 1 196.00 | | | Deposit | Exempt | **R 1 267.00** | 5.94% | R 1 343.00 | 6.00% | R 1 423.00 | 5.96% | R 1 267.00 |
| R 97.00 | | | **Preparation of hall per hour** | 15.0% | **R 102.00** | 5.15% | R 108.00 | 5.88% | R 114.00 | 5.56% | R 88.70 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.2.11.2** | **Local Organisations** | | | | | | | | |
| | | **6.2.11.2.1** | **Tulbagh Town Hall** | | | | | | | | |
| | | | **Deposit** | | | | | | | | |
| R 1 196.00 | | | Main hall | Exempt | **R 1 267.00** | 5.94% | R 1 343.00 | 6.00% | R 1 423.00 | 5.96% | R 1 267.00 |
| R 382.00 | | | Banqueting hall | Exempt | **R 404.00** | 5.76% | R 428.00 | 5.94% | R 453.00 | 5.84% | R 404.00 |
| R 382.00 | | | Auditorium | Exempt | **R 404.00** | 5.76% | R 428.00 | 5.94% | R 453.00 | 5.84% | R 404.00 |
| R 207.00 | | | Kitchen | Exempt | **R 219.00** | 5.80% | R 232.00 | 5.94% | R 245.00 | 5.60% | R 219.00 |
| R 359.00 | | | Tables | Exempt | **R 380.00** | 5.85% | R 402.00 | 5.79% | R 426.00 | 5.97% | R 380.00 |
| | | | **Hire:** | | | | | | | | |
| | | | **Indoor Sport** | | | | | | | | |
| R 1 738.00 | | | Professional | 15.0% | **R 1 842.00** | 5.98% | R 1 952.00 | 5.97% | R 2 069.00 | 5.99% | R 1 601.74 |
| R 930.00 | | | Amateur | 15.0% | **R 985.00** | 5.91% | R 1 044.00 | 5.99% | R 1 106.00 | 5.94% | R 856.52 |
| R 246.00 | | | Kitchen | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 226.09 |
| | | | **Concerts, Theatre productions and Film Shows** | | | | | | | | |
| R 569.00 | | | Local Associations | 15.0% | **R 603.00** | 5.98% | R 639.00 | 5.97% | R 677.00 | 5.95% | R 524.35 |
| R 1 616.00 | | | Professional / Private | 15.0% | **R 1 712.00** | 5.94% | R 1 814.00 | 5.96% | R 1 922.00 | 5.95% | R 1 488.70 |
| R 246.00 | | | Kitchen | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 226.09 |
| | | | **Conferences, Meetings, Gatherings, Church Services and Bazaars** | | | | | | | | |
| R 569.00 | | | Main hall | 15.0% | **R 603.00** | 5.98% | R 639.00 | 5.97% | R 677.00 | 5.95% | R 524.35 |
| R 246.00 | | | Banqueting hall | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 226.09 |
| R 397.00 | | | Auditorium | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 365.22 |
| R 251.00 | | | Kitchen | 15.0% | **R 268.00** | 6.77% | R 286.00 | 6.72% | R 306.00 | 6.99% | R 233.04 |
| | | | **Dances, Dinners, Birthdays, Celebrations, Receptions and Disco's** | | | | | | | | |
| R 1 489.00 | | | Main hall | 15.0% | **R 1 578.00** | 5.98% | R 1 672.00 | 5.96% | R 1 772.00 | 5.98% | R 1 372.17 |
| R 667.00 | | | Banqueting hall | 15.0% | **R 707.00** | 6.00% | R 749.00 | 5.94% | R 793.00 | 5.87% | R 614.78 |
| R 321.00 | | | Kitchen | 15.0% | **R 340.00** | 5.92% | R 360.00 | 5.88% | R 381.00 | 5.83% | R 295.65 |
| | | | **Shows, Exhibitions and Auctions** | | | | | | | | |
| R 1 365.00 | | | Main hall | 15.0% | **R 1 446.00** | 5.93% | R 1 532.00 | 5.95% | R 1 623.00 | 5.94% | R 1 257.39 |
| R 657.00 | | | Banqueting hall | 15.0% | **R 696.00** | 5.94% | R 737.00 | 5.89% | R 781.00 | 5.97% | R 605.22 |
| R 321.00 | | | Kitchen | 15.0% | **R 340.00** | 5.92% | R 360.00 | 5.88% | R 381.00 | 5.83% | R 295.65 |
| | | | **Performances, Mannequin Parades, Cooking demo's and Debutant** | | | | | | | | |
| R 1 365.00 | | | Main hall | 15.0% | **R 1 446.00** | 5.93% | R 1 532.00 | 5.95% | R 1 623.00 | 5.94% | R 1 257.39 |
| R 1 365.00 | | | Banqueting hall | 15.0% | **R 1 446.00** | 5.93% | R 1 532.00 | 5.95% | R 1 623.00 | 5.94% | R 1 257.39 |
| R 121.00 | | | **Preparation of hall per hour** | 15.0% | **R 128.00** | 5.79% | R 135.00 | 5.47% | R 143.00 | 5.93% | R 111.30 |
| R 22.00 | | | **Tables: per table to maximum of R110.00** | 15.0% | **R 23.00** | 4.55% | R 24.00 | 4.35% | R 25.00 | 4.17% | R 20.00 |
| | | **6.2.11.2.2** | **Drostdy hall** | | | | | | | | |
| R 419.00 | | | Hire | 15.0% | **R 444.00** | 5.97% | R 470.00 | 5.86% | R 498.00 | 5.96% | R 386.09 |
| R 359.00 | | | Deposit | Exempt | **R 380.00** | 5.85% | R 402.00 | 5.79% | R 426.00 | 5.97% | R 380.00 |
| | | **6.2.11.2.3** | **Montana Community Hall** | | | | | | | | |
| | | | **Concerts and stage performances** | | | | | | | | |
| R 609.00 | | | Hire | 15.0% | **R 645.00** | 5.91% | R 683.00 | 5.89% | R 723.00 | 5.86% | R 645.00 |
| R 532.00 | | | Deposit | Exempt | **R 563.00** | 5.83% | R 596.00 | 5.86% | R 631.00 | 5.87% | R 563.00 |
| R 0.00 | | | **Disco's and Dances** | | | | | | | | |
| R 981.00 | | | Hire | 15.0% | **R 1 039.00** | 5.91% | R 1 101.00 | 5.97% | R 1 167.00 | 5.99% | R 1 039.00 |
| R 651.00 | | | Deposit | Exempt | **R 690.00** | 5.99% | R 731.00 | 5.94% | R 774.00 | 5.88% | R 690.00 |
| | | | **Film shows, Wedding receptions and birthdays** | | | | | | | | |
| R 472.00 | | | Hire | 15.0% | **R 500.00** | 5.93% | R 530.00 | 6.00% | R 561.00 | 5.85% | R 434.78 |
| R 532.00 | | | Deposit | Exempt | **R 563.00** | 5.83% | R 596.00 | 5.86% | R 631.00 | 5.87% | R 563.00 |
| | | | **Meetings** | | | | | | | | R 0.00 |
| R 224.00 | | | Hire | 15.0% | **R 237.00** | 5.80% | R 251.00 | 5.91% | R 266.00 | 5.98% | R 237.00 |
| R 326.00 | | | Deposit | Exempt | **R 345.00** | 5.83% | R 365.00 | 5.80% | R 386.00 | 5.75% | R 345.00 |
| | | | **Senior citizens' meetings and gatherings; Schools and Churches (Special Occasions) per session** | | | | | | | | **0** |
| | | | **Performances** | | | | | | | | R 0.00 |
| R 397.00 | | | Hire | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 420.00 |
| R 436.00 | | | Deposit | Exempt | **R 462.00** | 5.96% | R 489.00 | 5.84% | R 518.00 | 5.93% | R 462.00 |
| | | | **Exhibitions** | | | | | | | | R 0.00 |
| R 397.00 | | | Hire | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 420.00 |
| R 348.00 | | | Deposit | Exempt | **R 368.00** | 5.75% | R 390.00 | 5.98% | R 413.00 | 5.90% | R 368.00 |
| | | | **Bazaars** | | | | | | | | R 0.00 |
| R 246.00 | | | Hire: Churches and Schools | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 260.00 |
| R 434.00 | | | Hire: Other | 15.0% | **R 460.00** | 5.99% | R 487.00 | 5.87% | R 516.00 | 5.95% | R 460.00 |
| R 500.00 | | | Deposit | Exempt | **R 530.00** | 6.00% | R 561.00 | 5.85% | R 594.00 | 5.88% | R 530.00 |
| R 85.00 | | | **Kitchen** | 15.0% | **R 90.00** | 5.88% | R 95.00 | 5.56% | R 100.00 | 5.26% | R 90.00 |
| R 109.00 | | | **Montana Library Hall :** Per occasion ( No Church Services) | 15.0% | **R 115.00** | 5.50% | R 121.00 | 5.22% | R 128.00 | 5.79% | R 115.00 |
| R 133.00 | | | **Stamper Street Hall :** (per occasion) | 15.0% | **R 140.00** | 5.26% | R 148.00 | 5.71% | R 156.00 | 5.41% | R 140.00 |
| | | | | | | | | | | | R 0.00 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 6.2.11.2.4 | **Pine Valley Community Hall** | | | | | | | | R 0.00 |
| | | | **Concerts and stage performances** | | | | | | | | R 0.00 |
| R 609.00 | | | Hire | 15.0% | **R 645.00** | 5.91% | R 683.00 | 5.89% | R 723.00 | 5.86% | R 645.00 |
| R 532.00 | | | Deposit | Exempt | **R 563.00** | 5.83% | R 596.00 | 5.86% | R 631.00 | 5.87% | R 563.00 |
| | | | **Disco's and Dances** | | | | | | | | R 0.00 |
| R 981.00 | | | Hire | 15.0% | **R 1 039.00** | 5.91% | R 1 101.00 | 5.97% | R 1 167.00 | 5.99% | R 1 039.00 |
| R 651.00 | | | Deposit | Exempt | **R 690.00** | 5.99% | R 731.00 | 5.94% | R 774.00 | 5.88% | R 690.00 |
| | | | **Film shows, Wedding receptions and birthdays** | | | | | | | | |
| R 472.00 | | | Hire | 15.0% | **R 500.00** | 5.93% | R 530.00 | 6.00% | R 561.00 | 5.85% | R 434.78 |
| R 532.00 | | | Deposit | Exempt | **R 563.00** | 5.83% | R 596.00 | 5.86% | R 631.00 | 5.87% | R 563.00 |
| | | | **Meetings** | | | | | | | | R 0.00 |
| R 224.00 | | | Hire | 15.0% | **R 237.00** | 5.80% | R 251.00 | 5.91% | R 266.00 | 5.98% | R 237.00 |
| R 326.00 | | | Deposit | Exempt | **R 345.00** | 5.83% | R 365.00 | 5.80% | R 386.00 | 5.75% | R 345.00 |
| | | | **Senior citizens' meetings and gatherings; Schools and Churches (Special Occasions)** | | | | | | | | |
| | | | **Performances** | | | | | | | | |
| R 397.00 | | | Hire | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 365.22 |
| R 436.00 | | | Deposit | Exempt | **R 462.00** | 5.96% | R 489.00 | 5.84% | R 518.00 | 5.93% | R 462.00 |
| | | | **Exhibitions** | | | | | | | | R 0.00 |
| R 397.00 | | | Hire | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 420.00 |
| R 348.00 | | | Deposit | Exempt | **R 368.00** | 5.75% | R 390.00 | 5.98% | R 413.00 | 5.90% | R 368.00 |
| | | | **Bazaars** | | | | | | | | R 0.00 |
| R 246.00 | | | Hire: Churches and Schools | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 260.00 |
| R 434.00 | | | Hire: Other | 15.0% | **R 460.00** | 5.99% | R 487.00 | 5.87% | R 516.00 | 5.95% | R 460.00 |
| R 500.00 | | | Deposit | Exempt | **R 530.00** | 6.00% | R 561.00 | 5.85% | R 594.00 | 5.88% | R 530.00 |
| R 85.00 | | | **Kitchen** | 15.0% | **R 90.00** | 5.88% | R 95.00 | 5.56% | R 100.00 | 5.26% | R 78.26 |

**NB:** Once in a quarter the hall may be utilised, without charge, by political parties that are represented in Council, for their political meetings with the community. The political
**NB:** The Municipal Manager may use his discretion to offer a hall free of any charge to Youth-, Service-, Charity-, Community-, Sport-, Educational- and State Institutions, and

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 6.2.11.2.5 | **Op-Die-Berg Community Hall** | | | | | | | | |
| | | | **Concerts and stage performances** | | | | | | | | |
| R 609.00 | | | Hire | 15.0% | **R 645.00** | 5.91% | R 683.00 | 5.89% | R 723.00 | 5.86% | R 560.87 |
| R 532.00 | | | Deposit | Exempt | **R 563.00** | 5.83% | R 596.00 | 5.86% | R 631.00 | 5.87% | R 563.00 |
| | | | **Disco's and Dances** | | | | | | | | R 0.00 |
| R 981.00 | | | Hire | 15.0% | **R 1 039.00** | 5.91% | R 1 101.00 | 5.97% | R 1 167.00 | 5.99% | R 1 039.00 |
| R 651.00 | | | Deposit | Exempt | **R 690.00** | 5.99% | R 731.00 | 5.94% | R 774.00 | 5.88% | R 690.00 |
| | | | **Film shows, Wedding receptions and birthdays** | | | | | | | | |
| R 472.00 | | | Hire | 15.0% | **R 500.00** | 5.93% | R 530.00 | 6.00% | R 561.00 | 5.85% | R 434.78 |
| R 532.00 | | | Deposit | Exempt | **R 563.00** | 5.83% | R 596.00 | 5.86% | R 631.00 | 5.87% | R 563.00 |
| | | | **Meetings** | | | | | | | | R 0.00 |
| R 224.00 | | | Hire | 15.0% | **R 237.00** | 5.80% | R 251.00 | 5.91% | R 266.00 | 5.98% | R 237.00 |
| R 326.00 | | | Deposit | Exempt | **R 345.00** | 5.83% | R 365.00 | 5.80% | R 386.00 | 5.75% | R 345.00 |
| | | | **Senior citizens' meetings and gatherings; Schools and Churches (Special Occasions)** | | | | | | | | |
| | | | **Performances** | | | | | | | | |
| R 397.00 | | | Hire | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 365.22 |
| R 436.00 | | | Deposit | Exempt | **R 462.00** | 5.96% | R 489.00 | 5.84% | R 518.00 | 5.93% | R 462.00 |
| | | | **Exhibitions** | | | | | | | | R 0.00 |
| R 397.00 | | | Hire | 15.0% | **R 420.00** | 5.79% | R 445.00 | 5.95% | R 471.00 | 5.84% | R 420.00 |
| R 348.00 | | | Deposit | Exempt | **R 368.00** | 5.75% | R 390.00 | 5.98% | R 413.00 | 5.90% | R 368.00 |
| | | | **Bazaars** | | | | | | | | R 0.00 |
| R 246.00 | | | Hire: Churches and Schools | 15.0% | **R 260.00** | 5.69% | R 275.00 | 5.77% | R 291.00 | 5.82% | R 260.00 |
| R 434.00 | | | Hire: Other | 15.0% | **R 460.00** | 5.99% | R 487.00 | 5.87% | R 516.00 | 5.95% | R 460.00 |
| R 500.00 | | | Deposit | Exempt | **R 530.00** | 6.00% | R 561.00 | 5.85% | R 594.00 | 5.88% | R 530.00 |
| R 85.00 | | | **Kitchen** | 15.0% | **R 90.00** | 5.88% | R 95.00 | 5.56% | R 100.00 | 5.26% | R 78.26 |

**NB:** Once in a quarter the hall may be utilised, without charge, by political parties that are represented in Council, for their political meetings with the community. The political party concerned must however present its intent to the Municipal Manager, and consent is subject to the availability of the facility. Priority will be given to the order in which applications are received.

**NB:** The Municipal Manager may use his discretion to offer a hall free of any charge to Youth-, Service-, Charity-, Community-, Sport-, Educational- and State Institutions, and Senior Citizens.

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.2.12** | **Cemeteries** | | | | | | | | |
| | | | **Tariffs** | | | | | | | | |
| | | **6.2.12.1** | **Non-local residents** | | | | | | | | |
| | | | All persons that were resident outside the Witzenberg Municipal jurisdiction. | | | | | | | | |
| R 3 369.00 | | | 6 ft excavation: plot included | 15.0% | **R 3 604.00** | 6.98% | R 3 856.00 | 6.99% | R 4 125.00 | 6.98% | R 3 133.91 |
| R 4 000.00 | | | 8 ft excavation: plot included | 15.0% | **R 4 280.00** | 7.00% | R 4 579.00 | 6.99% | R 4 899.00 | 6.99% | R 3 721.74 |
| R 1 008.00 | | | Re-burials: opening and closing of graves | 15.0% | **R 1 078.00** | 6.94% | R 1 153.00 | 6.96% | R 1 233.00 | 6.94% | R 937.39 |
| R 340.00 | | | Memorial plaque | 15.0% | **R 363.00** | 6.76% | R 388.00 | 6.89% | R 415.00 | 6.96% | R 315.65 |
| | | **6.2.12.2** | **Local residents** | | | | | | | | |
| | | | All persons that were resident inside the Witzenberg Municipal jurisdiction. | | | | | | | | |
| | | **6.2.12.2.1** | **Indigent cases** | | | | | | | | |
| | | | **Town residents** | | | | | | | | |
| | | | **Definition:** | | | | | | | | |
| | | | At the time of death the deceased had to be part of a household that was approved as an indigent case, also noted as such in the Financial system. | | | | | | | | |
| | | | **Rural residents** | | | | | | | | |
| | | | **Definition:** | | | | | | | | |
| | | | At the time of death the deceased had to be part of a household of which the combined income did not exceed twice the State's Old-age Pension allowance, and that the | | | | | | | | |
| | | | **Burials for indigent cases are free of charge, being funded from the Indigent Allocation at non-local tariffs.** | | | | | | | | |
| | | **6.2.12.2.2** | **All other cases** | | | | | | | | |
| R 376.00 | | | Plot | 15.0% | **R 402.00** | 6.91% | R 430.00 | 6.97% | R 460.00 | 6.98% | R 349.57 |
| R 1 203.00 | | | 6 ft excavation | 15.0% | **R 1 287.00** | 6.98% | R 1 377.00 | 6.99% | R 1 473.00 | 6.97% | R 1 119.13 |
| R 1 289.00 | | | 8 ft excavation | 15.0% | **R 1 379.00** | 6.98% | R 1 475.00 | 6.96% | R 1 578.00 | 6.98% | R 1 199.13 |
| R 579.00 | | | Re-burials: opening and closing of graves | 15.0% | **R 619.00** | 6.91% | R 662.00 | 6.95% | R 708.00 | 6.95% | R 538.26 |
| R 327.00 | | | Memorial plaque | 15.0% | **R 349.00** | 6.73% | R 373.00 | 6.88% | R 399.00 | 6.97% | R 303.48 |
| | | **6.2.13** | **Dept. Parks -- private works -- equipment -- tariff per hour** | | | | | | | | |
| R 62.00 | | | Lawnmower: 450 mm (small) per hour | 15.0% | **R 66.00** | 6.45% | R 70.00 | 6.06% | R 74.00 | 5.71% | R 57.39 |
| R 111.00 | | | Lawnmower: 750 mm (large) per hour | 15.0% | **R 118.00** | 6.31% | R 126.00 | 6.78% | R 134.00 | 6.35% | R 102.61 |
| R 87.00 | | | Forest cutters (per hour) | 15.0% | **R 93.00** | 6.90% | R 99.00 | 6.45% | R 105.00 | 6.06% | R 80.87 |
| R 87.00 | | | Chain saws (per hour) | 15.0% | **R 93.00** | 6.90% | R 99.00 | 6.45% | R 105.00 | 6.06% | R 80.87 |
| R 177.00 | | | Bush cutters (per hour) | 15.0% | **R 189.00** | 6.78% | R 202.00 | 6.88% | R 216.00 | 6.93% | R 164.35 |
| R 177.00 | | | Trailers (per hour) | 15.0% | **R 189.00** | 6.78% | R 202.00 | 6.88% | R 216.00 | 6.93% | R 164.35 |
| R 201.00 | | | Spray pumps: Mechanical and triangular ( per hour) | 15.0% | **R 215.00** | 6.97% | R 230.00 | 6.98% | R 246.00 | 6.96% | R 186.96 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.3.** | **FINANCIAL SERVICES** | | | | | | | | |
| | | **6.3.1** | **Administrative fees** | | | | | | | | |
| | | 6.3.1.1 | Furnishing of evaluation- and / or clearance certificates in accordance with Section 96 of Ordinance 20 of 1974: per | 15.0% | | | R 141.00 | 6.82% | R 150.00 | | |
| R 124.00 | | | certificate: | | **R 132.00** | 6.45% | | | | 6.38% | R 114.78 |
| | | 6.3.1.2 | Valuations & deed search | | | | | | | | |
| | | 6.3.1.2.1 | Re-evaluation of properties (per application) | | | | | | | | |
| R 222.00 | | | - Residential properties | 15.0% | **R 237.00** | 6.76% | R 253.00 | 6.75% | R 270.00 | 6.72% | R 206.09 |
| R 1 075.00 | | | - Business properties | 15.0% | **R 1 150.00** | 6.98% | R 1 230.00 | 6.96% | R 1 316.00 | 6.99% | R 1 000.00 |
| R 1 337.00 | | | - Agricultural properties | 15.0% | **R 1 430.00** | 6.96% | R 1 530.00 | 6.99% | R 1 637.00 | 6.99% | R 1 243.48 |
| R 1 203.00 | | | - State owned properties | 15.0% | **R 1 287.00** | 6.98% | R 1 377.00 | 6.99% | R 1 473.00 | 6.97% | R 1 119.13 |
| R 110.00 | | | - Urban vacant land | 15.0% | **R 117.00** | 6.36% | R 125.00 | 6.84% | R 133.00 | 6.40% | R 101.74 |
| R 222.00 | | | - Other not specified above | 15.0% | **R 237.00** | 6.76% | R 253.00 | 6.75% | R 270.00 | 6.72% | R 206.09 |
| R 49.00 | | 6.3.1.2.2 | Deeds office search per erf | 15.0% | **R 52.00** | 6.12% | R 55.00 | 5.77% | R 58.00 | 5.45% | R 45.22 |
| R 864.00 | | 6.3.1.2.3 | Request for valuation detail per erf | 15.0% | **R 924.00** | 6.94% | R 988.00 | 6.93% | R 1 057.00 | 6.98% | R 803.48 |
| R 48.00 | | 6.3.1.3 | Tracing of any information older than six months. (per hour or part thereof) | 15.0% | **R 51.00** | 6.25% | R 54.00 | 5.88% | R 57.00 | 5.56% | R 44.35 |
| R 48.00 | | 6.3.1.4 | Issuing of accounts' duplicates (per account) | 15.0% | **R 51.00** | 6.25% | R 54.00 | 5.88% | R 57.00 | 5.56% | R 44.35 |
| R 481.00 | | 6.3.1.5 | Furnishing of name- and address list (per list) (per town) | 15.0% | **R 514.00** | 6.86% | R 549.00 | 6.81% | R 587.00 | 6.92% | R 446.96 |
| R 99.00 | | 6.3.1.6 | Surcharge on *Refer to Drawer* cheques (per cheque) | 15.0% | **R 105.00** | 6.06% | R 112.00 | 6.67% | R 119.00 | 6.25% | R 91.30 |
| R 34.00 | | 6.3.1.7 | Excess | 15.0% | **R 36.00** | 5.88% | R 38.00 | 5.56% | R 40.00 | 5.26% | R 31.30 |
| | | 6.3.1.8 | Recovery costs | | | | | | | | |
| | | 6.3.1.8.1 | Tariffs for processes and the serving of documentation by the Municipality | | | | | | | | |
| R 36.00 | | 6.3.1.8.1.1 | Serving of a registered reminder (per reminder) | 15.0% | **R 38.00** | 5.56% | R 40.00 | 5.26% | R 42.00 | 5.00% | R 33.04 |
| R 54.00 | | 6.3.1.8.1.2 | Stamp costs (per summons) | 15.0% | **R 57.00** | 5.56% | R 60.00 | 5.26% | R 64.00 | 6.67% | R 49.57 |
| | | 6.3.1.8.1.3 | Serving of summonses and/or writs (per serving) | | | | | | | | |
| R 151.00 | | | Inside the Witzenberg jurisdiction | 15.0% | **R 161.00** | 6.62% | R 172.00 | 6.83% | R 184.00 | 6.98% | R 140.00 |
| R 366.00 | | | Outside the Witzenberg jurisdiction | 15.0% | **R 391.00** | 6.83% | R 418.00 | 6.91% | R 447.00 | 6.94% | R 340.00 |
| | | 6.3.1.8.2 | Levying of any legal costs | | | | | | | | |
| | | **6.3.2** | **Water** | | | | | | | | |
| | | | Re-connection of suspended supply on request by consumer per connection | | | | | | | | |
| R 111.00 | | 6.3.2.1 | (a) Urban areas | 15.0% | **R 118.00** | 6.31% | R 126.00 | 6.78% | R 134.00 | 6.35% | R 102.61 |
| R 136.00 | | | (b) Rural areas | 15.0% | **R 145.00** | 6.62% | R 155.00 | 6.90% | R 165.00 | 6.45% | R 126.09 |
| | | 6.3.2.2 | Re-connection after non-payment per suspension list - per connection | | | | | | | | |
| R 44.00 | | | (a) Urban areas | 15.0% | **R 47.00** | 6.82% | R 50.00 | 6.38% | R 53.00 | 6.00% | R 40.87 |
| R 65.00 | | | (b) Rural areas | 15.0% | **R 69.00** | 6.15% | R 73.00 | 5.80% | R 78.00 | 6.85% | R 60.00 |
| | | 6.3.2.3 | Special meter reading per reading per meter | | | | | | | | |
| R 163.00 | | | (a) Urban areas | 15.0% | **R 174.00** | 6.75% | R 186.00 | 6.90% | R 199.00 | 6.99% | R 151.30 |
| R 251.00 | | | (b) Rural areas | 15.0% | **R 268.00** | 6.77% | R 286.00 | 6.72% | R 306.00 | 6.99% | R 233.04 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 6.3.2.5 | **Tampering with meter connection** | | | | | | | | |
| R 1 075.00 | | | (a) In the event where a consumer's water supply has been cut and sealed with a cap and key, and such seal had been removed without the consent of the Municipality, the following charges for tampering will be levied against the consumer, no re-connection will be made unless the prescribed payment plus the cost of a Water demand device (if not yet installed) has been received. | 15.0% | **R 1 150.00** | 6.98% | R 1 230.00 | 6.96% | R 1 316.00 | 6.99% | R 1 000.00 |
| | | | (b) Where a consumer had made an illegal water connection in front of the meter, the supply will be disconnected immediately, and one of the following options will be exercised, depending on the consumer's choice: | | | | | | | | |
| | | | (i) A criminal charge to be laid by the SAPS, or | | | | | | | | |
| R 2 153.00 | | | (ii) An admission of guilt (see tariff attached) plus the cost of the damage and possible consumption be paid. | 15.0% | **R 2 303.00** | 6.97% | R 2 464.00 | 6.99% | R 2 636.00 | 6.98% | R 2 002.61 |
| | | | (c) Where a consumer is guilty of a second offence in terms of an illegal water connection, the connection will be summarily removed and the matter will be handed to the SAPS. | | | | | | | | |
| | | | Gaining Access to water services without approval from the municipality | 15.0% | **R 1 000.00** | new | R 1 070.00 | 7.00% | R 1 144.00 | 6.92% | R 869.57 |
| | | | Gain Acces to water services without agreement with the Municipality | 15.0% | **R 1 000.00** | new | R 1 070.00 | 7.00% | R 1 144.00 | 6.92% | R 869.57 |
| | | | Refuse to give access required by the municipality in terms of section 19 | 15.0% | **R 1 000.00** | new | R 1 070.00 | 7.00% | R 1 144.00 | 6.92% | R 869.57 |
| | | | Fail to comply with a notice served upon him/her in terms of bylaws relating to water, sanitation services and industrial effluent | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 572.00 | 6.92% | R 434.78 |
| | | | Disconnect a measuring device and its associated apparatus from the pipe in which they are installed | 15.0% | **R 1 000.00** | new | R 1 070.00 | 7.00% | R 1 144.00 | 6.92% | R 869.57 |
| | | | Break a seal which the municipality has placed on a water meter | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 572.00 | 6.92% | R 434.78 |
| | | | Interfere with a measuring device and its associated apparatus | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 572.00 | 6.92% | R 434.78 |
| | | | Owner fail to provide and maintain approved measures to prevent the entry of substance which may be a danger to health or adversely affect water potability | 15.0% | **R 2 000.00** | new | R 2 140.00 | 7.00% | R 2 289.00 | 6.96% | R 1 739.13 |
| | | | Disregard any water restrictions imposed by the municipality | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 572.00 | 6.92% | R 434.78 |
| | | | Permit wasteful discharge of water from the terminal fittings | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 572.00 | 6.92% | R 434.78 |
| | | | Permit an overflow of water to persist | 15.0% | **R 500.00** | new | R 535.00 | 7.00% | R 572.00 | 6.92% | R 434.78 |
| | | **6.3.3** | **Electricity** | | | | | | | | |
| | | 6.3.3.1 | Re-connections of cut supplies of Pre-Paid, per re-connection: | | | | | | | | |
| R 42.00 | | | (a) Urban areas | 15.0% | **R 44.00** | 4.76% | R 47.00 | 6.82% | R 50.00 | 6.38% | R 38.26 |
| R 42.00 | | | (b) Rural areas | 15.0% | **R 44.00** | 4.76% | R 47.00 | 6.82% | R 50.00 | 6.38% | R 38.26 |
| | | 6.3.3.2 | Re-connections of cut supplies on request of consumers of Conventional Meters, per re-connection: | | | | | | | | |
| R 108.00 | | | (a) Urban areas | 15.0% | **R 115.00** | 6.48% | R 123.00 | 6.96% | R 131.00 | 6.50% | R 100.00 |
| R 136.00 | | | (b) Rural areas | 15.0% | **R 145.00** | 6.62% | R 155.00 | 6.90% | R 165.00 | 6.45% | R 126.09 |
| R 192.00 | | | (c) All areas after hours | 15.0% | **R 205.00** | 6.77% | R 219.00 | 6.83% | R 234.00 | 6.85% | R 178.26 |
| | | 6.3.3.3 | Special meter reading as per Article 52(3) per reading per meter | | | | | | | | |
| R 163.00 | | | (a) Urban areas | 15.0% | **R 174.00** | 6.75% | R 186.00 | 6.90% | R 199.00 | 6.99% | R 151.30 |
| R 251.00 | | | (b) Rural areas | 15.0% | **R 268.00** | 6.77% | R 286.00 | 6.72% | R 306.00 | 6.99% | R 233.04 |
| R 13.00 | | 6.3.3.4 | Duplicate Identification Card: Pre-Paid electricity, per card. | 15.0% | **R 14.00** | 7.69% | R 15.00 | 7.14% | R 16.00 | 6.67% | R 12.17 |
| | | 6.3.3.5 | Switching Fee (Any call out for private purposes) | 15.0% | **R 300.00** | New | R 321.00 | 7.00% | R 343.00 | 6.85% | R 260.87 |
| | | **6.3.4** | **Deposits - new buildings** | | | | | | | | |
| R 1 886.00 | | | Businesses | Exempt | **R 2 018.00** | 7.00% | R 2 159.00 | 6.99% | R 2 310.00 | 6.99% | |
| | | | Industries (Estimated on consumption) | Exempt | | | | | | | |
| | | | **Residential clients** | | | | | | | | |
| R 276.00 | | | With pre-paid electricity and water meter | Exempt | **R 295.00** | 6.88% | R 315.00 | 6.78% | R 337.00 | 6.98% | |
| R 444.00 | | | With only a pre-paid electricity meter | Exempt | **R 475.00** | 6.98% | R 508.00 | 6.95% | R 543.00 | 6.89% | |
| R 1 055.00 | | | All other residential clients | Exempt | **R 1 128.00** | 6.92% | R 1 206.00 | 6.91% | R 1 290.00 | 6.97% | |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.4.** | **TECHNICAL SERVICES** | | | | | | | | |
| | | **6.4.1.** | **CIVIL SERVICES** | | | | | | | | |
| | | **6.4.1.1** | **Building Plan** | | | | | | | | |
| R 18.00 | | **6.4.1.1.1** | Calculate on the gross covered area, to the nearest square meter - tariff per building plan per m² | 15.0% | **R 20.00** | 11.11% | R 22.00 | 10.00% | R 24.00 | 9.09% | R 17.39 |
| | | | (Subject to the stipulation at 4.1.1.2 hereunder) | | | | | | | | |
| | | | Industrial/commercial tariff per building plan per m² | | | | | | | | |
| | | | (Subject to the stipulation at 4.1.1.2 hereunder) | | | | | | | | |
| R 237.00 | | | With a minimum building plan tariff | 15.0% | **R 255.00** | 7.59% | R 275.00 | 7.84% | R 297.00 | 8.00% | R 221.74 |
| R 1 623.00 | | | Building deposit | Exempt | **R 1 752.00** | 7.95% | R 1 892.00 | 7.99% | R 2 043.00 | 7.98% | |
| R 129.00 | | | In the event of illegal building operations without an approved plan, a charge of <u>three</u> times the above building plan fees plus the following tariff per day that the plan is outstanding, will apply: | 15.0% | **R 139.00** | 7.75% | R 150.00 | 7.91% | R 162.00 | 8.00% | R 120.87 |
| R 396.00 | | **6.4.1.1.2** | Swimming pools - per application, irrespective of the size of the pool. Fixed tariff per swimming pool. | 15.0% | **R 427.00** | 7.83% | R 461.00 | 7.96% | R 497.00 | 7.81% | R 371.30 |
| | | **6.4.1.1.3** | **Advertising signs application** | | | | | | | | |
| R 1 900.00 | | | Permitted third party advertising sign (<2,0m²) per board | 15.0% | **R 2 052.00** | 8.00% | R 2 216.00 | 7.99% | R 2 393.00 | 7.99% | R 1 784.35 |
| R 3 168.00 | | | Permitted third party advertising sign (>2,0m²) per board | 15.0% | **R 3 421.00** | 7.99% | R 3 694.00 | 7.98% | R 3 989.00 | 7.99% | R 2 974.78 |
| R 251.00 | | | Advertising sign, direction indicator or name sign on building (<1,0m²) per sign | 15.0% | **R 271.00** | 7.97% | R 292.00 | 7.75% | R 315.00 | 7.88% | R 235.65 |
| R 884.00 | | | Advertising sign, direction indicator or name sign on building (<5,0m²) per sign | 15.0% | **R 954.00** | 7.92% | R 1 030.00 | 7.97% | R 1 112.00 | 7.96% | R 829.57 |
| R 1 900.00 | | | Advertising sign, direction indicator or name sign on building (>5,0m²) per sign | 15.0% | **R 2 052.00** | 8.00% | R 2 216.00 | 7.99% | R 2 393.00 | 7.99% | R 1 784.35 |
| R 376.00 | | | Advertising sign, direction indicator or name sign, Free-standing or on Refuse bin (<1,0m²) per board | 15.0% | **R 406.00** | 7.98% | R 438.00 | 7.88% | R 473.00 | 7.99% | R 353.04 |
| R 1 328.00 | | | Advertising sign, direction indicator or name sign, Free-standing or on Refuse bin (<5,0m²) per board | 15.0% | **R 1 434.00** | 7.98% | R 1 548.00 | 7.95% | R 1 671.00 | 7.95% | R 1 246.96 |
| R 2 533.00 | | | Advertising sign, direction indicator or name sign, Free-standing or on Refuse bin (>5,0m²) per board | 15.0% | **R 2 735.00** | 7.97% | R 2 953.00 | 7.97% | R 3 189.00 | 7.99% | R 2 378.26 |
| | | | Removal of illegal sings or advertisements | 15.0% | **R 1 000.00** | new | R 1 070.00 | 7.00% | R 1 144.00 | 6.92% | R 869.57 |
| R 577.00 | | **6.4.1.1.4** | Internal Changes (All Buildings) | 15.0% | **R 623.00** | 7.97% | R 672.00 | 7.87% | R 725.00 | 7.89% | R 541.74 |
| R 1 631.00 | | **6.4.1.1.5** | Major Hazard Installations | 15.0% | **R 1 761.00** | 7.97% | R 1 901.00 | 7.95% | R 2 053.00 | 8.00% | R 1 531.30 |
| R 1 310.00 | | **6.4.1.1.6** | LPG Installations | 15.0% | **R 1 414.00** | 7.94% | R 1 527.00 | 7.99% | R 1 649.00 | 7.99% | R 1 229.57 |
| R 2 261.00 | | **6.4.1.1.7** | Cellphone Mast | 15.0% | **R 2 441.00** | 7.96% | R 2 636.00 | 7.99% | R 2 846.00 | 7.97% | R 2 122.61 |
| R 771.00 | | **6.4.1.1.8** | Extension of approved building plan (for consideration of extending plan validity. Extension must be applied to prior to lapse date of plan) | 15.0% | **R 832.00** | 7.91% | R 898.00 | 7.93% | R 969.00 | 7.91% | R 723.48 |
| R 963.00 | | **6.4.1.1.9** | Demolition certificate | 15.0% | **R 1 040.00** | 8.00% | R 1 123.00 | 7.98% | R 1 212.00 | 7.93% | R 904.35 |
| R 1 928.00 | | **6.4.1.1.10** | Temporary commencement of building work in terms of Article 7(6) NBR (Not refundable) | 15.0% | **R 2 082.00** | 7.99% | R 2 248.00 | 7.97% | R 2 427.00 | 7.96% | R 1 810.43 |
| R 373.00 | | **6.4.1.1.10** | Minimum building fee | 15.0% | **R 402.00** | 7.77% | R 434.00 | 7.96% | R 468.00 | 7.83% | R 349.57 |
| | | **6.4.1.2** | **Sewerage** | 15.0% | | | | | | | |
| R 5 473.00 | | | Sewerage connection, per connection | 15.0% | **R 5 910.00** | 7.98% | R 6 382.00 | 7.99% | R 6 892.00 | 7.99% | R 5 139.13 |
| R 5 486.00 | | | 150 mm - connection to the maximum of 10 m in length | 15.0% | **R 5 924.00** | 7.98% | R 6 397.00 | 7.98% | R 6 908.00 | 7.99% | R 5 151.30 |
| R 284.00 | | | > 10 m lengths (per meter) | 15.0% | **R 306.00** | 7.75% | R 330.00 | 7.84% | R 356.00 | 7.88% | R 266.09 |
| | | | Sewerage blockages: per blockage | 15.0% | | | | | | | |
| R 516.00 | | | Week days | 15.0% | **R 557.00** | 7.95% | R 601.00 | 7.90% | R 649.00 | 7.99% | R 484.35 |
| R 911.00 | | | Weekends and Public Holidays - per call-out | 15.0% | **R 983.00** | 7.90% | R 1 061.00 | 7.93% | R 1 145.00 | 7.92% | R 854.78 |
| | | | Sewerage Connection (Per Connections) > 10 m lengths (per meter) - **Actual Cost** | | | | | | | | |
| | | **6.4.1.3** | **Water** | | | | | | | | |
| | | 6.4.1.3.1 | Water connection (per connection) | | | | | | | | |
| R 2 698.00 | | | Size: To 25 mm | 15.0% | **R 2 913.00** | 7.97% | R 3 146.00 | 8.00% | R 3 397.00 | 7.98% | R 2 533.04 |
| R 3 446.00 | | | 32 mm | 15.0% | **R 3 721.00** | 7.98% | R 4 018.00 | 7.98% | R 4 339.00 | 7.99% | R 3 235.65 |
| R 3 927.00 | | | 40 mm | 15.0% | **R 4 241.00** | 8.00% | R 4 580.00 | 7.99% | R 4 946.00 | 7.99% | R 3 687.83 |
| R 8 044.00 | | | 50 mm | 15.0% | **R 8 687.00** | 7.99% | R 9 381.00 | 7.99% | R 10 131.00 | 7.99% | R 7 553.91 |
| R 9 021.00 | | | 80 mm | 15.0% | **R 9 742.00** | 7.99% | R 10 521.00 | 8.00% | R 11 362.00 | 7.99% | R 8 471.30 |
| R 10 390.00 | | | 100 mm | 15.0% | **R 11 221.00** | 8.00% | R 12 118.00 | 7.99% | R 13 087.00 | 8.00% | R 9 757.39 |
| R 20 025.00 | | | 150 mm | 15.0% | **R 21 627.00** | 8.00% | R 23 357.00 | 8.00% | R 25 225.00 | 8.00% | R 18 806.09 |
| | | 6.4.1.3.2 | Smart Meter Connection (per connection) | | | | | | | | |
| | | | 15 mm | 15.0% | **R 5 376.00** | new | R 5 806.00 | 8.00% | R 6 270.00 | 7.99% | R 4 674.78 |
| | | | 20 mm | 15.0% | **R 5 476.00** | new | R 5 914.00 | 8.00% | R 6 387.00 | 8.00% | R 4 761.74 |
| | | | 50 mm | 15.0% | **R 26 283.00** | new | R 28 385.00 | 8.00% | R 30 655.00 | 8.00% | R 22 854.78 |
| | | 6.4.1.3.3 | Testing of water meters (per test per water meter) | 15.0% | | | | | | | |
| R 284.00 | | | Size: To 205 mm | 15.0% | **R 306.00** | 7.75% | R 330.00 | 7.84% | R 356.00 | 7.88% | R 266.09 |
| R 284.00 | | | 32 | 15.0% | **R 306.00** | 7.75% | R 330.00 | 7.84% | R 356.00 | 7.88% | R 266.09 |
| R 2 414.00 | | | 40 | 15.0% | **R 2 607.00** | 8.00% | R 2 815.00 | 7.98% | R 3 040.00 | 7.99% | R 2 266.96 |
| R 4 496.00 | | | 50 | 15.0% | **R 4 855.00** | 7.98% | R 5 243.00 | 7.99% | R 5 662.00 | 7.99% | R 4 221.74 |
| R 7 468.00 | | | 80 | 15.0% | **R 8 065.00** | 7.99% | R 8 710.00 | 8.00% | R 9 406.00 | 7.99% | R 7 013.04 |
| | | | Refundable where meter is found to be faulty. | | | | | | | | |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.4.1.4** | **Civil** | | | | | | | | |
| | | | Motor driveways | | | | | | | | |
| R 1 821.00 | | | Single driveways (3,5m max) each | 15.0% | **R 1 966.00** | 7.96% | R 2 123.00 | 7.99% | R 2 292.00 | 7.96% | R 1 709.57 |
| R 3 292.00 | | | Double driveways (7,0m max) each | 15.0% | **R 3 555.00** | 7.99% | R 3 839.00 | 7.99% | R 4 146.00 | 8.00% | R 3 091.30 |
| R 606.00 | | | Placement of bridging/kerbing (each) | 15.0% | **R 654.00** | 7.92% | R 706.00 | 7.95% | R 762.00 | 7.93% | R 568.70 |
| | | | Any other private word (per quotation): Actual cost + 20 % | 15.0% | | | | | | | |
| | | | **Private work forms to be completed in all cases** | | | | | | | | |
| | | **6.4.1.5** | **Plans: copies** | | | | | | | | |
| R 87.00 | | | Copies of plans per square meter size of plan | 15.0% | **R 93.00** | 6.90% | R 100.00 | 7.53% | R 108.00 | 8.00% | R 80.87 |
| R 213.00 | | | Copies: Sepia, per copy | 15.0% | **R 230.00** | 7.98% | R 248.00 | 7.83% | R 267.00 | 7.66% | R 200.00 |
| R 251.00 | | | Copies: Durester, per copy | 15.0% | **R 271.00** | 7.97% | R 292.00 | 7.75% | R 315.00 | 7.88% | R 235.65 |
| R 9.00 | | | A3 or A4 , per copy | 15.0% | **R 10.00** | 11.11% | R 11.00 | 10.00% | R 12.00 | 9.09% | R 8.70 |
| | | **6.4.1.6** | **Town Planning costs** | | | | | | | | |
| | | | (In terms of Ordinance on Land Use Planning) | | | | | | | | |
| R 1 368.00 | | 6.4.1.6.1 | Concessionary use, per application | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.2 | Re-zoning, per property | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| | | 6.4.1.6.3 | Departure Art 15(1)(a)(i) | | | | | | | | |
| R 284.00 | | | Erven <500m² per application | 15.0% | **R 306.00** | 7.75% | R 330.00 | 7.84% | R 356.00 | 7.88% | R 266.09 |
| R 569.00 | | | Erven 500m² - 750m² per application | 15.0% | **R 614.00** | 7.91% | R 663.00 | 7.98% | R 716.00 | 7.99% | R 533.91 |
| R 1 368.00 | | | Erven > 750m² per application | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | | Section 15(1)(a)(ii)(temporary) per application | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| | | 6.4.1.6.4 | Sub-divisions: per application | | | | | | | | |
| R 1 368.00 | | | Up to 20 erven | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 62.00 | | | More than 20 erven (Tariff 4.6.4.1 plus tariff per erven) | 15.0% | **R 66.00** | 6.45% | R 71.00 | 7.58% | R 76.00 | 7.04% | R 57.39 |
| | | 6.4.1.6.5 | Contribution to external services - New Developments (bulk services per site) | 15.0% | | | | | | | |
| R 23 394.00 | | | Tulbagh (Town area) | 15.0% | **R 25 265.00** | 8.00% | R 27 286.00 | 8.00% | R 29 468.00 | 8.00% | R 21 969.57 |
| R 24 696.00 | | | Tulbagh (Agricultural area, outside town area) | 15.0% | **R 26 671.00** | 8.00% | R 28 804.00 | 8.00% | R 31 108.00 | 8.00% | R 23 192.17 |
| R 24 737.00 | | | P A Hamlet | 15.0% | **R 26 715.00** | 8.00% | R 28 852.00 | 8.00% | R 31 160.00 | 8.00% | R 23 230.43 |
| R 17 067.00 | | | Other areas | 15.0% | **R 18 432.00** | 8.00% | R 19 906.00 | 8.00% | R 21 498.00 | 8.00% | R 16 027.83 |
| | | 6.4.1.6.6 | Contribution to external services - Applications for second unit on single plot (bulk services per site) | | | | | | | | |
| | | 6.4.1.6.6.1 | Tulbagh | | | | | | | | |
| R 2 338.00 | | | 2nd unit smaller than 50 m² | 15.0% | **R 2 525.00** | 8.00% | R 2 727.00 | 8.00% | R 2 945.00 | 7.99% | R 2 195.65 |
| R 11 697.00 | | | 2nd unit 50 m² - 120 m² | 15.0% | **R 12 632.00** | 7.99% | R 13 642.00 | 8.00% | R 14 733.00 | 8.00% | R 10 984.35 |
| R 23 394.00 | | | 2nd unit larger than 120 m2 | 15.0% | **R 25 265.00** | 8.00% | R 27 286.00 | 8.00% | R 29 468.00 | 8.00% | R 21 969.57 |
| | | 6.4.1.6.6.2 | PA Hamlet | | | | | | | | |
| R 2 472.00 | | | 2nd unit smaller than 50 m² | 15.0% | **R 2 669.00** | 7.97% | R 2 882.00 | 7.98% | R 3 112.00 | 7.98% | R 2 320.87 |
| R 12 368.00 | | | 2nd unit 50 m² - 120 m² | 15.0% | **R 13 357.00** | 8.00% | R 14 425.00 | 8.00% | R 15 579.00 | 8.00% | R 11 614.78 |
| R 24 737.00 | | | 2nd unit larger than 120 m2 | 15.0% | **R 26 715.00** | 8.00% | R 28 852.00 | 8.00% | R 31 160.00 | 8.00% | R 23 230.43 |
| | | 6.4.1.6.6.3 | All other areas | | | | | | | | |
| R 1 705.00 | | | 2nd unit smaller than 50 m² | 15.0% | **R 1 841.00** | 7.98% | R 1 988.00 | 7.98% | R 2 147.00 | 8.00% | R 1 600.87 |
| R 8 533.00 | | | 2nd unit 50 m² - 120 m² | 15.0% | **R 9 215.00** | 7.99% | R 9 952.00 | 8.00% | R 10 748.00 | 8.00% | R 8 013.04 |
| R 17 067.00 | | | 2nd unit larger than 120 m2 | 15.0% | **R 18 432.00** | 8.00% | R 19 906.00 | 8.00% | R 21 498.00 | 8.00% | R 16 027.83 |
| | | 6.4.1.6.6.4 | Buyout of parking | 15.0% | **R 7 500.00** | | R 8 100.00 | 8.00% | R 8 748.00 | 8.00% | R 6 521.74 |
| | | 6.4.1.6.7 | Town Planning costs: (In terms of the Land Use Planning By-law) | | | | | | | | |
| R 1 368.00 | | 6.4.1.6.7.1 | Public place closure | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.2 | Restrictive condition | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.3 | Deemed zoning | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.4 | Amendment/cancellation of subdivision | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.5 | Consolidation | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.6 | Amendment of Condition | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.7 | Extension of validity period | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.8 | Lease area | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 1 368.00 | | 6.4.1.6.7.9 | Transfer certificate | 15.0% | **R 1 477.00** | 7.97% | R 1 595.00 | 7.99% | R 1 722.00 | 7.96% | R 1 284.35 |
| R 10 800.00 | | 6.4.1.6.7.10 | SDF amendment | 15.0% | **R 11 664.00** | 8.00% | R 12 597.00 | 8.00% | R 13 604.00 | 7.99% | R 10 142.61 |
| R 5 400.00 | | | Strategic/High impact developments (incl. renewable energy & rezonings exceeding 10ha) | 15.0% | **R 5 832.00** | 8.00% | R 6 298.00 | 7.99% | R 6 801.00 | 7.99% | R 5 071.30 |
| | | **6.4.1.7** | **Industrial effluent** | | | | | | | | |
| | | | **Industries that dispose via the normal network** | | | | | | | | |
| | | | Industries that dispose directly into the sewage treatment works | 15.0% | | | As per contractual agreements | | | | |
| | | | Industries that exceed with disposal | 15.0% | | | | | | | |
| | | **6.4.1.8** | **Refuse removal** | | | | | | | | |
| R 126.00 | | | Receipt and processing of private dumping at dumping site, per cubic meter | 15.0% | **R 134.00** | 6.35% | R 143.00 | 6.72% | R 153.00 | 6.99% | R 116.52 |
| R 253.00 | | | Abattoir waste at dumping site, per cubic meter | 15.0% | **R 270.00** | 6.72% | R 288.00 | 6.67% | R 308.00 | 6.94% | R 234.78 |
| R 16.00 | | | Refuse bags (Black), per package of 25 bags | 15.0% | **R 23.00** | 43.75% | R 24.00 | 4.35% | R 25.00 | 4.17% | R 20.00 |
| R 24.00 | | | Refuse bags (Green), per package of 25 bags | 15.0% | **R 29.45** | 22.71% | R 31.00 | 5.26% | R 33.00 | 6.45% | R 25.61 |
| R 7.50 | | | Provision of refuse bins for special events - per bin per occasion | 15.0% | **R 8.00** | 6.67% | R 8.60 | 7.50% | R 9.20 | 6.98% | R 6.96 |
| R 556.00 | | | Advertisements on street refuse bins. Per advertisement per bin p/a | 15.0% | **R 594.00** | 6.83% | R 635.00 | 6.90% | R 679.00 | 6.93% | R 516.52 |
| R 405.00 | | | Refuse removal: special events (Festivals & Carnivals) | 15.0% | **R 433.00** | 6.91% | R 463.00 | 6.93% | R 495.00 | 6.91% | R 376.52 |
| R 771.00 | | | Hire of 6m skip for Garden refuse per day | 15.0% | **R 824.00** | 6.87% | R 881.00 | 6.92% | R 942.00 | 6.92% | R 716.52 |
| R 63.00 | | | Additonial day (Skip) | 15.0% | **R 67.00** | 6.35% | R 71.00 | 5.97% | R 75.00 | 5.63% | R 58.26 |
| R 963.00 | | | Special Garden Refuse removal per load. Approved manageable garden Refuse will be removed if it can be loaded onto truck after payment of an account is issued by Cleansing Department (Quotation) | 15.0% | **R 1 030.00** | 6.96% | R 1 102.00 | 6.99% | R 1 179.00 | 6.99% | R 895.65 |

# RATES AND TARIFFS 2018/2019 - 2020/2021

| Tariffs 2017/2018 Including Vat | Tariffs 2017/2018 Excluding Vat | | Description | VAT Status | Tariffs 2018/2019 Including Vat | Variance | Indicative Tariffs 2019/2020 Including Vat | Variance | Indicative Tariffs 2020/2021 Including Vat | Variance | Tariffs 2018/2019 Excluding Vat |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **6.4.2.** | **ELECTRICAL SERVICES** | | | | | | | | |
| | | **6.4.2.1** | **Re-connection after tampering with meters** | | | | | | | | |
| | | | In terms of Section 14 of the Supply Regulations, per meter | | | | | | | | |
| | | | Per re-connection | | | | | | | | |
| R 1 456.00 | | | First offence | 15.0% | **R 1 557.00** | 6.94% | R 1 665.00 | 6.94% | R 1 781.00 | 6.97% | R 1 353.91 |
| R 2 914.00 | | | Second offence | 15.0% | **R 3 117.00** | 6.97% | R 3 335.00 | 6.99% | R 3 568.00 | 6.99% | R 2 710.43 |
| | | **6.4.2.2** | **Repair to supply** | | | | | | | | |
| | | | In terms of Section 22 of the Supply Regulations | | | | | | | | |
| | | | Per repair to supply | | | | | | | | |
| R 300.00 | | | Urban areas | 15.0% | **R 321.00** | 7.00% | R 343.00 | 6.85% | R 367.00 | 7.00% | R 279.13 |
| R 340.00 | | | Rural areas | 15.0% | **R 363.00** | 6.76% | R 388.00 | 6.89% | R 415.00 | 6.96% | R 315.65 |
| | | | In terms of Section 28 of the Supply Regulations | | | | | | | | |
| | | | Per re-connection (Section 28(1)) | | | | | | | | |
| R 143.00 | | | Urban areas | 15.0% | **R 153.00** | 6.99% | R 163.00 | 6.54% | R 174.00 | 6.75% | R 133.04 |
| R 181.00 | | | Rural areas | 15.0% | **R 193.00** | 6.63% | R 206.00 | 6.74% | R 220.00 | 6.80% | R 167.83 |
| | | **6.4.2.3** | **Verification of electricity meter** | | | | | | | | |
| | | | In terms of Section 51 (3) | | | | | | | | |
| | | | Per testing of meter | | | | | | | | |
| | | | Urban areas | | | | | | | | |
| R 532.00 | | | (i) Single Phase electro-mechanical, per meter | 15.0% | **R 569.00** | 6.95% | R 608.00 | 6.85% | R 650.00 | 6.91% | R 494.78 |
| R 696.00 | | | (ii) Three Phase electro-mechanical, per meter | 15.0% | **R 744.00** | 6.90% | R 796.00 | 6.99% | R 851.00 | 6.91% | R 646.96 |
| R 516.00 | | | (iii) Single phase pre-paid meter, per meter | 15.0% | **R 552.00** | 6.98% | R 590.00 | 6.88% | R 631.00 | 6.95% | R 480.00 |
| R 680.00 | | | (iv) Three phase pre-paid meter, per meter | 15.0% | **R 727.00** | 6.91% | R 777.00 | 6.88% | R 831.00 | 6.95% | R 632.17 |
| R 795.00 | | | (v) KVA / kWh meter, per meter | 15.0% | **R 850.00** | 6.92% | R 909.00 | 6.94% | R 972.00 | 6.93% | R 739.13 |
| R 228.00 | | | (vi) Meter verifying | 15.0% | **R 243.00** | 6.58% | R 260.00 | 7.00% | R 278.00 | 6.92% | R 211.30 |
| | | | Rural areas | | | | | | | | |
| R 579.00 | | | (i) Single phase electro-mechanical, per meter | 15.0% | **R 619.00** | 6.91% | R 662.00 | 6.95% | R 708.00 | 6.95% | R 538.26 |
| R 744.00 | | | (ii) Three phase electro-mechanical, per meter | 15.0% | **R 796.00** | 6.99% | R 851.00 | 6.91% | R 910.00 | 6.93% | R 692.17 |
| R 569.00 | | | (iii) Single Phase pre-paid meter, per meter | 15.0% | **R 608.00** | 6.85% | R 650.00 | 6.91% | R 695.00 | 6.92% | R 528.70 |
| R 732.00 | | | (iv) Three phase pre-paid meter per meter | 15.0% | **R 783.00** | 6.97% | R 837.00 | 6.90% | R 895.00 | 6.93% | R 680.87 |
| R 845.00 | | | (v) KVA / kWh meter per meter | 15.0% | **R 904.00** | 6.98% | R 967.00 | 6.97% | R 1 034.00 | 6.93% | R 786.09 |
| R 273.00 | | | (vi) Meter verifying | 15.0% | **R 292.00** | 6.96% | R 312.00 | 6.85% | R 333.00 | 6.73% | R 253.91 |
| | | **6.4.2.4** | **Single phase connection** | | | | | | | | |
| R 11 833.00 | | | Single phase connection with underground cable and electro-mechanical meter, per connection | 15.0% | **R 12 661.00** | 7.00% | R 13 547.00 | 7.00% | R 14 495.00 | 7.00% | R 11 009.57 |
| R 11 833.00 | | | Single phase connection with underground cable and pre-paid meter, per connection | 15.0% | **R 12 661.00** | 7.00% | R 13 547.00 | 7.00% | R 14 495.00 | 7.00% | R 11 009.57 |
| R 8 231.00 | | | Single phase connection with overhead cable and electro-mechanical meter, per connection | 15.0% | **R 8 807.00** | 7.00% | R 9 423.00 | 6.99% | R 10 082.00 | 6.99% | R 7 658.26 |
| R 8 231.00 | | | Single phase connection with overhead cable and pre-paid meter, per connection | 15.0% | **R 8 807.00** | 7.00% | R 9 423.00 | 6.99% | R 10 082.00 | 6.99% | R 7 658.26 |
| R 9 259.00 | | | Informal Single phase overhead connection with pre-paid meter and ready board | 15.0% | **R 9 907.00** | 7.00% | R 10 600.00 | 7.00% | R 11 342.00 | 7.00% | R 8 614.78 |
| R 784.00 | | | Change from electro-mechanical meter to automat meter, per change | 15.0% | **R 838.00** | 6.89% | R 896.00 | 6.92% | R 958.00 | 6.92% | R 728.70 |
| | | **6.4.2.5** | **Temporary connection** | | | | | | | | |
| | | | Temporary connections are supplied at the tariffs mentioned in 4.2.4 for a single phase connection, and at actual cost for a three phase connection. The cost or tariff payment is | | | | | | | | |
| R 7 414.00 | | **6.4.2.6** | Government-subsidised housing - (20 % admin. Charges not included) | 15.0% | **R 7 932.00** | 6.99% | R 8 487.00 | 7.00% | R 9 081.00 | 7.00% | R 6 897.39 |

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# Budget Related Policies 2018/2019

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# BUDGET POLICY

| |
|---|
| Date of implementation 01 July 2010 |

Adopted by Council 15/06/2010

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1. DEFINITIONS

"Accounting Officer"

(a) means the City Manager;

"Allocation", means

(a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;

(b) an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;

(c) an allocation of money to a municipality in terms of a provincial budget; or

(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget

(a) approved by a municipal council in terms of section 24 of the MFMA, or

(b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

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

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including

(a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
(b) the rates policy which the municipality must adopt in terms of section 3 of the municipal property rates Act;
(c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
(d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
(e) a borrowing policy which must comply with Chapter 6 of the Act;
(f) a funding and reserves policy;
(g) a policy related to the long-term financial plan;
(h) the supply chain management policy which the municipality is required o adopt in terms of section 111 of the Act;
(i) any policies dealing with the management and disposal of assets;
(j) any policies dealing with infrastructure investment and capital projects, including –
    (i) the policy governing the planning and approval of capital projects; and
    (ii) the policy on developer contributions for property developments;

(k) the indigents policy of the municipality;
(l) any policies related to the provision of free basic services;
(m) any policies related to budget implementation and monitoring including –
  (i) a policy dealing with the shifting of funds within votes;
  (ii) a policy dealing with unforeseen and unavoidable expenditure; and
  (iii) policies dealing with management and oversight;
(n) any policies related to the managing electricity and water including -
  (i) a policy related to the management of losses; and
  (ii) a policy to promote conservation and efficiency;
(o) any polices related to personnel including polices on overtime, vacancies and temporary staff;
(p) any policies dealing with municipal entities, including –
  (i) the service delivery agreement; and
  (ii) the dividend preference of the municipality; and
(q) any other budget-related or financial management policies of the municipality.

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"chief financial officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"councillor" means a member of a municipal council;

"creditor", means a person to whom money is owed by the municipality;

"current year" means the financial year, which has already commenced, but not yet ended;

"delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA

"financial statements", means statements consisting of at least

(a) a statement of financial position;

(b) a statement of financial performance;

(c) 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 instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in Accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;

(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

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

"investment", in relation to funds of a municipality, means

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

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

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

"executive mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"

(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
(b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose;

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

"official", means

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

"overspending"

(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
(c) in relation to expenditure under section 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(l) (c) of the MFMA;

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice", means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

"unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes

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

"virement" means transfer of funds between functions / votes

"vote" means

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

## 2. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualisation and the operationalisation of the budget must be located within the national government's policy framework.

## 3. OBJECTIVE

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to Witzenberg Municipality's IDP review and budget processes.

## 4. BUDGETING PRINCIPLES

- The municipality shall not budget for a cash deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels.
- 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.
- Witzenberg Municipality shall prepare three-year budget (medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council.
- The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

## 5. BUDGET PREPARATION PROCESS

### 5.1. Formulation of the budget

(a) The Accounting Officer with the assistance of the Chief Financial Officer, Manager Financial Administration and the Manager IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.

(b) The executive mayor shall table the IDP process plan as well as the budget timetable to Council not later than 31 August of each year for approval (10 months before the start of the next budget year).

(c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act, Municipal Budget and reporting regulations as well as the guidelines set by National Treasury.

(d) The Executive Mayor shall convene a strategic workshop in September/October with the mayoral committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality. The executive mayor shall table the IDP priorities with the draft budget to Council.

(e) The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March of each year (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.

(f) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.

(g) The budget must be in the prescribed format by National Treasury, and must be divided into capital and operating budget.

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

(i) The expenses reflected in the budget must be divided into items.

(j) The budget must contain the information related to the two financial years following the financial year to which the budget relates, as well as the estimated revenues and expenses for the current year and the two prior year actual revenue and expenditures.

### 5.2. 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 organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

### 5.3. Approval of the budget

(a) Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).

(b) The council resolution, must contain budget policies and performance measures be adopted.

(c) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.

(d) The budget tabled to Council for approval shall include the following supporting documents:

i. draft resolutions approving the budget;
ii. and levying property rates, other taxes and tariffs for the financial year concerned;
iii. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
iv. the projected cash flows for the financial year by revenue sources and expenditure votes;
v. any proposed amendments to the IDP;
vi. any proposed amendments to the budget-related policies;
vii. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers;
viii. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;
ix. particulars of the municipality's investments; and

x. various information in regard to municipal entities under the shared or sole control of the municipality

5.4. Publication of the budget

(a) Within 14 days after the draft annual budget has been tabled, the Director must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public.

(b) The Chief Financial Officer must within 14 days after the draft annual budget is tabled:

(i) submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

(ii) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

5.5. Service Delivery and Budget Implementation Plan (SDBIP)

(a) The Executive mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.

(b) The SDBIP shall include the following components:

(i) Monthly projections of revenue to be collected for each source

(ii) Monthly projections of expenditure (operating and capital) and revenue for each vote

(iii) Quarterly projections of service delivery targets and performance indicators for each vote

(iv) Ward information for expenditure and service delivery

(v) Detailed capital works plan broken down by ward over three years

6. CAPITAL BUDGET

(a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and has a useful life in excess of one year.

(b) The capital budget shall distinguish between replacement and new assets.

(c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.

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

(e) Before approving a capital project, the Council must consider:

(i) the projected cost of the project over all the ensuing financial years until the project becomes operational,

ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).

(f) Before approving the capital budget, the council shall consider:

(i) the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,

(ii) depreciation of fixed assets,

(iii) maintenance of fixed assets, and

(iv) any other ordinary operational expenses associated with any item on such capital budget.

(g) Council shall approve the annual or adjustment capital budget only if it has been properly cash funded.

(h) The capital expenditure shall be funded from the following sources:

(i) Revenue or Surplus

- If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.

- If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

(ii) External loans

- External loans can be raised only if it is linked to the financing of an asset;
- A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
- The loan redemption period should not exceed the estimated life span of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- Interest payable on external loans shall be included as a cost in the operating budget;
- Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

Capital Replacement Reserve (CRR)

- Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve shall be established from the following sources of revenue:

  - inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
  - interest on the investments of the CRR, appropriated in terms of the investments policy;
  - additional amounts appropriated as contributions in each annual or adjustments budget; and
  - interact on investments of unutilised grants;
  - only VAT claimed back on grants and subsidies; and
  - Sale of land and profit or loss on the sale of assets.

- Before any asset can be financed from the CRR the financing must be available within the reserve and available as cash as this fund must be cash backed;

- If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;

- Transfers to the CRR must be budgeted for in the cash budget

Grant Funding

- Non capital expenditure funded from grants
  - must be budgeted for as part of the revenue budget;
  - Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
  - Capital expenditure must be budgeted for in the capital budget;

- Grant funding does not need to be cash backed but cash should be secured before spending can take place.
- All unutilized grants received must be ring fenced and cash backed by means of an investment.

7. 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) entitlement of officials as at 30 June of each financial year,
(iii) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages.
(iv) provision for the obsolescence and deterioration of stock in accordance with its stores management policy
(v) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
(vi) At least 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
- interest payable on external borrowings.
- other operating expenses.

(e) The chief financial officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.

8. FUNDING OF CAPITAL AND OPERATING BUDGET

(a) The budget may be financed only from:

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

9. UNSPENT FUNDS / ROLL OVER OF BUDGET

(a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

(b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year

(c) Conditions of the grant fund shall be taken into account in applying for such roll over of funds

(d) Application for roll over of funds shall be forwarded to the budget office by the 15th of April each year to be included in next year's budget for adoption by Council in May.

(e) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.

(f) No unspent operating budget shall be rolled over to the next budget year

## 10. BUDGET TRANSFERS AND VIREMENTS

Budget transfers and veriments are dealt with in terms of the councils Budget Veriment Policy.

## 11. ADJUSTMENT BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

(a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.

(b) Council may revise its annual budget by means of an adjustments budget in terms of section 28 of the MFMA and according to the timelines of the Municipal Budget and reporting regulations section 23.

(c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

(d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.

(e) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.

(f) An adjustments budget must contain all of the following:
   (i) an explanation of how the adjustments affect the approved annual budget;
   (ii) appropriate motivations for material adjustments; and
   (iii) an explanation of the impact of any increased spending on the current and future annual budgets.

(g) Any inappropriate surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.

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

(i) Unauthorised expenses may be authorised in an adjustments budget.

(j) In regard to unforeseen and unavoidable expenditure, the following apply:
   (i) the Executive mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA;
   (ii) the authorized amount may not exceed 4 % of the approved own revenue included in the annual budget in respect of such unforeseen and unavoidable expenses;
   (iii) these expenses must be reported by the Executive mayor to the next Council meeting;
   (iv) the expenses must be appropriated in an adjustments budget; and
   (v) Council must pass the adjustments budget within sixty days after the expenses were incurred.

## 12. BUDGET IMPLEMENTATION

### 12.1 Monitoring

(a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and
- revenues and expenses are properly monitored.

(b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive mayor for consideration and tabling to Council.

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

### 12.2 Reporting

#### 12.2.1 Monthly budget statements

(a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Executive mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

(i) actual revenues per source, compared with budgeted revenues;
(ii) actual expenses per vote, compared with budgeted expenses;
(iii) actual capital expenditure per vote, compared with budgeted expenses;

(iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
(v) the amount of allocations received, compared with the budgeted amount;
(vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
(vii) explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
(viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
(ix) projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

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

#### 12.2.2 Quarterly Reports

(a) The Executive mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

12.2.3 Mid-year budget and performance assessment

(a) The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.

(b) The Accounting officer must then submit a report on such assessment to the Executive mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

(c) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

13. CONCLUSION

The Director Corporate Services must place on the municipality's official website the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the integrated development plan
- the annual report;
- all performance agreements;
- all service delivery agreements;
- all long-term borrowing contracts;
- all quarterly and mid-year reports submitted the Council on the implementation of the budget and the financial state of affairs of the municipality.

WITZENBERG
Municipality • Munisipaliteit • UMasipala Wase

# TARIFF POLICY

| |
|---|
| Date of implementation: 1 July 2010<br>Reviewed by Council 20/04/2011<br>Reviewed by Council 31/05/2012<br>Reviewed by Council 29/05/2013<br>Reviewed and amended by Council on 28/05/2014<br>Reviewed and amended by Council on 30/05/2017 |

Updated Council 15/06/2010
Council 28/05/2009

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# 1. Introduction

Every Municipality is responsible for the drafting and annual revision of a tariffs policy within the framework provided by the Act on Municipal Systems.

# 2. Purpose

The purpose of the policy is to ensure that:

- the provisions of section 74 of the Act on Municipal Systems (Act 32 of 2000) are complied with;
- a properly documented policy is in place to determine how the tariffs of the Witzenberg Municipality are to be determined; and
- the tariffs are realistic and affordable.

# 3. Principles

The determination of tariffs should in all instances be based on sound economic principles. The Council's input is to ensure that the tariffs policy be reviewed and modified during the annual budgetary process.

## 3.1 Basic principles

The following principles, in addition to those enunciated in section 74 of Act 32 of 2000, were considered:

- Equalisation within the shortest possible time
- Affordability of service
- Discouragement of wastage through pricing mechanisms
- Ensuring adequate cash flow
- Simple and understandable structure
- Justifiable structure
- Transparent structure

## 3.2 The Municipal account

The accounts for property rates and services may not be viewed in isolation. They must be approached collectively in order to determine the most affordable amount to be paid by different clients as a total account.

## 3.3 Credit control

It is not possible to successfully calculate a tariffs structure without considering the provisions of an effective credit control system. Similarly, a credit control system cannot function without a sound tariffs policy drafted in support of the problems of indigent persons.

## 3.4 Costs of the provision of services and the calculation of tariffs

Tariffs must be capable of recovering the costs of the provision of a service. If a service should be run at a loss, there will by necessity have to be cross-subsidising from other services. It is therefore imperative that the tariffs for each service be accurately calculated and that the correct tariffs structure is accepted and implemented.

## 3.5 Socio-economic factors

As a result of non-payment, local authorities are experiencing problems with their cash flow. One of the most important reasons for non-payment is the failure of tariffs structures to make proper allowance for the socio-economic circumstances of the communities involved. The implementation of pre-paid electricity, as well as "free" water and electricity, partially address this problem.

Clients have been divided into the following categories:

- Clients unable to make any contribution towards the provision of services and who have to be subsidised fully.
- Clients who can afford a partial contribution and who need only to be subsidised partially.
- Users who can fully afford the services.

It is important to identify these categories and to plan the tariffs structures accordingly. The subsidies are derived from two sources, namely:

- Contributions by the State – The State determine the extent of these contributions from year to year and may increase or lower the contribution, while the needs of the local authority increase annually.
- Contributions from Municipal funds – These funds must be budgeted for.

Services may also be subsidised from a combination of the aforementioned funds.

The tariffs structure has been compiled in the following manner in order to make provision for subsidising:

- Fully subsidised in terms of the Indigent policy
- Full tariff payable.

## 3.6 Equalisation of principles

In order to accomplish the total legalisation of tariffs, the tariffs must as far as possible be standardised throughout the whole municipality. Unique circumstances of a particular town will, however, play a role in preventing the tariffs from being 100% identical throughout. The principles for the determination of the tariffs should however, never vary.

## 3.7 Phasing in of new tariffs structures

Time is needed for the phasing in of any new structure. In practice this will mean that different towns will be subjected to different tariff increases during the period of phasing in.

### 3.8 Profit-taking

The following goals for profit-taking are applicable within Witzenberg.

- Electricity - Profit of 15%
- Water - Profit of 15%
- Sewerage - Profit of 0,5%
- Refuse removal - Profit of 0,5%

### 3.9 Basic and Availability charges

Tariffs are set in a manner that will ensure sustainability of the service. Therefore basic services charges and service availability charges are levied on every site whether the service is utilized or not. The aim is to recover all fixed costs and a portion of the variable cost of the relevant service

# 4. Tariffs structure

## 4.1 Electricity

The following directions of the NER were considered during the drafting of the electricity tariffs structure:

- Tariffs must be economically sustainable.
- Clients must be given a choice of tariffs.
- The tariffs should be based on the costs of delivery, while also complying with the guidelines laid down in NRS 058.
- The tariffs must be transparent and the level of cross-subsidising must be known.
- The tariffs must be comparable with the tariffs of neighbouring suppliers
- The tariffs must be conveniently administered and must reflect the standard of service provision.

NERSA suggested five categories of tariffs to form the basis of the tariffs structure.

| Name of Tariff | Tariff Components | | | |
|---|---|---|---|---|
| | Minimum levy (Rand/client/ month) | Energy levy (Cent/ kWh) | Duration of use of energy tariff (Cent/ kWh) | Demand tariff (Rand/KVA) |
| Singular energy tariff | | √ | | |
| Dual tariff | √ | √ | | |
| Dual time of consumption tariff | √ | | √ | |
| Tripartite tariff | √ | √ | | |
| Tripartite time of consumption tariff | √ | | √ | √ |

The structuring of the tariffs structure for the provision of electricity, with due consideration of the NER directions, is based on the following principles:

- Structure is divided into client groups;
- A costing structure is allocated to each client group;
- Five tariffs structures and components were used as per the NER's directions;
- Profit-taking of the existing tariffs in the new structure;
- Phasing in of existing tariffs into new structure.

### 4.1.1 Client groups

The tariffs structure is divided into the following client groups:

- Residential clients
- Commercial clients
- Industrial clients
- Rural clients
- Large-scale clients

The classification of the client is left up to the client himself, and will largely be determined by the client's own needs.

- Street lights and sports bodies are identified as a special group.

### 4.1.2 Tariffs structures

The following tariffs are used:

- Availability tariff

This tariff is levied on all vacant premises with the potential of being linked to the municipal services.[1]

The availability tariff is levied monthly or part thereof, provided that where a resident is connected after the 15th of a month, a levy will only be imposed on the following month's account.

- Singular energy tariff

This structure is only available to clients who are residential, street lights or sports bodies. The tariff is based on the quantity kwh consumed. Provision is made for the following varying sizes of connections:

- Pre-paid meters up to 1 X 40A
- Single phase
- Three-phase

It is up to the client to decide which connection meets his particular requirements. Depending on the consumption of kWh, the client should decide whether a single-phased tariffs structure will suit his requirements better than a dual tariffs structure. The cut-off point is approximately 1 000kwh consumption.

- Dual tariff

This tariffs structure is available for commercial, rural and residential clients. The tariff consists of a minimum component and an energy component.

[1] Amended by council on 28 May 2014

The minimum levy is a levy per month, or portion thereof, provided that where a resident is connected after the 15th of a month, a levy will only be imposed on the following month's account.

The energy component is based on the kWh consumed from one reading to the next.

Two sizes of residential connections are provided:
- single phase
- three phase.

For the commercial client a distinction is made between single and three-phase supplies as well as between the following sizes per phase:

20A
40A
60A
80A
100A
150A
200A
250A

Rural clients are divided into smaller than 25KVA, larger than 25KVA but smaller than 50KVA and larger than 50KVA to a maximum of 100KVA. The energy tariff is divided into two tariffs, i.e. fewer than 1000 units and more than 1000 units during a period measured from one reading to the next.

- Tripartite tariff

This tariffs structure is available to commercial, industrial, rural and large-scale clients.

As with the dual structure, the levies are based on a minimum as well as an energy levy. Additionally, however, a demand levy is imposed, based on the client's maximum demand during the previous month.

Within the groups, a distinction is made between:

Bigger than 1MVA high tension
Smaller than 1MVA high tension
Low tension

- Tripartite tariff for time of use

This tariffs structure is exactly the same as the tripartite tariff. It is also available to the same groups of clients. The only difference is that the time of consumption is linked to the tariff. The client has to apply for this tariff, usually following a thorough examination by him.

## 4.2 Water

### 4.2.1 Client groups

Recovery of the costs of the water service is not based only on consumption and the type of client, but also on the extent to which the client has access to the service and what the service must

provide for, as well as the actual consumption. The principle of equity is taken into account when the client groups are classified.

Clients are classified in accordance with the size of their connections to the main supply. By classifying the client in accordance with the size of the connection, a more equitable basis for contributions towards costs is obtained than when a tariff is simply allocated to a certain type of consumer. In this way, cross-subsidising is largely eliminated.

## 2.2 Tariffs structures

The following tariffs structures will be in existence:

- Availability levy on all vacant premises within the town areas linked to the water network.
- Minimum levies for every size of connection with distinction being made between the following sizes:

| Size of connections | Factor |
|---|---|
| Vacant premises | 1.64 |
| 0-25mm | 1.00 |
| 26-50mm | 11.45 |
| 51-80mm | 28.92 |
| 81-100mm | 45.78 |
| 101-150mm | 102.41 |
| Client consuming > 20 000 kl./per month | 2228.92 |
| Un-metered connections | 3.37 |

- The consumption tariff is a block tariff, with the client able to choose between block A and B:

• **Block A**

| Consumption | Factor |
|---|---|
| 0-6 | 0.32 |
| 7-30 | 0.92 |
| 31-60 | 0.92 |
| 61-300 | 0.92 |
| Above 300 | 3.19 |

• **Block B**

| Consumption | Factor |
|---|---|
| 0-300 | 1.00 |
| 301-1000 | 1.00 |
| 1001-8000 | 0.97 |
| Above 8000 | 0.97 |

• **Block C** (Only for consumers with consumption of over 20 000 kilolitres per month)

| Consumption | Factor |
|---|---|
| 0-20 000 | 0 |
| Above 20 000 | 0.31 |

• **Block D** (Only municipal consumption)

| Consumption | Factor |
|---|---|
| Above 0 | 0.26 |

The block tariffs should encourage consumption, but discourage abuse, with Block A for residential clients and Block B for commercial clients. The choice nevertheless remains the client's. The third block is clients with consumption of over 20 000 kilolitres per month.

The above factors will be phased out as the water demand is growing in relation to the water supply.[2]

- Pre-paid water tariff – This tariff is calculated together with the other tariffs with a factor of 0.85.

- Municipal tariff – A departmental tariff based on the size of the connection is levied together with a consumption tariff. The departmental levy is aimed at the mere recovery of maintenance and running costs. In calculating this, loan costs, administrative levies, provision for bad debts and profit-taking are not considered.

The availability and minimum levies are levied monthly or part thereof, provided that where a resident is connected after the 15th of a month, a levy will only be imposed on the following month's account.

If a client on Block A consumption is higher than 300 kl of water per meter reading cycle, then that client may apply for relief if the client can proof that leakage existed. The relief application will be considered based on the following criteria:

(a) Usage portion of the client indicated that the clients consumption prior to the leakage was less than 300kl and
(b) Proof can be provided of the cost of repair of the leakage.

The account will be adjusted as follow:

A = Usage during period of meter reading (can be more than one period)
B = 300
C = Tariff of Block A for consumption (61 – 300)

Formula: A – B X C

If a client's consumption increased due to a leakage, an average consumption can be charged for a period not exceeding 3 months on submission of proof that the leakage existed and was subsequently repaired.

That the authority for the approval of the relief be assigned to the Manager: Income or Chief Financial Officer.[3]

Clients are entitled to one claim in a financial year for relief for high water accounts caused by leaking pipes and fittings. Any additional applications can only be approved by the Chief Financial Officer.[4]

### 4.2.3 Calculation of tariffs during water restrictions

Council determine water saving tariffs with the annual budget and tariff approval process. Provision is made for moderate and extreme restrictions.

[2] Amended by Council resolution 30/05/2017
[3] Amended by Council resolution 27/8/2014
[4] Amended by Council resolution 30/05/2017

## 4.3 Refuse removal

No distinction is made between fixed and variable costs in the costing structure of refuse removal.

The total costs are divided amongst the clients in relation to the municipal valuation of residential property.

All other consumers are billed according to the size and number of wheelie bins removed.

### 4.3.1 Client groups

The following client groups are distinguished:

- Non Residential Clients with one removal per week
- Non Residential Clients with two removals per week
- Non Residential Clients with three removals per week
- Residential Clients with one removal per week

### 4.3.2 Tariffs structure

A minimum tariff equal to one removal per week is levied on all commercial and industrial clients, irrespective of whether the service is utilised or not.

All levies are levied monthly or part thereof, provided that where a resident is connected after the 15th of a month, a levy will only be imposed on the following month's account.

Non Residential Clients are compelled to use wheelie bins for refuse removal purposes. The minimum monthly charge will be equal to the charge for a 240L Wheelie Bin.

## 4.4 Sewerage

Different types of services provided by the Municipality are in existence in respect of sewerage. These include a water-closet system and a suction-drain system, primarily in Prince Alfred's Hamlet.

### 4.4.1 Costs structure and client groups

In order to determine a basis for the equitable sharing of costs, each client group's share in the costing structure should be considered.

Potential dumping is used as the fairest method. The client is levied in accordance with his dumping potential. This is determined by the size of the water connection to the property. The client with a bigger connection has the ability to dump more water into the sewerage system. The quantity of water used is not taken into account.

As sewage sludge is based on the flow of water, the costs are largely incurred in respect of the dumping into the sewage works and the treatment of the substances.

The following categories are distinguished:

<20mm water connection
21-50mm water connection
80mm water connection

100mm water connection
150> water connection

A special category was created for Qbiqua Prison.

### 4.4.2 Water-closet system

For the purposes of classification where one connection is in place but more than one usage are separately operated on the premises, each separate usage is regarded as a connection in accordance with the classification under which such usage would normally be connected, but not bigger than the connection that serves the premises.
Examples of these are flats, shopping centres where sub-letting takes place and a residential house with a separate flat.

All levies are a monthly levy, or part thereof, provided that where a resident is connected after the 15th of a month, a levy will only be imposed on the following month's account.

A monthly availability levy is imposed on vacant premises where the possibility exists for the connection of a water-closet system to the main sewerage system. The tariff is calculated by dividing the total loan costs by the number of clients (built-up and vacant premises) and to divide that figure by twelve.

### 4.4.3 Suction-drain system

The suction-drain system is based on usage. Seepage systems which are never sucked make no contribution towards the costs of the service, although the service must still be provided. Fixed costs are accordingly recovered by consumer's tariffs and not by a fixed levy.

The suction-drain service structure entails the following:

- Availability levies are recovered monthly from all built-up properties in Prince Alfred's Hamlet.
- Variable costs which recover vehicle and personnel costs, are levied per suction service provided.
- A distinction is made between areas inside and outside the town area.

Based on vehicle costs, a kilometre tariff is recovered from clients outside the town area.

All levies, with the exception of the kilometre tariff and suction-drain service tariff, are imposed monthly or pro rata on both water-closet and suction-drain services, provided that where a resident is connected after the 15th of a month, a levy will only be imposed on the following month's account.

## 4.5 Property rates

The general valuation roll for Witzenberg will come into effect on 1 July 2013.[5] The Municipality has at its disposal a rates policy which addresses the following:

- Criteria for differentiated property rates categories
- Differentiated tariffs

The purpose of property rates is to recover costs that cannot be redeemed by tariff-recovering services or direct revenue.

[5] Amended by Council resolution 30/05/2017

# 5. Sundry Tariffs

The principles expounded for tariff construction, are also applicable to diverse tariffs.

## 5.1 Resorts

The full costs of the resorts must be recovered by the tariffs so that they place no further burden on the inhabitants of Witzenberg, while at the same time the utilisation of the resorts should be encouraged. The costs of the swimming baths within the resorts form part of the resorts' costs.

The following tariff groups are distinguished:

- Chalets or houses
- Caravan sites
- Semi-permanent camping sites
- Day visitors/motor vehicles
- Renting of conference facilities and halls

A distinction is also made in respect of seasons and the following seasons are defined:

<u>High season</u>

The period of 26 days during the December and January school holidays. Exact dates are determined from year to year

And

The four days coinciding with the Easter weekend during March or April.

<u>In-season</u>

From the commencement of the Western Cape's school holidays during September until the end of April, excluding the high seasons indicated above.
<u>Off-season</u>

All other days, excluding high season and in-season.

A further distinction exists between weekends and weekdays in the event of high season and in-season. No such distinction exists during the off-season.

The following rebates will be given:

(a) Rebate of 25 % for bookings during weekdays except in school holidays of the Western Cape;
(b) Pensioners qualifies for a rebate of 50 % in off-season;
(c) Students accompanied by parents receives 12 % discount on day visit tariffs;
(d) 50 % rebate for bookings of conference facilities where 5 or more chalets or houses are booked and occupied.

The Director: Community Services may use his/her discretion in terms of the delegation of powers to grant rebates other than stipulated above based on occupation rate and tourism potential.

## 5.2 Tariffs for halls

Tariffs are levied for the use of municipal halls (e.g. Community halls).

### 5.2.1 Tariff

All halls must be graded in accordance with their size, condition and available facilities, in the following grades:

| | | |
|---|---|---|
| A-grade | = | 100% |
| B-grade | = | 75% |
| C-grade | = | 50% |

The tariffs are determined on the basis of economical and equitable rent and are calculated as follows:

- Costs of personnel and equipment utilised from time to time during use of the hall and preparations and tidying-up activities, to be calculated on the same basis for each property.

- Letting of property, which will vary per grouping (e.g. eating utensils, etc.).
- Categories of functions.

### 5.2.2 Deposits

Sufficient deposits must be obtained for each letting to cover not only the Municipality's costs, but also to provide for breakage.

### 5.2.3 Letting periods

Letting is to be divided into morning, afternoon and evening sessions while preparation and tidying up are also provided. This division is retained and is defined as follows:

- Morning session - from 08:00 – 13:00, including preparation and tidying up
- Afternoon session – from 13:00 - 18:00, including preparation and tidying up.
- Evening session - from 18:00 – 24:00, including preparation and tidying up.
- A pro-rata contribution must be paid, in addition to the letting fee, for every hour or portion there of falling outside those indicated above.

### 5.2.4 Free of Charge

The Library Halls may be provided free of charge to the following organisations:

- Youth
- Charity
- Community
- Sport
- Education
- Government and

- Local management meetings of political parties

Community halls may be provided free of charge twice a quarter per party which are represented in the Council, which may be used for political meetings with the community. The political party must however give notice in omitting to the Accounting Officer.

The provision is subject to the availability of the facility and will be dealt with accordingly to priority of application based on time of receipt of the application.

## 5.3 Fees for Cemeteries

Cemetery fees are based on the following:

- Value of land
- Costs of preparing grave
- Maintenance in future
- Costs of digging and closing up of grave (should the family not do so)
- A premium on the sale of the grave to a non-inhabitant of Witzenberg.

As only one costing centre is used, the costs for the preparation of a grave must be the same at all cemeteries. Exceptions, however, may be made in relation to ground formation in respect of the digging of the grave. In order to provide for those who cannot afford the full tariff, a subsidy is to be calculated that is based on specific criteria, and be included in the Municipality's indigent policy.

## 5.4 Other

The other diverse tariffs must, wherever possible, be determined on actual costs plus a percentage.

# 6. Rebates

The Municipality provides rebates to people or organisations that assist with economic growth within Witzenberg by the creation of new structures or by additions to existing buildings and the creation of job opportunities.

The person or organisation who wants to apply for the rebate must do so that the application speaks to the criteria extent and conditions as stipulated below:

## 6.1 Criteria

The person or organisation must create new or extent building and create new job opportunities. The investor must apply for the rebate and provide at least the following information in writing:

- Total cost of building plan
- Total number of jobs created after completion of building phase
- Number of Directors
- Number of Directors classified as historically disadvantaged individuals HDI

The criteria and weights for evaluating the application are as follow:

| Criteria | Points |
|---|---|
| Improvement value of Buildings extended | 60 |
| Job opportunities | 30 |
| HDI points based on Directors | 10 |

The allocation of points will be as follow:

Improvement value of extension
1 Point for every R80,000.00 of value added

Job opportunities
2 Points for every permanent new job opportunity created, and
1 Point for every seasonal job opportunity created

HDI points
The percentage of the number of HDI directors is used as a basis to allocate a point out of 10.

The applicant must score at least 50 points to qualify for a rebate. The applicant must be prepared that an audit be performed at any stage during the period when the rebates are allocated. If at any stage it is found the applicant do not meet the requirements then the rebate will be stopped immediately.

6.2 Extent

Two categories of rebates exist. A minimum of 75 points must be obtained to qualify for a category A rebate.

The rebate will be for a period of 5 years and will be as follow:

| | Rebate A Percentage rebate | Rebate B Percentage rebate |
|---|---|---|
| Year 1 | 25 % | 15 % |
| Year 2 | 20 % | 12 % |
| Year 3 | 15 % | 9 % |

| | | |
|---|---|---|
| Year 4 | 10 % | 6 % |
| Year 5 | 5 % | 3 % |

The rebate will be applicable on all service charges as well as property rates.

# 7. Conclusion

In drafting any tariffs policy, the principles enunciated above must be applied in order to determine the equity of the tariff. However, irrespective of the fairness or equity of the tariff, huge problems will be encountered with maintaining and continuing a service if the tariff is not affordable to a large portion of the clients.

# PROPERTY RATES POLICY

## FORMULATED IN TERMS OF SECTION 3 OF THE LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, NO. 6 OF 2004

| Date of Implementation: 01 July 2010 |
|---|

***OUR VISION:* "A MUNICIPALITY THAT CARES FOR ITS COMMUNIY, CREATING GROWTH AND OPPORTUNITIES"**

*Amended by Council 30/05/2017*
*Amended by Council 18/05/2016*
*Amended by Council 15/06/2010*
*Amended by Council 28/05/2009*

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# 1. LEGISLATIVE CONTEXT

1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) as amended, which specifically provides that a municipality must adopt a Rates Policy.

1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.

1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) as amended a municipality in accordance with-

a. Section 2(1), may levy a rate on property in its area; and
b. Section 2(3), must exercise its power to levy a rate on property subject to-

i. Section 229 and any other applicable provisions of the Constitution;
ii. the provisions of the Property Rates Act; and
iii. the rates policy.

1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alias*, rates on property.

1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.

# 2. DEFINITIONS

2.1 **Act** means the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) as amended.

2.2 **Municipality** means the municipal council for the municipal area of Witzenberg.

2.3 **Pensioners** mean natural persons 60 years old or older.[1]

[1] Added on 30 May 2017

2.4 **All other terms** are used within the context of the definitions contained in the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) as amended.

## 3. POLICY PRINCIPLES

3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation.

3.4 The rates policy for the municipality is based on the following principles:

(a) Equity
The municipality will treat all ratepayers with similar properties the same.

(b) Affordability
The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

(c) Sustainability
Rating of property will be implemented in a way that:

i. it supports sustainable local government by providing a stable an buoyant revenue source within the discretionary control of the municipality; and
ii. supports local social economic development

(d) Cost efficiency
Rates will be based on the value of all rateable property and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

## 4. SCOPE OF THE POLICY

This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

## 5. APPLICATION OF THE POLICY

In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

## 6. CATEGORIES OF PROPERTY

**6.1** Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the permitted use of the property

**6.2** Categories of property for the municipality include-

(a) residential properties
(b) industrial properties
(c) business and commercial properties
(d) agricultural properties
(e) mining properties
(f) properties owned by an organ of state and used for public service purposes
(g) public service infrastructure properties
(h) properties owned by public benefit organisations and used for specified public benefit activities
(i) properties used for multiple purposes, subject to Section 9; or
(j) any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the Gazette."[2]

[2] Amended by Council on 27/02/2017 in terms of amendments to the Act

# 7. CATEGORIES OF OWNERS

7.1 Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the-

(a) indigent status of the owner of a property
(b) sources of income of the owner of a property
(c) owners of property situated within an area affected by-

i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
ii. any other serious adverse social or economic conditions;

(d) owners of residential properties with a market value below a determined threshold;
(e) owners of agricultural properties who are *bona fide* farmers; or
(f) pensioners[3]

7.2 In determining whether a property forms part of a particular category indicated below, the council shall have regard to the actual zoning to which the relevant property is put. Vacant land is included in its own category, irrespective of the permitted use of the property. A change in zoning may result in a change in the category of the property. In table 1 the different usage is listed against the rating categories.

7.3 Business and/or commercial improvements on agricultural properties will be rated separately from the rest of the property according to the zoning of the improvement.

**Table 1**

| Rating categories | Use codes |
|---|---|
| **Residential Property** | GEN RES |
| | GROUP HOUSE |
| | RES |
| | RES 1 |
| | RES 2 |
| | RES 3 |
| | RES 4 |
| | SIN RES |

[3] Added on 30 May 2017

| Rating categories | Use codes |
|---|---|
| | RESORT 2 |
| | AGRI 1/ROS 2 |
| **Informal Settlements** | INF RES |
| **Business/Commercial Property** | BUS |
| | BUS 1 |
| | BUS 2 |
| | BUS 4 |
| | BUS 5 |
| | CEMETERY |
| | COM |
| | EDUC |
| | GUEST HOUSES |
| | INST |
| | INST 1 |
| | INST 2 |
| | INST 3 |
| | LOC BUS |
| | OPEN S1 |
| | OPEN S 2 |
| | OPEN S 3 |
| | PARKING |
| | RES 5 |
| | RESORT 1 |
| | ROS 1/ OPEN S 3 |
| **Industrial property** | IND |
| | IND 1 |
| | IND 3 |
| **Agricultural Properties:** | |
| **Bona fide Agricultural** | AGRI 1/RES 1 |
| | AGRI 1/RES 2 |
| | AGRI 1/SERVT |
| | AGRI 1 |
| | AGRI 1/OS 2 |
| | AGRI 1/OS 3 |
| | AGRI 1 |
| | AGRI 1/INST[4] |
| | AUTH |
| **Agricultural / Business / Residential** | AGRI 1/BUS 2/RES 5 |
| | AGRI 1/ROS 1/RES 5 |
| | AGRI 1/BUS 2 |
| | AGRI 1/RES 5 |

[4] Updated by Council 29/05/2013 with effect from July 2012

| Rating categories | Use codes |
|---|---|
| **Agricultural / Industrial** | AGRI 1/AGRI 2 |
| | AGRI 1/IND 1 |
| | AGRI 1/IND 2 |
| | AGRI 2 |
| **State Owned Property** | AGRI 1 |
| | AUT |
| | BUS |
| | EDUC |
| | GEN RES |
| | INST |
| | INST 1 |
| | INST 2 |
| | INST 3 |
| | LOC BUS |
| | OS 1 |
| | OS 2 |
| | OS 3 |
| | OS |
| | RES |
| | RES 1 |
| | SERV |
| | SIN RES |
| | SPORT |
| | TRANS |
| | TRANS 1 |
| | TRANS 2 |
| | TRANS 3 |
| | UNDET |
| **Municipal Property** | AGRI 1 |
| | AUT |
| | BUS |
| | EDUC |
| | GEN RES |
| | INST |
| | INST 1 |
| | INST 2 |
| | INST 3 |
| | LOC BUS |
| | OS 1 |
| | OS 2 |

| Rating categories | Use codes |
|---|---|
| | OS 3 |
| | POS |
| | RES |
| | RES 1 |
| | SERV |
| | SIN RES |
| | SPORT |
| | TRANS |
| | TRANS 1 |
| | TRANS 2 |
| | TRANS 3 |
| | UNDET |
| **Vacant Land - Urban** | VACANT |
| | POS |
| **Public Service Infrastructure** | SERV STAT |
| | TRANS |
| | TRANS 1 |
| | TRANS 2 |
| | UNDET |

## 8. DIFFERENTIAL RATING

8.1 Criteria for differential rating on different categories of properties will be according to-

(a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
(b) The promotion of social and economic development of the municipality.

8.2 Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category.

8.3 Pensioners may qualify for a rebate of 50% on residential property in terms of councils' policy.

### 8.4 Rates ratios to be applied

The rates ratio in relation to residential properties to be applied on non-residential properties is set in the table 2 below:

**Table 2:**

| Categories | Ratio in relation to residential Property |
|---|---|
| **Residential Property:** | |
| Bona Fida residential | 1:1 |
| Informal settlements | 1:0.9 |
| **Business / Commercial property**: | 1:1.81 |
| **Industrial Property** | 1:1.76 |
| **Agricultural Properties:** | |
| Bona Fida Agricultural | 1:0.12 |
| Agricultural/Business/Residential | 1:1.13 |
| Agricultural / Industrial | 1:1.13 |
| **State owned Property** | 1:1.58 |
| **Vacant Land – Urban** | 1:1.50 |
| **Public Service Infrastructure** | 1:0.25 |
| **Building clauses** | 1:1.25 |

## 9. EXEMPTIONS

9.1 The following categories of property are exempted from rates:

(a) Municipal properties
Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers.

(b) Public Benefit Organisations
The following Public Benefit Organisations may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

i. Welfare organisations
Properties owned by not for gain institutions or public benefit organisations and are solely use for the benefit of the institution and or for charitable purposes and performs welfare and humanitarian work as contemplated by part 1 of the ninth Schedule of the Income Tax Act (Act 58 of 1962). Council may grant a rebate as of 100% in the case of Inst. 2 uses and 50% in the case of Inst. 3 users.

ii. Animal welfare
Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

(c) In terms of section 17(i) of the MPRA, the council do not levy a rate on the property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship.

(**The exclusion lapses if not used for the purposes as indicated above**.)

9.2 Exemptions will be subject to the following conditions:

(a) all applications must be addressed in writing to the municipality;
(b) a SARS tax exemption certificate must be attached to all applications;
(c) the municipal manager or his/her nominee must approve all applications;
(d) applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and
(e) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

## 10. REDUCTIONS

10.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by-

(a) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
(b) any other serious adverse social or economic conditions

10.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

10.3 All categories of owners can apply for a reduction in the rates payable as described above

## 11. REBATES

Categories of property

(a) Business, commercial and industrial properties

i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy and as included in the council tariff policy.

ii. Rebates will be granted once an application was received and approved by the municipal manager or his/her delegate.

(b) Conservation Land

No rebates are granted to privately owned properties whether designated or used for conservation purposes.

(c) Historical or heritage properties

No rebates are granted other than residential rebates if appropriate.

(d) Cemeteries.

Privately owned cemeteries received a rebate of 50% and must be exclusively be used for the purpose of a cemetery.

(e) Residential Properties.

The Municipality will not levy a rate on the first value up to R100 000 of the market value as per the Valuation Roll of Residential Properties, as follows:

- on the first R15 000 on the basis set out in Section 17(1)(h) of the MPRA; and
- on the balance of the market value up to R85 000 in respect of residential properties, as an important part of the Councils

indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low-value properties.[5]

(f) Other properties: informal settlements; industrial properties; business and commercial properties. (Refer to paragraph 6.2)

The Municipality will not levy a rate on the first value up to R100 000 of the market value as per the Valuation Roll of informal settlements, industrial properties or business and commercial properties as categorise in paragraph 6.2.[6]

(g) i) Pensioners may qualify for a rebate of 50% on residential property.

ii) Rebates will be granted once an application was received and approved by the municipal manager or his/her delegate.[7]

## 12. MULTIPLE-USE PROPERTIES

If a portion of farms and smallholdings is being used for commercial or industrial purposes and where the municipality considers it reasonable to apply the category of multiple-use properties, the apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the applicable rate. This also caters for wind and solar energy plants.[8]

## 13. RATES INCREASES

(a) The municipality will consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
(b) Rate increases will be used to finance the increase in operating costs of community and subsidised services.
(c) Affordability of rates to ratepayers.
(d) All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

## 14. NOTIFICATION OF RATES

[5] Subsection (e) added by Council 18/05/2016
[6] Subsection (f) added by Council 18/05/2016
[7] Paragraph (g) - added by Council 30/05/2017
[8] Paragraph 13 added by Council 18/05/2016

(a) The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days' notice will be based on the new rates.

(b) A notice stating the purport of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality at places installed for that purpose.

## 15. PAYMENT OF RATES

15.1 Liability for and payment of rates is governed by the MPRA and the Municipality's Credit Control and Debt Collection Policy and By-Laws as well as any other applicable legislation.[9]

15.2 Ratepayers may choose, not later than 31 August in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee, between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the 15th day of the month following on the month in which it becomes payable.[10]

15.3 An owner is liable for payment of a rate whether or not that person has received a written account. The furnishing of accounts for rates in terms of this section is subject to section 102 of the Municipal Systems Act.[11]

15.4 A rate levied by a municipality on a sectional title unit is payable by the owner of the unit.[12]

15.5 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policy of the municipality.

15.6 If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality.

15.7 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act.

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[9] Paragraph 16.1 added by Council 18/05/2016
[10] Paragraph 16.2 amended by Council 18/05/2016
[11] Paragraph 16.3 added by Council 18/05/2016
[12] Paragraph 16.4 added by Council 18/05/2016

15.8 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

15.9 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## 16. CLEARANCE CERTIFICATES

(a) Are issued in terms of Section 118 (1) (a) of the Local Government: Municipal Systems Act, 2000, Act No. 32 of 2000, and will be valid for a period of 60 days from the date it has been issued.

(b) Are issued within 7 working days after receipt of the applicable fees and receipt of the clearance application form.

(c) Are issued when all amounts due in connection with that property for municipal fees, surcharges, property rates and other municipal taxes, levies and duties have been fully paid.

(d) All rates in respect of the financial year when the transfer is reasonably expected are immediately payable.

(e) If an amount liable for rates and services in respect of a property is outstanding and the property needs to be transferred, a rates clearance certificate will only be issued upon payment of the current account and after completion of an agreement by the new owner for any municipal services in arrears, subject to Council's Credit Control and Debt Collecting Policy in respect of the following transfers:

(i) Transfer of a property from the Municipality to the new owner;

(ii) Transfer of a property from one spouse to the other;

(iii) Transfer of a property from the owner (parent) to a child.[13]

## 17. REGULAR REVIEW PROCESSES

The rates policy will be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives and with legislation.

## 18. SHORT TITLE

This policy is the Property Rates Policy of the Witzenberg Municipality.

## 19. ENFORCEMENT/IMPLEMENTATION

This policy has been approved by the Municipality and came into effect from 1 July 2009.

[13] Paragraph 17 added by Council 18/05/2016

# CREDIT CONTROL & DEBT COLLECTION POLICY

***OUR VISION: "A MUNICIPALITY THAT CARES FOR ITS COMMUNIY, CREATING GROWTH AND OPPORTUNITIES"***

| Date of implementation: 01 July 2008 |
|---|

Reviewed and amended by Council 28/05/2014
Reviewed by Council 29/05/2013
Reviewed by Council 31/05/2012
Reviewed by Council 28/09/2011
Reviewed by Council 20/04/2011
Reviewed by Council 15/06/2010
Council 28/05/2009 Item 8.1.2
Council 04/08/2008

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PREAMBLE

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

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

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

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

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

AND WHEREAS Section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where

applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

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

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

The Witzenberg Municipal Council, at its meeting of 28May 2008adopts this policy to be known as: The Witzenberg Municipality Credit Control and Debt Collection Policy". This policy replaces that policy in its entirety.

## 1. DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

1.1 "Accounting Officer" The Municipal Manager appointed in terms of Section 82(1) (a) or (b) of the Municipal Structures Act, 1998 (Act No. 117 of 1998);

1.2 "Actual consumption" means the measured consumption of a consumer of a municipal service during a specified period;

1.3 "Arrangements" means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to.

1.4. "Arrears "mean any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date;

1.5. "Average consumption" means the deemed consumption of a customer of a municipal service a specific period, which consumption is calculated by adding the recorded monthly average consumption and the current actual consumption and dividing the total by 2;

1.6. "Bank guarantee" refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor (the consumer) fails to pay;

1.7. "Calculated amounts" refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer or, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business;

1.8. "Charges" refers to charges incurred by the municipality to collect arrears;

1.9. "Chief Financial Officer" refers to the person so designated in terms of Section 75(2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) or any person duly authorised to act on behalf of such person and shall have the same meaning as Strategic Executive Manager: Finance or City Treasurer;

1.10. "Consolidated account" refers to one combined account for all municipal services, housing rents and instalments, rates and basic charges payable, and" consolidated bill" has a corresponding meaning;

1.11. "Consumer" means a customer;

1.12 "Conventional electricity and water meters means "electricity and/or water meters, as the case may be, which are used to determine the supply of electricity and water and which are normally read on a monthly or other fixed interval basis;

1.13 "Council" refers to The Witzenberg Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy;

1.14 "Councillor" refers to any member of a municipal council;

1.15 "Credit Control "refers to all functions relating to the collection of monies owed by customers and users of municipal services.

1.16 "Customer" refers to any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;

1.17 "Defaulter" refers to any customer owing the municipality money in respect of rates and / or service or sundry charges; not paid on the due date as stipulated on the account or on the agreement. The owner will be held responsible for occupiers / tenants, arrear accounts, for water, electricity and any other service or sundry accounts;

1.18 "Deposit" refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property are required;

1.19 "Due date" in the absence of any express agreement in relation thereto between the Council and the customer, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid;

1.20 "Equipment" refers to any building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

1.21 "Estimated "consumption arises when no actual reading can be taken and is equivalent to the existing average consumption;

1.22 "Existing" customers refers to the customers who have already entered into an agreement for the supply of municipal services;

1.23 "Financial year" refers to the period starting from 1 July in a year to 30 June the next year;

1.24 "Fees" refers to expenses incurred by the municipality to collect arrears;

1.25 "Implementing Authority" means the Municipal Manager or his nominee, acting in terms of Section 100 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000);

1.26 "Interest" is a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on all arrear monies;

1.27 "Meter" audits refer to an investigation to verify the correctness of the consumption and supply of electricity and water;

1.28 "Municipality" when referred to as:

(a) a corporate body, means a municipality as described in Section 2 of the Municipal Systems Act, 2000 (Act No. 32 of 2000);

(b) A geographic area means a municipal area determined in terms of the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998).

1.29 "Municipal Manager" means the person appointed as Municipal Manager in terms of Section 82 of the Local Government Municipal Structures Act, 1998, (Act No. 117 of 1998) and includes any person acting in that position or to whom authority has been delegated;

1.30 "Municipal services "refers to any services provided by the municipality or any authorised and contracted service provider, available or applied for, or provision made for any service, for which it is entitled to charge a fee or formulate a tariff, payable by a customer or user, thereof;

1.31 "Normal office hours" means the hours when the Chief Financial Officer' s offices are open to the public from Mondays to Fridays, excluding public holidays, Saturdays and Sundays;

1.32 "Official" refers to an employee of The Witzenberg Municipality

1.33 "Occupier" means any person, who occupies any property or part thereof, without regard to the title under which he or she occupies the property,

1.34 "Owner" means:

(a) The person in who from time to time is vested the legal title to premises, which title is registered at the Deeds Office;

(b) In a case where the person in whom the legal title is vested is insolvent or deceased, 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 or Board established in terms of any legislation applicable to the Republic of South Africa;

iv. Any Embassy or other foreign entity;

1.35 "Premises" includes any piece of land, the external surface boundaries of which are delineated on-

(a) A general plan or diagram registered in terms of the Land Survey Act, 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;

1.36 "Rates" refers to property rates on property situated in the municipal area, any other tax, duty or levy imposed by the municipality;

1.37 "Service agreement" refers to an agreement for the consumption of electricity and/or water and other services as determined from time to time;

1.38 "Terminated account" refers to:

(a) the final account for services after the customer has left the premises, whether or not the customer has given notice to terminate the supply of service; OR

(b) the final account for services if the customer has contravened the service provisions of this policy and attendant municipal bylaws;

1.39 "Variable flow-restricting device" refers to a device that is coupled to the water connection that allows the water supply to be restricted or closed;

1.40 "Visitation fee" refers to the fee charged for attendance and/or disconnection/reconnection of an electricity/water supply when the supply has been disconnected due to non-payment and/or tampering, or where access to disconnect/restrict has not been gained, which fee shall be

1.41 "Voluntary garnishee order/emoluments order" refers to a court order for the deduction of an amount of money from the salary or other income of a customer.

## 2. INTRODUCTION

2.1. The Council cannot develop the local economy and provide acceptable services to its residents unless it receives payment, in full, of all bills raised for the services that it provides.

2.2. The municipality must develop, maintain and implement a credit control and debt collection policy that is consistent and complies with the relevant legislation.

2.3. In regard to payments expected from registered indigents and Council tariffs, this policy is to be read in conjunction with The Witzenberg Municipality Indigent Policy and The Witzenberg Municipal Tariff Policy.

## 3. OBJECTIVES

The objectives of the Credit Control and Debt Collection Policy are:

3.1 To define a framework within which the municipality can develop an effective procedure to bill and collect its revenues;

3.2 To ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (Act No. 32 of 2000), and other applicable legislation;

3.3 To maintain and implement a credit control and debt collection policy, which is consistent and complies with Section 97 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

3.4 To ensure that the municipality develops credit control procedures and mechanisms that are considered to be consistent, fair and effective to all its consumers.

## 4. UNDERLYING PRINCIPLES OF THIS POLICY

4.1 The administrative integrity of the municipality must be maintained at all times. The democratically elected councillors are responsible for policymaking, while it is the responsibility of the Councillors, Municipal Manager and all staff to ensure the execution of these policies.

4.2 This policy shall take effect and be enforceable from the date of approval thereof by Council.

4.3 The collection process must be cost-effective and enforcement of payment for services rendered must be prompt, consistent and effective.

4.4 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 and/or restrictions, penalties, loss of rights and criminal prosecutions.

4.5 All Witzenberg Municipality employees shall:

4.5.1 Embrace the principles of Batho Pele and treat all debtors with dignity and respect at all times

4.5.2 Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with the Access to Information Act.

## 5. ROLE AND RESPONSIBILITY OF MUNICIPAL MANAGER

5.1 In terms of Section 100 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Municipal Manager is responsible for implementing the credit control and debt collection policy. In line with this, the Municipal Manager is to perform the following:

5.2 install and maintain appropriate accounting system.

5.3 bill customers.

5.4 demand payment on due dates.

5.5 raise penalties and interest for defaulters.

5.6 appropriate payments received.

5.7 collect outstanding debt.

5.8 provide different/alternate payment methods.

5.9 determine credit control and debt collection measures.

5.10 determine all relevant work procedures for, inter alias, public relations, arrangements, disconnection/reconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.

5.11 instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders, etc.).

5.12 appoint staff to execute Council's policy and by-laws.

5.13 determine internal control procedures.

5.14 monitor contracts with service providers in connection with credit control and debt collection.

5.15 The Municipal Manager may delegate these responsibilities to the Chief Financial Officer. However, this delegation does not absolve the Municipal Manager from being held accountable for implementing this policy.

5.16 The Municipal Manager is to report monthly to the Executive Committee, and quarterly to the Council, on the actions taken in terms of this policy, and on the payment levels for the periods concerned.

5.17 Although the Municipal Manager is held accountable for implementing this policy, it is the responsibility of all officials of the municipality to promote and support this credit control and debt collection policy.

## 6 ROLE AND RESPONSIBILITY OF COUNCILLORS

6.1 To approve budgets consistent with the needs of communities, ratepayers and residents.

6.2 To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.

6.3 To facilitate sufficient funds to give access to basic services for the poor.

6.4 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.

6.5 To, together with the Chief Financial Officer, set an annual improvement target for debt collection (refer Section 9), in line with acceptable accounting ratios and the ability and performance of any appointed external service providers.

6.6 To approve a reporting framework for credit control and debt collection.

6.7 To consider and approve by-laws to give effect to the Council's policy.

6.8 To revise the budget should Council's targets for credit control and debt collection is not met.

6.9 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.

6.10 To approve a list of suitably qualified service providers that will act on behalf of Council in all collection and legal matters relating to debt collection.

6.11 To provide sufficient capacity in the Municipality's Budget and Treasury Office for credit control and debt collection or, alternatively, to appoint service providers or debt collection agents to assist with the credit control and debt collection procedures.

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

6.13 To provide funds for the training of staff in connection with credit control and debt collection.

6.14 In terms of Section 99 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Executive Committee, is to monitor and supervise the application of this policy, and is to report to Council on the extent and success of the municipality's credit control actions.

6.15 In order to maintain the credibility of the municipality in the implementation of the present policy, Councillors, by adopting this policy, pledge that their own accounts will at no stage fall into arrears.

## 7. DUTIES AND FUNCTIONS OF WARD COUNCILORS

7.1 To adhere to and convey Council policies to residents and ratepayers.

7.2 To adhere to the Code of Conduct for Councillors.

7.3 The ward committees will act in terms of roles and functions as approved by Council.

7.4 The ward committees are encouraged to actively promote this policy, and to ensure, at the same time, that the municipality's customer service is of a standard acceptable to the community.

## 8. DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

8.1 To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

8.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality on or before the due date for payment.

8.3 To observe the mechanisms and processes of the municipality in exercising their rights.

8.4 To allow municipal officials access to their property to execute municipal functions.

8.5 To comply with the by-laws and other legislation of the municipality.

8.6 To refrain from tampering with municipal services and property.

## 9. EXPECTED DEBTOR PAYMENT LEVELS

9.1 The municipality is to aim at ensuring that payment levels (i.e. the percentage level of income received from debtors) for the present and future financial years, in respect of all amounts due to the municipality, exclusive of the balance of the monthly accounts payable by registered indigents, are maintained at an annual average of at least 96%.

9.2 The long-term target is a debtor turnover ratio of 30 days, that is, debtors are expected to pay for services on average within one month of receiving accounts.

## 10. AREA OF APPLICATION

10.1 This policy shall apply and be enforceable throughout the entire area of jurisdiction of The Witzenberg Municipality

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

## 11 APPLICATION FOR SERVICES AND SERVICE AGREEMENTS

11.1 Before being provided with electricity, water and/or other customer services, and prior to taking occupation of premises, every customer shall enter into a service agreement with the Council in which, inter alias, the customer agrees that the electricity, water and/or other services, supplied by either Prepaid or Credit meter systems, may be used for credit control purposes to collect arrears in respect of all outstanding debt.

11.2 All consumers wishing to utilise municipal services must apply to enter into a service agreement.

11.3 The service agreement will be entered into prior to the provision of services and prior to the consumer taking occupation of the premises.

11.4 A new service agreement will only be entered into once all amounts owed by a consumer on other debtor accounts are settled in full.

11.5 A new service agreement will only be entered into on a property, once all outstanding amounts owed on the property are settled in full. The owner of the property shall have the responsibility to ensure that all debts incurred after 1 July 2007 are fully paid by the tenant in order to mitigate the non-provision of services to tenants/residents after the date mentioned above.

11.6 Paragraph 11.5 is not applicable to outstanding accounts in respect of houses allocated by the housing committee.[1]

11.7 Where municipal services are used/consumed or made use of, and the owner, tenant, or occupants of a property, have not entered into nor completed an agreement for such services, the owner responsible for the payment of rates on the property will be billed for the metered consumption and all municipal service charges applicable to the property.

11.8 The service agreement shall indicate that transfer of a property may not be registered until the municipality issues a clearance certificate which reflects that all amounts due in connection with that property for municipal service fees, property rates and other municipal taxes, levies and duties have been fully paid. The outstanding monies include accounts relating to tenants who may have left the property of the seller.

11.9 Application forms are available at the municipal offices and the application process must occur at least ten (10) working days prior to taking occupation of the premises. This will ensure that 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. Once the application has been approved, a service agreement will be entered into and services will commence.

11 .10 The Municipality will render the first account after the first meter reading cycle following the date of signing the service agreement or as soon as is administratively possible.

11.11 Consumers who illegally consume services without a valid service agreement will be subject to disconnection and/or removal of the service and may have charges laid against them for theft and fraud.

[1] Amended by Council on 28 May 2014

11.12 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to accept the contents of the municipality' s credit control and debt collection policy, as well as the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

(a) An undertaking by customers:

- That the electricity, water and/or other services supplied by either the Prepaid or Credit meter systems, may be used for credit control purposes to collect arrears in respect of all outstanding debt and shall include rates if the customer is the owner of the property;
- That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees, and
- That any alleged non-receipt of an account does not affect the customers' liability for the account, nor stop the credit control process;

(b) An undertaking by Council:

- That it will deliver accounts to customers
- That if customers do not receive an account and have accordingly requested one, a statement will be supplied to them.

11.13 Where a signatory is not the owner of the property to which the services are to be provided, a letter from the owner indicating that the signatory is the lawful occupant of the property and where a lessor/lessee arrangement exists between the parties, a copy of such agreement shall be attached to the service agreement.

11.14 Where a consumer has failed to enter into a service agreement with the Council, water and/or electricity shall be restricted or disconnected, as the circumstances may require, until such time as a service agreement has been entered into and the applicable deposits have been paid. In such circumstances, the consumer will be held liable for any calculated amounts.

## 12 DEPOSITS AND GUARANTEES

12.1 Every customer is to pay a deposit on application for the provision of municipal services before the municipality renders any service to the property. Deposits are payable when new customers sign service agreements and when existing customers move to a new supply address. All deposits shall be paid at least 5 (days) days prior to occupation of the property or prior to the date on which the services are required. Failure to comply with this clause may result in a delay in the connection of services and the Council shall not be liable for any loss or prejudice suffered by a customer as a result thereof.[2]

12.2 Subject to the provisions of clauses 12.3, 12.4 and 12.5 hereunder, the calculation for deposits shall be based on two months' consumption of metered services together with any charges for other municipal services, or a minimum amount specified by the Chief Financial Officer from time to time.

12.3 In determining the deposit described in Section 12.2, the Chief Financial Officer may differentiate between areas to give cognisance to differences in service standards and usage.

12.4 The Chief Financial Officer may re-assess customer deposits for new domestic, commercial and industrial customers three months after the initial deposit date and may, as a result of this reassessment, require an additional deposit from the customer.

12.5 The Chief Financial Officer may review deposits annually and, in the case of a customer' s service being disconnected or restricted as a result of non-payment or tampering, may increase the deposit. Should the deposit be increased as a result of this review the customer must immediately make payment of the increased amount in line with the instruction from the Chief Financial Officer.

12.6 The outcome of the review contemplated in clause 12.5 shall be communicated to the customer in the event of any variation in the deposit arrangements being required.

12.7 Should a customer's services be disconnected twice during any twelvemonth period due to non-payment, the customer's deposit shall be adjusted the following month to conform to Clause 12.5.

12.8 Bank guarantees are only permitted for businesses and only under circumstances as determined by Council from time to time.

[2] Amended by Council on 28 May 2014.

## 13 ACCESS TO PROPERTY TO READ METERS

13.1 In terms of Section 101 of the Municipal Systems Act, 2000 (Act No. 32 of2000), the occupier, owner or tenant of a property is to allow municipal officials or the municipality' s authorised service providers access to read meters, install or repair meters as well as to, discontinue or restrict the provision of a service. The official is to have the proper authorisation and can only request access during reasonable hours.

13.2 If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible, the municipality shall estimate the consumption of the service concerned and thereafter bill the accountholder for the monetary value of such estimated consumption.

13.3 In the event that the Council continues to be unsuccessful in obtaining access to the property and, therefore, is unable to obtain an accurate meter reading, the Chief Financial Officer or his authorised representative may disconnect the supply of services.

13.4 Voluntary readings:

- These will be permitted provided the municipality obtains any final reading should the consumer move to another supply address.
- Consumers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.
- The Municipality is entitled to make suitable adjustments to the readings should a consumer fail to ensure that a final reading is obtained.
- An audit reading during the normal reading cycles must be obtained at least once every 06 months. If a special audit reading becomes necessary this will be done at the cost of the consumer.
- The consumer may elect to supply voluntary readings subject to compliance with these rules. The Chief Financial Officer may, however, cancel the voluntary reading convenience if the consumer fails to render readings on two or more consecutive occasions.

## 14 ACCOUNTS, BILLING AND PAYMENT

14.1 The Council shall produce and post one consolidated monthly bill to consumers for services supplied or available (inter alias, electricity, water, refuse and sewerage charges) and for rates levied on property within the municipal area unless, for whatever reason, the rates account has not been consolidated with the services account in which case separate monthly accounts will be posted. These accounts will be produced in accordance with meter reading cycles at regular intervals or as prescribed by law. In the case of indigents where the net account after rebates amounts to zero, these will only be posted bi-annually and not on a monthly basis.

14.2 The account/invoice will reflect the following details:

- Consumer name;
- Consumer account number;
- Consumer postal address;
- Address details to which the services have been supplied;
- The consumption or estimated consumption for each metered service within a specified period;
- The applicable service tariff;
- The monthly amount due on property rates and the total annual amount due;
- The valuation of the property;
- The amount due on any other service charges;
- The total amount due and payable;
- The amount in arrears, if any;
- The final date for payment (due date);
- The method, name and location of any municipal offices and authorised agents where payments may be made, and
- A notification that failure to settle the total amount due by due date will result in termination or restriction of services.

14.3 The Council shall undertake to post the consolidated account to the customer address, in South Africa, as specified by each customer. However, non-receipt of an account does not negate the responsibility of the customer to pay the amount owing by due date nor 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 free copy of the most recent account, before the due date.

14.4 The consumer shall, in writing, notify the Council of any change of address, including an e-mail address, and contact details. Notwithstanding the fact that a consumer has not received an account as a result of his failing to notify the Council of his change of address or due to delays on the part of external service providers, the customer is nevertheless liable for payment of such account. Any change of address only becomes effective when the notification of the change is received and acknowledged by the Council.

14.5 Accounts must be paid in full on or before the due date as indicated on the account. Failure to comply with this section shall result in debt collection action (as contained in Section 27 of this policy) being instituted against the customer. Interest on arrears, at the rate determined from time to time by the Council or, in the absence of any determination, as prescribed by law, will accrue after due date if the account remains unpaid irrespective of the reason for non-payment (refer Section 18).

14.6 Bulk consumers may at the discretion of Council be notified of their unpaid accounts prior to the commencement of the debt collection process.

14.7 Payments for accounts must be received at a Municipal pay-point by close of business on or before the due date. In the case of any electronic payments the money must be received in the municipal bank account no later than the close of business on the due date. In the case of monies paid to agents, the money must be deposited with the agent prior to the close of business on due date and proof thereof may be required to validate any claims.

14.8 The following methods of payment and payment points can be used: Debit order payments, which forms are available from the municipal cash offices;

- Cash and cheque payments can be made at the municipality' s cash offices, any South African Post Office and their agencies, ABSA and Easy Pay Outlets e.g. Pick & Pay, Checkers, etc.
- Electronic banking payments directly into the municipality' s account;
- Mail.

14.9 The consumer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the consumer. In addition the consumer must take into account the transfer time of the particular agent.

14.10 All payments and/or part-payments received by the Chief Financial Officer shall be allocated to services in the manner as contained in Section 20.

## 15. METERING OF CONSUMABLE SERVICES

15.1 The municipality may introduce various metering equipment for the measurement of service consumption and customers may be encouraged to convert to a system preferred by the municipality.

15.2 Customers who default (fail to pay by the due date) may be required by the municipality to convert to another metering system.

15.3 Meters (credit) will be read in monthly cycles, at regular intervals or as prescribed by Council. Should circumstances prevent such a reading, the Municipality is entitled to continue with the procedure as laid down in Section 13 of this policy.

15.4 A consumer is responsible to ensure access to metering equipment and will be liable for any cost incurred to ensure access (such as relocating or disconnecting the meter) if satisfactory access is not possible. 15.5 Routine or special maintenance of metering equipment will be communicated to the consumer prior to being undertaken in order to establish a suitable time to perform such maintenance.

## 16. VALUATION OF PROPERTIES

16.1 All properties within the boundaries of the Witzenberg Municipality are to be valued in terms of the legislation applicable to the valuation of properties for the purpose of levying property rates.

## 17. PROPERTY RATES

17.1 In terms of the Council Rates Policy, and in accordance with the tariff of Charges Schedule, Property Rates will be raised annually in July of each year, charged on a monthly basis and will be reflected on the consumers monthly bill.

17.2 All Property Rates not paid by due date will, in addition to any procedures as prescribed by law, be subject to credit control and debt collection procedures as stipulated in this policy.

17.3 An owner may apply to have his/her property rates be charged monthly. In which the due date for application is set at 30th June of each year.[3]

17.4 If in default it will reversed to yearly and the total annual rates amount become payable.

## 18. INTEREST ON ARREARS AND OTHER PENALTY CHARGES

18.1 Interest shall be charged for a full month on all arrear amounts at the percentage determined by Council irrespective of when payment is made.

18.2 For purposes of determining arrear amounts, all amounts that are unpaid after due date, excluding interest, penalty charges previously raised including collection charges and Value Added Taxation, shall be taken into account.

18.3 The Chief Financial Officer will be entitled to raise the following charges/fees in addition to the interest charge contemplated in clause 18.1:

- charges for disconnection or restriction of services
- charges for reconnection or reinstatement of services
- charges for notices of default and other correspondence
- penalty charges for illegal reconnections
- penalty charges for dishonoured cheques
- Reconnection fee to be paid for both prepaid and conventional meters
- Charges / Fees on all legal proceedings[4]

[3] Updated 04/08/2008 Special Council meeting
[4] Amended by Council on 28 May 2014

18.4 Other than those penalty charges prescribed by legislation, the value of each of these charges will be determined on an annual basis by Council when considering its annual budget and shall be contained in the Witzenberg Municipality Tariff Register.

## 19. AGREEMENTS AND ARRANGEMENTS FOR PAYMENT OF ARREARACCOUNTS

19.1 The Chief Financial Officer is authorised to enter into agreements with customers in arrears with their accounts and to grant customers extensions of time for settlement of the amounts due to Council. No arrangement for the payment of debt in instalments may be entered into with a tenant without the consent of the property owner.[5]

19.2 Where a customer in arrears is a business or commercial concern, a minimum of 50% of the total overdue amount, as an initial payment, shall be paid, and the balance of the account shall be paid in equal instalments over a maximum period of twelve months. Any future monthly current accounts shall be paid on or before the due dates for the month in question. In respect of business or commercial consumers who are in arrears, interest will be raised in terms of Section 18 of this policy.

In exceptional circumstances, The Accounting Officer and CFO can deviate from the general rule above provided that:

- The current account is paid in full
- A written agreement is entered into that provides for the down payment of the arrears amount in monthly instalments.

19.3 Where a customer in arrears is a domestic consumer the following processes will be follows:

i) When the customer account include outstanding debt, property rates not regarded, the customer payment incentive policy as approved by Council may apply; and

ii) In the case of all other debt, the current account, as an initial payment, shall be paid, and the balance of the account shall be paid in equal instalments over a maximum period of forty eight [48] months.

iii) In exceptional circumstances, The Accounting Officer and CFO can deviate from the general rule in (ii) above provided that:

- The current account is paid in full
- A written agreement is entered into that provides for the down payment of the arrears amount in monthly instalments.

iv) A customer can make a maximum of 2 arrangements within a financial year of the Municipality.[6]

[5] Amended by council on 28 May 2014
[6] Updated 28/05/2009

Any future monthly accounts shall be paid on or before the due date. Consumers, who honour their agreements and arrangements to pay, will not be charged interest from the date of the agreement on municipal service arrears, with the exception of property rates in arrears where statutory provisions may apply. Should they default on their credit extension for whatever reason, interest shall be raised from the date of default on the full outstanding debt in terms of Section 18 of this policy."

Any agreement reach prior to this policy will still be applicable.

19.4 A consumer may be required to complete a debit order for the payment of arrears in terms of the agreement.

19.5 Should a customer breach the arrangement in any way, the balance of the arrear account, together with the balance of interest outstanding on the account, shall immediately become due and payable to the municipality.

19.6 A customer who fails to comply with any credit arrangement shall not be permitted to enter into any further arrangement or extension of time for payment and shall have his services terminated, however a customer who brings his credit arrangement up to date by an immediate payment shall have his services reconnected as soon as is practically possible.

19.7 A customer who fails to comply with any arrangement of debt shall have his service agreement terminated, services disconnected/restricted, and his deposit on any outstanding amounts set off against any arrear debt.

19.8 Only debtors with positive proof of identity or an authorised agent with a Power of Attorney shall be permitted to enter into an Acknowledgment of Debt agreement with the Council.

19.9 Where a debtor is a close corporation, trust, or a company, the person who signs an acknowledgment of debt on behalf of such close corporation, trust or company, shall produce written proof that he is authorised to sign such acknowledgment on behalf of all members and/or directors of the close corporation, trust, or the company.

19.10 An Acknowledgment of Debt agreement shall contain all arrangements for paying off arrear accounts, which may include interest. One copy of the agreement shall be handed to the customer and another filed with the Chief Financial Officer.

19.11 In instances where a customer is employed, the municipality may obtain a voluntary garnishee order or emoluments attachment order.

19.12 Where any debt has arisen as a result of the Council having applied an incorrect charge and/or tariff, the consumer may arrange to pay the debt over a maximum period equivalent to the period over which the incorrect charge was applied or over twelve months, whichever is the shorter.

19.13 The Director Finance and Deputy Director Finance may deviate from the policy in special circumstances.[7]

## 20. ALLOCATION OF PAYMENTS AND PART-PAYMENTS

20.1 Receipt of the total outstanding monies will be allocated to the credit of the account in full. If a debtor pays only part of any amount due, the Chief Financial Officer shall allocate such payment as follows:

- firstly, to any unpaid interest raised on the account;
- secondly, to any other sundry debtors (miscellaneous);
- thirdly, to housing rents and instalments;
- fourthly, to any unpaid refuse collection charges;
- fifthly, to any unpaid sewerage charges;
- sixthly, to any unpaid water charges;
- seventhly, to any other unpaid electricity charges; and
- lastly, to any unpaid property rates.

20.2 A customer shall not be entitled to allocate any payment made to any portion of the total debt due to the Council.

## 21 DISHONOURED AND OTHER UNACCEPTABLE CHEQUES/DEBIT ORDERS

21.1 Refusal by banks to honour payments by cheque or debit order is regarded as non- payment, upon which the relevant debtor is subject to credit control measures.

21.2 The Council shall, at the earliest opportunity, be entitled to disconnect or restrict, as the case may be, the electricity and/or water supply of a customer who has offered a cheque or debit order as payment for municipal services if such cheque or debit order is returned or dishonoured by the financial institution on which it is drawn as a result of a lack of funds or for any other reason.

[7] Recommended for amendment.

21.3 A customer tendering a cheque or debit order referred to in Clause 21 .2 shall be liable for all administration charges and bank fees as determined by Council as a result of such transaction.

21 .4 Should a dishonoured cheque or debit order be received, the customer may be contacted telephonically with the request that a cash deposit equal in amount to that of the dishonoured cheque be made into the municipality' s account within 24 hours.

21.5 Should any attempt to contact the customer fail, then the municipality shall immediately discontinue the supply of services to the premises.

21.6 In the event of the customer not having sufficient funds to settle the outstanding debt, the Municipality may open a case of fraud with the South African Police Service.

21.7 Dishonoured cheques are to be kept on file and will only be given to account holders on request if the account is paid up to date after the reversal of the dishonoured payment.

21.8 A customer who has offered three dishonoured cheques in any 12 month period will not be allowed to make further payments by cheque for a period of at least one year, although a bank guaranteed cheque may be accepted by the Chief Financial Officer.

## 22. QUERIES IN RESPECT OF ACCOUNTS

22.1 The enquiries counters at the municipality's service centres can be contacted for all account queries.

22.2 An enquiry clerk stationed at the municipality's service centres shall be available to assist consumers with account balance queries as well as the opening and closing of accounts.

22.3 Any resident or consumer who may feel aggrieved concerning his/her account may address a written grievance / appeal to the Chief Financial Officer.

22.4 The municipality endeavours to investigate any query and give feedback within fourteen working days of the receipt of the query.

22.5 Any query in respect of the amount due and payable on the consolidated bill must be lodged, in writing, at the municipality within 10 days of the consolidated bill date in order that it may be investigated. Should the query not be lodged within 10 days, the municipality cannot be bound to the provisions of clause 22.4.

22.6 A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment on his account. In the event of an accountholder reasonably querying any item or items on the monthly municipal account, no action shall be taken against the accountholder provided the accountholder has paid, by due date, an amount equal to the monthly average monetary value of the three most recent un-queried accounts in respect of the service under query, as well as all un-queried balances on such account, and, provided further that, such query is made in writing by the accountholder or is recorded in writing by the Chief Financial Officer or his designate on behalf of the accountholder within 10 days of the consolidated bill date.

22.7 If a customer has received a response to a query but is still not convinced that the account is correct, the customer will still be liable for the full outstanding amount and will be subject to credit control action.

## 23. UNRESOLVED CUSTOMER QUERIES

23.1 Should a query remain unresolved after 14 working days have passed from the date the query was lodged, the customer is to notify the Section Head of the relevant section who will follow up and resolve the query.
23.2 Should the Section Head, as a result of the complexity of the case, be unable to resolve the query, it is to be referred to the Consolidated Billing Manager for resolution.

## 24. DISCONNECTIONS/RESTRICTIONS OF SERVICE

24.1 The Council shall disconnect/restrict services to consumers whose consolidated accounts remain unpaid after due date.

24.2 The municipality shall, prior to disconnection and/or restriction of services, not be obliged to issue any final demand notices or other reminders to customers whose accounts are unpaid after due date.

24.3 The municipal account shall reflect a warning message that shall be deemed to be proper and sufficient notice to the customer that his services may be disconnected or restricted unless payment is received on or before due date.

24.4 In the event that full payment of the consolidated account, including any accumulated arrears, is not received by close of business on due date, the electricity supply and thereafter the water supply may be disconnected/restricted, unless a formal arrangement for an extension of payment, in terms of Section 19, has been approved by the Chief Financial Officer or his authorised representative.

24.5 Even though a customer may have concluded satisfactory credit arrangements in terms of Section 19, the Council is not obliged to effect a reconnection of services on the day that payment is received or the agreement has been signed, but will, unless unable to do so because of circumstances beyond the control of the municipality, endeavour to do so within three (3) working days in terms of Section 26 read in conjunction with Section 25.

24.6 Where a customer's services are disconnected, or where access to disconnect services has not been obtained, the customer shall be charged a visitation fee, as determined by the Council, which shall be paid prior to the services being reconnected.

24.7 Where a customer's account and/or service agreement has been terminated or is in arrears and no credit arrangement has been entered into,

the Council may, at the customer' s cost, proceed to collect such amount as is outstanding and due in terms of the procedures for debt collection contained in Section 27 of this policy.

24.8 Where a customer or owner' s account is in arrears and no credit arrangement for the settlement of any outstanding debt has been entered into, and, whether the services to the property have been disconnected / restricted or no the Council may, regardless of whether the service agreement is terminated or not, implement the procedures for debt collection as set out in Section 27 of this policy, if such action is deemed by the Chief Financial Officer to be in the best interests of the Council.

24.9 Should the Chief Financial Officer be of the opinion that the termination of services, in respect of which the account is in arrear, could result in the endangerment of the life of any person, the Chief Financial Officer may appropriately restrict rather than terminate the services in question.

If a household is classified as an indigent household in terms of section 6.1 of the Assistance to the poor policy, as amended, then the following will be applicable with regard to disconnection/restriction of services:

(i) Prepaid electricity may be blocked for purchases if the other services are in arrears; and[8]

24. A Changing meters of defaulters[9]

(i) The water meters of defaulters can be replaced with water management meters, and the consumption can be limited to a minimum of 200 litres per day (6 kilolitres per month);

[8]Updated 31/05/2012 Council meeting
[9]Updated Council 28/09/2011

(ii) The electricity meters of defaulters can be replaced with split prepaid meters;

(iii) The cost of the replacement meters will be borne by the consumer who can pay the cost in three monthly instalments. If the consumer defaults on the payment for the meters, the electricity supply will be blocked and/or the water consumption will be limited to 200 litres per day (6 kilolitres per month).

## 25. RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

25.1 Services which have been terminated or restricted shall be reconnected or reinstated by the municipality only when all the following conditions have been met:

- the 30 days arrear account plus the reconnection fee has been paid in full, including the interest raised on such account; and an acceptable arrangement has been entered on the arrears older than 30 days with the municipality, including the interest raised on such account; or a query, as contemplated in Section 22, has been resolved and arrangements for payment as approved by the Chief Financial Officer have been concluded; a revised/existing service agreement has been entered into/reinstated with the municipality, as contemplated in Section 11 of this policy; and
- a suitable cash deposit, as determined by the Chief Financial Officer in terms of Section 12, has been paid to the municipality.

## 26. PROCEDURE FOR DEBT COLLECTION AND WRITE OFF

Where consumer accounts are in arrears, the Chief Financial Officer is authorised to institute the following procedures with the intention of proceeding until the debt is collected or written off:

26.1 Immediately after due date, disconnect and/or restrict all water and/or electricity services for all overdue amounts relating to rates, service charges or any charges for services rendered by the municipality in terms of the procedures laid down in Section 24 of this policy;

26.2 Thirty days after the due date:

- Tracing action may be authorized and instituted if the whereabouts of the debtor is unknown.

26.3 Sixty days (or any earlier period if the Chief Financial Officer deems that it is in the best interest of the Council) after the due date, and where an account rendered to a customer remains outstanding, the following action may be taken:

- All arrear amounts shall be handed over to the Council's internal or external debt collection agents.

The collection agents will then make use of normal debt collection procedures including a call centre approach and legal processes to collect the amounts owed to Council

- If necessary, the sale in execution of such property to recover arrear property rates and service charges will be instituted (if the accountholder is also the owner of the property).

- All legal expenses incurred by the municipality shall be for the account of the accountholder in default[10].

26.4 The Chief Financial Officer may insist that a consumer, who is utilising a credit meter, convert from that credit metered supply to a prepayment supply. The cost of such a conversion is to be borne by the consumer.

26.5 The Chief Financial Officer may allocate up to thirty (30) percent of any payment for prepayment services to arrear debt.

26.6 The Chief Financial Officer may order that emolument attachment or garnishee orders be instituted on debtors' salaries.

[10]Updated 20/04/2011

26.7 The Chief Financial Officer may withhold rates clearance certificates in terms of Section 118 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and Section 30 of this policy.

26.8 The Chief Financial Officer may withhold payments of grants-in-aid to consumers whose accounts are in arrears.

26.9 The Chief Financial Officer may withhold payment to suppliers whose accounts are in arrears in terms of the Supply Chain Management policy.

26.10 The Chief Financial Officer may withhold/reject the approval of building plans relating to improvements on properties if there are arrears on that property.

26.11 Whenever all the legal avenues and procedures listed above have been exhausted, or it becomes uneconomical to proceed further, the arrear amounts should be classified as irrecoverable and should be written off.

26.12 The Chief Financial Officer, may forward a report to Council for the writing off of consumer, if such debts may be irrecoverable.

26.13 The Executive Committee, in terms of its delegated authority, may authorize the writing off of the debts wherein after a report will be forwarded to full Council for ratification.

26.14 The Chief Financial Officer shall as soon as possible after 30 June each year, or more regularly if requested by Council to do so, present to the Council a report indicating the amount of the arrears that have been written off during the financial year, together with the reasons for the write off.

26.15 The Chief Financial Officer may write off debts to the value of R1000.00 per individual if he is satisfied that:

- All reasonable steps have been taken to recover the debt and the debt is considered to be irrecoverable, or
- He/she is convinced that recovery of the debt would be uneconomical.

26.16 The Chief Financial Officer may approve the write off of debt outstanding for more than three years, excluding property rates, on condition that all the other debt is paid immediately in full.[11]

26.17 Any debtors whose amounts are written off may be listed with the Credit Bureau and may not be permitted to enter into future service contracts with the Council.

[11] Amended by Council on 28 May 2014

26.18 Industrial consumers can qualify for an early payment rebate of one percent if their account is paid in full within 15 days after the month during which the services were consumed.[12]

26.19 A collection fee of up to 5% of the amount collected on behalf of the municipality may be paid to employers that deduct municipal accounts from their employees.[13]

26.20 If a household is classified as an indigent household in terms of section 6.1 of the Assistance to the poor policy, as amended, then the Chief Financial Officer must prior to implementation of sections 26.2 and 26.3 determine whether the debt would be uneconomical to recover as set out in section 26.15.[14]

## 27 ILLEGAL TAMPERING AND/OR THEFT OF SERVICES

The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities. Furthermore,

27.1 Water and electricity metering and connection equipment remain the property of the municipality and anyone involved in instances of tampering, damaging or theft thereof will be liable for criminal prosecution.

27.2 With regard to electricity services, if tampering of any nature or theft of such services is identified, the electricity supply to the property may be discontinued by the removal of the meter and the cable and the water supply may be restricted. In addition, the customer's service agreement with the Council may be cancelled and the customer's deposit may be offset against any amounts owed to the Council.

27.3 If the restricted water supply is tampered with or any variable flow-restricting device removed, the water supply may be discontinued, the service connection removed and the customer' s service agreement with the Council may be cancelled. The customer's deposit may be offset against any amounts owed to the Council.

27.4 Once Council becomes aware that any terminated or restricted service has been irregularly reconnected or reinstated, the necessary action to remedy the situation will be implemented which could include the Municipal Manager reporting such action to the South African Police Service.

27.5 All outstanding amounts including, all metered consumption since the date of the illegal reconnection, or the estimated consumption, if a reliable meter reading is not possible, shall be paid in full together with the required deposit, before any reconnection/reinstatement, and new services agreement are considered.

[12] Amended by Council on 28 May 2014
[13] Amended by Council on 28 May 2014
[14] Updated 04/08/2008 Special Council meeting

However, the receipt of payment will not necessarily impact on nor prejudice any legal or criminal proceedings against the customer.

28 UNOCCUPIED PREMISES

28.1 When a consumer terminates a consumption account and no new owner registers, the property is deemed to be unoccupied.

28.2 Whenever water and/or electricity consumption is recorded at a property that is deemed to be unoccupied effort will be made to establish the identity of the person responsible for that consumption, failing which an appropriate bill will be raised and forwarded to the owner of the property for payment. Should payment not be received then the registered owner of the property is liable for the services consumed.

29. CLEARANCE CERTIFICATES

29.1 Before any property can be transferred from one owner to another, all amounts owing to the municipality on the property must be settled. Only after settlement, will the Municipality issue a certificate stating that all outstanding debts have been settled. No property transfer can take place without such a certificate.

29.2 The Municipality requires a payment in advance equal to two[15] months average consumption of all relevant services prior to the issuing of such a clearance certificate in order to allow for any consumption that may take place during the time taken for the transfer to go through.

29.3 The Municipality shall, wherever possible, issue a clearance certificate within ten working days of such request once all outstanding debts and administration fees have been paid in full.

29.4 The above provisions do not apply in the case of transfers from National Government, Provincial Government or another municipality of residential property where the provisions of Section 118 of the Municipal Systems Act are applicable.

[15] Updated 04/08/2008 Special Council meeting

## 30. MUNICIPAL STAFF

30.1 Any member of staff of the Council and any Councillor may not be in arrears with the Council for rates and/or service charges for a period longer than three months, and the Council will deduct any outstanding amounts from the salary or allowance of such member of staff or Councillor after this period, in accordance with item 10 of Schedule 2 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

30.2 Staff arrangements made to pay off debt will be adjusted yearly equal to the percentage salary increase.

30.3 Salary deductions will be made from yearly bonuses & performance bonuses to be set off against any arrears or outstanding amount.

30.4 Any back pay, promotions, overtime & standby are first use to reduce arrears of staff.

30.5 Staff members that made arrangements to pay off debt must complete a salary deduction form and this deduction may not be stopped until debt has been paid in full.

30.6 If a staff member is sixty (60) days in arrears and has made no arrangement to pay off the outstanding amount, deduct full amount from salary.

## 31. REPORTING AND PERFORMANCE MANAGEMENT

31.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Committee as supervisory authority in terms of Section 99 of the Municipal Systems Act, 2000 (Act No.32 of 2000), read with section 100(c).

31.2 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 Municipal Manager who will immediately move for a revision of the budget according to realistically realisable income levels.

31.3 The Executive Committee shall, at intervals of 3 months, report to Council as contemplated in Section 99(c) of the Municipal Systems Act.

## 32. DEFINITION OF IRRECOVERABLE DEBT

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

(a) All reasonable notifications and cost effective legal avenues have been exhausted to recover specific outstanding amount, or

(b) Any amount equal to or less than R500.00, or 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

(c) The cost to recover debt does not warrant further action, or

(d) The debtor is untraceable or cannot be identified so as to proceed with further action, or

(i) the debtor has immigrated leaving no assets of value to cost effectively recover Council's claim, or

(e) It is not possible to prove debt outstanding, or

(i) a court has ruled that the claim is not recoverable, or

(ii) the outstanding amount is due to an irrecoverable administrative error by the Municipality, or

(f) All arrears will be written off to bad debts where water consumers have had their water leaks repaired, provide the necessary proof and for a period of six months from the date of repair –

(i) Pay their water & sewer bill above the free portion on or before the due date, and

(ii) Maintain their water consumption within affordable levels.

## 33. COMMUNICATION OF POLICY TO CONSUMERS

33.1 The municipality will, at its own cost, publish the Credit Control and Debt Collection Policy in the local media. The Chief Financial Officer operating under delegated authority will publish the policy on whatever basis is to the Council's best advantage. A copy of the policy will be posted on the municipality's website and hardcopies will be made available on request at the service centres. Any amendments may be communicated on the website and in a newsletter from time to time.

33.2 Councillors must, from time to time, address ward committees on the contents of the policy and any amendments thereto.

## 34. BY-LAWS TO BE ADOPTED

34.1 By-laws shall be adopted to give effect to the Council's credit control and debt collection policy.

34.2 The by-laws are to comply with the requirements of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Water Services Act, 1997 (Act No. 108 of 1997), the Electricity Act, 1987 (Act No. 41 of 1987) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

34.3 The by-laws deal severely with defaulters, and their application requires a considerable degree of commitment from the Municipal Manager and his or her administration, as well as from the municipality's political structures. For the by-laws to ensure the avoidance of financial misfortunes for the municipality, and to lead to sustained financial stability, their application will have to receive the constant attention of all the municipality' s key role- players and decision makers. If the by-laws are not constantly and consistently applied, from month to month and from year-to-year, the municipality' s political and administrative credibility will be severely impaired, and it may not be able to ensure financial sustainability in the long run.

34.4 Although the by-laws envisage even the termination of basic services for defaulting accountholders this will not in itself, no matter how harsh it may seem to those councillors and officials who are disposed to greater leniency, prevent the accumulation of arrears. The monthly billing for property rates, sewerage charges and refuse removal fees will continue in respect of defaulting accountholders, even though their consumption of electricity and water may have been terminated or restricted. The termination or restriction of services must therefore be seen merely as a vital first step in the credit control programme, and the commitment by the municipality to follow up such actions with the full force of the law at the municipality' s disposal is an essential further step if the accumulation of debts is to be meaningfully curtailed.

## 35 DECEASED ESTATES

The accounts of deceased estates may be transferred into the names of relatives as determined by the executor of the deceased estate, to allow for the continuation of service delivery to the relevant property on the following conditions:

The historical debt remains a claim against the deceased estate;

The executor of the deceased estate together with the new account holder must enter into an agreement with Witzenberg municipality for the payment of the historical debt;

The normal service deposit is payable by the new account holder unless a report by the municipal social worker indicates that the new account holder cannot afford to pay the deposit;

If the property is let out, the service deposit is payable without any exceptions;

A clearance certificate in terms of section 118 of the municipal systems act may be issued by Witzenberg municipality on condition that the executor of the deceased estate provides the municipality with a guarantee that the outstanding debt will be paid on transfer;

In the instance of a child-headed household the account must remain in the name of the deceased estate, but the estate will qualify for indigent support, if the other criteria for an indigent household are met.

36. ENFORCEMENT OF OTHER LEGISLATION

36.1 In addition to the credit control and debt collection provisions contained in this policy and the published by-laws relating hereto, the Council may enforce any other rights or exercise any power conferred upon it by the Municipal Systems Act, 2000 (No. 32 of 2000), the Water Services Act, 1997 (Act No. 108 of 1997), the Property Rates Act, 2004 (Act No. 6 of 2004) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

36.2 In the event of an inconsistency between the provisions of these and any other by-laws, the provisions of these by-laws shall prevail.

37 COMMENCEMENT DATE

This policy as amended takes effect as from the 28 September 2011.

WITZENBERG
Municipality • Munisipaliteit • UMasipala Wase

# CASH MANAGEMENT AND INVESTMENT POLICY

Date of implementation: 01 July 2008

Reviewed Council 15/06/2010
Council 28/05/2009
Special Council Meeting 13/11/2008 Item 5.4

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# APPENDIX A

PREAMBLE

*Whereas* section 13 of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) determines that a municipality must introduce an appropriate, prudent and effective cash management and investment arrangement;

*and whereas* a bank, in accordance with the provisions of section 13 of the Act, has to disclose details regarding a municipalities' investments;

*and whereas* councillors and officials, as trustees of public funds have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible;

*now therefore* the Witzenberg Municipality adopt the cash and investment management policy set out in this document.

## 1. DEFINITIONS

"Act" means the local government Municipal Finance Management Act, 2003 (Act no. 56 of 2003)

"Council" means the Municipal Council of Witzenberg Municipality

"Gazette" means the Government Gazette

"Investee" means an institution or counterparty with which an investment is placed, or its agent.

"Investment" means an amount of funds deposited in deposit taking institutions registered in terms of the Bank's Act, 1990 (Act 94 of 1990) on which interest is earned or received.

"Internal investment manager" means the official appointed or acting as the Manager: Financial administration of Witzenberg Municipality.

## 2. LEGAL FRAMEWORK

a) Legislation – local government: Municipal Finance Management Act 56 of 2003 (As amended)

b) Treasury regulations in terms of Section 13(1) of the Act (As amended).

## 3. OBJECTIVES

a) To maximize returns from authorized investments, consistent with the secondary objective of minimizing risk

b) To ensure compliance with all legislation governing the investment of funds.

c) To maintain adequate liquidity to meet cash flow needs

d) To undertake the investment of funds not immediately required for operational purposes in a prudent financial manner.

e) To ensure diversification of permitted investment.

f) To ensure complaints with regard to revenue management as contemplated in Sect 64(d), 64(f) and 64(h) of the Act

g) Te ensure complaints with regard to Sect 10 and 11 of the Act

## 4. CASH MANAGEMENT POLICY

### 4.1. General Policy

It is recognised that from time to time, Council has cash flow surpluses and borrowing requirements due to daily receipts and payments. Council maintains a daily cash position summary and a yearly cash flow projection is prepared during the annual planning process and is updated monthly. This determines Council's borrowing requirements and surpluses for investment. Cash invested "outside" the bank account is covered by section 4 of this policy.

### 4.2. Bank Accounts

Council operates one primary bank account for its day to day operational activity requirements. All monies due to Council and due by Council emanating from Council activities must pass through this primary account.

#### 4.2.1 Cheque Management

Cheques are printed in batch format. To prevent the removing of cheques, cheques are delivered in sealed boxes where strict control is exercised over the numerical sequence of cheques on the expenditure system by means of a cheque register.

#### 4.2.2 Delegation/Rights

The incumbents of the following post are authorized to sign cheques on behalf of Council

4.2.3 Cheques

A-Signatories: Director: Financial Services/Chief Financial Officer
Manager: Financial Administration
Manager Income
Manager: Supply Chain

B-Signatories: Accountant Assets & Budgets
Accountant Credit Control
Accountant Debtors
Accountant Expenditure

Each payment needs to be signed by at least two A-signatories, or one A-signatory and one B signatory.

4.2.4 Electronic Funds Transfer (EFT)

Authorisation same as cheques above

4.3 Bank Overdraft

4.3.1 Barring the fact that Council has an approved overdraft facility with its primary banker for possible unanticipated short-term cash flow shortfall, its general policy is to avoid going into overdraft.

Short-term debt is incurred based on expected income and must be repaid within the same financial year. (Section 45 of the MFMA)

4.3.2 Council set the credit limit for the bank overdraft facility at R6, 000, 000 (six million rand).

4.3.3 The terms of the agreement for the bank overdraft facility, including the credit limit, may be changed only by a resolution of council.

4.3.4 Any overdrawn bank account at any date must be reported without avail to Council supported by reasons therefore.

4.3.5 Any short term facility that requires review must first be approved by the Accounting Officer.

## 4.4 Cash collection

### 4.4.1 Controlled, secured and prompt cash collection

a) All cashier banking batches and or shifts must be closed at least on a daily basis;

b) Each cashier banking batch must be closed and deposit in the primary bank account separately;

c) All forms, categories or types of money receipted must be quoted in the form or type received, for example cheques as cheques and cash as cash;

d) A cashier must count the money he/she receipted, record the outcome on the cash-up sheet per category, then report to the senior responsible for the closing of the banking batches;

e) No cashier may have access to the closing bank batch facility of the financial system;

f) The senior verifies whether the amounts is correct and send the cashier back if necessary, otherwise closed the banking batch;

g) The cashier in the presence of the senior put the money in the cash bags; seal it and lock it away in his/her fault for collection;

h) All closed banking batches must be deposited and received by the bank within 72 hours;

i) An independent service provider will collect all bags; quote the seal serial number and issue a receipt for the money bags;

j) The service provider must ensure that the bank check the seals, verify the seal number and sign for the money bag; and

k) All shortages must be paid in by the cashier and all surpluses must be receipted in an item number open for this purpose.

### 4.4.2 Availability of receipting points

a) Cash receipting points will be available in Wolseley, Tulbagh, Ceres, Prince Alfred Hamlet and Op-Die-Berg at municipal offices;

b) The normal office hours are Monday to Thursday 08h30 till 15h30 and Friday 08h30 till 14h30;

c) The Municipality makes use of prepaid electricity sales points in all the suburbs where the Municipality is the approved electricity supplier, these points is open at least from 07h00 till 20h00; and

d) The Municipality also make use of third party payments for example Easy pay and Pay – a- Bill.

4.4.3 Electronic payments directly into bank account

Electronic payments directly into the bank account are allowed provided that the client use his/her debtors account number as reference or booking number or traffic fine number.

4.4.4 Receipt of money by post

a) All mail of the Municipality is opened by an official responsible for Archives in the presence of a cashier responsible for collecting the mail received payments;

b) All monies (cash, cheques and postal orders) are recorded in a register signed by the mail received payments;

c) This cashier will then capture the received payments on the financial system; records the receipting number with the date of the receipt and sign the register;

d) When a cheque is post dated, it is written in a post dated cheque register and then kept in a safe until the valid date and then it is captured; and

e) The senior responsible for the cashiers must verify at least once a week that all payment received via mail is receipted and that all post dated payments has been captured.

## 5. INVESTMENT POLICY

### 5.1 General Policy

Generally Council will invest surplus funds with deposit taking institutions registered in terms of the Bank's Act, 1990 (Act 94 of 1990) for terms not exceeding one year in anticipation of cash flow expectations. From time to time, with prior Executive Mayoral Committee approval, investments can exceed 1 [one] year and be made at other institutions/instruments as approved in the National Treasury regulations from time to time.

### 5.2 Application

5.2.1 This policy applies to all investments made by the Witzenberg Municipality or its duly appointed investment manager.

5.2.2 In addition, all investments must be in accordance with the Municipal Investment Regulations. Where there is a conflict between this policy and the Municipal Investment Regulation, the Municipal Investment Regulations will supersede this policy.

5.2.3 This policy do not apply to -

(a) a pension or provident fund registered in terms of the Pension Funds Act 24 of 1956, or any subsequent legislation; or

(b) in respect of trust money administered by a municipality where a trust deed prescribes how the trust money is to be invested.

5.2.4 Investments dominated in foreign currencies prohibited

Council may make an investment only if the investment is dominated in Rand and is not indexed to, or affected by, fluctuations in value of the Rand against foreign currency.

## 5.4 Diversification

5.4.1 Council will only make investments with approved institutions which have an A rating as per Appendix A.

5.4.2 Not more than 30% of available funds will be placed with a single institution.

5.4.3 Council must regularly monitor its investment portfolio and when appropriate liquidate an investment that no longer has the minimum acceptable credit rating as specified in 4.4.1 above.

## 5.5 Investment Managers

### 5.5.1 External Investment Managers

The municipality may as and when the need arise approach an external A-graded investment manager to administer the investment portfolio on its behalf. The external investment manager will be appointed in terms of SCM policy and service level agreement will govern the functions and responsibility of the service provider. All investments made by the external investment manager on behalf of the Council of Witzenberg must be made within the ambit of this policy and with National Treasury's investment Regulations.

### 5.5.2 Internal Investment Manager.

All investments made by the internal investment manager shall be in accordance with section 4.4 of this policy.

## 5.6 INTERNAL CONTROLS OVER INVESTMENTS

### 5.6.1 Delegations

In terms of section 79 of the Act, the Accounting Officer has delegated to the Director: Finance (CFO), in writing, his duty under section 65(2)(h) to manage the councils available working capital effectively and economically in terms of the prescribed cash management and investment framework. The CFO has sub delegated this duty to the Manager Financial Administration.

### 5.6.2 Concluding deals

Written mandates, signed by the Manager Financial Administration and the CFO, shall be issued to all investees with whom the Council of Witzenberg invests funds setting out the following:

5.6.2.1 Authorised dealers: name and particulars of the Councils officials who are authorised to transact investments deals with the investees;

5.6.2.2 Authorised signatories: name and particulars of the Councils officials who are authorised to sign written confirmations or any other correspondence in respect of investments transactions.

5.6.2.3 A dealing sheet, signed by an authorised dealer, shall be prepared in all instances for each individual investment, detailing the quotations received and the recommended investee. The Manager Financial Administration, together with any one of the authorised signatories referred to above, shall be authorised to approve the transaction.
A written confirmation of the terms of each investment transaction shall be prepared, and signed off by the Manager Financial Administration and the CFO.

5.7 Ownership

5.7.1 All investments must be made in the name of the Council of Witzenberg Municipality.

5.7.2 Written proof of investments made must obtained from the institution where the investment is made and must be kept on file.

5.7.3 Council may not borrow money for the purposes of investment.

## 6. DUE CARE

In dealing with financial institutions, the following ethical principles must be observed:

6.1 The Chief Financial Officer and all staff in his/her directorate shall not accede to any influence by or interference from Councillors, investment agents, institutions or any other outsiders.
6.2 Under no circumstances may inducements to invest be accepted;
6.3 Interest rates quoted by one institution must not be disclosed to another institution; and
6.4 The business ethics of any controlling body of which the relevant financial institution is a member must be observed by such institution or body at all times.
6.5 Investments must be made with such judgement and care, under prevailing circumstances like a person of prudence, discretion and intelligence would exercise.
6.6 Investment may not be made for speculation but must be a genuine investment; and
6.7 Investments must in the first instance be made with the primary regards being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality and lastly to the probable income derived form the investment.

## 7. PERFORMANCE MEASUREMENT

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective measures. The predominant subjective measure is the overall quality of treasury management information. The Chief Financial Officer has primary responsibility for determining this overall quality. Objective measures include:-

7.1 Adherence to policy.

7.2 Timely receipt of interest income.

## 8. REPORTING

### 8.1 Reports

| REPORT NAME | FREQUENCY | PREPARED BY | RECIPIENT |
|---|---|---|---|
| Bank Balance | Report Daily | Senior Clerk Bank Reconciliations | Manager: Financial administration |
| Investments | Monthly within 10 working days of the end of the month.<br>As part of section 71 of MFMA report | Accountant | Manager: Financial administration,<br>Chief Finance Officer and Council |

### 8.2 Monthly reports

Monthly reports must set out at least –

(a) the market value of each investment as at the beginning of the reporting period;
(b) any changes to the investment portfolio during the reporting period;
(c) the ,market value of each investment as at the end of the reporting period; and
(d) fully accrued interest and yield for the reporting period

## 9. ANNUAL REVIEW OF POLICY

This policy on investments will be reviewed annually or earlier if so required by legislation. Any changes to the investment policy must be adopted by council and be consistent with the Act and any National Treasury regulations.

## 10. EFFECTIVE DATE

The effective date of this amended policy shall be 1 July 2010.

APPENDIX A

APPROVED INSTITUTIONS

| Banking Institution | Short-term | Long-term |
|---|---|---|
| ABSA Bank Ltd | | AAA |
| Development Bank of SA | | AAA |
| First Rand Bank Ltd | | AA+ |
| Sanlam Capital Markets Ltd | | A |
| Imperial Bank Ltd | | A+ |
| Investec Bank Ltd | | A+ |
| Land and Agricultural Bank of SA | | AA- |
| Nedbank Ltd | | AA- |
| Standard Bank of South Africa Ltd | | AA+ |

1. Long-term ratings

AAA- Obligations which have the highest rating assigned by Fitch IBCA on its nation rating scale for that country. This rating is automatically assigned to all obligations issued or guaranteed by the sovereign state. Capacity for timely repayment of principal and interest is extremely strong, relative to other obligors in the same country.

AA- Obligations for which capacity for timely repayment of principal and interest is very strong relative to other obligors in the same country. The risk attached to these obligations differs only slightly from the country's highest rated debt.

A- Obligations for which capacity for timely repayment of principal and interest is strong relative to other obligors in the same country. However, adverse changes in business economic or financial conditions are more likely to affect the capacity for timely repayment than for obligations in higher rated categories.

# CONSUMER PAYMENT INCENTIVE POLICY (CPIP)

Date of implementation 01 July 2009
Reviewed by Council 15/06/2010
Reviewed by Council 20/04/2011
Reviewed by Council 31/05/2012
Reviewed by Council 29/05/2013
Reviewed and amended by Council on 28/05/2014
Reviewed and amended by Council on 27/05/2015
Reviewed and amended by Council on 18/05/2016
Reviewed and amended by Council on 30/05/2017

## 1. BACKGROUND

The Credit Control and Debt Collection Bylaws were reviewed and adopted by Council on the 28 May 2008. The purpose of the policy is to encourage the residents of Witzenberg to pay for services and also to promote the culture of payment amongst its citizens. The policy also aims to promote the Municipal Systems Act 32 of 2000, Sec 97(F) which relates to the extension of time for payment of services. The main focus of the policy is to institute incentive schemes to encourage prompt payment of debtor accounts.

## 2. OBJECTIVE OF THE SCHEME

To outline the parameters, criteria and procedures within which identified debts of participants to the scheme is written-off in exchange for prompt and timeous payment of future accounts rendered by the Municipality.

## 3. INCENTIVE DEFINED

### 3.1 Benefits derived by a participant to scheme

- One tenth of verified debt to be written-off every six month until debt is written-off in totality upon the participant fully complying with the conditions of the scheme.
- Assist consumers in improving the status of their municipal account in two ways, namely the decreasing of their existing debt through write-off and assisting them in ensuring that their current accounts do not deteriorate to a similar state.
- Registered Indigents must ensure that their monthly accounts are up-to-date if consumption has been more than the subsidy provided.
- The Incentive Policy is applicable only on debt relating to Service Charges excluding charges on Property Rates.

### 3.2 Benefit to Council

- Promotes sustainable and reliable revenue for the Council for future years.
- Creates amongst consumers the awareness and principle of paying for services consumed.
- Limits the financial burden of bad debt on the municipal council in future years.

4. CONDITIONS APPLICABLE TO THE SCHEME

4.1 Participant to promptly and timorously pay six (6) consecutive months account rendered. The account must be paid before or on due date.

4.2 Participant to honour the acknowledgement of debt agreement entered into for the debt not identified for write-off, failing which it invalidates the application on the Incentive Policy.

5. WHO MAY APPLY

5.1 Only domestic consumers and educational schools and Hostels service accounts (Rates excluded) that have active accounts at date of application.

5.2 Only consumers that have outstanding debts as at the 30th June 2016 and the said debt or portion thereof is at date of application still outstanding.[1]

6. WHO MAY NOT APPLY

6.1 Registered indigent consumers.

6.2 Commercial and Industrial consumers.

6.3 Government Departments, which includes schools and Parastatals.

6.4 Consumers utilising domestic premises to operate businesses.

7. METHOD OF COMMUNICATION ON THE SCHEME

7.1 The incentive scheme will be advertised in different mediums - newspapers, road shows and through the monthly statements.

7.2 A consumer must then complete an application form.

7.3 A reconciliation of the account will then be performed to verify whether the applicant qualifies.

8. THE PROCEDURE APPLICABLE

8.1 Verified debt as at 30th June 2016[2] to be "parked" and written-off in instalments as the conditions are met.

8.2 Verified debt accrued after 1st July 2016[3] to be dealt with via an acknowledgement of debt and arrangement for payment by the participant.

8.3 Incentive to be applied with effect from the 1st July 2010 retrospectively and upon approval.

[1] Recommended for adjustment
[2] Recommended for adjustment
[3] Recommended for adjustment

## 9. INCENTIVE CALCULATION

One tenth of applicable debt to be written-off upon the participant promptly and timorously paying six (6) consecutive months account rendered in addition to the acknowledgement of debt accrued after 1st July 2016.[4]

Example

| | | |
|---|---|---|
| (a) | Verified outstanding debt as at the 30th June 2016 amounts to | R5 000-00 |
| (b) | Incentive portion written off each quarter 1/10th of debt as per (a) | R500-00 |
| (c) | Verified outstanding debt for the period accrued after 1st July 2016 | R2 400-00 |
| (d) | Monthly accounts rendered | |
| | Account rendered for July 2017 | R352-60 |
| | Account rendered for August 2017 | R201-49 |
| | Account rendered for September 2017 | R165-82 |
| | Account rendered for October 2017 | R199-61 |
| | Account rendered for November 2017 | R210-99 |
| | Account rendered for December 2017 | R332-84 |
| | | R1 463-35 |
| (e) | Acknowledgement of debt agreement (2400/36) | R66-67 per month |

Incentive calculation

- The R5 000-00 is "parked thereby targeting it for write-off.
- An agreement is entered into for the R2 400 at R66-67 per month (2400/36)
- For every six consecutive months that the participants' current account and the arrangement of (66-67) must be paid up, an amount of R500-00 will be written-off from the "parked debt".

## 10. PARTICIPANTS TO THE SCHEME THAT DEFAULT

10.1 Participants, who default will not automatically be removed from the scheme, however their participation will be automatically suspended by the financial system that Council is using should they be in default for by two months or more.

10.2 The participants, in order to be reinstated on the Incentive Policy, must pay all outstanding amounts from the last account which was paid.

10.3 The incentive portion will only be affected if the participant has fully complied with the said conditions referred to in Section 4 of this scheme.

10.4 Participants who default on a regular basis will at management's discretion be removed from the scheme and normal credit control actions in terms of the bylaws will be instituted.

[4] Recommended for adjustment

WITZENBERG
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# PETTY CASH POLICY

| |
|---|
| Date of implementation: 01 July 2010 |

Updated Council 15/06/2010
Council 28/05/2009

# Petty Cash Policy

## 1. INTRODUCTION

The management of expenditure of the municipality in an effective and controlled manner is the responsibility of the Accounting Officer of the municipality. Therefore the following petty cash policy is adopted by the Witzenberg Municipality.

Witzenberg Municipality includes the towns and rural areas of:

Ceres,
Prince Alfred's Hamlet,
Op-die-Berg,
Tulbagh, and
Wolseley

## 2. OBJECTIVES

To comply with regulatory framework in terms of the relevant legislation.

## 3. REGULATORY FRAMEWORK

a) The Municipal Finance Management Act (56 of 2003)
b) Paragraph 15 of the Municipal Supply Chain Management Regulations of 2005
c) Paragraph 15 of the Municipal Supply Chain Management Policy

## 4. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are:

(1) The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.
(2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure—

***(a)*** that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;

***(b)*** that the municipality has and maintains a management, accounting and information system which—
(i) recognises expenditure when it is incurred;
(ii) accounts for creditors of the municipality; and

(iii) accounts for payments made by the municipality;

***(c)*** that the municipality has and maintains a system of internal control in respect of creditors and payments;

***(d)*** that payments by the municipality are made—
(i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
(ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager hereby delegates authority to the Chief Financial Officer.

## 5. PETTY CASH PURCHASES

Petty cash requests will be made to the designated Petty cash officer in writing. The applicant must ensure that the items requested must be approved Petty Cash items. Petty cash officers will be held accountable for the safe guarding of petty cash.

(a) Petty cash is strictly restricted to cash purchases:

i. up to a transaction value of R2 000.00 (VAT included)

(b) Approved list of Petty cash purchases are as follows:

i. Condolences, well wish cards, bouquets and flowers; keys for offices;
ii. Temporary vehicle licensing and public driver permits
iii. Tollgate fees when an employee is driving with an official vehicle registered in the name of council
iv. Refunds (Library book fees);
v. Refreshments and catering
vi. Purchase other than that specified in (i) to (v) above, may be approved by the CFO in exceptional cases where it is impractical or impossible to follow the official procurement processes provided that:
    1. No approved store items may be purchased by means of a petty cash transaction;
    2. No fixed asset may be purchased by means of a petty cash transaction;
    3. No travel and subsistence claims or disbursements may be paid via petty cash;
    4. Purchases are not split over two or more cash purchase claims;

## 6. MAXIMUM AMOUNT OF PETTY CASH PER MONTH

Petty cash will only be held in Ceres. The maximum float may not exceed R5 000.00 at any point in time. The maximum amounts of petty cash purchases are limited to R10 000.00 per month.

## 7. REPORTING

A monthly reconciliation report must be provided within 5 working days after month end to the chief financial officer, including:

(a) The total amount of petty cash purchases for that month: and

(b) Receipts and appropriate documents for each purchase

# INDIGENT POLICY

## OUR VISION

A Municipality that cares for its community, creating growth and opportunities.

## OUR MISSION

The Witzenberg Municipality is committed to improve the quality of life of its community by:

- Providing and maintaining affordable services.
- Promoting Social and Economic Development
- The effective and efficient use of available resources
- Effective Stakeholder and Community participation

Reviewed by Council 30/05/2017
Reviewed by Council 18/05/2016
Reviewed by Council 28/09/2011
Adopted by Council 15/06/2010

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1. INTRODUCTION
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3. OBJECT OF THE POLICY
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5. DEFINITIONS
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8. ADMINISTRATIVE PROCEDURES
9. COMMENCEMENT
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## 1. INTRODUCTION

Witzenberg acknowledges the fact that priority must be given to the basic needs of the community and that the social and economical development of the community is assisted in an effort to provide access to the basic level of service in terms of the Constitution of South Africa, Sect 152 (1) (b) and 153 (b).

In an effort to make basic services accessible to the poor and to contribute to poverty alleviation program of National Government, the Council will allocate funds to assist the Poor. This policy, the Indigent Policy, is the tool to ensure that eventually the poor is in the safety net and are protected from measures to deny them access to the basic services. It is however acknowledge that the assistance will only be possible with the assistance of National Governments Fiscal.

## 2. AIM

To ensure a sound and sustainable manner to provide affordable basic services to the Poor by means of assisting them financially within the legal framework of the powers and functions of the Municipality in order to improve the livelihood, in an effort to creating a prosperous Municipality free of poverty.

## 3. OBJECT OF THE POLICY

The object of this policy is to:

- Ensure a transparent, accountable and sustainable manner to assist the poor to access of basic services as defined later in the policy;

- Ensure a sustainable manner to assist the poor with the graveyard costs, transfer duties and to change the municipal accounts in the cases of death, legal separation, divorce, etc. when necessary; and to

- Ensure that a fair portion of the equitable share, as provided by National Government, is utilized as a contribution to poverty alleviation.

## 4. LEGAL FRAMEWORK

The legal framework within to provide basic services, are in terms the Constitution of South Africa:

- Sect 152 (1) (b) – provision of services in sustainable manner,
- Sect 153 (b) – participation in national and provincial programs, and

- Sect 156 – powers and functions to be preformed by the municipalities.

Section 74(2)(c) of the Systems Act, Act 32 of 2000 deals with the ability of the municipality to make provision for the provision of access to at least basic services for the poor households. Sect 118 of the same Act provides the powers to the Municipality to issue clearance certificates and to hold back those of owners who are in arrears.

It is also seen that Sect 151(1) (b) of the Constitution, read with Section 74(2) (c) of the systems act provides enough powers to the Municipality to subsidize the poor with regard to other tariffs as well as to ensure that the household can maintain access to basic services when the head of the household should pass away.

## 5. DEFINITIONS

In this policy the under mentioned means, unless the context indicates otherwise-

"Household" a family unit consisting of a head of the family, and his or her spouse.[1]

"Indigent household" a household that complies with the criteria as determined in section 6 of this policy.

"Income" All sources of income of a head of the family, and his or her spouse[2], for example salaries, allowances, pensions, rental and business income not limiting it to the examples mentioned, excluding state child support grants, care dependency grants, foster care grants or maintenance support.[3]

"Spouse" includes husband, wife or living partner, including traditional marriages.[4]

## 6. CRITERIA

Assistance is provided to households that meet the criteria as set out in 6.1 and to old age homes that meet the criteria as set out in 6.2.

6.1. The qualification criteria for urban households in order to receive assistance are as follow:

6.1.1. The head of the household must be a South African citizen;

[1] Recommended for amendment
[2] Recommended for amendment
[3] Amended by Council 28/09/2011
[4] Recommended for inclusion

6.1.2. An application on the prescribe form, fully completed with the required information and signed, must be provided;

6.1.3. The household, except in the case of rural households, must receive an account from the Municipality of Witzenberg;

6.1.4. No member of the household, except in the case of rural households which resides on the farm where he/she works and is not the owner, may own a fixed property other that the site on which the household resides; and

6.1.5. The household joint gross income may not exceed the level of R 3,000 per month.

6.1.6. Two individual government pension (old age or disability) that exceeds the threshold as per 6.1.5 may qualify if it is the only household income.[5]

6.1.7. The municipal manager may approve a household as indigent in exceptional circumstances.[6]

6.2. The qualification criteria for old age homes in order to receive assistance are as follow:

6.2.1. More 50% of the residence within the old age home must receive less than R 3,000 per month income; and

6.2.2. An application on the prescribe form, fully completed with the required information and signed, must be provided.

## 7. BENEFITS

All benefits are awarded in the form of free use consumption tickets or as a subsidy on the municipal account.

The following benefits are available for:

7.1. Households with a joint gross household income less than R 3,000

7.1.1 Property rates

In terms of the Property Rates Act, Act 6 of 2004, section 17(h) all residential sites are exempt from the first R 15,000 of the market value on property. As additional subsidy the Municipality will increase this level to R 85,000 by means of a subsidy in the form a credit on the

[5] Recommended for amendment
[6] Amended by Council 30/05/2017

municipal account. This subsidy will be equal to the smallest of R 85,000 market value or the total valuation of property.

7.1.2 Electricity

A subsidy equal to the amount charged for the first 50 kWh consumed per month.

7.1.3 Water

A subsidy equal to the amount charged for the first 6 kilolitres consumption per month as well as 100% subsidy on the basic charge for water, where the Municipality is the service providers.

7.1.4 Sanitation

A subsidy equal to 100% of the amount charged for the service per month where the Municipality is the service provider.

7.1.5 Refuse removal

A subsidy equal to 100% of the amount charged for the service per month where the Municipality is the service provider.

7.1.6 House rental

A subsidy equal to 100% of the amount charged in the case of municipal sub economical rental stock as house rental per month

7.1.7 Graveyard costs

A subsidy equal to 100% of the amount charged for graveyard cost. The subsidy can be in terms of every deceased member of the household and minor dependents.

7.1.8 Transfer costs

7.1.8.1. A subsidy equal to 100% of the amount charged for transferring the municipal services accounts as a result of death of the head of the household. In the event of separation or divorce, the person who is residing at this plot, qualifies for the subsidy on transfer costs. This household is also exempt from making a consumer deposit or to increase the existing deposit.

7.1.8.2. A subsidy equal to 100% of the costs of an attorney to transfer the property into the spouse name, this as a result of death of the head of the household whilst approved as a Indigent household and the current registration is not in both parties name registered in the

deeds office. The appointment of the attorney is entirely the prerogative of the Municipality.

7.2. Old age Homes

7.2.1 Electricity

A subsidy equal to 10% of the amount charged for the service per month

7.2.2 Water

A subsidy equal to 81.2% of the amount charged for the service per month

7.2.3 Sanitation

A subsidy equal to 59% of the amount charged for the service per month.

7.2.4 Refuse removal

A subsidy equal to 33% of the amount charged for the service per month.

7. A Restrictions / limitations on indigent relieve:[7]

(i) The water meters of indigents who consumed in excess of 6 kilolitre water per month and do not pay regularly for the excess can be replaced with water management meters, and the consumption can be limited to a minimum of 200 litres per day (6 kilolitres per month);

(ii) The electricity meters of indigents who consumed in excess of 50 kWh units of electricity per month and do not pay regularly for the excess can be replaced with split prepaid meters and the connection can be limited to a minimum of 20 Amps;

(iii) The cost of the replacement meters will be borne by the municipality.

[7] Amended council 28/09/2011

# 8. ADMINISTRATIVE PROCEDURES

## 8.1. Organizational Structure

The organizational structure dealing with assistance to the poor is split in decision making and execution.

The decision making component will consist of the elected councilors in the Finance Committee, with the execution unit being the advisors of the committee.

Responsibilities of the Committee:

This committee will ensure that recommendations be made with regard to:

- Policy changes;
- Monitoring of the assistance provided; and
- Serve as the dispute handling committee.

The execution portion will be dealt with by the Social and Economic Development unit of Witzenberg Municipality.

Responsibilities of the unit will include at least:

- Assist households with applications;
- Consider applications according to criteria
- Approve applications;
- Ensure implementation of approved applications;
- Keep administrative record of all applications,
- Assist in reconciling information with the financial system; and
- Prepare monitoring reports.

## 8.2. Application Procedure

8.2.1. The head of the household, if not the municipal account holder supported by the municipal account holder, must apply for the subsidy in person. The onus to apply is placed on the head of household.

8.2.2. The application must be on the prescribe application form. Attached as Annexure 8.1.2.

8.2.3. The application form must at least include the following documents:

- Copy of the latest municipal accounts, where applicable;
- Copy of the head of the household identification document and in the case of not the account holder the account holder documentation;

- Copy of the deceased identification and death certificate documents, where applicable;
- Proof of income, certified by employer as a true reflection, if applicable;
- Copy of the pension card, UIF card, or interest certificate, etc, if applicable; and
- An affidavit that certifies that the information provided is the truth and nothing but the truth. (Attached as Annexure 8.1.3)
- Copy of the last three months bank statements when required.

8.2.4. The municipality acknowledged the fact that support must be offered in order to ensure access to the subsidy. For this purpose a unit is in tack to assist the poor. All applications must be lodged at this unit, called the Social & Economic Development unit of Witzenberg Municipality.

8.2.5. The Municipality reserves the right that an official of the unit may visit the household residing place in order to establish or confirm the information provided.

8.2.6. The Municipality reserves the right to verify information received by means of ITC checks.[8]

8.2.7. The Municipality undertakes to remind the household, two months prior to expiry of the approval, of the expiry. The non-receiving of the notice in the form of a house visit, letter or via the municipal account will not place the responsibility on the Municipality to ensure re-application.

**8.3. Measurement and duration of applications for approval**

8.3.1. Measurement whether the application qualify in terms of the criteria as set in section 6 is based on the information as on the date of the application. The municipality reserves the right to lodge their own investigation in order to ensure compliance with the criteria.

8.3.2. An approved application is valid for a period of twelve months.

8.3.3. If an applicants financial position changes and it is of a permanent nature the applicant must inform the Municipality of the change. If the change affect the household in such a manner that it no longer meet the criteria as set in section 6 the approval will automatically stop.

8.3.4. The onus rest with the applicant to inform the Municipality of any such changes.

[8] Recommended for amendment

8.3.5. The approval will stop automatically two months after the head of the household passed away. If the household left be hind is still financially in the same position the subsidy must be transferred to the new head of the household. The onus to apply is placed on the new head of the household.

### 8.4. Disputes

Any dispute based on the administrative process or approval of an application will be dealt with by the Finance Committee. The Committee may call the applicant to put their dispute in words or ask the applicant to put it in writing. The Social and Welfare unit must be afforded to provide the committee with documentary proof of the process followed and or reasons for the decision made. The committee may not include in their decision any deviation of this policy.

## 9. COMMENCEMENT DATE

This amended policy takes effect as from the 28 September 2011.

WITZENBERG

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# BUDGET VIREMENT POLICY

| |
|---|
| Date of implementation 01 July 2010 |

Reviewed by Council 31/05/2012
Council 15/06/2010

# Index

1. Definitions

2. Abbreviations

3. Objective

4. Financial Responsibility

5. Transfer/ Virement Restrictions

7. Transfer / Virement Procedure

Annexure “A” Vote Classification

Annexure “B” Item Classification

## 1. Definitions

"Accounting officer'' The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA

''Approved budget'' means an annual budget approved by a municipal council.

"Budget-related policy'' means a policy of a municipality affecting or affected by the annual budget of the municipality as defined in the Budget Policy of the Council

''Chief financial officer'' means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.

"Deputy Chief financial officer''" Deputy Director: Finance[1]

"Capital Budget" This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods

''Council'' means the council of a municipality referred to in section 18 of the Municipal Structures Act.

"Financial year" means a 12-month year ending on 30 June.

"Line Item" an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditures [See annexure "B" for current item structure]

"Operating Budget" The Town's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.

"Ring Fenced" an exclusive combination of line items grouped for specific purposes for instance salaries and wages.

''Service delivery and budget implementation plan'' means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget.

"Virement" is the process of transferring an approved budget allocation from one vote to another, with the approval of the Municipal Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.

''Vote'' means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. [See annexure "A" for current Vote structure]

"Budget transfer" means the transfer of an approved budget allocation from one operating or capital line item to another within a vote, with the approval of the relevant senior manager.

[1]Updated 31/05/2012 Council meeting

## 2. Abbreviations

2.1. CFO – Chief Financial Officer

2.2. Deputy CFO: Deputy Chief Financial Officer

2.3. IDP – Integrated Development Plan

2.4. MFMA – Municipal Finance Management Act No. 56 of 2003

2.5. SDBIP -Service delivery and budget implementation plan

2.6. CM – Council Minute/'s

## 3. Objective

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

## 4. Financial Responsibilities

4.1 Strict budgetary control must be maintained throughout the financial year in order that potential overspends and / or income under-recovery within individual vote departments is identified at the earliest possible opportunity. (Section 100 MFMA)

4.2 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

4.3 It is the responsibility of each manager or head of a department or activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 102.

## 5. Virement Restrictions

5.1 No funds may be viremented between votes without consent of both vote holders and the Municipal Manager.

5.2 Virements may not exceed a maximum annual limit of 5 % per vote from which the virement originates.

5.3 A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years.

5.4 No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior approval of the Mayoral Committee.

5.5 No funds may be transferred between line items without approval of the vote holder authorization, in other words the senior Manager's approval.

5.6 Budget may not be transferred from Support service (interdepartmental) costs, Capital financing, Depreciation, Contributions, Grant Expenditure, Insurance and Income Foregone.

5.7 Budget may only be transferred from or to Salaries or employee related costs if approved by the CFO.

5.8 Transfers Virements in capital budget allocations are only permitted within specified action plans and not across funding sources without the written approval of the CFO and the Municipal Manager and must in addition have comparable asset lifespan classifications. [2]

5.9 No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO or the Deputy CFO.

5.10 An approved virement/transfer does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the supply chain management policy of Council as periodically reviewed.

5.11 Virements/transfers may not be made between Expenditure and Income.

5.12 No virements/transfers are allowed in terms of income line items.

5.13 No virement/transfers are allowed from capital budget to the operating budget

5.14 Virements/transfers should not result in new projects on the capital budget without the written approval of the CFO and the Municipal Manager[3]

5.15 Virements/transfers of conditional grant funds to a purpose outside than specified in the relevant conditional grant framework are not permitted.

5.16 Virements / Transfers to Travelling and Accommodation and Entertainment line items are only permitted with the approval of the CFO and Municipal Manager[4]

## 6. Virement Procedure

6.1 All virement/transfer proposals must be completed on the appropriate documentation and forwarded to the relevant Finance Officer for checking and implementation.

6.2 All virements must be signed by the Initiator, Vote Holder, Municipal Manager and the official responsible for budgets.

6.3 All transfers must be signed by the Initiator, Vote holder, the official responsible to process the proposals and a Line Manager within Finance.

6.4 The form must be completed for all Budget Transfers, virements as well as transfers.

[2]Updated 31/05/2012 Council meeting
[3]Updated 31/05/2012 Council meeting
[4]Updated 31/05/2012 Council meeting

6.5 Virements/transfers in excess of R 50,000 require the approval of the Deputy CFO and Virements / Transfers in excess of R 200,000 require the approval of the Chief Financial Officer[5]

6.6 All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)

6.7 The Municipal Manager will report to the Mayor on a quarterly basis on those virements that have taken place during that quarter.

APPENDIX A

WITZENBERGMUNICIPALITY

GFS CLASSIFICATION, COST CENTRE & VOTE STRUCTURE

| GFS Classification | Cost centres | Municipal Votes | Vote Holder (Responsible Sec 57 Appointment) | Support Vote Holder (Responsible Line Manager) |
|---|---|---|---|---|
| Budget & Treasury Office | Property rates | Budget & Treasury Office | Director: Financial Services | Manager: Income |
| Budget & Treasury Office | Treasury: Administration | Budget & Treasury Office | Director: Financial Services | Manager: Financial Administration |
| Budget & Treasury Office | Treasury: Debtors | Budget & Treasury Office | Director: Financial Services | Manager: Income |
| Budget & Treasury Office | Treasury: Credit control | Budget & Treasury Office | Director: Financial Services | Manager: Income |
| Budget & Treasury Office | Treasury: Supply Chain | Budget & Treasury Office | Director: Financial Services | Manager: Supply Chain |
| Budget & Treasury Office | Treasury: Audit | Budget & Treasury Office | Director: Financial Services | Manager: Financial Administration |
| Community & Social Services | Cemeteries | Community & Social Services | Director: Community Services | Manager: Amenities & Environment |
| Community & Social Services | Library services | Community & Social Services | Director: Community Services | Manager: Amenities & Environment |
| Community & Social Services | Community Halls & Facilities | Community & Social Services | Director: Community Services | Manager: Amenities & Environment |
| Community & Social Services | Thusong Centre | Community & Social Services | Director: Community Services | Manager: Amenities & Environment |
| Community & Social Services | Social & Welfare services | Community & Social Services | Director: Community Services | Manager: Social and Economic services |
| Corporate Services | Control centre | Community & Social Services | Director: Community Services | Manager: Protection Services |
| Corporate Services | Property maintenance | Community & Social Services | Director: Community Services | Manager: Amenities & Environment |
| Corporate Services | Administration | Corporate Services | Director: Corporate Services | Manager: Administration |
| Corporate Services | Property administration | Corporate Services | Director: Corporate Services | Unknown |
| Corporate Services | Information Technology | Corporate Services | Director: Corporate Services | Manager: Administration |
| Corporate Services | Human resources | Corporate Services | Director: Corporate Services | Manager: Human Resources |
| Corporate Services | Tourism | Corporate Services | Director: Corporate Services | Manager: Communications |
| Corporate Services | Administration | Corporate Services | Director: Corporate Services | Manager: Administration |
| Corporate Services | Mechanical Workshop | Electro Technical Services | Director: Technical Services | Head: Electro Technical Services |
| Corporate Services | Marketing & Communications | Corporate Services | Director: Corporate Services | Manager: Communications |
| Electricity | Electricity: Administration | Electro Technical Services | Director: Technical Services | Head: Electro Technical Services |
| Electricity | Electricity: Client Services | Electro Technical Services | Director: Technical Services | Head: Electro Technical Services |
| Electricity | Electricity: Generation | Electro Technical Services | Director: Technical Services | Head: Electro Technical Services |
| Electricity | Electricity: Distribution | Electro Technical Services | Director: Technical Services | Head: Electro Technical Services |
| Environmental Protection | Environmental Protection | Community & Social Services | Director: Community Services | Manager: Amenities & Environment |
| Executive & Council | Municipal Manager | Executive & Council | Municipal Manager | Manager: IDP |

[5]Updated 31/05/2012 Council meeting

# APPENDIX A

## WITZENBERGMUNICIPALITY

## GFS CLASSIFICATION, COST CENTRE & VOTE STRUCTURE

| GFS Classification | Cost centres | Municipal Votes | Vote Holder (Responsible Sec 57 Appointment) | Support Vote Holder (Responsible Line Manager) |
|---|---|---|---|---|
| Executive & Council | Council cost | Corporate Services | Director: Corporate Services | Manager: Administration |
| Executive & Council | Town secretary | Corporate Services | Director: Corporate Services | Manager: Administration |
| Executive & Council | Chief Executive's | Executive & Council | Municipal Manager | Manager: IDP |
| Housing | Housing: Administration | Housing | Director: Community Services | Manager: Housing |
| Housing | Housing: Construction | Housing | Director: Community Services | Manager: Housing |
| Housing | Housing: Maintenance | Housing | Director: Community Services | Manager: Housing |
| Planning & Development | Licensing & regulation | Community & Social Services | Director: Community Services | Manager: Amenities & Environment |
| | | | | |
| Planning & Development | Local Economical Development | Community & Social Services | Director: Community Services | Manager: Social and Economical services |
| Planning & Development | Integrated Development Planning | Executive & Council | Municipal Manager | Manager: IDP |
| Planning & Development | Building Control | Planning | Director: Technical Services | Manager: Planning & Projects |
| Planning & Development | Town Planning | Planning | Director: Technical Services | Manager: Planning & Projects |
| Planning & Development | Project Management | Planning | Director: Technical Services | Manager: Planning & Projects |
| Planning & Development | Performance Management | Planning | Director: Technical Services | Manager: Planning & Projects |
| Public Safety | Electricity: Street Lights | Electro Technical Services | Director: Technical Services | Head: Electro Technical Services |
| Public Safety | Fire Protection | Public Safety | Director: Community Services | Manager: Protection Services |
| Public Safety | Police & Traffic | Public Safety | Director: Community Services | Manager: Protection Services |
| Public Safety | Disaster management | Public Safety | Director: Community Services | Manager: Protection Services |
| Road Transport | Vehicle Licensing & Testing | Public Safety | Director: Community Services | Manager: Protection Services |
| Road Transport | Roads | Civil services | Director: Technical Services | Manager: Roads & Storm water |
| Sport and Recreation | Pine forest: Administration | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Pine forest: Security services | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Pine forest: Semi permanent units | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Pine forest: Cleaning services | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Pine forest: Swimming pools | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Klipriver park: Administration | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Klipriver park: Cleaning services | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Klipriver park: Swimming pool | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Sport and Recreation | Parks | Sport & Recreation | Director: Community Services | Manager: Amenities & Environment |
| Sport and Recreation | Sport grounds | Sport & Recreation | Director: Community Services | Manager: Amenities & Environment |
| Sport and Recreation | Swimming pools | Sport & Recreation | Director: Community Services | Manager: Resorts & swimming pools |
| Waste Management | Public Toilets | Civil services | Director: Technical Services | Manager: Solid Waste |
| Waste Management | Solid Waste - Dumping Site | Civil services | Director: Technical Services | Manager: Solid Waste |
| Waste Management | Solid Waste - Garden | Civil services | Director: Technical Services | Manager: Solid Waste |
| Waste Management | Solid Waste - Removal | Civil services | Director: Technical Services | Manager: Solid Waste |
| Waste Water Management | Sewerage | Civil services | Director: Technical Services | Manager: Water & Sewerage |
| Waste Water Management | Storm water Management | Civil services | Director: Technical Services | Manager: Roads & Storm water |
| Water | Water Storage | Civil services | Director: Technical Services | Manager: Water & Sewerage |
| Water | Water Distribution | Civil services | Director: Technical Services | Manager: Water & Sewerage |

APPENDIX B
WITZENBERG MUNICIPALITY
ITEM CLASSIFICATION

| Line Item number | NT code | Description | Classification | Comment | Transfer From | Transfer To |
|---|---|---|---|---|---|---|
| 3001 | 3000 | Salaries | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3002 | 3000 | Bonuses | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3003 | 3000 | Standby | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3004 | 3000 | Overtime | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3005 | 3000 | Housing Allowances | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3006 | 3000 | Housing Subsidies | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3007 | 3000 | Entertainment Allowances | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3009 | 3000 | Leave paid out | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3010 | 3000 | Transport Allowances | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3011 | 3000 | Resettlement Costs | Employee related costs - Salaries & Wages | Expenditure | Yes* | Yes* |
| 3101 | 3100 | Medical contributions | Employee related costs - Social contributions | Expenditure | Yes* | Yes* |
| 3102 | 3100 | Pension contributions | Employee related costs - Social contributions | Expenditure | Yes* | Yes* |
| 3103 | 3100 | UIF | Employee related costs - Social contributions | Expenditure | Yes* | Yes* |
| 3104 | 3100 | Group Life Insurance | Employee related costs - Social contributions | Expenditure | Yes* | Yes* |
| 3105 | 3100 | Bargaining Council Levies | Employee related costs - Social contributions | Expenditure | Yes* | Yes* |
| 3106 | 3100 | Employees Awards | Employee related costs - Social contributions | Expenditure | No | Yes* |
| 3107 | 3100 | Post-retirement benefits | Employee related costs - Social contributions | Expenditure | No | Yes* |
| 3108 | 3100 | Exgratia Pension | Employee related costs - Social contributions | Expenditure | No | Yes* |
| 3109 | 3900 | Finance Cost Medical | Interest Expense - External borrowings | Expenditure | No | No |
| 3110 | 3900 | Finance Cost Long service | Interest Expense - External borrowings | Expenditure | No | No |
| 3111 | 3900 | Finance Cost Exgratia | Interest Expense - External borrowings | Expenditure | No | No |
| 3301 | 3300 | Employee Cost Transferred | Less Employee Costs Allocated | Expenditure | No | No |
| 3401 | 3400 | Mayor | Remuneration of Councillors | Expenditure | No | No |
| 3402 | 3400 | Deputy Mayor | Remuneration of Councillors | Expenditure | No | No |
| 3403 | 3400 | Speaker | Remuneration of Councillors | Expenditure | No | No |
| 3404 | 3400 | Mayoral Committee Allowances | Remuneration of Councillors | Expenditure | No | No |
| 3405 | 3400 | Councillor Allowances | Remuneration of Councillors | Expenditure | No | No |
| 3406 | 3400 | Medical | Remuneration of Councillors | Expenditure | No | No |
| 3407 | 3400 | Pension | Remuneration of Councillors | Expenditure | No | No |
| 3501 | 3500 | Impairment of debtors | Bad Debts | Expenditure | No | No |
| 3502 | 3500 | Impairment of long-term debtors | Bad Debts | Expenditure | No | No |
| 3503 | 3500 | Impairment Debtors (Non-Exchange) | Debt impairment | Expenditure | No | No |
| 3601 | 3600 | Debt Collection Fees - Extern | Collection costs | Expenditure | Yes | Yes |
| 3602 | 3600 | Summonses & Legal Lawsuits | Collection costs | Expenditure | Yes | Yes |
| 3603 | 3600 | Debt Collection Fees - Intern | Collection costs | Expenditure | Yes | Yes |
| 3701 | 3700 | Depreciation | Depreciation and asset impairment | Expenditure | No | No |
| 3702 | 3700 | Depreciation for Rehabilitation | Depreciation and asset impairment | Expenditure | No | No |
| 3704 | 3700 | Impairment for Rehabilitation | Depreciation and asset impairment | Expenditure | No | No |
| 3705 | 3700 | Amortisation | Depreciation and asset impairment | Expenditure | No | No |
| 3801 | 3800 | Buildings | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3802 | 3800 | Network | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |

APPENDIX B
WITZENBERG MUNICIPALITY
ITEM CLASSIFICATION

| Line Item number | NT code | Description | Classification | Comment | Transfer From | Transfer To |
|---|---|---|---|---|---|---|
| 3803 | 3800 | Network - Patchwork | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3805 | 3800 | Network - Resealing | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3806 | 3800 | Network - Main roads | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3807 | 3800 | Network - Traffic signs | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3808 | 3800 | Network - Storm water | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3809 | 3800 | Network - Sidewalks | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3810 | 3800 | Meter replacement | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3811 | 3800 | Pump stations | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3812 | 3800 | Efficient treatment works | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3813 | 3800 | Site - works | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3814 | 3800 | Furniture and Equipment | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3815 | 3800 | Vehicles | Repairs and Maintenance - Municipal Assets | Expenditure | Yes | Yes |
| 3816 | 4400 | Maintenance: Swimming Pool | Other Expenditure | Expenditure | Yes | Yes |
| 3817 | 4400 | Repairs & Maintenance- Computer | Other Expenditure | Expenditure | Yes | Yes |
| 3818 | 4400 | Repairs & Maintenance- Plant & Equipment | Other Expenditure | Expenditure | Yes | Yes |
| 3819 | 4400 | Fire Fighting Equipment | Other Expenditure | Expenditure | Yes | Yes |
| 3901 | 3900 | Interest on Bank overdraft | Interest Expense - External borrowings | Expenditure | Yes | Yes |
| 3902 | 3900 | Interest on External Borrowing | Interest Expense - External borrowings | Expenditure | No | No |
| 3903 | 3900 | Unamortized Discount - Interest | Interest Expense - External borrowings | Expenditure | No | No |
| 3904 | 3900 | Interest Cost Employee Benefit | Interest Expense - External borrowings | Expenditure | No | No |
| 3905 | 3900 | Interest Rehabilitation | Interest Expense - External borrowings | Expenditure | No | No |
| 3906 | 3900 | Interest Paid | Interest Expense - External borrowings | Expenditure | No | No |
| 4101 | 4100 | Electricity purchases (KVA) | Bulk purchases | Expenditure | Yes | Yes |
| 4102 | 4100 | Electricity purchases (kWh) | Bulk purchases | Expenditure | Yes | Yes |
| 4104 | 4100 | Electricity purchases (Fixed charges) | Bulk purchases | Expenditure | Yes | Yes |
| 4105 | 4100 | Electricity (Variable charges) | Bulk purchases | Expenditure | Yes | Yes |
| 4201 | 4400 | Bank charges | General Expenses - other | Expenditure | Yes | Yes |
| 4202 | 4200 | Service supplier contracts | Contracted services | Expenditure | Yes | Yes |
| 4203 | 4200 | Rental of Compactor | Contracted services | Expenditure | Yes | Yes |
| 4204 | 4200 | Legal Costs | Contracted services | Expenditure | Yes | Yes |
| 4205 | 4200 | Town & Regional Planning | Contracted services | Expenditure | Yes | Yes |
| 4206 | 4400 | Insurance | General Expenses - other | Expenditure | Yes | Yes |
| 4207 | 4200 | Transport (Contractor) | Contracted services | Expenditure | Yes | Yes |
| 4208 | 4200 | Transport: Cash | Contracted services | Expenditure | Yes | Yes |
| 4210 | 4200 | Cleaning Contract | Contracted services | Expenditure | Yes | Yes |
| 4212 | 4200 | Cleaning Services | Contracted services | Expenditure | Yes | Yes |
| 4213 | 4200 | Upkeep of Valuation records | Contracted services | Expenditure | Yes | Yes |
| 4214 | 4200 | Toilet services | Contracted services | Expenditure | Yes | Yes |
| 4215 | 4200 | Service Supplier Contracts (Se | Contracted Services | Expenditure | Yes | Yes |
| 4220 | 4200 | Security | Contracted Services | Expenditure | Yes | Yes |
| 4221 | 4200 | Legal Cost (Labour) | Contracted Services | Expenditure | Yes | Yes |

APPENDIX B
WITZENBERG MUNICIPALITY
ITEM CLASSIFICATION

| Line Item number | NT code | Description | Classification | Comment | Transfer From | Transfer To |
|---|---|---|---|---|---|---|
| 4301 | 4400 | Subsidy National Government | General Expenses - other | Expenditure | Yes | Yes |
| 4302 | 4400 | Subsidy Provincial Government | General Expenses - other | Expenditure | Yes | Yes |
| 4303 | 4400 | District Municipality | General Expenses - other | Expenditure | Yes | Yes |
| 4304 | 4400 | Grant Other | General Expenses - other | Expenditure | Yes | Yes |
| 4305 | 5000 | Inform. Settl. without account - Refuse | Internal Charges (ACB) | Expenditure | No | No |
| 4306 | 5000 | Inform. Settl. without account - Sewerage | Internal Charges (ACB) | Expenditure | No | No |
| 4307 | 5000 | Inform. Settl. without account - Water | Internal Charges (ACB) | Expenditure | No | No |
| 4308 | 4400 | Grant Belgium - Federal Gov. | General Expenses - other | Expenditure | Yes | Yes |
| 4309 | 4400 | Grant Belgium - Flemish Gov. | General Expenses - other | Expenditure | Yes | Yes |
| 4310 | 4400 | MSIG Wyk 1 | General Expenses - other | Expenditure | No | No |
| 4311 | 4400 | MSIG Ward 2 | General Expenses - other | Expenditure | No | No |
| 4312 | 4400 | MSIG Ward 3 | General Expenses - other | Expenditure | No | No |
| 4313 | 4400 | MSIG Ward 4 | General Expenses - other | Expenditure | No | No |
| 4314 | 4400 | MSIG Ward 5 | General Expenses - other | Expenditure | No | No |
| 4315 | 4400 | MSIG Ward 6 | General Expenses - other | Expenditure | No | No |
| 4316 | 4400 | MSIG Ward 7 | General Expenses - other | Expenditure | No | No |
| 4317 | 4400 | MSIG Ward 8 | General Expenses - other | Expenditure | No | No |
| 4318 | 4400 | MSIG Ward 9 | General Expenses - other | Expenditure | No | No |
| 4319 | 4400 | MSIG Ward 10 | General Expenses - other | Expenditure | No | No |
| 4320 | 4400 | MSIG Ward 11 | General Expenses - other | Expenditure | No | No |
| 4321 | 4400 | Indigent Electricity (Eskom) | General Expenses - other | Expenditure | No | No |
| 4322 | 4400 | Change of connections | General Expenses - other | Expenditure | No | No |
| 4323 | 4400 | Indigent Change/Transfer cost | General Expenses - other | Expenditure | No | No |
| 4324 | 4300 | Donations | Grants & Subsides Paid | Expenditure | No | No |
| 4325 | 4400 | Grant exp - Workshops | General Expenses - other | Expenditure | No | No |
| 4326 | 4400 | Grant exp - Development project | General Expenses - other | Expenditure | No | No |
| 4327 | 4400 | Grant exp - Stationary & print | General Expenses - other | Expenditure | No | No |
| 4328 | 4400 | Grant exp - Telephone | General Expenses - other | Expenditure | No | No |
| 4329 | 4400 | Grant exp - Traveling & subsistance | General Expenses - other | Expenditure | No | No |
| 4332 | 4400 | OPEX NAT.Grant Expenditure-FMG | General Expenses - other | Expenditure | No | No |
| 4333 | 4400 | OPEX NAT.Grant Expenditure-MSIG | General Expenses - other | Expenditure | No | No |
| 4334 | 4400 | OPEX NAT.Grant Expenditure-EPW | General Expenses - other | Expenditure | No | No |
| 4335 | 4400 | OPEX NAT.Grant Exp-Transformation | General Expenses - other | Expenditure | No | No |
| 4336 | 4400 | Opex NAT.Grant Exp- DWAF | General Expenses - other | Expenditure | No | No |
| 4337 | 4400 | Opex NAT.Grant Exp- MIG | General Expenses - other | Expenditure | No | No |
| 4338 | 4400 | Opex NAT.Grant Exp- RBIG | General Expenses - other | Expenditure | No | No |
| 4339 | 4400 | Opex NAT.Grant Exp- INEP | General Expenses - other | Expenditure | No | No |

APPENDIX B
WITZENBERG MUNICIPALITY
ITEM CLASSIFICATION

| Line Item number | NT code | Description | Classification | Comment | Transfer From | Transfer To |
|---|---|---|---|---|---|---|
| 4340 | 4400 | Opex Prov.Grant Exp- Library | General Expenses - other | Expenditure | No | No |
| 4341 | 4400 | Opex Prov.Grant Exp- CDW | General Expenses - other | Expenditure | No | No |
| 4342 | 4400 | Opex Prov Grant Exp- Main Road | General Expenses - other | Expenditure | No | No |
| 4343 | 4400 | Opex Prov Grant Exp- Wolseley | General Expenses - other | Expenditure | No | No |
| 4344 | 4400 | Opex Prov Grant Exp- Hand Craf | General Expenses - other | Expenditure | No | No |
| 4345 | 4400 | Opex Prov Grant Exp- Aqua Cult | General Expenses - other | Expenditure | No | No |
| 4346 | 4400 | Opex Prov Grant Exp- Planning | General Expenses - other | Expenditure | No | No |
| 4347 | 4400 | Opex Prov Grant Exp- Housing | General Expenses - other | Expenditure | No | No |
| 4348 | 4400 | Opex Prov Grant Exp- Sport | General Expenses - other | Expenditure | No | No |
| 4349 | 4400 | Opex Prov Grant Exp- PTIP | General Expenses - other | Expenditure | No | No |
| 4350 | 4400 | Opex Prov Grant Exp- Multi Pur | General Expenses - other | Expenditure | No | No |
| 4351 | 4400 | Opex Distr Grant Exp- Asset In | General Expenses - other | Expenditure | No | No |
| 4352 | 4400 | Opex Distr Grant Exp- Water In | General Expenses - other | Expenditure | No | No |
| 4353 | 4400 | Opex Distr Grant Exp- Housing | General Expenses - other | Expenditure | No | No |
| 4354 | 4400 | Opex Distr Grant Exp- Hawkers- | General Expenses - other | Expenditure | No | No |
| 4355 | 4400 | Opex Distr Grant Exp- Streets | General Expenses - other | Expenditure | No | No |
| 4356 | 4400 | Opex Distr Grant Exp- Solid Wa | General Expenses - other | Expenditure | No | No |
| 4357 | 4400 | Opex NAT Grant Exp - Housing | General Expenses - other | Expenditure | No | No |
| 4358 | 4400 | Opex NAT Grant Exp- Rural Dev | General Expenses - other | Expenditure | No | No |
| 4402 | 4400 | Advertising/Printing Stationery | General Expenses - other | Expenditure | Yes | Yes |
| 4404 | 4400 | Pauper Burials | General Expenses - other | Expenditure | Yes | Yes |
| 4405 | 4400 | Rewards | General Expenses - other | Expenditure | Yes | Yes |
| 4406 | 4400 | Fertilisers | General Expenses - other | Expenditure | Yes | Yes |
| 4407 | 4400 | Damages/Replacements | General Expenses - other | Expenditure | Yes | Yes |
| 4409 | 4400 | Chemicals | General Expenses - other | Expenditure | Yes | Yes |
| 4410 | 4300 | Donations | Grants & subsidies paid | Expenditure | No | No |
| 4411 | 4400 | Eskom Electricity | General Expenses - other | Expenditure | Yes | Yes |
| 4412 | 4400 | Advertising | General Expenses - other | Expenditure | Yes | Yes |
| 4413 | 4400 | Gas/Rental of gas bottle | General Expenses - other | Expenditure | Yes | Yes |
| 4415 | 4400 | Dog Expenses | General Expenses - other | Expenditure | Yes | Yes |
| 4416 | 4400 | Rental of Houses | General Expenses - other | Expenditure | Yes | Yes |
| 4417 | 4400 | Rental of Offices | General Expenses - other | Expenditure | Yes | Yes |
| 4418 | 4400 | Communication & Events | General Expenses - other | Expenditure | Yes | Yes |
| 4419 | 4400 | Inspection fees | General Expenses - other | Expenditure | Yes | Yes |
| 4420 | 4400 | Inventory - New | General Expenses - other | Expenditure | Yes | Yes |
| 4421 | 4400 | Koekedouw Dam | General Expenses - other | Expenditure | Yes | Yes |
| 4422 | 4400 | Commission on Recoveries | General Expenses - other | Expenditure | Yes | Yes |
| 4424 | 4400 | Membership fees | General Expenses - other | Expenditure | Yes | Yes |
| 4425 | 4400 | Licensing Radio's | General Expenses - other | Expenditure | Yes | Yes |
| 4426 | 4400 | Machine Rental | General Expenses - other | Expenditure | Yes | Yes |
| 4428 | 5000 | Municipal Services | Internal Charges (ACB) | Expenditure | No | No |
| 4429 | 4400 | Investigations | General Expenses - other | Expenditure | Yes | Yes |
| 4430 | 4400 | Entertainment Mayor | General Expenses - other | Expenditure | Yes | Yes |

APPENDIX B
WITZENBERG MUNICIPALITY
ITEM CLASSIFICATION

| Line Item number | NT code | Description | Classification | Comment | Transfer From | Transfer To |
|---|---|---|---|---|---|---|
| 4431 | 4400 | Entertainment Speaker | General Expenses - other | Expenditure | Yes | Yes |
| 4432 | 4400 | Disinfectants | General Expenses - other | Expenditure | Yes | Yes |
| 4433 | 4400 | Public Drivers permit | General Expenses - other | Expenditure | Yes | Yes |
| 4434 | 4400 | Public Entertainment (Tea &Coffee) | General Expenses - other | Expenditure | Yes | Yes |
| 4435 | 4400 | Training | General Expenses - other | Expenditure | Yes | Yes |
| 4436 | 4400 | Auditing External | General Expenses - other | Expenditure | Yes | Yes |
| 4437 | 4200 | Auditing Internal | Contracted services | Expenditure | Yes | Yes |
| 4438 | 4400 | Plant & pest control (chemical) | General Expenses - other | Expenditure | Yes | Yes |
| 4439 | 4400 | Plant material & seeds | General Expenses - other | Expenditure | Yes | Yes |
| 4440 | 4400 | Post Evaluation Cost | General Expenses - other | Expenditure | Yes | Yes |
| 4441 | 4400 | Publicity/tourism | General Expenses - other | Expenditure | Yes | Yes |
| 4442 | 4400 | Rations | General Expenses - other | Expenditure | Yes | Yes |
| 4443 | 4400 | Travelling & Accommodation | General Expenses - other | Expenditure | Yes | Yes* |
| 4445 | 4400 | Sewerage analysis | General Expenses - other | Expenditure | Yes | Yes |
| 4446 | 4400 | Condolences | General Expenses - other | Expenditure | Yes | Yes |
| 4447 | 4400 | Security Services | General Expenses - other | Expenditure | Yes | Yes |
| 4448 | 4400 | Cleaning materials | General Expenses - other | Expenditure | Yes | Yes |
| 4449 | 4200 | Disconnection of services | Contracted services | Expenditure | Yes | Yes |
| 4450 | 4400 | Developing Projects | General Expenses - other | Expenditure | Yes | Yes |
| 4451 | 5000 | Street lighting | Internal Charges (ACB) | Expenditure | No | No |
| 4454 | 4400 | Study bursary | General Expenses - other | Expenditure | Yes | Yes |
| 4455 | 4400 | Telephone and Postage | General Expenses - other | Expenditure | Yes | Yes |
| 4456 | 4400 | Tourism | General Expenses - other | Expenditure | Yes | Yes |
| 4458 | 4400 | Translation services | General Expenses - other | Expenditure | Yes | Yes |
| 4461 | 4400 | TV Transponder | General Expenses - other | Expenditure | Yes | Yes |
| 4462 | 4400 | Pointing out of markers | General Expenses - other | Expenditure | Yes | Yes |
| 4463 | 4400 | Uniforms | General Expenses - other | Expenditure | Yes | Yes |
| 4464 | 4400 | Insurance Claims Expenses | General Expenses - other | Expenditure | No | No |
| 4465 | 4400 | Skills Development Levies | General Expenses - other | Expenditure | No | No |
| 4466 | 4400 | Trade Union costs | General Expenses - other | Expenditure | Yes | Yes |
| 4467 | 4400 | Consumable Items | General Expenses - other | Expenditure | Yes | Yes |
| 4468 | 4400 | Lost Books | General Expenses - other | Expenditure | Yes | Yes |
| 4469 | 4400 | Courier of Council Notifications | General Expenses - other | Expenditure | Yes | Yes |
| 4470 | 4400 | Vehicle Fleet Costs | General Expenses - other | Expenditure | Yes | Yes |
| 4471 | 4400 | Refuse bags | General Expenses - other | Expenditure | Yes | Yes |
| 4472 | 4400 | Valuation costs | General Expenses - other | Expenditure | Yes | Yes |
| 4473 | 4400 | Laundry expenses | General Expenses - other | Expenditure | Yes | Yes |
| 4474 | 4400 | Water sampling - Waste disposal site | General Expenses - other | Expenditure | Yes | Yes |
| 4475 | 4400 | Water research levy | General Expenses - other | Expenditure | Yes | Yes |
| 4476 | 3100 | Employees Awards | Employee related costs - Social contributions | Expenditure | Yes* | Yes* |
| 4477 | 4400 | Special Projects | General Expenses - other | Expenditure | Yes | Yes |
| 4478 | 3100 | Compensation Commissioner | Employee related costs - Social contributions | Expenditure | No | No |

APPENDIX B
WITZENBERG MUNICIPALITY
ITEM CLASSIFICATION

| Line Item number | NT code | Description | Classification | Comment | Transfer From | Transfer To |
|---|---|---|---|---|---|---|
| 4479 | 4400 | Water Levies | General Expenses - other | Expenditure | Yes | Yes |
| 4480 | 4400 | Water Rights Vredebes | General Expenses - other | Expenditure | Yes | Yes |
| 4481 | 4400 | Audit Committee | General Expenses - other | Expenditure | Yes | Yes |
| 4482 | 4400 | Festivals Contribution | General Expenses - other | Expenditure | Yes | Yes |
| 4483 | 4400 | Heating Fuel | General Expenses - other | Expenditure | Yes | Yes |
| 4484 | 4400 | Inauguration of Mayor | General Expenses - other | Expenditure | Yes | Yes |
| 4485 | 4400 | Awareness program | General Expenses - other | Expenditure | Yes | Yes |
| 4486 | 4400 | Removal of aliens | General Expenses - other | Expenditure | Yes | Yes |
| 4487 | 4400 | Special Projects- Old Age Function | General Expenses - other | Expenditure | Yes | Yes |
| 4488 | 4400 | Cleaning & disinfection material | General Expenses - other | Expenditure | Yes | Yes |
| 4489 | 4400 | TV Licences | General Expenses - other | Expenditure | Yes | Yes |
| 4490 | 4400 | Telephone | General Expenses - other | Expenditure | Yes | Yes |
| 4491 | 4400 | Cell phone | General Expenses - other | Expenditure | Yes | Yes |
| 4492 | 4400 | Data lines | General Expenses - other | Expenditure | Yes | Yes |
| 4493 | 4400 | Postage | General Expenses - other | Expenditure | Yes | Yes |
| 4494 | 4400 | Veldt Fire Roads | General Expenses - other | Expenditure | Yes | Yes |
| 4495 | 4400 | Pound of animals | General Expenses - other | Expenditure | Yes | Yes |
| 4496 | 4400 | Projects | General Expenses - other | Expenditure | Yes | Yes |
| 4497 | 4400 | Mayors Golf day | General Expenses - other | Expenditure | Yes | Yes |
| 4498 | 4400 | Ward Committees | General Expenses - other | Expenditure | Yes | Yes |
| 4499 | 4400 | Inventory - Replacements | General Expenses - other | Expenditure | Yes | Yes |
| 4500 | 4400 | Entertainment Director Finance | General Expenses - other | Expenditure | Yes | Yes* |
| 4501 | 4400 | Entertainment Director Corporate | General Expenses - other | Expenditure | Yes | Yes* |
| 4502 | 4400 | Entertainment Municipal Manager | General Expenses - other | Expenditure | Yes | Yes* |
| 4503 | 4400 | Strategic Partnership | General Expenses - other | Expenditure | Yes | Yes |
| 4504 | 4400 | Generator fuel | General Expenses - other | Expenditure | Yes | Yes |
| 4505 | 4400 | Housing plan & policy | General Expenses - other | Expenditure | Yes | Yes |
| 4506 | 4400 | Relief parcels | General Expenses - other | Expenditure | Yes | Yes |
| 4507 | 4400 | Samro licences | General Expenses - other | Expenditure | Yes | Yes |
| 4508 | 4400 | Courier services | General Expenses - other | Expenditure | Yes | Yes |
| 4509 | 4400 | Public participation | General Expenses - other | Expenditure | Yes | Yes |
| 4510 | 4400 | Steering committee & Forum | General Expenses - other | Expenditure | Yes | Yes |
| 4511 | 4400 | Review process cost | General Expenses - other | Expenditure | Yes | Yes |
| 4512 | 4400 | Vehicle Tracking Costs | General Expenses - other | Expenditure | Yes | Yes |
| 4513 | 4400 | International relationships | General Expenses - other | Expenditure | Yes | Yes |
| 4514 | 4400 | Entertainment Director Technical Services | General Expenses - other | Expenditure | Yes | Yes* |
| 4515 | 4400 | Entertainment Director Community Services | General Expenses - other | Expenditure | Yes | Yes* |
| 4516 | 4400 | Op die Berg Office | General Expenses - other | Expenditure | Yes | Yes |
| 4517 | 4400 | MEDICAL EXAMINATIONS | General Expenses - other | Expenditure | Yes | Yes |
| 4518 | 4300 | Donations | Grants & Subsides Paid | Expenditure | No | No |
| 4519 | 4400 | Refreshments - Disciplinary & | General Expenses - other | Expenditure | Yes | Yes |

APPENDIX B
WITZENBERG MUNICIPALITY
ITEM CLASSIFICATION

| Line Item number | NT code | Description | Classification | Comment | Transfer From | Transfer To |
|---|---|---|---|---|---|---|
| 4520 | 4400 | FIRE AMMUNITION | General Expenses - other | Expenditure | Yes | Yes |
| 4521 | 4400 | Fire Fighting Foam | General Expenses - other | Expenditure | Yes | Yes |
| 4522 | 4400 | Corporate Branding | General Expenses - other | Expenditure | Yes | Yes |
| 4523 | 4400 | Consultant Fees | General Expenses - other | Expenditure | Yes | Yes |
| 4524 | 4400 | In-service Training | General Expenses - other | Expenditure | Yes | Yes |
| 4525 | 4400 | Stock losses/write-off's | General Expenses - other | Expenditure | Yes | Yes |
| 4526 | 4400 | Actuarial Loss | General Expenses - other | Expenditure | Yes | Yes |
| 4527 | 4400 | Registrar of Deeds | General Expenses - other | Expenditure | Yes | Yes |
| 4528 | 4400 | Vehicle Cost Grant | General Expenses - other | Expenditure | Yes | Yes |
| 4529 | 4400 | Vehicle Repair Grant | General Expenses - other | Expenditure | Yes | Yes |
| 4530 | 4400 | Cleaning of Rivers | General Expenses - other | Expenditure | Yes | Yes |
| 4531 | 4400 | Festive Lights | General Expenses - other | Expenditure | Yes | Yes |
| 4532 | 4400 | Monitoring Alarm | General Expenses - other | Expenditure | Yes | Yes |
| 4533 | 4400 | Generator Repairs | General Expenses - other | Expenditure | Yes | Yes |
| 4534 | 4400 | Prepaid Electricity (Internal) | General Expenses - other | Expenditure | Yes | Yes |
| 4535 | 4400 | DRIVERS PDP'S & LICENSING | General Expenses - other | Expenditure | Yes | Yes |
| 4536 | 4400 | Towing Cost | General Expenses - other | Expenditure | Yes | Yes |
| 4537 | 4400 | Life Guards | General Expenses - other | Expenditure | Yes | Yes |
| 4538 | 4400 | PPP Investigations | General Expenses - other | Expenditure | Yes | Yes |
| 4903 | 5000 | Internal Recoveries (ABC) | Internal Charges (ACB) | Expenditure | No | No |
| 5101 | 6210 | Asset replacement reserve to | Contributions (from)/ to provisions | Nett Assets | No | No |
| 5102 | 6280 | Back dated Remuneration | Contributions (from)/ to provisions | Nett Assets | No | No |
| 5103 | 6280 | Redundant/ shortages of stock | Contributions (from)/ to provisions | Nett Assets | No | No |
| 5104 | 6280 | Valuation reserve to | Contributions (from)/ to provisions | Nett Assets | No | No |
| 5105 | 4450 | Provision Landfill rehabilitation | Contributions (from)/ to provisions | Expenditure | No | No |
| 5202 | 6220 | Housing account | Contributions (from)/ to provisions | Nett Assets | No | No |
| | | | Under special conditions as contained in the policy | | Yes* | |

WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase

# ASSET MANAGEMENT POLICY

| Date of Implementation: 01 July 2010 |
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## 1. INTRODUCTION

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

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

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

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

Failure to comply with this policy will result in the institution of disciplinary procedures in terms of the stipulated human resource policies and procedures of Witzenberg Municipality.

## 2. OBJECTIVE

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

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

## 3. STATUTORY FRAMEWORK

The statutory framework for this policy is:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- Local Government: Municipal Structures Act, No 117 of 1998;
- Local Government: Municipal Systems Act, No 32 of 2000;

- Local Government: Municipal Finance Management Act, No. 56 of 2003;
- Regulation No. 31346 of 2008;
- Municipal Supply Chain Management Regulations No. 27636;
- Generally Recognised Accounting Practice.

## 4. ACCOUNTING STANDARDS

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

- GRAP 1 – Presentation of Financial Statements;
- GRAP 13 – Leases;
- GRAP 16 – Investment Property;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 100 - Non – current Assets Held for Sale and Discontinued Operations;
- GRAP 101 - Agricultural;
- GRAP 102 – Intangible Assets; and
- IAS 36 - Impairment of Assets

Other relevant accounting standards are:
- GRAP 12 on Inventories
- GRAP 11 on Construction Contracts

## 5. DEFINITIONS

Every effort has been made to use definitions established through legislation, standards of accounting and other guidance on asset management.

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

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

**"Active market"** is a market in which all the following conditions exist:

- The item traded within the market are homogeneous;
- Willing buyer and seller can normally be found at any time; and
- Prices are available to the public.

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

**"Amortisation"** is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

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

**"Asset categories"** are the six main asset categories defined as follows:

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

**"Asset Manager"** is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the municipality's assets in accordance with the entity's standards, policies, procedures and relevant guidelines.

**"Asset Register"** is a record of information on each asset that supports the effective financial and technical management of the assets, and meets statutory requirements.

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

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

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

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

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

**"Commercial service"** means a service other than a municipal service

(a) rendered by a private sector party or organ of state to or for a municipality or municipal entity on a commercial basis; and
(b) which is procured by the municipality or municipal entity through its supply chain management policy.

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

**"Cost"** – is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or where applicable, the amount attributed to that asset when initially

recognized in accordance with the specific requirements of Standards of GRAP.

**"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 other amount substituted for cost in the financial statements, less its residual value.

**"Depreciated replacement cost"**, in relation to a capital asset, means an amount equivalent to the cost to replace the capital asset on the date of transfer adjusted by a deemed depreciated cost at the date of the transfer taking into account the age and condition of the asset.

**"Disposal"**, in relation to a capital asset, includes –

(a) the demolition, dismantling or destruction of the capital asset; or
(b) any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership.

**"Disposal management system"** means the system contemplated in regulation 40 of the Municipal Supply Chain Management Regulations, published by General Notice No. 868 of 2005.

**"Enhancements / Rehabilitation"** is an improvement or augmentation of an existing asset beyond its original recognized service potential for example useful life, capacity, quality and functionality.

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

**"GRAP"** is Standards of Generally Recognised Accounting Practice

**"Head of department / senior manager"** – means a manager referred to in section 56 of the Municipal Systems Act.

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

**"Historical cost"** means the original purchase price or cost of acquisition of the capital asset at the time the asset was acquired

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

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

**"Infrastructure assets"** are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage

purification and trunk mains, transport terminals and car parks.

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

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

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

**"Municipality"** means the Witzenberg Municipality.

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

**"Property, Plant and Equipment" (PPE)** – are tangible assets that:

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

**"Realisable value"** means the amount of cash or cash equivalents that could currently be obtained by transferring the capital asset, less the estimated cost of completion and the estimated costs necessary to make the transfer.

**"Recoverable Amount"** – is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

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

**"Residual Value"** – of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.

**"Right to use, control or manage"** means a right to use, control or manage the capital asset for a period exceeding one calendar month without ceding legal ownership in the asset. In other words, where the granting of such rights do not amount to the transfer or permanent disposal of the asset, for example when a right is acquired through a leasing, letting or hiring out arrangement.

**"Senior Manager"** is a manager referred to Section 57 of the Municipal Systems Act (MSA) being someone reporting directly to the municipal manager.

**"Service provider"** –

(a) in relation to a municipal service, means a private sector party or organ of state appointed by a municipality in terms of Chapter 8 of the Municipal Systems Act to perform a municipal service in accordance with that Act; or

(b) in relation to a commercial service, means a private sector party or organ of state appointed in terms of the supply chain management policy of a municipality or municipal entity to render a commercial service to or for the municipality or entity as an independent contractor.

**"Supply chain management policy"** means the supply chain management policy which a municipality or municipal entity is required to have in terms of Chapter 11 of the Act.

**"The Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

**"Transfer"**, in relation to a capital or subsidiary asset, means transfer of ownership in the asset as a result of a sale or other transaction.

**"Useful Life"** – is either:
- the period of the time over which an asset is expected to be used by the municipality, or
- the number of production or similar units expected to be obtained from the asset by the municipality.

## 6. BACKGROUND

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

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

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

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to

ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation/amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

## 7. DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

## 8. RESPONSIBILITY

### Municipal Manager

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

### Chief Financial Officer

The Chief Financial Officer is responsible to the Municipal Manager to ensure that

the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

**Senior Managers**

The Senior Managers must ensure that:-

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they will remain accountable for ensuring that these activities are performed.

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each senior manager shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.

No amendments, deletions or additions to the asset register shall be made other than by the Asset Manager or by an official acting as the Asset Manager and must be authorized by the Chief Financial Officer.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Corporate Service Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

## 9. ASSET REGISTER

The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.

The asset register shall reflect the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- the responsible senior manager and department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of property
- the stand number, in the case of property
- where applicable, the identification number
- the measurement based used (Cost or Fair Value)
- the original useful live
- the revised useful live
- the residual value
- the original cost, or the revalued amount or the fair value if no costs are available
- the (last) revaluation date of the assets subject to revaluation
- the revalued value of such assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation

- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- method of calculating recoverable amount (when impairment test are required in terms of GRAP)
- increases or the decreases resulting from revaluations (if applicable)
- the source of financing
- condition of the asset
- the current insurance arrangements
- whether the asset is required to perform basic municipal services
- whether the asset has been used to secure any debt, and – if so – the nature and duration of such
- security arrangements
- the date on which the asset is disposed of
- the disposal price
- the date on which the asset is retired from use, if not disposed of.

All heads of department under whose control any asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

An asset shall be capitalised, that is, recorded in the asset 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 a fixed asset. An asset shall remain in the asset register for as long as it is in physical existence.

The Asset Manager must ensure that reconciliations are performed on a monthly basis between the general ledger values and the asset values and to be submitted to the Chief Financial Officer.

The Chief Financial Officer must check and authorize the reconciliations as correct.

Depreciation methods and rates used must be approved by the Chief Financial Officer.

The asset manager should allocate depreciation rates and methods to each asset class, and ensure that depreciation calculations are correctly applied and posted in the general ledger.

## 10. CLASSIFICATION OF ASSETS

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:

### 10.1 Property, Plant and Equipment

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Computer equipment;
- Office equipment;
- Furniture and fittings;
- Radio Equipment;
- Plant and machinery;
- Motor Vehicles; and
- Emergency Equipment.

### 10.2 Investment Property

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councillors or officials are classified as owner-occupied property and are therefore not classed as investment property

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.

### 10.3 Intangible Assets

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

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

### 10.4 Agricultural Assets

Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position,

### 10.5 Assets Treated as Inventory

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the asset register in the same manner as other fixed assets, but a separate section of the asset register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Annexure on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Annexure shall use the classification applicable to the asset most closely comparable in the Annexure.

## 11. CAPITALISATION CRITERIA

### PPE and Intangible Assets

All assets may only be acquired in terms of council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensures that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of council's Supply Chain Management policy should be obtained and where required submitted to council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Budget and Treasury department;
- Once delivered the asset must be labelled / bar-coded by the Budget and Treasury department before such asset is put into use;
- The senior manager should endorse receipt of the asset on the invoice and forwarded it for payment to the Budget and Treasury department; and
- The Budget and Treasury department would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing

stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, “fair value” shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the fixed asset register.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the municipality.

**Investment Property**

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

After initial recognition investment property will be measured at fair value. A gain or loss arising from a change in fair value shall be recognized as a profit or loss in the Statement of Financial Performance in the period in which it arises. The fair value of investment property shall reflect market conditions at reporting date.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

(a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
(c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
(d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

When an investment property is transferred to inventory or owner-occupied property, the property's deemed cost is the fair value of the property at the date of the change in use.

For a transfer from inventories to investment property, that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the Statement of Financial Performance.

**Reinstatement, Maintenance and Other Expenses**

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 in the material extension of the useful operating life of an asset shall be capitalised.

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.

Expenses, which are reasonably ancillary to the bringing into operation of an asset, may be capitalised as part 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.

**Intangible Assets**

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

**Heritage Assets**

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

**Donated 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 one or more other parties, the asset concerned shall be recorded in the asset register at its fair value, as determined by the Chief Financial Officer.

## 12. DEPRECIATION

**Depreciation of PPE**

All PPE, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on a annual basis against the appropriate line item in the department or vote in which the item of PPE is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE is acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

**Rate of Depreciation and Amortisation**

The Chief Financial Officer shall assign a useful operating life to each depreciable item of PPE recorded on the Municipality's asset register. In determining such a useful life the Chief Financial Officer shall use to the useful lives set out in the annexure to this document as a guideline.

In the case of an item of PPE which is not listed in this annexure, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the Head of Department who shall control or use the item in question, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

**Method of Depreciation**

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

## 13. AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF PPE

Only the Chief Financial Officer may amend the useful operating life assigned to any PPE, and when any material amendment occurs the Chief Financial Officer shall inform the Council of such amendment.

The Chief Financial Officer shall amend the useful operating life assigned to any item of PPE if it becomes known that such item has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the item's economic benefits or service potential will be consumed.

If the value of an item of PPE or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the item has physically ceased to exist, it shall be written off in the asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

## 14. IMPAIRMENT OF ASSETS

The accounting treatment relating to impairment losses is outlined in IAS37.

The carrying amount of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to the recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification works is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of the recoverable amount.

The following may be indicators that an asset is impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:

  - Are in a state of damage at year end.
  - Are technologically obsolete at year end. .
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
  - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.

- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset as defined above.

- The impairment loss per asset is the difference between the net selling price and the carrying value of the asset.

- The impairment loss needs to be accounted for by identifying the relevant funding source.

## 15. REVALUATION OF ITEMS OF PPE

All land and buildings recorded in the Municipality's asset register shall be revalued when the Council is of the opinion that economic conditions have had a substantial impact on the on the value of land and buildings within the municipal area. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

The Chief Financial Officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the items as recorded in the valuation roll, provided the Chief Financial Officer is satisfied that such value reflects the fair value of the land and buildings concerned.

The Chief Financial Officer shall also, where applicable, create a revaluation reserve for each such item equal to the difference between the value as recorded in the valuation roll and the carrying value of the item before the adjustment in question.

The buildings concerned shall thereafter be depreciated on the basis of its revalued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the buildings in question.

The Chief Financial Officer shall ensure that an amount equal to the difference between the new (enhanced) annual depreciation expense and the depreciation expenses determined in respect of such buildings before the revaluation in question is transferred each year from the revaluation reserve to the Municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.

If the amount recorded by the valuer is less than the carrying value of the item of

land or buildings recorded in the asset register, the Chief Financial Officer shall adjust the carrying value of such item by increasing the accumulated depreciation of the item in question by an amount sufficient to adjust the carrying value to the value as recorded by the valuer. such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such item, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the item of land or building in question

Revalued land and buildings shall be carried in the asset register, and recorded in the annual financial statements, at their revalued amount, less accumulated depreciation (in the case of buildings).

## 16. ACQUISITION OF ASSETS

### Pre-acquisition Planning

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its use full life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

### Approval to Acquire Property, Plant and Equipment

Money can only be spent on a project if:

- The money has been appropriated in an approved Capital Budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.
- The Supply Chain Management Policy is adhered to.

Authorization for the acquisition of assets should be as per this municipality's delegation of authority and payment for assets shall be in accordance with financial policies and regulations of this Municipality.

**Funding of Capital Projects**

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

## 17. PURCHASE OR HIRE OF IMMOVABLE PROPERTY

The municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:
    - In the case of the following paragraph complies with the requirements of that paragraph; and
    - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:
    - The price is in excess of the market value thereof as assessed by an appraiser; or
    - The rental which, when calculated per annum in the case of:
        - Immovable property hired for agricultural purposes, exceeds six present; and
        - Immovable property hired for any other purpose, exceed twelve present of the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

## 18. GUIDELINE PROCEDURES FOR ADDITIONS TO ASSETS

The Asset Manager must ensure all additions to assets are in accordance with an approved Capital Budget. Additions must be updated on a monthly basis in the Municipality's Asset Register. All additions must be approved by the Chief Financial Officer.

## 19. FUNDING OF PPE AND RESERVES

The purchase of assets may be funded from the raising of external loans, leases, government- and public contributions, the Capital Replacement Reserve and surplus cash.

The Chief Financial Officer shall ensure that in respect of all assets financed from grants or subsidies or contributions received from other spheres of government or from the public at large, as well as in respect of assets donated to the Municipality, a government grants reserve or public contribution reserve for future depreciation is created equal in value to the capitalised value of each item of asset in question.

The Chief Financial Officer shall thereafter ensure that in the case of depreciable PPE an amount equal to the annual depreciation expenses of the items concerned are transferred each year from such reserve to the Municipality's accumulated surplus.

## 20. ALIENATION OF ASSETS

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any item of PPE shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to approve the alienation of any moveable asset with a carrying value less than R200 000 (two hundred thousand rand). The council shall ensure that the alienation of any asset with a carrying value equal to or in excess of R200 000 (two hundred thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004.

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset;
- That a public participation process be held before council's assets can be alienated.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the asset register. If the proceeds of the alienation are less than the carrying value recorded in the asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

All gains realised on the alienation of assets shall be appropriated annually to the municipality's Capital Replacement Reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the Statement of Financial Performance of the department or vote concerned.

If, however, both gains and losses arise in any one financial year in respect of the alienation of the assets of any department or vote, only the net gain (if any) on the alienation of such assets shall be appropriated to the Capital Replacement Reserve.

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 Municipal Asset Transfer Regulations.

## 21. GUIDELINE PROCEDURES FOR THE DISPOSAL OF ASSETS

The Senior Manager must submit a motivation for the disposal of an asset under his/her control to the Chief Financial Officer.

The Chief Financial Officer must authorize, by signature the motivation and submit the motivation to the Accounting Officer for his/her approval.

Before computer equipment is disposed the Chief Financial Officer must consult the IT section.

All combined motivations must be submitted to the Asset Manager to update the asset register of the municipality and the book of accounts regarding the sale.

The following information should be update in the asset register:

- Reason for disposal;
- Information relating to the buyer;
- Individual requesting disposal;
- Cost, book value and proposed selling price of the asset;
- Date of sale;
- Method of payment;
- Receipt number; and
- The relevant asset information

## 22. OTHER WRITE-OFFS OF PPE

An item of PPE, even though fully depreciated, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

## 23. MANAGEMENT AND OPERATION OF ASSETS

### Accountability to manage assets

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. This will include:

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

### Contents of a strategic management plan

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

### Reporting of Emerging Issues

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

### Verification of Assets

The Municipality shall at least once during every financial year undertake on a

date as determined by the Chief Financial Officer a comprehensive verification of all moveable assets controlled or used by all the departments of the Municipality.

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all relevant results of such verification, provided that each such item of asset verification shall be undertaken and completed during 30 June of each financial year, and that the resultant report shall be submitted to the Chief Financial Officer not later than 30 June of the year in question.

**Movement of Assets**

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all transfers from its original location of assets (including minor assets items) within 5 working days after transfer of such item.

## 24. MAINTENANCE

**Maintenance Plans**

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

**Deferred Maintenance**

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall re-determine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

**General Maintenance of Assets**

Every Head of Department shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

## 25. REPLACEMENT STRATEGY

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

## 26. TRANSFER OF ASSETS

When assets are transferred to other Government Departments or municipalities, a document with specific authorization should be attached to the asset to ensure the validity of the transfer.

The document should also include:

- Asset description;
- Cost of the asset;
- Date of acquisition;
- Unique asset number;
- Effective date of transfer;
- Quantity; and
- Authorization by both transferor and transferee.

The asset manager must then effect the transactions in the book of accounts of the municipality on the day the asset is transferred to the transferee.

## 27. PHYSICAL SECURITY OF ASSETS

Every Senior Manager shall be directly responsible for the physical safekeeping of any asset controlled or used by their department.

In exercising this responsibility, every Senior Manager shall adhere to directives issued by the Chief Financial Officer with regard to the control and safekeeping of the municipality's assets.

All assets should be kept in a secure location, maintained regularly, insured against theft or destruction, utilized economically and efficiently.

When it is suspect that an employee abuses assets, this fact should be reported to the Chief Financial Officer within 48 hours. Such an employee should be subject to the disciplinary procedures as described in terms of the Standard

Conditions of Service.

All items of Property, Plant and Equipment lost, stolen or damage must be reported to the Chief Financial Officer within 48 hours after discovery for further investigation and reporting required by the Municipal Finance Management Act No. 56 of 2003.

## 28. INSURANCE OF ASSETS

The Accounting Officer must ensure that all movable assets are insured at least against fire and theft, and municipal buildings and infrastructure are insured at least against fire and allied perils.

The Accounting Officer shall recommend, after consultation with the Chief Financial Officer, the basis of insurance cover to be applied: either the carrying value or the replacement value of the assets. Such a recommendation shall take due cognizance of the budgetary resources of the municipality.

Any theft, loss or damage to an asset should immediately be reported to council's insurance brokers by the relevant head of department under whose responsibility the asset falls. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer. All insurance claims must be recorded in an insurance register and all outstanding insurance claims reported on a monthly basis to the Chief Financial Officer. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

If the municipality operates a self-insurance reserve, the Chief Financial Officer 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 heads of departments concerned.

The municipal manager shall recommend to the council of the municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of 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.

The Chief Financial Officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

## 29. SHORT TITLE

This policy shall be called the Asset Management Policy of the **Witzenberg Municipality.**

## APPENDIX A

| SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS | | | |
|---|---|---|---|
| | ASSET LIFE | | ASSET LIFE |
| **INFRASTRUCTRE ASSETS** | | **INFRASTRUCTRE ASSETS** | |
| **ELECTRICITY:** | | **GAS:** | |
| Power stations | 30 | Meters | 20 |
| Cooling towers | 30 | Main supply | 20 |
| Transformer kiosks | 30 | Storage tanks | 20 |
| Meters | 20 | Supply and reticulation networks | 20 |
| Load control equipment | 20 | | |
| Switchgear | 20 | **SEWERAGE:** | |
| Supply and reticulation networks | 20 | Sewer mains | 20 |
| Main supply | 20 | Outflow sewers | 20 |
| | | Sewerage purification works | 20 |
| **ROADS:** | | Sewerage pumps | 15 |
| Motorways | 15 | Sludge machines | 15 |
| Other roads | 10 | | |
| Traffic islands | 10 | **PEDESTRAIN MALLS:** | |
| Traffic lights | 20 | Footways | 20 |
| Street lights | 25 | Kerbing | 20 |
| Overhead bridges | 30 | Paving | 20 |
| Storm water drains | 20 | | |
| Bridges, subways and culverts | 30 | AIRPORTS: | 20 |
| Car parks | 20 | Taxiways | 20 |
| Bus terminals | 20 | Runways | 20 |
| | | Aprons | 20 |
| | | Airport and radio beacons | 20 |
| **WATER** | | **SECURITY** | |
| Meters | 15 | Fencing | 3 |
| Mains | 20 | Security systems | 5 |
| Rights | 20 | Access control systems | 5 |
| Supply and reticulation networks | 20 | | |
| Reservoirs and storage tanks | 20 | | |
| | | | |
| **COMMUNITY ASSETS** | | **COMMUNITY ASSETS** | |
| **RECREATIONAL FACILITIES** | | **BUILDINGS** | |
| Bowling greens | 20 | Ambulance stations | 30 |
| Tennis courts | 20 | Aquariums | 30 |
| Swimming pools | 20 | Beach developments | 30 |
| Golf courses | 20 | Care centres' | 30 |
| Jukskei pitches | 20 | Cemeteries | 30 |
| Outdoor sport facilities | 20 | Civic theatres and community centres' | 30 |
| Organ | 20 | Clinics and hospitals | 30 |
| Lakes and dams | 20 | Game reserves and rest camps | 30 |
| Fountains | 20 | Stadiums and indoor sports | 30 |
| Flood lights | 20 | Museums and galleries | 30 |
| | | Parks and public conveniences | 30 |
| | | Recreational centres' and zoo | 30 |
| | | | |
| **OTHER ASSETS** | | **OTHER ASSETS** | |
| | | | |

| SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS | | | |
|---|---|---|---|
| | ASSET LIFE | | ASSET LIFE |
| **BUILDINGS** | | **EMERGENCY EQUIPMENT** | |
| Abattoirs | 30 | Other fire fighting equipment | 15 |
| Asphalt plant | 30 | Ambulances | 5-10 |
| Cable stations | 30 | Fire hoses | 5 |
| Caravan Parks | 30 | Emergency lights | 5 |
| Bioscope | 30 | | |
| Compacting stations | 30 | MOTOR VEHICLES | |
| Hostels for public / tourists | 30 | Fire engines | 20 |
| Hostels for employees | 30 | Buses | 15 |
| Housing schemes | 30 | Motor vehicles | 5-7 |
| Kilns | 30 | Motorcycles | 3 |
| Laboratories | 30 | Trucks and light delivery vehicles | 5-7 |
| Markets | 30 | | |
| Nurseries | 30 | **AIRCRAFT** | 15 |
| Office buildings | 30 | | |
| Old age homes | 30 | **WATERCRAFT** | 15 |
| Quarries | 30 | | |
| Tip sites | 30 | **PLANT AND EQUIPMENT** | |
| Training centres | 30 | Graders | 10-15 |
| Transport facilities | 30 | Tractors | 10-15 |
| Workshops and depots | 30 | Mechanical horses | 10-15 |
| | | Farm equipment | 5 |
| **OFFICE EQUIPMENT** | | Lawn mowers | 2 |
| Computer hardware | 5 | Compressors | 5 |
| Computer software | 3-5 | Laboratory equipment | 5 |
| Office machines | 3-5 | Radio equipment | 5 |
| Air conditioners | 5-7 | Firearms | 5 |
| **FURNITURE AND FITTINGS** | | General | 5 |
| Chairs | 7-10 | Cable cars | 15 |
| Tables and desks | 7-10 | Irrigation systems | 15 |
| Cabinets and cupboards | 7-10 | Cremators | 15 |
| Sundry | 7-10 | Lathes | 15 |
| | | Machining equipment | 15 |
| **BINS AND CONTAINERS** | | Conveyors | 15 |
| Household refuse bins | 5 | Feeders | 15 |
| Bulk refuse containers | 10 | Tippers | 15 |
| | | Pulverising mills | 15 |

WITZENBERG
Municipality • Munisipaliteit • UMasipala Wase

# FUNDING AND RESERVES POLICY

| Date of implementation: 01 July 2010 |
|---|

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**Version**: Final

**Date**: 15 June 2010

**Summary**: This document describes the Funding and Reserves Policy that will be applicable to the municipality, detailed.

**Approved:** This policy was approved by the Municipal Council on 15 June 2010.

**Signature**: _____ **Date**: _____

**Municipal Manager**

# FUNDING AND RESERVE POLICY

## 1. INTRODUCTION AND OBJECTIVE

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

## 2. SECTION A: FUNDING POLICY

### 2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – funded i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

### 2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise to the management of his or her own finances with the primary objective of ensuring that the objectives of this policy are achieved.

## 2.3 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

## 2.4 CASH MANAGEMENT

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

## 2.5 DEBT MANAGEMENT

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

## 2.6 FUNDING THE OPERATING BUDGET

### 2.6.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

### 2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;

b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;

c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;

d) Revenue from Government Grants and Subsides must be in accordance with the amounts promulgated in the Division of Revenue Act, proven

provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll–over purposes must be excluded from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).

f) Projected revenue from property rates must include all rates to be levied, but rebates and discounts must be budgeted for as either revenue foregone or a grant, as per directive in MFMA Budget Circular 51, depending on the conditions of the exemption, rebate or reduction.

For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.

g) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.

h) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long–term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".

i) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.

j) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

It is therefore a requirement that the contribution to current provisions, as well as 20% of the prior year balance of the non current provision, is budgeted as cash surpluses until the necessary funding level is obtained.

## 2.7 FUNDING THE CAPITAL BUDGET

### 2.7.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

### 2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of own contributions, grants, public contributions as well as external loans.

***Own Contributions***

The capital budget financed from own contributions must primarily be funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

***Contributions to the Capital Replacement Reserve (CRR)***

All proceeds from the sale of redundant property plant and equipment, and the VAT portion of capital grants that represents own income must be transferred to the CRR.

Funds must be transferred to the CRR in the budget process to ensure that sufficient funds are available in the reserve to finance the capital expenditure from own contributions.

***Grants (Including Public Contributions)***

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

***External Loans***

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

## 2.8 FUNDING COMPLIANCE MEASUREMENT

### 2.8.1 INTRODUCTION

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and

future budget projections address the turn-around of these indicators to within acceptable levels.

### 2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

A positive Cash and Cash Equivalents position throughout the year is crucial. In addition, the forecasted cash position at year-end must at least be the amount as calculated in the Reconciliation of Cash Requirements as determined by this policy and attached to this policy as Appendix "A".

### 2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- In addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated below:
    - Current portion of Rehabilitation of landfill sites
    - Current portion of Post-retirement benefits
    - Current portion of Long service provisions
    - Current portion of Ex-gratia pension provisions
    - 20% of staff leave
    - 100% of performance bonuses
    - 100% of staff bonuses
    - 100% of any other employee benefits

### 2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS ("CASH COVERAGE")

This indicator shows the level of risk should the municipality experience financial stress.

### 2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS

It is almost certain that the operating budget, which includes depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that the users of the assets funded from grants, public contributions and revaluations must be burdened with tariff increases to provide for such depreciation charges. In order to ensure a "balanced" budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

### 2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area is realistically calculated.

The formula to be used is as follows:

| | DESCRIPTION | PROPERTY RATES | SERVICE CHARGES | TOTAL |
|---|---|---|---|---|
| A | Revenue of budget year | R XX | R XX | R XX |
| B | Less: Revenue of prior year | R XX | R XX | R XX |
| **C** | **=Revenue increase/decrease** | **R XX** | **R XX** | **R XX** |
| D | % Increase/(Decrease) | C/B % | C/B % | C/B % |
| E | Less: Upper limit of macro Inflation target | % | % | % |
| **F** | **=Growth in excess of inflation target** | **%** | **%** | **%** |
| G | Less: Expected growth % | % | % | % |
| **H** | **=Increase attributed to tariff Increase above macro inflation target** | **%** | **%** | **%** |

In the event that the percentage in (h) above is greater than zero, a proper motivation must accompany the budget at submission, or the budget must be revised.

### 2.8.7 CASH COLLECTION % RATE

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the rate currently being obtained, even if the municipality recently approved a debt collection policy or implemented additional debt collection measures. Any improvement in collection rates during the budget year may be appropriated in an Adjustment Budget.

### 2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE

This indicator provides information whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance might have an influence on it. Any difference, however, must be motivated in the budget report.

### 2.8.9 CAPITAL PAYMENTS AS A PERCENTAGE OF CAPITAL EXPENDITURE

This indicator provides information as to the timing for payments on capital projects and utilising allowed payment terms.

### 2.8.10 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Debt Management Policy.

### 2.8.11 GRANTS REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE

The percentage should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

### 2.8.12 CONSUMER DEBTORS CHANGE (CURRENT AND NON - CURRENT)

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

An unacceptable high increase in either current– or non– current debtors' balances should be investigated and acted upon.

### 2.8.13 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL

It is of utmost importance that the municipality's Property Plant and Equipment be maintained properly, in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

As a general benchmark the maintenance budget should be between 4% and 8% of the value of assets.

### 2.8.14 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

### 2.8.15 FINANCIAL PERFORMANCE BUDGET

Although it is not a legal requirement that the financial performance budget should balance, it only makes management sense that it should balance.

A number of line–items influence the net result of the financial performance budget. It includes capital grant revenue, depreciation charges including those where assets were funded from grants and public contributions, unamortised discounts and gains/losses on the disposal of Property Plant and Equipment. These items need to be taken into consideration in order to establish if the operating budget is realistic and credible.

### 2.8.16 FINANCIAL POSITION BUDGET

This indicator provides an overall view of the projected financial position over the periods of the Medium Term Expenditure framework, including movements in inventory and payables.

### 2.8.17 CASH FLOW BUDGET

A positive cash flow is a good indicator of a balanced budget, as well as the ability of the municipality to meet its future commitments.

The cash flow budget, however, does not include those items such as contributions to the provisions described elsewhere in this policy, the effect of depreciation charges etc, and care must be taken not to let a projected positive cash inflow lead to additional expenditure requests, without taking the requirements of those items into consideration.

# 3. SECTION B: RESERVES POLICY

## 3.1 INTRODUCTION

Fund accounting historically formed a huge part of municipal finance in the IMFO standards.

Since the municipality changed to General Recognised Accounting Practices (GRAP), fund accounting is no more allowed.

The municipality, however, recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

## 3.2 LEGAL REQUIREMENTS

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP “Framework for the Preparation and Presentation of Financial Statements” states in paragraph 91 that such reserves may be created, but “Fund Accounting” is not allowed and any such reserves must be a “legal” reserve, i.e. created by law or Council Resolution.

## 3.3 TYPES OF RESERVES

Reserves can be classified into two main categories being “cash funded reserves” and “non – cash funded reserves”.

### 3.3.1 CASH FUNDED RESERVES

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

**(a) Capital Replacement Reserve (CRR)**

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance– or other operating expenditure.

The CRR must be cash–backed and the Accounting Officer is hereby delegated to determine the contribution to the CRR during the compilation of the annual financial statements.

(b) **Employee benefits reserve**

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(c) **Non-current provisions reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non – current provisions.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(d) **Valuation reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation and the Accounting Officer is hereby delegated to determine this amount annually during the compilation of the annual financial statements.

(e) **Other statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

### 3.3.2 NON – CASH FUNDED RESERVES

It might be necessary to create non – cash funded reserves for a variety of reasons, including GRAP requirements. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required.

The Accounting Officer is hereby delegated and may also in the discretion of the Accounting Officer, create reserves for future depreciation offsetting, in the absence of a standard similar to IAS 20.

## 3.4 ACCOUNTING FOR RESERVES

### 3.4.1 REVALUATION RESERVE

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

### 3.4.2 OTHER RESERVES

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

# 4. SECTION C: REVIEW OF THE POLICY

This Funding and Reserves Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

## APPENDIX A

## RECONCILIATION OF CASH REQUIREMENTS

| | |
|---|---|
| Cash flow from operating activities | R XX |
| Add : Depreciation from own funds | R XX |
| Add : Current provisions balance | R XX |
| Add : Current employee benefits balance | R XX |
| Add : Unspent conditional grants | R XX |
| Add : Unspent public contributions | R XX |
| Add : Unspent borrowings | R XX |
| Add : VAT due to SARS | R XX |
| Add : Secured investments | R XX |
| Add : Cash portion of Statutory Reserves | R XX |
| Add : Working Capital Requirements | R XX |
| = Minimum Cash Surplus Requirements for the year | R XX |

WITZENBERG

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# BORROWING POLICY

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|---|
| Date of implementation 01 July 2013 |

# BORROWING POLICY

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## 1. PURPOSE

1.1. To provide the Municipality with a borrowing framework policy.
1.2. Set out the objectives, policies, statutory requirements as well as guidelines for the borrowing of funds.

## 2. OBJECTIVES

2.1. The objectives of the policy are to:
2.2. enable the municipality to exercise their obligation to ensure sufficient cash resources to implement capital programme in the most cost effective manner;
2.3. ensure compliance with the relevant legal and statutory requirements relating to Municipal borrowing;
2.4. govern the taking up of short-term and long-term debt according to the legislative framework
2.5. manage interest rate and credit risk exposure
2.6. maintain debt with specified limits and ensure adequate provision for the repayment of debt and
2.7. To maintain financial sustainability.

## 3. SCOPE OF THIS POLICY

3.1. The primary goal in the borrowing of funds is to ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorized borrowings.
3.2. This policy shall apply the Council, Mayoral Committee, all Portfolio Committees, Accounting Officer, Strategic Executive Directors and all staff of the municipality. It is, however, specifically applicable to the council and all officials who have a formal, administrative duty to deal with capital projects and programmes of the municipality and the management of the budget.

## 4. BORROWING ETHICS

4.1. In dealing with financial institutions, the following ethical principles must be adhered to:
4.2. The Chief Financial Officer shall not accede to any influence by or interference from councillors, borrowing institutions or any outsiders.
4.3. Under no circumstances may inducements to borrow be accepted.

## 5. LEGISLATION

5.1. The legislative framework governing borrowings are:
   5.1.1. Local Government Municipal Finance Management Act, Act 56 of 2003; and
   5.1.2. Local Government Municipal Regulations and Debt Disclosure, Regulation R492, published under Government Gazette 29966, 15 June 2007.

## 6. COMPULSORY DISCLOSURE WHEN INCURRING MUNICIPAL DEBT

6.1. The Municipal Regulations on Debt Disclosure has been promulgated (Government Gazette no. 29966, 15 June 2007) and has been effective from 01 July 2007 for a municipality or municipal entity. Refer to Annexure A2, Municipal Finance Management Act: Municipal Regulations on Debt Disclosure.

6.2. The implementation of the regulations will help to strengthen the level of confidence in municipal fiscal affairs and enable the capital markets to effectively participate by providing access to a range of competitive funding instruments for the provision of municipal infrastructure and other capital development in accordance with section 46 of the Municipal Finance Management Act

6.3. In the case of short-term debt it must be disclosed whether the debt is to bridge:

6.3.1. Shortfalls within a financial year during which the debt is incurred, in expectation or specific and realistic anticipated revenue to be received with that financial year; or

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

6.4. In the case of long-term debt, whether the purposes of the debt is for:

6.5. Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objectives of local government, subject to section 46(4) of the Act.

6.6. Refinancing of existing long-term debt, subject to section 46(5) of the Act.

## 7. PROCESS

The process as required by the Act is as follows:

### 7.1. Short-term debt

7.1.1. A municipality may incur short-term debt only if:

7.1.1.1. A resolution of the municipal council, signed by the executive mayor, has approved the debt agreement; and

7.1.1.2. The accounting officer has signed the agreement or other document which creates or acknowledges the debt.

7.1.2. A short term debt transaction may be:

7.1.2.1. approve individually; or

7.1.2.2. approve an agreement with a lender for short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that:

7.1.3. the credit limit must be specified in the resolution of the council;

7.1.4. in terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and

7.1.5. if the council approves a credit facility that is limited to emergency use, the accounting officer must notify the council in writing as soon as practical of the

amount, duration and cost of any debt incurred in terms of such a credit facility, as well as options for repaying such debt.

7.1.6. A municipality:

7.1.6.1. Must pay off short-term debt within the financial year; and

7.1.6.2. May not renew or refinance short-term debt, whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

7.1.6.3. No lender may wilfully extend credit to a municipality for the purpose of renewing or refinancing short-term debt that must be paid off in terms of subsection 7.1.6.2

7.1.6.4. If a lender wilfully extends credit to a municipality in contravention of paragraph 7.1.6.3, the municipality is not bound to repay the loan or interest on the loan.

7.1.6.5. Subsection 7.1.6.1 does not apply if the lender:

7.1.6.5.1. Relied in good faith on written representations of the municipality as to the purpose of the borrowing; and

7.1.6.5.2. Did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term debt. Long-term debt

7.2. **Long-term debt**

7.2.1. A municipality may incur long-term debt only if:

7.2.1.1. A resolution of the municipal council, signed by the executive mayor, has approved the debt agreement; and

7.2.1.2. The accounting officer has signed the agreement or other document which creates or acknowledges the debt.

7.2.2. A municipality may incur long-term debt only if the accounting officer of the municipality:

7.2.2.1. has, in accordance with section 21A of the Municipal Systems Act:

7.2.2.2. at least twenty one (21) days prior to the meeting the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and

7.2.2.3. invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and

7.2.2.4. has submitted a copy of the information statement to the municipal council at least twenty one (21) days prior to the meeting of the council, together with particulars of:

7.2.2.4.1. the essential repayment terms, including the anticipated debt repayment schedule; and

7.2.2.4.2. The anticipated total cost in connection with such debt over the repayment period.

7.2.3. Capital expenditure contemplated in 5.3(a) may include:

7.2.3.1. Financing costs, including:

7.2.3.1.1. capitalized interest for a reasonable initial period;

7.2.3.1.2. Costs associated with security arrangements in accordance with section 48 of the Act;

7.2.3.1.3. discounts and fees in connection with the financing;

7.2.3.1.4. fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and

7.2.3.1.5. Costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing.

7.2.3.1.6. Costs of professional services directly related to the capital expenditure; and

7.2.3.1.7. Such other costs as may be prescribed.

7.2.4. A municipality may borrow money for the purpose of refinancing existing long-term debt, provided that:

7.2.4.1. the existing long-term debt was lawfully incurred;

7.2.4.2. the refinancing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed

7.2.4.3. the net present value of projected future payments (including principal and interest payments) after refinancing is less than the net present value of projected future payments before refinancing; and

7.2.4.4. the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

7.2.5. A municipality's long-term debt must be consistent with its capital budget referred to in section 17(2) of the Act.

## 8. CONDITIONS

Witzenberg Municipality may incur debt only if:

8.1. the debt is denominated in rand and is not indexed to, or affected by fluctuations in the value of the rand against any foreign currency; and

8.2. section 48(3) of the Act has been complied with, if security is to be provided by the municipality.

## 9. SECURITIES

9.1. Witzenberg Municipality may by resolution of its council provide security for:

9.1.1. any of its debt obligations; and

9.1.2. contractual obligations of the municipality undertaken in connection with capital expenditure by the persons on property, plant or equipment to be used by the

municipality or such other person for the purpose of achieving the objectives of local government in terms of section 152 of the Constitution.

9.2. Appropriate security is contemplated in section 48(2) of the Act.

9.3. Other additional conditions to be complied with are contemplated in section 48(3) to (5) of the Act.

## 10. DISCLOSURE

The Municipality must, when interacting with a prospective Lender or when preparing documentation for consideration by a prospective Investor, disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

## 11. GUARANTEES

11.1. The Municipal Finance Management Act provides that the Municipality may not guarantee any debt of any entity unless the entity is a Municipal entity under its sole ownership control. The debt must be reflected in the approved business plan of the entity. The guarantee must be authorized by the Municipality. This must be done in the same manner and subject to the same conditions applicable to any other borrowings. Neither the National nor Provincial Government may guarantee the debt of any Municipality.

11.2. Witzenberg Municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following condition:

11.3. The guarantee must be within limits specified in the municipality's approved budget.

11.4. Neither the national nor a provincial government may guarantee the debt of a municipality except to the extent that chapter 8 of the Public Finance Management Act provides for such guarantees

## 12. SUBMISSION OF DOCUMENTS

When entering into discussion with a prospective lender with a view to incur short-term or long-term debt, the following information must be made available to the prospective lender.

12.1. audited financial statements for the preceding three (3) financial years with audited outcomes;

12.2. approved annual budget;

12.3. the municipal integrated development plan;

12.4. Repayment schedules pertaining to existing short-term or long-term debt.

## 13. NOTIFICATION TO NATIONAL TREASURY

All information prescribed in the act must be provided to National Treasury with respect to a long-term debt proposal.

**Information to be provided with respect to a long-term debt proposal**

| | Details | MFMA |
|---|---|---|
| A | A copy of the *information statement* required by section 46(3), containing particulars of the proposed borrowing (debt) instrument. | 46(3)(a)(i) |
| B | If not already incorporated in the *information statement*, the following information should be provided separately (note QBMR = Quarterly Borrowing Monitoring Return to NT, see over page for further information):<br><br>amount of debt to be raised through borrowing or other means<br>purposes for which the borrowing (debt) is to be incurred<br>interest rate(s) applicable (state whether fixed or variable etc)<br>planned start and end date (term of instrument)<br>detailed repayment schedule for the duration of the borrowing (debt) (showing dates and all payments of principal and interest, etc)<br>total estimated cost of the borrowing (debt) over the repayment period<br>type of instrument (select from QBMR)<br>security to be provided (select from QBMR) and provide details<br>source of loan funds (select from QBMR) | 46(3)(b)(i) and (ii) |
| C | A schedule of consultation undertaken, including:<br><br>date(s) when the *information statement* was made public<br>details of meetings, media adverts and other methods used to consult on the proposed long-term borrowing (debt) | 46(3)(a)(i), (ii) |
| D | A copy of the approved budget, and relevant documentation supporting the budget, highlighting the asset(s) to be funded by the proposed borrowing (debt) and the revenue to be received. It must be demonstrated that the proposed borrowing (debt) is consistent with the IDP, the capital budget and the revenue is shown accordingly. | 46(6)<br><br>17(2)<br><br>19 |
| E | If the borrowing (debt) is for the purpose of refinancing existing long-term borrowing (debt), the following information:<br><br>description of the asset(s) for which the original loan was required<br>the useful remaining life of the asset(s)<br>the net present value of the asset(s), including the discount rate used | 46(5) |

| | | |
|---|---|---|
| | and any assumptions in the calculations<br>the net present value of projected future payments before refinancing, including the discount rate and assumptions used.<br>the net present value of projected future payments after refinancing, including the discount rate and assumptions used. | |
| F | What source of funding will be used to repay the loan? Please specify the revenue stream(s) and whether this is existing revenue, or new revenue. | 19(1)(d) |
| G | Schedule of all long-term borrowing (debt) obligations in the format of the QBMR showing principal and interest payments for the life of all loans and any associated investments set up as sinking funds etc. | |
| H | A copy of the council/board of directors' resolution approving the borrowing (debt) instrument should be forwarded once approved. | |

## 14. FINANCIAL AFFAIRS OF THE MUNICIPALITY

14.1. The following information concerning the financial situation and financial management of the municipality must be disclosed:

14.1.1. schedule of all long-term debt obligations stating principal and interest payments for the life of all loans and any security provided to secure such debt;

14.1.2. the amount of any short-term debt outstanding;

14.1.3. the revenue of the municipality for the preceding three (3) financial years stated separately:

14.1.4. Government grants and public donations;

14.1.5. Revenue from rates and service charges and other revenue sources

14.1.6. what source of funding will be used to repay the loan;

14.1.7. details of any default by the municipality on outstanding or repaid debt during the preceding three (3) years;

14.1.8. the reserves of the municipality;

14.1.9. a summary of financial policies and practices; and

14.1.10. The latest credit rating obtained.

## 15. INTEREST RATE RISK

15.1. As a general principle when interest rates are expected to decrease, it is advisable that a floating rate be negotiated in order to take advantage of the lower interest rates in future. If interest rates are expected to increase, it is advisable to obtain a fixed rate so that the benefits of the current low interest rate are maintained.

15.2. The interest risk must be limited in so far as possible. The policy directive is to negotiate fixed interest rates for all long-term borrowings. This will ensure stability

of the repayments and reduce the risk for high rates and tariff increases as a result of interest rate hikes in the market.

15.3. Variable rates should be considered for short-term debt only.

## 16. LIMITATIONS

To ensure a financial viable municipality the following ratios are used to determine the municipal gearing ability to borrow:

16.1. Long-term credit rating of BBB;

16.2. Interest cost to total expenditure to not exceed 8%;

16.3. Long-term debt to revenue (excluding grants) not be exceed 50%;

16.4. Payment rate mature above 95%; and

16.5. Percentage of capital charges to operating expenditure less than 18%.

## 17. PROHIBITED BORROWING PRACTICES

Witzenberg Municipality shall not borrow for investment purposes, with the sole purpose of investing to earn a return. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments. Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt must be denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

## 18. IMPLEMENTATION AND REVIEW

18.1. The Accounting Officer shall be responsible for the implementation and administration of this policy with the assistance of the Strategic Executive Director for Financial Services Department once approved by Council. All future borrowings must be considered in accordance with this policy read with MFMA and Local Government Municipal Regulations and Debt Disclosure, Regulation R492, published under Government Gazette 29966, 15 June 2007 and other directives and guidelines issued by National Treasury.

18.2. In terms of section 17(1) (e) of the Municipal Finance Management Act, 2003 this policy shall be reviewed on annual basis to ensure that it complies with changes in applicable legislation and regulation and the reviewed policy tabled to Council for approval as part of the budget process .

18.3. This policy must be read together with the Budget and Funding and Reserves Policies; Local Government Municipal Finance Management Act, Act 56 of 2003; and Local Government Municipal Budget and Reporting Regulation, Regulation 393, published under Government Gazette 32141, 17 April 2009.

WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase

# CELLULAR TELEPHONE AND DATA CARD POLICY

Date of implementation 01 July 2013

# CELLULAR TELEPHONE AND DATA CARD POLICY

## 1. Purpose

The purpose of this policy is to determine guidelines for the:

- Management of cellular telephones
- Acquisition of cellular telephones
- Acquisition of data cards
- Management of data cards

## 2. General

2.1 It is recognised that cellular telephones are useful communications tools is in many cases essential for Municipal officials to carry out their duties. To this end this policy shall regulate the provision of a cellular telephone and/or data cards for officials in the Witzenberg Municipality.

2.2 All applications for cellular telephones and/or data cards shall require the approval of the Municipal Manager.

2.3 In considering the granting of a cellular phone and/or data card, the Municipal Manager shall take into account all of the following:-

2.3.1 Operational responsibility of the applicant.
2.3.2 Availability of funds.
2.3.3 Time spent outside of the office by the official.
2.3.4 The need for constant and immediate contact of the official.
2.3.5 Improvement in efficiency of the official.
2.3.6 Need for immediate contact with councillors and the public.
2.3.7 Safety of officials.

## 3 General Controls

3.1 An annual review shall be carried out by the Municipal Manager to determine the continued need for all cellular telephones and/or data cards.

3.2 If it is determined that an official no longer qualify for a cellular telephone and/or data card, he/she must be advised in writing of the decision with at least a two months' notice period.

## 4 Limit of allowances

4.1 The allowable all inclusive expenditure for cellular telephones and/or data cards will be limited to the following maximum monthly amounts excluding VAT.

| Positions[1] | Contract by municipality | Allowance to employee |
|---|---|---|
| Municipal Manager | 1 500 | 2 000 |
| Directors | 1 200 | 1 600 |
| Deputy Director | 900 | 1 200 |
| Managers | 600 | 800 |
| Middle Managers | 400 | 500 |
| Other Approved Employee's | 200 | 300 |

[1] Amended by Council 25/10/2017

| | | |
|---|---|---|
| All data Cards | 200 | 300 |
| Tablets | 400 | 500 |

4.2 The municipal manager can in exceptional cases and on justifiable grounds on written application by a person whose cell phone expenditure is above the maximum monthly limit set above, determine in writing a higher limit for that specific month.

4.3 Any account in excess of the allowable maximum amounts as stated in paragraph 4.1 or the higher limit in paragraph 4.2 above, will be deducted from the relevant employee's salary as soon as possible.

4.4 Where no written determination by the municipal manager in terms of paragraph 4.2 is received on or before the 10th of the month, any account in excess of the allowable maximum amounts as stated in paragraph 4.1 will be deducted from the relevant employee's salary as soon as possible.

4.5 Before any cellular telephone and/or data card is handed over to an employee he or she must sign the relevant authority that any excess can be deducted from his or her salary.

4.6 The municipal manager can adjust these amounts annually subject to budgetary provisions.

4.7 All employees that qualify for the cellular phone and data card allowance will receive the allowance and not a municipal funded cellular phone or data card. All employees' receiving this allowance must ensure that the item for which the allowance is received is in working condition and has the necessary airtime/data to perform their functions.

4.8 The local government regulations on appointment and conditions of employment of senior managers in terms of the Local Government: Municipal Systems Act, 2000 (act no. 32 of 2000) section 40 determines that a senior manager is entitled to compensation for the use of a mobile telephone and data card for official purposes in accordance with the relevant policy of the municipality.[2]

## 5 Additional charges

5.1 All additional charges including but not limited to the following will be for the account of the user:

Content charges
Subscriptions
Cellular phone data charges

## 6 Cellular telephones and Data Card Allowance

6.1 The municipal manager may approve that a monthly allowance not exceeding the limits as per paragraph 4.1 be paid to employees that qualify for the use of cellular telephones or data cards.

6.2 Employees that elect the allowance option must provide a cellular phone and/or data card to be used for official business and may not use municipal cellular telephones and/or data cards.

6.3 Proof that the cellular phone and/or data card is available for official use must be provided on request. If the required proof cannot be provided the allowance will be stopped with immediate effect.

[2] Recommended for inclusion in policy

6.4 The municipality will only pay the allowance to the user; all cost in excess of the allowance will be for the account of the user.

6.5 The allowance will be paid together with the employees' monthly salary.

6.6 The recipient of the allowance will be responsible for the payment of income tax on the allowance, which will be deducted from the employee's salary.

## 7 Management and Control Of Cellular telephones and Data Card Needs

7.1 A register of all cellular telephones and data cards and service agreements must be maintained by the Administration department.

7.2 All cellular telephones and data cards will be obtained on a rental agreement.

7.3 The agreement for a cellular phone must be conducted in the Municipalities name.

7.4 The agreement for a data card must be conducted in the Municipalities name.

7.5 No cellular telephones or data cards will be upgraded for improved models before the contract has expired, unless indicated to the contrary by the service provider or on recommendation by the relevant director or head of department.

7.6 After lapse of the agreement, the cellular phone or data card becomes the property of the employee.

7.7 If the relevant employee leaves the employment of the municipality before the agreement lapse, the cellular phone and/or data cards with the relevant SIM cards must be handed in at the administration department who must ensure that it is in working condition and that it is the correct SIM cards.

7.8 The cellular phone number is the property of the Witzenberg municipality and cannot be transferred to employees.

## 8 Insurance

8.1 All reasonable care must be taken to protect the equipment from damage, destruction or loss and any proof of negligence shall be dealt with within the context of Council's disciplinary code.

8.2 The Excess payment on insurance claims will be for the account of the user of the cellular phone or data card.

## 9 ICT policies

9.1 Users of data cards acknowledge that all other ICT policies adopted by Witzenberg Municipality are applicable on the usage of the data cards.

## 10 Promotional Items and or Gift Vouchers

10.1 Any promotional items and or gift vouchers received with a cellular phone and or data contract will be the property of the municipality and not of the employee.

10.2 The only exception to the above is tablets that can be used by the employee for official purposes for the duration of the rental agreement, where after it will become the property of the employee.

## 11 Procurement

11.1 The administration of the procurement process will be done by the Administration section.

11.2 The procurement of cellular telephones and data cards will be done by the Supply Chain Unit.

# SUPPLY CHAIN MANAGEMENT POLICY

Reviewed by Council 30/05/2017
Reviewed by Council 18/05/2016
Reviewed by Council 28/05/2015
Reviewed by Council 27/05/2014
Adopted by Council 29/05/2013

# SUPPLY CHAIN MANAGEMENT POLICY

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

**Proposed date for adoption: 1 April (PP regulations 2017) /July 2017**

**Council** resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the municipality**.**

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Annexure B

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

**"Accounting officer"** – means the municipal official referred to in section 60 of the Act

**"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 of an entity in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act. [1]

**"Bid"** means a written offer in a prescribed or stipulated form in response to an invitation by the municipality for the provision of goods, services or construction works through price quotations, advertised competitive bidding processes or proposals.

**"Bidder"** means any person submitting a competitive bid or a quotation.

**"Black designated groups"** has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act. [2]

**"Black people"** has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act. [3]

**"Broad-Based Black Economic Empowerment Act"** means the Broad-Based Black Economic Empowerment Act, 53 of 2003 and Codes of Good Practice pertaining thereto.

**"Chief Financial Officer or CFO"** means a person designated in terms of section 80(2) (a) of the Act.

**"CIDBA regulations"** means any regulations issued in terms of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

**"Class deviation"** means a deviation from the normal procurement process for goods

[1] Amended by council 30 May 2017
[2] Amended by council 30 May 2017
[3] Amended by council 30 May 2017

and services anticipated to be procured more than once in a financial year but exclude procurement made in an emergency situation.

**"Community Based Vendor**" means a supplier of goods, services and/or construction works who resides in the Witzenberg municipal area or has its principal business activities in the Witzenberg municipal area, who meets the criteria for community based vendor as determined by the Municipal Council from time to time, and who is registered as such on the municipality's supplier database.

**"Competitive bidding process"** means a competitive bidding process referred to in paragraph 21 of this Policy;[4]

**"Competitive bid"** means a bid in terms of a competitive bidding process;

**"Consultant/ consulting engineer"** means a person or entity providing advisory services to the municipality which amongst others include consulting firms, management firms, procurement agents, inspection agents, auditors, other multinational organisations, investment and merchant banks, universities, research agencies, government agencies, non-governmental organisations (NGOs) and individuals.

**"Contract"** means the agreement which is concluded when the municipality accepts, in writing, a competitive bid or quotation submitted by a supplier.

**"Contract manager"** refers to an internal official assigned to ensure the effective administration of the contract

**"Day(s)"** means calendar days unless the context indicates otherwise.

**"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"** in relation to capital assets means –

(a) The demolition, dismantling or destruction of the capital asset; or

(b) Any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership;

[4] Amended by council 30 May 2017

**"Exempted Micro Enterprise"** means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act. [5]

**"Final award"**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote was accepted;

**"Formal written price quotation"** means a written or electronic offer to the municipality in response to an invitation to submit a quotation as referred to in paragraph 19 of this Policy;

**"Green procurement"** means the procurement of environmentally friendly products and services;[6]

**"Head of Department"** means a Senior Manager as defined in the Municipal Finance Management Act, 2003 (Act no.56 of 2003) and who is responsible for a vote as assigned by the Accounting Officer;

**"Individual deviation"** means a deviation from the normal procurement process as set out in this policy that affect only one contract / procurement award made in circumstances where it is impractical to follow the normal procurement process and in an emergency situation.

**"In the service of the state"** means to be –

(a) A member of –
   (i) Any municipal council;
   (ii) Any provincial legislature; or
   (iii) The National Assembly or the National Council of Provinces;

(b) A member of the board of directors of any municipal entity;

(c) An official of any municipality or municipal entity;

(d) An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Municipal Finance Management Act, 2003 (Act No.56 of 2003); and 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;

[5] Amended by council 30 May 2017
[6] Amended by council 30 May 2017

**"Joint Venture or Consortium"** means an association of persons formed for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The Joint Venture must be formalised by agreement between the parties.

**"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;

**"Long term contract"** means a contract with a duration period exceeding one year and does not have the same meaning as contracts of a long term nature referred to in paragraph 24(1)(e) of this policy;[7]

**"Long term nature contract"** means a contract as defined by section 33(1) of the Municipal Finance Management Act imposing financial obligations on the Municipality beyond the first three years covered in the approved annual budget; [8]

**"List of accredited prospective providers"** means the list of accredited prospective providers which the municipality must keep in terms of paragraph 16 of this policy;[9]

**"Municipality"** means Witzenberg Municipality or any person(s) or committee delegated with the authority to act on its behalf.

**"Other applicable legislation" means** any other legislation applicable to municipal supply chain management, including –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), as amended;

(b) The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), as amended;

(c) The Construction Industry Development Board Act, 2000 (Act No.38 of 2000), as amended; and

(d) The Preferential Procurement Regulations of 2017, as amended[10]

(e) The Local Government: Municipal Systems Act;[11]

[7] Amended by council 30 May 2017
[8] Amended by council 30 May 2017
[9] Amended by council 30 May 2017
[10] Amended by council 30 May 2017
[11] Amended by council 30 May 2017

(f) The Competition Act; and[12]

(g) The Promotion of Administrative Justice Act.[13]

**"Policy"** means this Supply Chain Management Policy as amended from time to time by Council

**"Targeted Labour"** means those individuals employed by a contractor, or sub-contractor, in the performance of a contract, who are defined in the contract as the target group, and who permanently reside in the municipal area.

**"Tender'** referred to in the Preferential Procurement Regulations 2017, has the same meaning as "bid" as defined in this policy[14]

**"Treasury guidelines"** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

**"The Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

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

**"Written quotations"** means quotations referred to in paragraph 18 of this Policy.[15]

[12] Amended by council 30 May 2017
[13] Amended by council 30 May 2017
[14] Amended by council 30 May 2017
[15] Amended by council 30 May 2017

## 2. Policy statement and objectives

Section 111 of the Municipal Finance Management Act requires each municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act.

In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed.

The objectives of this Policy are:

- to give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;
- to comply with all applicable provisions of the Municipal Finance Management Act including the Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA; regulations pertaining thereto, including:
  - the Preferential Procurement Policy Framework Act;
  - the Broad-Based Black Economic Empowerment Act;
  - the Construction Industry Development Board Act;
  - the Local Government: Municipal Systems Act; and
  - the Promotion of Administrative Justice Act.
  - the Competition Act.[16]

[16] Amended by council 30 May 2017

## CHAPTER 1
## IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

### 3. Supply chain management policy

(1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

(a) Gives effect to –

(i) Section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) Complies with –

(i) The Regulations; and

(ii) Any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(d) is consistent with other applicable legislation;

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the municipality –

(a) Procures goods or services;

(b) Disposes of goods no longer needed;

(c) Selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; and

(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.

(e) the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

**4. Amendment of the supply chain management policy**

(1) The accounting officer must –

(a) at least annually review the implementation of this Policy; and

(b) When the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.

(2) If the accounting officer submits proposed amendments to the Council that differs from the model policy issued by the National Treasury, the accounting officer must –

(a) Ensure that such proposed amendments comply with the Regulations; and

(b) Report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

**5. Delegation of supply chain management powers and duties**

(1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

(a) To discharge the supply chain management responsibilities conferred on accounting officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) This Policy;

(b) to maximize administrative and operational efficiency in the implementation of this Policy;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

(d) To comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of 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 35-37 of this Policy.

**6. Sub delegations**

(1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) Above R 10 million (VAT included) may not be sub delegated by the accounting officer;

(b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –

(i) The chief financial officer;

(ii) A bid adjudication committee of which the Chief Financial Officer is a member / Chairperson;

(c) Not exceeding R2 million (VAT included) may be sub delegated 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 which the power to make final awards has been sub delegated in accordance with subparagraph 5(2) must within five days of the end of each month submit to the official referred to in subparagraph 5(4) a written report containing particulars of each final award made by such official or committee during that month, including–

(a) The amount of the award;

(b) The name of the person to whom the award was made; and

(c) The reason why the award was made to that person.

(4) A written report referred to in subparagraph 5(3) must be submitted –

(a) To the accounting officer, in the case of an award by –

(i) The chief financial officer;

(ii) A bid adjudication committee of which the chief financial officer; or

(b) To the chief financial officer or his delegate responsible for the relevant bid, in the case of an award by –

(i) A manager referred to in subparagraph 5 (2) (c) (ii); or

(ii) A bid adjudication committee of which the chief financial officer is a member.

(5) Subparagraphs 5(3) and 5(4) of this policy do not apply to procurements out of petty cash.

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

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant/ consulting engineer.

**7. Oversight role of council**

(1) The Council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must –

(a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

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

(3) The Supply Chain Manager must, within 4 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Chief Financial Officer, of which he must submit it within 3 days to the Accounting Officer**.** The Accounting Officer must within 3 days after receiving the report submit it to the Mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

**8. Supply chain management unit**

(1) Witzenberg Municipality has established a supply chain management unit to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer whom this duty has been delegated in terms of section 82 of the Act.

**9. Training of supply chain management officials**

(1) The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

## CHAPTER 2

## SUPPLY CHAIN MANAGEMENT SYSTEM

**10. Format of supply chain management system**

This Policy provides systems for –

(1) Demand management;

(2) Acquisition management;

(3) Logistics management;

(4) Disposal management;

(5) Risk management; and

(6) Performance management.

**11. Communication with the municipality**

(1) All correspondence with regards to this policy shall be addressed to the Manager: Supply Chain Management.

### *Part 1: Demand management*

**12. System of demand management**

(1) The accounting officer has established and implemented an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

(2) The demand management system -

(a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

(b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

(c) Provide for the compilation of the required specifications to ensure that its needs are met.

(d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(e) provide efficient and effective provisioning and procurement systems and practices to enable the municipality to deliver the required quantity and quality of services to the communities.

(f) establish uniform procedures, documents and contracts and the implementation of sound systems of control and accountability.

(g) establish a professional supply chain management system which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced.

(3) Green procurement must be incorporated as far as reasonable possible, for all specifications of goods, services and construction works.

(4) In the development of bid specifications, innovative mechanisms should be explored to render the service or product more resource and energy efficient.

***Part 2: Acquisition management***

**13. System of acquisition management**

(1) The objectives of this acquisition management system are to ensure:

(a) that goods and services, including construction works and consultant services are procured by the municipality only in accordance with the authorised procedures incorporated herein;

(b) that expenditure on goods and services, including construction works and consultant services is incurred in terms of an approved budget; and

(c) that the threshold values of the different procurement procedures are complied with.

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with the requirements of relevant legislation including, the Preferential Procurement Policy Framework Act, and any conditions of the Construction Industry Development Board Act; and

(e) that procurement guidelines issued by the National Treasury are taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

(a) The kind of goods or services; and

(b) The name of the supplier.

(3) Unless otherwise indicated in the bid documents, the municipality shall not be liable for any expenses incurred in the preparation and / or submission of a bid or quotation.

(4) Bid documentation may state that alternative bids can be submitted provided that a bid is in accordance with the bid documents is also submitted.

(5) An alternative bid shall be submitted on a separate complete set of bid documents and shall be clearly marked "Alternative Bid" to distinguish it from the main bid offer referred to above.

(6) Bid documentation shall state that the municipality will not be bound to consider alternative bids.

(7) The Manager Supply Chain management may extend the bid closing date if circumstances justify the action, provided that the closing date may not be extended unless a notice is published in the same newspapers as the original advertisement prior to the original bid closing date.

(8) The notice referred to in paragraph 13 (7) must also be posted on the municipal notice boards, the municipal website and a notice must be sent to all bidders

**14. Range of procurement processes**

(1) Goods and services may only be procured by way of

(a) One written price quotation up to a transaction value of R 2,000 (VAT included);

(b) Petty cash purchases up to a transaction value of R 2,000 (VAT included) for items specified in the Petty Cash policy;

(c) Three written price quotations for procurements of a transaction value over R 2,000 up to R10,000 (VAT included);

(d) Three formal written price quotations for procurements of a transaction value over R 10,000 up to R200,000 (VAT included); and

(e) A competitive bidding process for–

(i) Procurements above a transaction value of R200 000 (VAT included); and

(ii) The procurement of long term contracts.

(2) The accounting officer may, in writing lower, but not increase, the different threshold values specified in subparagraph 14(1);

(3) For quotations (up to R 30 000) bidders are required to be registered on the municipality's supplier database prior to the acceptance of their quotation in respect of the goods or services required.

(4) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

**15. General preconditions for consideration of written quotations or bids**

(1) A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) Has furnished that provider's –

(i) Full name;

(ii) Identification number or company or other registration number; and

(iii) Tax reference number and VAT registration number, if any;

(iv) registration number in terms of section 18(1) of the Construction Industry Development Board Act, 2000 (Act No.38 of 2000), should the provider quote or bid to undertake, carry out or complete any construction works or portion thereof;

(b) Has provided the municipality with an original and valid tax clearance from the South African Revenue Services confirming that the provider's tax matters are in order; and

(c) Has indicated –

(i) Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the bidder is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

(iii) Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months;

(iv) On their supplier database application form if the supplier or person is in the service of the state, that such declaration be deemed as sufficient and that the responsibility rests on the supplier to notify the supply chain management unit of any changes hereto.

(v) Has completed, signed and submitted a certificate of independent bid determination with their bid or quotation.

(2) Laws of the Republic of South Africa shall govern contracts arising from the acceptance of bids and quotations.

(3) Where the acquisition in question is likely to involve an imported component which will be subject to foreign exchange rate adjustments, the bid documentation must specify that the contractor take out a forward

exchange contract in order to fix the Rand based price as soon as possible after the award.

**16. Lists of accredited prospective providers**

(1) The accounting officer must –

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations for procurement up to R 30 000; and

(b) at least twice a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers;

(d) disallow the listing of any prospective supplier on the municipality's supplier database who do not comply with the accreditation requirements i.e. listing criteria and also based on standards, set by any relevant control bodies that govern or regulate the category of service or industry.

(e) disallow the listing of any prospective provider whose name appears on the National Treasury's List of Restricted Suppliers and/or Registered for Tender Defaulters and/or a person or business prohibited from doing business with the public sector.

(2) The 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 list must be compiled per commodity and per type of service.

(4) The accounting officer may use the Central Supplier Database hosted by National Treasury for procurement.[17]

[17] Amended by council 30 May 2017

**17. Petty cash purchases**

Petty cash purchases must be done according to the Petty Cash policy. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 14 (1) (b) of this Policy, are as follows–

(a) The Accounting Officer may delegate the responsibility for petty cash to an official directly or indirectly reporting to the CFO;

(b) No item that is an approved stores item might be purchase by means of a petty cash transaction;

(c) No fixed asset of whatever value may be purchase through petty cash;

(d) The nature of petty cash transactions that can be processed as petty cash transactions are listed in paragraph 5 of the Petty Cash policy;

(e) The Council will determine annually the maximum amount of petty cash expenditure per month as referred to in paragraph 6 of the petty cash policy;

(f) A monthly reconciliation report must be provided to the chief financial officer, within five days of the end of each month containing particulars of each final award made by an official during that month, including:

(i) The total amount of petty cash purchases for that month; and

(ii) Receipts and appropriate documents for each purchase.

**18. Written Price quotations**

(1) The conditions for the procurement of goods or services through written price quotations are as follows:

(a) All requirements below R2 000.00 (VAT incl.) which are not covered by the Petty Cash policy, one written price quotation must be obtained from providers who are listed as accredited prospective service providers.

(b) All requirements between R2 000.00 (VAT incl.) and R 10 000.00 (VAT incl.) three written price quotations must be obtained from providers who are listed as accredited prospective service providers.

(c) Where no suitable providers are available from the list of accredited prospective providers, quotations may be obtained from other possible providers, provided that such providers meet the listing criteria;[18]

[18] Amended by council 30 May 2017

**19. Formal written price quotations**

(1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

(a) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;

(b) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria; [19]

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and

(d) The Chief Financial Officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph 19 (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

**20. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations**

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

(a) When using the list of accredited prospective providers the accounting officer must promote on-going 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 19, be advertised for at

[19] Amended by council 30 May 2017

least seven days on the website and official notice boards of the municipality;

(c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;

(e) Offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

(f) Acceptable offers, which are subject to the preference points system (PPPFA and Preferential Procurement Regulations of 2017), must be awarded to the bidder who scored the highest points;[20]

(g) Comply with all requirements for proper record keeping.

**21. Competitive bids**

(1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 13(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

(3) The accounting officer may split unduly large quantities of work into smaller contracts (units) to provide opportunities for emerging entrepreneurs and make it manageable. This may only be done when it is technically, logistically and financially feasible.

**22. Process for competitive bidding**

(1) The procedures for the following stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation as detailed in paragraph 23

[20] Amended by council 30 May 2017

(b) Public invitation of bids as detailed in paragraph 24;

(c) Site meetings or bid clarification meetings as detailed in paragraph 25;

(d) Handling of bids submitted in response to public invitation as detailed in paragraph 27;

(e) Evaluation of bids as detailed in paragraph 36;

(f) Award of contracts as detailed in paragraph 37;

(g) Administration of contracts -

(i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.

(h) Proper record keeping -

(i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

**23. Bid documentation for competitive bids**

(1) The criteria to which bid documentation for a competitive bidding process must –

(a) Take into account –

(i) The general conditions of contract and any special conditions of contract, if specified;

(ii) Any Treasury guidelines on bid documentation; and

(iii) The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

(iv) And clearly indicate the terms and conditions of contract specifications, criteria for evaluation and adjudication procedures to be followed where applicable, and include if and where site meetings/ bid clarification meetings are compulsory.

(b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations 2017;[21]

(c) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(d) Provide for an appropriate contract and / or delivery period;

(e) stipulate if the value of the transaction is expected to exceed R5 million (VAT included), require bidders to furnish–

[21] Amended by council 30 May 2017

(i) If the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

(aa) for the past three years; or

(bb) since their establishment if established during the past three years;

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

(j) 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.

(k) Not be aimed at hampering competition, but rather to ensure fair, equitable, transparent, competitive and cost effective bidding, as well as the protection or advancement of persons or categories of persons.

**24. Public invitation for competitive bids**

(1) The procedure for the invitation of competitive bids is as follows:

(a) On completion of the bid specification process the municipality shall publicly invite bids.

(b) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the

Government Tender Bulletin);

(b) The notice may require a payment of a non-refundable bid fee by bidders who require bid documents. The bid documentation fee shall be determined by the accounting officer from time to time

(d) The information contained in a public advertisement, must indicate –

(i) The title of the proposed bid;

(ii) The bid number;

(iii) The date, time and location of any site meeting/ bid clarification meeting and whether such meetings are compulsory;

(iv) Whether functionality is required;

(v) The place where the bid documentation is available for collection and the times between which bid documents may be collected;

(vi) The bid documentation fee;

(vii) The place where bids must be submitted;

(viii) The closing date and time for submission of bids; and

(ix) The required CIDB contractor grading for construction work, if applicable.

(e) The closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R4 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph 22(2) of this policy;

(f) A statement that bids may only be submitted on the bid documentation provided by the municipality, must be included.

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(3) Bids submitted must be sealed and must clearly indicate the bid number and bid title on the outside of the envelope for which the bid is being submitted.[22]

(4) Details of all prospective bidders who have been issued with bid documents must be recorded by the Supply Chain Management Unit and shall remain confidential for the duration of the bid period. Details of prospective bidders must, wherever possible, include the full name of the person drawing documents, the name of the company for whom the bid documents are, a contact person, a contact telephone, a fax number and a postal and email address.

(5) A bidder that did not pay the prescribed bid document fee, will be disqualified from the bidding process.

(6) The municipality may require bidders to submit section(s) of their bid in electronic format, but only after the bid closing date. If the electronic copy differs from the original hard copy, the original hard copy will be binding.

**25. Site meetings/ bid clarification meetings**

(1) Site meetings/ bid clarification meetings will, in general, not be compulsory. In exceptional circumstances however, a site meeting/ bid clarification meeting may be made compulsory with the approval of the relevant director.

(2) If site meetings/ bid clarification meeting are to be held, full details must be included in the bid notice and the bid document, including whether or not the site meeting/ bid clarification meeting is compulsory.

(3) Where site meetings/ bid clarification meetings are made compulsory, the date for the site meetings/ bid clarification meeting shall be not less than 7 (seven) days after the bid has been advertised.

(4) Site meetings/ bid clarification meeting will be chaired by a duly authorised representative from the Supply Chain Management Unit. The relevant line manager responsible for a specific bid or the duly appointed consulting

[22] Amended by council 30 May 2017

engineering firm employee must be present at the site meetings/ bid clarification meeting in order to provide technical information and to answer technical related questions that might arise from the prospective bidders.

(5) The chairperson of the site meeting/ clarification meeting must explain the way how the site meetings/ bid clarification will be conducted and must exclude prospective bidders that arrive after the meeting has been opened.

(6) Prospective bidders present at the site meetings/ bid clarification meeting, will be required to confirm their attendance by signing the attendance register as provided by the Supply Chain Management Unit.

(7) In instances where bid documentation provides for an attendance certificate, such a certificate must be signed by the representative of the Supply Chain Management Unit who was present at the site meetings/ bid clarification meeting and submitted with the bid document.

(8) If at a site meetings/ bid clarification meeting, any additional information is provided or clarification of vague points is given, such additional information or clarification must be conveyed to all bidders in writing within a time frame as determined by the municipality, but not later than 7 (seven) days before the bid closing date.

(9) Drawings and other supplements to bid documents may be provided to prospective bidders at the site meetings/ bid clarification meeting.

(10) A bidder who failed to attend a compulsory site meeting/ bid clarification meeting will be disqualified from the bidding process.

**26. Submission of bids**

(1) Bids must be submitted before the closing time, at the address and in accordance with the directives in the bid documents.

(2) Each bid must be in writing using non-erasable ink and must be submitted on the official Form of Bid/Offer issued with the bid documents.

(3) The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope. The envelope may not contain documents relating to any bid other than that shown on the envelope. Only sealed bids will be accepted.

(4) The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.

(5) No bids forwarded by telegram, facsimile or similar apparatus shall be considered.

(6) A bid is late if it is not placed in the relevant bid box by the closing time and date of such bid.

(7) A late bid shall not be admitted for consideration and shall be returned unopened (where feasible) to the bidder with the reason for the return thereof endorsed on the envelope.

**27. Procedure for handling, opening and recording of competitive bids and formal written price quotations in excess of R 30 000[23]**

(1) The procedures for the handling, opening and recording of **competitive** bids and formal written price quotations in excess of R 30 000, are as follows:[24]

(a) At least two officials, of whom one must be the delegated Supply Chain Management representative, must at all times, administer the opening of bids.

(b) At the specified closing time on the closing date the applicable bid box shall be closed.

(c) The bid box shall be opened in public as soon as practical after the closing time of the bid.

(d) Immediately after the opening of the bid box, all bids that are clearly marked shall be opened.

[23] Amended by council 30 May 2017
[24] Amended by council 30 May 2017

(e) The Supply Chain Management representative as delegated, shall read out the name of the bidder, if practical the bid amount, the BBBEE status level contribution of each bidder, where applicable the local content percentages of the goods offered and the bid opening register will be made available for public inspection and published on the municipality's website.[25]

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

(g) No information, except the provisions in subparagraph (e), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(h) The Supply Chain Management representative that is delegated to open the bids must –

(i) stamp the bid document with the official municipal stamp together with the two signatories administering the bid opening

(ii) record in a register all bids received in time;

(iii) sign the register as well as the official assisting at the bid opening.

(iv) Make the register available for public inspection; and

(v) Publish the entries in the register and the bid results on the website.

(vi) No councillor may be present at the opening of bids.

(2) Bids shall be invalid, and shall be endorsed and recorded as such in the bid opening record by the responsible official to open the bid, in the following instances:

(a) If the bid is not sealed;

(b) if the bid, including the bid price amount, where applicable is not submitted on the official Form of Bid/Offer;

[25] Amended by council 30 May 2017

(c) if the bid is not completed in non-erasable ink;

(d) if the Form of Bid/Offer is signed, but the name of the bidder is not stated, or is indecipherable; or

(e) if in a two envelope system is followed, the bidder fails to submit both a technical proposal and a separate sealed financial offer/bid.

(3) A bid will not be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening and shall be deemed to be the bid amount.

(4) The Manager Supply Chain Management may, in compliance with paragraph 63 of this policy, provide a reasonable opportunity to a bidder who made an innocent error and/ or omission in his/ her bid document, to correct the innocent error and/ or omission, provided that such opportunity will not unduly prejudice any of the other bidders.

(5) Bidders shall be afforded no longer than 48 hours from time of notification to correct such innocent errors and/ or omissions. If no response is received from such bidders at the deadline, the bid may be invalidated.

(6) When bids are declared invalid at the bid opening, the bid sum of such bids shall not be read out. However, the name of the bidder and the reason for the bid having been declared invalid shall be announced.

**28. Procedure for the opening of bids where a two envelope system is followed**

(1) If a two envelope system is followed, only the technical proposal will be opened at the bid opening.

(2) The unopened envelope containing the financial proposal shall be stamped and endorsed with the opening official's signature, and be retained by him/her for safekeeping.

(3) When required the financial offers/bids corresponding to responsive technical proposals, shall be opened by the opening officials in accordance with paragraph 27 (1) (a)

(4) All bidders who submitted responsive technical proposals must be invited to attend the opening of the financial offers/bids.

(5) Envelopes containing financial offers/bids corresponding to non-responsive technical proposals shall be returned unopened along with the notification of the decision of the Bid Adjudication Committee in this regard.

**29. Communication with bidders before bid closing**

(1) The Manager Supply Chain Management may, if necessary, communicate with bidders prior to bids closing.

(2) Such communication shall be in the form of a notice issued to all bidders by the Manager Supply Chain Management by either e-mail, facsimile, or registered post as may be appropriate. A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes. Notices should be issued at least one week prior to the bid closing date, where possible, except in terms of paragraph 13 (7).

(3) Notwithstanding a request for acknowledgement of receipt of any notice issued, the bidder will be deemed to have received such notice if the procedures in paragraph 29 (2) have been complied with.

**30. Negotiations with preferred bidders**

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

**31. Two-stage bidding process**

(1) A two-stage bidding process is allowed for –

(a) Large complex projects;

(b) Projects where it may be undesirable to prepare complete detailed

technical specifications; or

(c) Long term projects with a duration period exceeding three years subject to section 33 of the Act.

(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.

(4) A two envelope system differs from a two-stage (prequalification) bidding process in that a technical proposal and the financial offer are submitted in separate envelopes at the same place and time. The financial offers will only be opened once the technical proposals have been evaluated.

**32. Validity periods**

(1) The period for which bids are to remain valid and binding must be indicated in the bid documents.

(2) The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

(3) This period of validity may be extended by the Manager: Supply Chain Management, provided that the original validity period has not expired, and that all bidders are given an opportunity to extend such period. Any such extension shall be agreed to by a bidder in writing.

(4) Bidders who fail to respond to such a request before the validity of their bid expires, or who decline such a request shall not be considered further in the bid evaluation process.

(5) In the event that an appeal is received, the validity period is deemed to be extended until finalisation of the appeal.

**33. Samples**

(1) Bid documents may require samples that must be submitted.

(2) Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered separately (to the bid) to the Supply Chain Management representative mentioned in the bid document before the bid closing date.

(3) A register will be kept by the Supply Chain Management representative of samples received from prospective bidders. An acknowledgement of receipt shall be issued to the prospective bidder as proof of delivery.

(4) Bids may not be included in parcels containing samples.

(5) If samples are not submitted as required in the bid documents then the bid concerned must be declared non-responsive.

(6) Samples shall be supplied by a bidder at his/her own expense and risk. The municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents.

(7) If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample. If not, it might be deemed as a breach in contract.

(8) The municipality reserves the right not to return the contract sample and may dispose of it at its own discretion.

**34. Committee system for competitive bids**

(1) A committee system for competitive bids is hereby established, consisting of the following committees for procurement or cluster of procurements as

the accounting officer may determine:

(a) A bid specification committee;

(b) A bid evaluation committee; and

(c) A bid adjudication committee;

(2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

(3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with –

(a) Paragraph 35, 36 and 37 of this Policy; and

(b) Any other applicable legislation.

(5) The accounting officer may apply the committee system to formal written price quotations.

**35. Bid specification committees**

(1) A bid specification committee must compile the specifications for procurement of goods or services by the municipality.

(2) Specifications –

(a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test

methods, packaging, marking or labelling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";

(f) must indicate the preference points system to be utilised as set out in the Preferential Procurement Regulations 2017; and[26]

(g) Must be approved by the relevant director prior to publication of the invitation for bids in terms of paragraph 24 of this Policy.[27]

(3) A bid specification committee must be composed of one or more officials of the municipality preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

**36. Bid evaluation committees**

(1) A bid evaluation committee must –

(a) Evaluate bids in accordance with –

(a) the specifications for a specific procurement; and

(b) The points system set out in terms of paragraph 35 (2) (f).

(b) Evaluate each bidder's ability to execute the contract;

(c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;

(d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A bid evaluation committee must as far as possible be composed of-

[26] Amended by council 30 May 2017

[27] Amended by council 30 May 2017

(a) Officials from departments requiring the goods or services; and

(b) At least one supply chain management practitioner of the municipality.

(3) The accounting officer may sub-delegate its power in terms of paragraph 63 of this policy to the bid evaluation committee.

**37. Bid adjudication committees**

(1) A bid adjudication committee must –

(a) Consider the report and recommendations of the bid evaluation committee; and

(b) Either –

(i) Depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

(ii) Make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2) A bid adjudication committee must consist of at least four senior Managers of the municipality which must include –

(a) The Chief Financial Officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer;

(b) at least one senior supply chain management practitioner who is an official of the municipality or the municipal entity; and

(c) a technical expert in the relevant field who is an Director of the municipality or municipal entity, if the municipality or municipal entity has such a expert

(3) A quorum is of 50 % plus 1, with the Chief Financial Officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer being, at all times one of the quorum-forming members:

(4) The accounting officer may appoint the CFO as chairperson of the

committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting and will be documented in the minutes.

(5) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(6) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –

(a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;

(b) Notify the accounting officer.

(c) The accounting officer may –

(i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a)-(b); and

(ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(7) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

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

(9) If the Bid Adjudication Committee or other delegated official has resolved that a bid be accepted, the successful and unsuccessful bidders shall be notified in writing of this decision

(10) Every notification of decision shall be sent via registered mail and either faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification and kept for record purposes.

(11) Members of the bid specification committee, bid evaluation committee and technical advisors may attend the bid adjudication committee to provide clarity, but has no decision making rights pertaining to the award.

(12) The accounting officer may sub-delegate its power in terms of paragraph 63 of this policy to the bid evaluation committee, the bid adjudication committee and the Manager Supply Chain Management.

**38. Procurement of banking services**

(1) A contract for banking services –

(a) Must be procured through competitive bids;

(b) Must be consistent with section 7 or 85 of the Act; and

(c) May not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 Days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

**39. Procurement of IT related goods or services**

(1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) The transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

**40. Procurement of goods and services under contracts secured by other organs of state**

(1) the accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

(a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) There is no reason to believe that such contract was not validly procured;

(c) There are demonstrable discounts or benefits to do so; and

(d) That other organ of state and the provider have consented to such procurement in writing.

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

(a) a municipal entity procures goods or services through a contract secured by its parent municipality; or

(b) A municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

**41. Procurement of goods necessitating special safety arrangements**

(1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel,

should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

**42. Proudly SA Campaign/Local content**

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

(2) Bids in respect of services, works or goods that have been designated for local production and content, must contain a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered

(3) The National Department of Trade and Industry is empowered to designate industry sectors, in line with national development and industrial policies for local production, where only locally produced goods, services or construction works, or locally manufactured goods that meet a stipulated minimum threshold for local production and content, may be used.

(4) In the case of designated sectors, where in the award of bids, local production and content is of critical importance, such bids must be advertised with a specific condition of bidding, that only locally produced goods, services or construction works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

(5) Any instructions, circulars and guidelines issued by National Treasury in the above regard may be complied with.

(6) Where there is no designated sector, bids may include, as a specific condition of bidding, that only locally produced goods, services or

construction works, or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.

(7) Every bid where local production and content are used, it must be measurable and audited.

(8) Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed as this may jeopardise the fairness of the process.

**43. Appointment of consultants**

(1) the accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if
   (a) The value of the contract exceeds R200 000 (VAT included); or
   (b) The duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
   (a) all consultancy services provided to an organ of state in the last five years; and
   (b) Any similar consultancy services provided to an organ of state in the last five years.

(4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

**44. Deviation from, and ratification of minor breaches of, procurement processes**

(1) The accounting officer may –

(a) Dispense with the official procurement processes established by this Policy and procure any required goods or services through any convenient process, which may include direct negotiations and through the process set out in this paragraph provided that the municipality shall adhere to fair, equitable, transparent, competitive and cost-effective, procurements to the maximum extent practicable.

(b) Dispense with the official procurement processes established by this Policy only –

(i) In an emergency;

(ii) If such goods or services are produced or available from a single provider only;

(iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) Acquisition of animals for zoos and/or nature and game reserves; or

(v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

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

(2) In compliance with the provisions of paragraph 44(1) the municipality implements individual and class deviations.

(3) Individual Deviations

The accounting officer may decide to consider an individual deviation only if –

(a) In an emergency

(b) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and the goods or services are anticipated to be used only once during the financial year.

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(4) The conditions warranting procurement in an emergency dispensation should include, where time of the essence, the existence of one or more of the following:

(a) the possibility of human injury or death;

(b) the prevalence of human suffering or deprivation of rights;

(c) the possibility of damage to property, or suffering and death of livestock and animals;

(d) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole;

(e) the possibility of serious damage occurring to the natural environment;

(f) the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service; and

(g) the possibility that the security of the state could be compromised.

(5) The accounting officer must be satisfied that the prevailing situation as indicated in (a)-(g) above is of such a scale and nature that it could not readily be alleviated by interim measures in order to allow time for normal bid, at least three quote procurement process or a class deviation.

(6) Where possible, in an emergency situation, three quotes in accordance with general acquisition management principles should be obtained and a report submitted to the Municipal Manager for approval. However, where time is of the essence, the emergency shall be immediately addressed, and the process formalised in a report to the Municipal Manager as soon as possible thereafter.

(7) System of class deviations:

(a) The accounting officer may decide to consider a class deviation, only if –

(i) Such goods or services are produced or available from a single provider;

(ii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iii) Acquisition of animals for zoos and/or nature and game reserves; or

(iv) In any other exceptional case where it is impractical or impossible to follow the official procurement processes and a contract for goods or services are likely to be awarded more than once in the financial year to the same supplier;

(8) Where possible, in considering a class deviation in terms of paragraph 44(7), three quotes in accordance with general acquisition management principles should be obtained and a report submitted to the Municipal Manager for

approval.

(9) If the accounting officer decides to consider a class deviation in terms of paragraph 44 (7) (i)-(iv), other than in paragraph 44(8) the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with

a) Reasons as to why the procurement is done through a class deviation and why it is not open to other competitors; and

(c) An invitation to the public or other potential suppliers to submit their comments within 14 days of the notice.

(10) The bid adjudication committee must consider the class deviation and make a recommendation to the accounting officer

(11) A meeting of the adjudication committee to consider a class deviation may be open to the public.

(12) When considering the class deviation, the adjudication committee must take into account –

(a) Any comments submitted by the public or suppliers;

(b) The indicative market prices of the goods or services;

(c) The duration or planned times of when the service or goods are needed;

(d) The proposed circumstances, conditions or limitations for the of use of the class deviation; and

(e) The reasons for deviating from the normal procurement process in compliance with paragraph 44

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

(14) Paragraph 44 (13) of this policy does not apply to the procurement of goods and services contemplated in paragraph 13(2) of this policy.

**45. Unsolicited bids**

(1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) The product or service will be exceptionally beneficial to, or have exceptional cost advantages;

(c) The person who made the bid is the sole provider of the product or service; and

(d) The reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph 45(2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

(a) Reasons as to why the bid should not be open to other competitors;

(b) An explanation of the potential benefits if the unsolicited bid were accepted; and

(c) An invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –

(a) any comments submitted by the public; and

(b) Any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

**46. Combating of abuse of supply chain management system**

(1) The accounting officer must–

(a) Take all reasonable steps to prevent abuse of the supply chain management system;

(b) Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) Take appropriate steps against such official or other role player; or

(ii) Report any alleged criminal conduct to the South African Police Service;

(c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;

(d) Reject any bid from a bidder–

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality,

or to any other municipality or municipal entity, are in arrears for more than three months; or

(ii) Who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(e) Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

(f) Cancel a contract awarded to a person if –

(i) The person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) An official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) Reject the bid of any bidder if that bidder or any of its directors –

(i) Has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;

(ii) Has been convicted for fraud or corruption during the past five years;

(iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) Has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of paragraphs 46 (1) (b) (i)-(ii) of this policy.

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

### 47. Logistics management

Logistics management must provide for an effective system in order to provide for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, maintenance and contract administration.

(1) The accounting officer must establish and implement an effective system of logistics management, which must include –

(a) Placing of orders:

(i) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations.

(ii) All purchase orders will be captured on the municipality's financial system

(b) Receiving of goods:

(i) Goods received must be captured on the municipality's financial system via a goods receive note with reference to the relevant purchase order number.

(ii) Deliveries of goods may not exceed the order quantity. Short deliveries will keep the purchase order open until the balance of the order is received or when the order is cancelled.

(c) Expediting orders:

(i) The purchasing expeditor will be required to monitor and expedite the transport of goods and outstanding purchase orders.

(ii) Reminder letters can be communicated automatically to vendors based on the reminder levels (days before delivery due date) that are set in the bid or quotation.

(d) Stores / warehouse management

i. Stock is valued at the weighted average costing method per item and is VAT exclusive.

ii. Regular monitoring of spending patterns on types or classes of goods must be performed, where practical.

iii. Each item must have a unique stock item number.

iv. A formal stock count must be done on a quarterly basis and any surpluses, deficits, losses, damaged stock and obsolete stock must be reported by the Manager Supply Chain Management to Council.

v. Each stock item must have a minimum, maximum and re-order level which must be captured on the financial system.

vi. Stock items must be systematically replenished using the re-order point as per the financial system.

vii. Goods in transit must be taken into account during the replenishment of stock

viii. Stock levels must be revisited on an annual basis

ix. The financial system must indicate lead times for stock items

x. Before payment is approved, certification by the Storekeeper that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract

xi. The Storekeeper must ensure appropriate standards of internal control and warehouse management are adhered to, to ensure that goods placed in stores are secure, safe and

only used for the purpose for which they were purchased

xii. The Storekeeper must perform regular spot-checking of stock items to ensure that the items are on the correct shelving space and that the physical quantities correspond with the quantities as per the financial system. Any differences found must be reported to the Manager Supply Chain Management.

xiii. Items listed as stock, may not be procured outside of the stock system.

xiv. Where user departments require higher quantities of stock, a demand forecast must be provided to the Storekeeper in advance, taking lead time into consideration, to enable the Storekeeper to procure the requested quantities on time.

**48. Contract management**

1) Contract administration includes all administrative duties associated with a contract that has arisen through the acquisition/procurement processes described in this policy.

2) All contracts must be administered by a contract manager, who will be an internal official assigned to ensure the effective administration of the contract.

3) The contract manager will typically be the internal project manager assigned to the project as a whole, but may also be a cost centre owner or other responsible official.

4) A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.

5) The contract manager's duties and powers shall be governed by the conditions of contract and the general law.

6) In administering a contract, the contract manager will be required to form

opinions and make decisions which, while in the Witzenberg Municipality's best interests, must be fair to all parties concerned.

7) Directors shall be responsible for ensuring that contract managers are:

(a) assigned to all contracts within the Director's area of responsibility; and

(b) adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.

8) The contract manager must:

(a) ensure that all the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;

(b) ensure that purchase order are captured on the municipality's financial system in the form in accordance with the pricing schedule;

(c) ensure that all original contract documentation is lodged with Archives for record purposes;

(d) monitor on a monthly basis the performance of the service provider order to ensure that all of the terms and conditions of the contract are met;

(e) regularly report to the accounting officer on the management of the contract and the performance of the service provider;

(f) conduct contract risk assessments for contracts longer then 3 months as stated in paragraph 50 (4) and 50 (5);

(g) where necessary, take appropriate action where a service provider is underperforming or is in default or breach of the contract and to report such failures promptly to the accounting officer;

(h) where appropriate, authorise payments due in terms of the contract by processing payment certificates (if applicable), and ensuring that

the necessary Service Entry Sheets or Goods Received Notes are lodged with the Finance Department for capturing on the municipality's financial system;

(i) contract variation or change procedures are approved by the accounting officer in writing which must be in line with the applicable general conditions of contract and this policy;

(j) administer disputes, in consultation with the Supply Chain Management Unit, in terms of this policy and the applicable conditions of contract;

(k) conduct, as appropriate, post contract reviews;

(l) maintain adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

(m) act with care and diligence and observe all accounting and legal requirements;

(n) inform the Asset Management section of the location of newly procured assets for asset register and insurance purposes; and

(o) provide contract information to the Supply Chain Management Unit, as determined by the unit, after a contract has ended.

**49. Disposal management**

(1) Subject to the provisions of the Municipal Asset Transfer Regulations:

(a) moveable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the municipality;

(b) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

(c) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment;

(d) in the case of fire arms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person within or outside the Republic.

(e) where assets are traded in for other assets, the highest possible trade in price is negotiated

(2) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act; are as follows:

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

*(B) A municipality may transfer ownership or otherwise dispose of capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public-*

*(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and*

*(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset*

*(3) Immovable property may only be let at market related rates except when the*

*public interest or the plight of the poor demands otherwise and provided that all charges, rates, tariffs, scales of fees or other charges relating to the letting of immoveable property are annually reviewed;*

*(a) Except for compliance with paragraph 49(3) above, this policy shall not apply to the letting of immovable property unless decide otherwise by council.*

(4) Assets may be disposed of by –

(i) Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(ii) Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(iii) Selling the asset; or

(iv) Destroying the asset.

**50. Risk management**

(1) The accounting officer has established and implemented an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.

(2) Risk management include –

(a) The early and systematic identification of risks on a case-by-case basis;

(b) The allocation and acceptance of risks to the party best suited to manage such risks;

(c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

(d) The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

(e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

(3) Due care must be taken in the bid administration and management process to minimise the risks of:

(a) litigation by unsatisfied service providers

(b) misinterpretation of municipal needs

(c) overstatement or understatement of municipal needs

(d) selecting or delivery of inappropriate goods and services

(e) poor value for money

(f) appointing inappropriate suppliers

(g) unethical conduct of suppliers and other official involved in the supply chain management process

(h) uneconomical, uncompetitive and inequitable procurement

(4) To give effect to paragraph 3 above, the municipality will identify risk inherent to a particular bid

(a) Risks may be identified for all bids during the specification stage of the bid process.

(b) Risks identified in (i) above may cover the entire life cycle of a contract from initiation to completion of the goods/services

(c) For contracts with a life cycle in access of 3 months, the risks may be reviewed at least monthly by the contract manager as referred to in paragraph 48(1)(e)(iii)

(d) The contract manager in conducting the review of the bid risks during the life cycle of the contract may add new or emerging risks when identified

(5) A risk table may be included at specification stage for each bid that may set out:

(a) Risk description

(b) Background to the risk

(c) Impact

(d) Likelihood

(e) Inherent risk

(f) Current controls

(g) Perceived control effectiveness

(h) Residual risk

(i) Risk owner

(j) Actions to improve management of the risk

(k) Time scale

(6) The risk rating methodology will be in accordance with the Witzenberg Municipality's risk management policy.

(7) The Evaluation and Adjudication Committee may review risks of bids received against the predetermined risk as identified at the bid specification stage and may in conducting the review of the bid add new or emerging risks and mitigating strategies when identified.

(8) At the briefing session with the successful bidder in terms of paragraph 66 of this policy:

(a) Risks identified during the Bid specification, Bid evaluation and Bid adjudication process that pertains to the contract for goods or services may be disclosed to the successful bidder to improve mitigating factors.

(b) New and emerging risks identified may be added

(c) Risks identified by the successful bidder may be added to the contract risks if agreed to by the municipality.

**51. Performance management**

(1) The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

(2) The quarterly report and annual report on the implementation of this policy, the monitoring of the service delivery and budget implementation plan (SDBIP) and the Annual Report may be used as tools to perform a retrospective analysis of supply chain management processes.

(3) **Vendor performance**

(a) Each project manager shall monitor the supplier's compliance and performance to the set of specifications.

(b) If the supplier fails to perform in accordance with the specification requirements, the project manager must report such failure to the supplier in writing immediately upon becoming aware of such non-compliance for them to correct the situation.

(c) The above information will be kept and made available for future

evaluation purposes, contract negotiations and regular feedback to vendors.

(d) If vendors fail to deliver in terms of paragraph 23 (1) (a) of the General conditions of contract, the municipality reserves the right to make use of remedies at its disposal in terms of applicable law.

***Part 4: Other matters***

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

(1) No award above R15 000 (including VAT) may be made in terms of this policy to a person whose tax matters have not been declared by South African Revenue Service to be in order.[28]

(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

(4) It is the supplier's responsibility to provide the municipality with a valid and original tax clearance certificate.

**53. Prohibition on awards to persons in the service of the state**

(1) Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

(a) Who is in the service of the state;

(b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) A person who is an advisor or consultant contracted with the municipality with the purpose of assisting the municipality with the defining of requirements, drafting of specifications or the evaluation of the bids.

(2) Persons and business must declare their interest as stated in 53(1)(a)-(c)

[28] Amended by council 30 May 2017

of this policy when completing their supplier database application forms and bid documents. Failure to do so may lead to disqualification.

(3) The municipality may utilise mechanisms at its disposal to determine whether a person is in the service of the state.

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

(1) The municipality does not encourage the awarding of contract by employees in decision-making positions to close family members or friends. To this extent the municipality requires all employees to make full disclosures of businesses owned by close family members and/ or friends and it is further expected that such individuals must not directly or indirectly be involved in the awarding of such business

(2) The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

(a) The name of that person;

(b) The capacity in which that person is in the service of the state; and

(c) The amount of the award.

**55. Ethical standards**

(1) A code of ethical standards as set out in the "National Treasury's code of conduct for supply chain management practitioners" is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

(a) mutual trust and respect; and

(b) An environment where business can be conducted with integrity and in a fair and reasonable manner.

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

(a) in the case of an employee, in terms of the disciplinary procedures

of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;

(b) In the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.

(c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

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

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

(a) any inducement or reward to the municipality for or in connection with the award of a contract; or

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

(i) Any official; or

(ii) Any other role player involved in the implementation of this Policy.

(2) The accounting officer must promptly report any alleged contravention of subparagraph 55 (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 55 (1) does not apply to gifts less than R350 in value.

**57. Sponsorships**

(1) The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

(a) a provider or prospective provider of goods or services; or

(b) A recipient or prospective recipient of goods disposed or to be disposed.

**58. Objections and complaints**

(1) Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

**59. Resolution of disputes, objections, complaints and queries**

(1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

(a) To assist in the resolution of disputes between the municipality and other persons regarding -

(i) Any decisions or actions taken in the implementation of the supply chain management system; or

(ii) Any matter arising from a contract awarded in the course of the supply chain management system; or

(b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

(a) Strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) Submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the Relevant provincial treasury if –

(a) The dispute, objection, complaint or query is not resolved within 60 days; or

(b) No response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the Dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

**60. Contracts providing for compensation based on turnover**

(1) If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

(a) A cap on the compensation payable to the service provider; and

(i) That such compensation must be performance based.

**61. Compliance with Ethical standards**

(1) In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the accounting officer and all representatives of the Witzenberg Municipality involved in supply chain management activities shall act with integrity and in accordance with the highest ethical standards. All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, the code of conduct for supply chain management practitioners and other role players (annexure A to this policy) and the Ethical code of suppliers (annexure B to this policy).

**62. Handling of proprietary information**

(1) All information designed and prepared for the municipality is deemed as proprietary. No such information may be distributed, modified or customised for third parties without the written permission of the accounting officer.

(2) All supplier information shall be treated as confidential

(3) In appropriate instances, the municipality may require security clearance and confidentiality agreements to be entered into with suppliers.

**63. Non-compliance with peremptory requirements of bids**

(1) The accounting officer is empowered to condone non-compliance with peremptory requirements of bids in cases where the condonation is not incompatible with public interest and promote the values of fairness, competitiveness and cost-effectiveness which are listed in Section 217 of the Constitution.

**64. Right of Appeal**

(1) In terms of Section 62 of the Municipal Systems Act (Act 32 of 2000 as amended), a person whose rights are affected by a decision taken by the municipality, in terms of a delegated authority, in the implementation of its supply chain management system, may appeal against that decision by giving written notice of the appeal and reasons to the Municipal Manager within 21 days of the date of receipt of the notification of the decision.

Bid documents must state that any appeal in terms of paragraph 64 must be submitted to the Municipal Manager, and must contain the following:

(a) reasons and/or grounds for the appeal;
(b) the way in which the appellants rights have been affected; and
(c) the remedy sought by the appellant.

(2) The Municipal manager shall establish an appropriate appeal authority in terms of section 62 of the Systems Act, to consider appeals received in terms of paragraph 64(1) above

(3) The appeal authority must consider the appeal, and confirm, vary or revoke the decision, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision

**65. Unsuccessful bidder debriefing**

(1) The unsuccessful bidder debriefing service is offered by the municipality to unsuccessful bidders upon request.

(2) During the debriefing unsuccessful bidders can find out how their proposal scored against required criteria and obtain comments from the evaluation

team on their bid.

(3) The debriefing should be a positive and constructive experience that explains how bidders can improve future submissions.

(4) The debriefing an opportunity for unsuccessful bidders to:

(a) Learn more about the procurement and evaluation process in an informal setting.

(b) Find out how their proposal scored against the required criteria.

(c) Hear the overall comments from the evaluation team on your bid.

(d) Gather information on how future submissions may be improved.

(5) The debriefing is not part of the Supply Chain complaint or appeal process in terms of paragraph 58 or 64 of this policy.

(6) The debriefing is not legal proceeding and no legal representation is permitted at the debriefing.

(7) At the debriefing session the unsuccessful bid is not compared to other bids, nor will information be provided to the unsuccessful bidder about other bids.

(8) In scheduling bidders debriefings session upon the request of the unsuccessful bidder, the municipality must:

(a) Confirm the date and time of the debriefing session in writing;

(b) Conduct separate debriefings with each vendor;

(c) Ensure that proper minutes are kept of each debriefing session;

(d) Retain all correspondence and documentation relevant to the debriefing session as part of the procurement documentation.

(9) In conducting bidders debriefings, the municipality may:

(a) Provide a general overview of the evaluation process set out in the bid documents;

(b) Discuss the strengths and weaknesses of the bidder's submission in relation to the specific evaluation criteria and the bidders evaluated score.

(c) Provide suggestions on how the supplier may improve future submissions;

(d) Address specific questions and issues raised by the supplier in relation to their submission.

**66. Successful bidder briefing**

(1) The notification to the successful bidder in terms of paragraph 37(8) may

require of the successful bidder to attend a compulsory briefing session with the municipality before commencement of the contract at no cost to the municipality.

(2) The purpose of the briefing session is to:

(a) Introduce the municipal contract manager allocated to the specific contract in terms of paragraph 48 and to meet the successful bidders contract manager;

(b) Examine and analyse the bid document and contractual conditions to ensure that specific expectations of the municipality and the obligations of the successful bidder are well understood;

(c) Discuss the strengths and weaknesses of the bidder's submission in relation to the specific evaluation criteria and the bidders evaluated score.

(d) Communicate and document the anticipated contract risks and challenges as perceived by both the municipality and the successful bidders;

(e) To develop mitigating strategies to address and mitigate the contract risk and challenges; and

(f) Communicate the contract administration process as stated in paragraph 48 of this policy.

(g) Formally sign the bid contract

(3) At least the following persons must attend the briefing session:

(a) The municipal contract manager

(b) The authorised municipal supply chain official

(c) The successful bidders authorised contract signatory

(d) The successful bidders contract manager

(4) The notification to the successful bidder refer to in paragraph 66(1) must state the date, time and place of the briefing session in writing.

(a) Proper minutes must be kept of each briefing session;

(b) All correspondence and documentation in relation to the briefing session must be maintained as part of the procurement documentation.

**67. Acceptance of offers**

(1) At the invitation of bids, or quotations;

(a) the municipality is not obliged to accept the lowest or any offer;

(b) The municipality may, where an offer relates to more than one item, accept such offer in respect of or any specific item or items.

(c) The municipality may accept any offer notwithstanding the fact that the offer does not comply with the bid invitation in respect of which the offer has been made subject to the conditions of paragraph 63 of this policy.

**68. Commencement**

This Policy takes effect on 1 July 2017

**ANNEXURE A**

WITZENBERG 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 municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

## *2. Conflict of interest*

An official or other role player involved with supply chain management –

(a) must treat all providers and potential providers equitably;

(b) may not use his or her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;

(d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;

(h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and

(i) Should not take improper advantage of their previous office after leaving their official position.

### *3. Accountability*

Practitioners are accountable for their decisions and actions to the public.
Practitioners should use public property scrupulously.
Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.

All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:

(i) Any alleged fraud, corruption, favouritism or unfair conduct;

(ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and

(iii) Any alleged breach of this code of conduct.

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 information only if it is in the public interest to do so.

### *5. Confidentiality*

Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractors personal rights.

Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service**.**

### 6. Bid Specification / Evaluation / Adjudication Committees

Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

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.

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.

No person should-

(i) Interfere with the supply chain management system of the municipality; or

(ii) Amend or tamper with any price quotation / bid after its submission.

**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

## Witzenberg Municipality's Supply Chain Management: Supplier's Code of Conduct

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.

WM is committed to high standards of business ethics and integrity as reflected in this WM Code of Conduct. WM expects all of its suppliers to adhere to similar good working standards and business ethics. The Supplier is expected to comply with the requirements set out in this WM Supplier Code of Conduct. In addition, WM and the Supplier may agree on further standards in supply agreements.

### 1. Human Rights

This Bill of Rights, as enshrined in Constitution Act 108 of 1996, is a cornerstone of democracy in South Africa. It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom. The Constitution obliges municipalities to respect, protect, promote and fulfill the rights in the Bill of rights. To this end, when service providers provide services to and on behalf of the WM they are also oblige to respect, protect, promote and fulfill the rights in the Bill of rights insofar as it is relevant to their business.

In accordance with the aforementioned ethics and standards, WM require the following business practices from Suppliers:

- To not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.
- To respect the right of everyone to inherent dignity and the right to have their dignity respected and protected.
- To respect the right of every person not to be subjected to slavery, servitude or forced labour.

- To respect everyone's right to freedom of conscience, religion, thought, belief and opinion.

## 2. Fair Labour Conditions and Child Labour

The Supplier will ensure fair labour conditions. In particular, the supplier will:

- refrain from employment discrimination based on gender, colour, ethnicity, religion, disability, union membership, political affiliation or sexual orientation;
- respect the rights of employees to freely associate and bargain collectively;
- comply with all applicable laws on employment and in particular the Basic Conditions of Employment Act 75 of 1997 and the Labour relations Act 66 of 1995.
- not use any forced or compulsory labour or involuntary prison labor and give all employees the choice to leave their employment freely upon reasonable notice;
- compensate employees fairly and adhere to the Basic Conditions of Employment Act 75 of 1997, sector specific minimum wages and / or collective agreements and where these do not exist, compensate employees so they can at the least meet their basic needs; and
- The Supplier will protect children from exploitative labour practices and in particular they will not require or permit children to perform work or provide services that-
  - are inappropriate for a person of that child's age; or
  - place at risk the child's well-being, education, physical or mental health or spiritual, moral or social development;

## 3. Occupational Health and Safety

The Supplier will strive to provide a safe and healthy workplace for all of its employees and strive to adhere to the requirements of Occupational Health and Safety Act 85 of 1993.

## 4. Environmental Responsibility

The Supplier is committed to environmental protection and will conduct its business in an environmentally sensitive way.

## 5. Business Ethics

The Supplier will conduct its business in an ethical manner in accordance with all applicable rules and regulations. In particular, the Supplier will

- refrain from any and all forms of extortion and bribery;
- adhere to anti-trust and other competition laws, e.g. not participating in price fixing or bid-rigging; and
- disclose to WM information about any principal shareholder, directors in the service of the state
- The Supplier will protect all confidential information provided by WM and its respective business partners.

## 6. Conflict of Interest

The Supplier must disclose to WM information about conflict of interest of any WM employee, or close family member of an employee that have an interest in any of the Supplier's business.

Suppliers must not use their position for private gain or to improperly benefit any person or company.

Suppliers must not offer any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of a WM employee, irrespective of the value of the gift, reward, favour, hospitality or benefit.

Suppliers must declare to the accounting officer of WM details of any private or business interest which an employee of WM, 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 WM;

Suppliers must not place WM employees under any financial or other obligation that might seek to influence WM employees in the performance of their official

duties; and

Suppliers must not take improper advantage of previous WM employees to unfairly benefit the supplier by using the information or knowledge of previous employees of WM after leaving office.

**7. Business Continuity Planning**

The Supplier shall maintain appropriate insurance and or policies to mitigate exposures to business risk, business threats, terrorism, crime, pandemics, natural disasters and related major accident exposures.

**8. Procurement by Supplier**

WM expects the Supplier to obtain confirmation from each of its sub-suppliers providing goods or services directly or indirectly to WM that the sub-supplier acts in compliance with this WM Supplier Code of Conduct.

WITZENBERG
Municipality • Munisipaliteit • U Masipala Wasa

# SCM POLICY FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT

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# 1 Scope

This policy establishes the *Witzenberg Municipality*'s policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity

# 2 Terms, definitions and abbreviations

## 2.1 Terms and definitions

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

accept: receive as adequate, valid, or suitable

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

approve: officially agree to

authorised person: the Accounting Officer or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

conflict of interest: any situation in which:

a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,

b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or

c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

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

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

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

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

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

gratification: an inducement to perform an improper act

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

infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure with an estimated value of one million Rand or more.

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

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

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

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

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

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

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

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

## 2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

# 3 General requirements

## 3.1 Delegations

3.1.1 The *council* of *Witzenberg Municipality* hereby delegates all powers and duties which are necessary to enable the *Accounting Officer* to:

a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;

b) maximise administrative and operational efficiency in the implementation of this document;

c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and

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

e) The Accounting Officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the Accounting Officer of Witzenberg Municipality.

3.1.3 The *Accounting Officer* shall for oversight purposes:

Within 60 days of the end of each financial year, submit a report on the implementation of this policy, to the council of the *Witzenberg Municipality.*

### 3.2 Objections and complaints

Will be dealt with in terms of the stipulations of the Supply Chain Policy of Witzenberg Municipality.

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

Will be dealt with in terms of the stipulations of the Supply Chain Policy of Witzenberg Municipality.

## 4 Control framework for infrastructure delivery management

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

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

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

| Stage | | Person assigned the responsibility for approving or accepting end of stage deliverables | Output | Project Value |
|---|---|---|---|---|
| No | Name | | | |
| 0 | Project initiation | An initiation report which outlines the high-level business case together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope | | |
| | | Accept: Relevant Director | Approved IDP | All |
| | | Recommend: Municipal Manager | | |
| | | Council approves 5 year IDP | | |
| | | | | |
| 1 | Infrastructure planning | An infrastructure plan which identifies and prioritizes projects and packages against a forecasted budget over a period of at least three years | | |
| | | Accept: Relevant Director | Approved Budget | All |
| | | Recommend: Municipal Manager | | |
| | | Council approves budget for MTREF | | |

| Stage | | Person assigned the responsibility for approving or accepting end of stage deliverables | Output | Project Value |
|---|---|---|---|---|
| No | Name | | | |
| 2 | Strategic resourcing | A delivery and/or procurement strategy which, for a portfolio of projects, identifies the delivery strategy in respect of each project or package and, where needs are met through own procurement system, a procurement strategy | | |
| | | Accept: Relevant Manager | Procurement Strategy / Plan | All |
| | | Recommend : Relevant Director | | |
| | | Accounting Officer approves the Procurement Strategy / Plan | | |
| 3 | Pre-feasibility | A prefeasibility report which determines whether or not it is worthwhile to proceed to the feasibility stage | | |
| | | Accept: Service Provider | Approved pre-feasibility report | Projects Above R 1 Million |
| | | Recommend: Relevant Manager | | |
| | | Relevant Director approves the pre-feasibility report | | |
| | Preparation and briefing (Inception) | A strategic brief which defines project objectives, needs, acceptance criteria and client priorities and aspirations, and which sets out the basis for the development of the concept report for one or more packages | | |
| | | Accept: Service Provider | Approved Inception Report | Projects Above R 1 Million |
| | | Recommend: Relevant Manager | | |
| | | Relevant Director approves the pre-feasibility report | | |
| 4 | Feasibility | A feasibility report which presents sufficient information to determine whether or not the project should be implemented | | |
| | | Accept: Service Provider | Approved Feasibility Report | Projects Above R 1 Million |
| | | Recommend: Relevant Manager | | |
| | | Relevant Director approves the feasibility report | | |
| | Concept and viability (Preliminary Design) | A concept report which establishes the detailed brief, scope, scale, form and control budget, and sets out the integrated concept for one or more packages | | |
| | | Accept: Service Provider | Approved Concept and viability report | Projects Above R 1 Million |
| | | Recommend: Relevant Manager | | |
| | | Relevant Director approves the Concept and viability report | | |

| Stage | | | Person assigned the responsibility for approving or accepting end of stage deliverables | Output | Project Value |
|---|---|---|---|---|---|
| No | Name | | | | |
| | Gateway review | | An independent review of the available information at a gate upon which a decision to proceed or not to the next process is based | | |
| | | | Accept: Review team (not less than three people) is led by a professional engineer, professional quantity surveyor or professional architect. | Approved Concept and viability report | Projects Above R 50 Million |
| | | | Recommend: Relevant Manager | | |
| | | | Relevant Director approves the Gateway review | | |
| 5 | Design development (Detailed Design) | | A design development report which develops in detail the approved concept to finalize the design and definition criteria, sets out the integrated developed design, and contains the cost plan and schedule for one or more packages | | |
| | | | Accept: Service Provider | Approved Detailed Design | Projects above R 200 000 |
| | | | Recommend: Relevant Manager | | |
| | | | Relevant Director approves the Detailed Design | | |
| 6 | Design documentation (& Procurement) | 6A Production information | Production information which provides the detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where the constructor is able to build directly from the information prepared) or the production of manufacturing and installation information for construction | | |
| | | | Accept: Relevant Manager | Approved bid Document | Projects above R 200 000 |
| | | | Recommend: Bid specification committee | | |
| | | | Relevant Director approves the Bid document | | |
| | | 6B Manufacture, fabrication and construction information | Manufacture, fabrication and construction information produced by or on behalf of the constructor, based on the production information provided for a package which enables manufacture, fabrication or construction to take place | | |
| | | | Accept: Relevant Manager | Contract Award Approved Order | All |
| | | | Recommend: Bid evaluation committee | | |
| | | | Bid adjudication committee approves the bid | | Projects below R 10 million |
| | | | The accounting officer approves the bid | | Projects above R 10 million |

| Stage | | Person assigned the responsibility for approving or accepting end of stage deliverables | Output | Project Value |
|---|---|---|---|---|
| No | Name | | | |
| 7 | Works (Contract Administration & Inspection) | The relevant manager / consulting engineer manages the contract in terms of contract conditions | | |
| | | Accept: relevant manager / consulting engineer | Minutes of site meetings, progress payment certificates and Contract Correspondence | All |
| | | Recommend: relevant manager | | |
| | | Relevant director approves | | |
| 8 | Handover | Works which have been taken over by the municipality, complete with record information | | |
| | | Accept: relevant manager / consulting engineer | Practical completion certificate & project unbundling information | All |
| | | Recommend: relevant manager | | |
| | | Relevant director approves | | |
| 9 | Package completion (Close Out) | Works with notified defects corrected, final account settled and the close out report issued | | |
| | | Accept: relevant manager / consulting engineer | Final completion certificate | All |
| | | Recommend: relevant manager | | |
| | | Relevant director approves | | |

4.2 Gateway reviews

4.2.1 All major capital projects having an estimated capital expenditure equal to or fifty million rand shall have a gateway review of the end-of-stage 4 deliverable, prior to the acceptance of such deliverable. The review shall be initiated by the organ of state which intends implementing the project. The focus of such a review shall in the first instance be on the quality of the documentation, and thereafter on:
a) deliverability (the extent to which a project is deemed likely to deliver the expected benefits within the declared cost, time and performance envelope);
b) affordability (the extent to which the level of expenditure and financial risk involved in a project can be taken up on, given the organisation's overall financial position, both singly and in the light of its other current and projected commitments); and
a) value for money.

4.2.2 A gateway review team shall comprise not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with various aspects of the subject matter of the deliverable at the end of the stage under review. Such a team shall be led by a person who has at least six years postgraduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.2.3 The relevant treasury shall be notified of a proposed gateway review for a major capital project, three weeks prior to the conducting of such a review. Such notification shall be accompanied by a brief outline of the proposed project or package, the names and qualifications of the reviewers and the timeframes for the review. The relevant treasury may nominate additional persons to serve on the review team.

4.2.4 The gateway review team shall base its findings primarily on:
a) the information contained in the end-of-stage deliverables;
b) supplementary documentation, if any, provided by key staff obtained during an interview process; and
c) interviews with key staff members and stakeholders.

4.2.5 The gateway review team shall issue a report at the conclusion of a gateway review which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

4.2.6 Aspects in the report shall be flagged as being:
a) code red: team considers the aspect to pose a significant risk to the project or package;
b) code amber: team considers the aspects which indicate a minor risk to the project or package; or
c) code green: team considers the aspect to have been given adequate consideration to the extent that it is unlikely to jeopardise the success of progressing to the next stage, or minor adjustments may be required before proceeding.

4.2.7 The contents of the gateway review report shall be taken into account when accepting the stage 4 deliverable. A stage 4 deliverable shall not be accepted until such time that all code red risks have been addressed in the stage 4 end-of-stage deliverable.

## 5 Control framework for infrastructure procurement

5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

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

a) Bid Specification Committee shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;

b) the authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

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

## 6 Infrastructure delivery management requirements

### 6.1 Institutional arrangements

#### 6.1.1 Committee system for procurement

##### 6.1.1.1 General

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

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

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

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

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

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than 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.

6.1.1.2 Bid Specification committee

6.1.1.2.1 The *Accounting Officer* shall appoint in writing on a procurement by procurement basis:

a) the members of the bid specification committee.

6.1.1.2.2 The Bid Specification Committee shall comprise one or more persons. The chairperson shall be an employee of *Witzenberg Municipality* with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

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

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

| Activity | | Sub-Activity (see Table 3 of the standard) | | Key action | Person assigned responsibility to perform key action |
|---|---|---|---|---|---|
| 1* | Establish what is to be procured | 1.3 PG1 | Obtain permission to start with the procurement process | Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates. | Council (BUDGET APPROVAL)<br>Relevant Manager |
| 2* | Decide on procurement strategy | 2.5 PG2 | Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure | Confirm selection of strategies so that tender offers can be solicited | Relevant director |
| 3 | Solicit tender offers | 3.2 PG3 | Obtain approval for procurement documents | Grant approval for the issuing of the procurement documents | Procurement documentation committee BSC and relevant director |
| | | 3.3 PG4 | Confirm that budgets are in place | Confirm that finance is available for the procurement to take place | CFO (BSC) |
| 4 | Evaluate tender offers | 4.2 PG5 | Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure | Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process | Director (BEC) |
| | | 4.7 PG6 | Confirm recommendations contained in the tender evaluation report | Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award | Tender committee BAC,<br>Accounting Officer |
| 5 | Award contract | 5.3 PG7 | Award contract | Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract | Accounting Officer |
| | | 5.5 GF1 | Upload data in financial management and payment system | Verify data and upload contractor's particulars and data associated with the contract or order | CFO or delegate. |

* Applies only to goods and services not addressed in a procurement strategy developed during stage 2 (strategic resourcing) of the control framework for infrastructure delivery management

Table 2 (continued)

| Activity | | Sub-Activity | | Key action | Person assigned responsibility to perform key action |
|---|---|---|---|---|---|
| 6 | Administer contracts and confirm compliance with requirements | 6.4 PG8A | Obtain approval to waive penalties or low performance damages. | Approve waiver of penalties or low performance damages | Director |
| | | 6.5 PG8B | Obtain approval to notify and refer a dispute to an adjudicator | Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law | Director |
| | | 6.6 PG8C | Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage | Approve amount of time and cost overruns up to the threshold | Director |
| | | 6.7 PG8D | Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively | Approve amount of time and cost overruns above a the threshold | Accounting Officer |
| | | 6.8 PG8E | Obtain approval to cancel or terminate a contract | Approve amount | Accounting Officer |
| | | 6.9 PG8F | Obtain approval to amend a contract | Approve proposed amendment to contract | Accounting Officer |

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

| Activity | | Key action | Person assigned responsibility to perform key action |
|---|---|---|---|
| 1 FG1 | Confirm justifiable reasons for selecting a framework contactor where there is more than one framework agreement covering the same scope of work | Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited | *Relevant director or manager* |
| 3 FG2 | Obtain approval for procurement documents | Grant approval for the issuing of the procurement documents | *BSC* |
| 4 FG3 | Confirm that budgets are in place | Confirm that finance is available so that the order may be issued | *Relevant director or manager / Approved budget* |
| 6 FG4 | Authorise the issuing of the order | If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order | *BAC* |

6.1.1.3 Evaluation committee

6.1.1.3.1 The *Accounting Officer* shall appoint on a procurement by procurement basis in writing:

a) the members of the bid evaluation committee.

6.1.1.3.2 The bid evaluation committee shall comprise not less than three people. The chairperson shall be an employee of *Witzenberg Municipality* with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery.

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

a) the capability and capacity of a tenderer to perform the contract;

b) the tenderer's tax and municipal rates and taxes compliance status;

b) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;

d) the Compulsory Declaration has been completed; and

e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

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

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the *Accounting Officer* of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Bid Adjudication Committee

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

a) *Chief financial officer* who shall be the chairperson:

b) *Director Technical Services*

c) *Director Community Services*

d) Director Corporate services

e) Manager Supply Chain

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

6.1.1.4.3 The Bid Adjudication committee shall:

a) consider the report and recommendations of the evaluation committee and:

1) verify that the procurement process which was followed complies with the provisions of this document;

2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;

3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and

4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and

b) refer the report back to the evaluation committee for their reconsideration, make a reward for bids below R 10 000 000 or make a recommendation to the accounting officer on the award of a tender, with or without conditions, together with reasons for such recommendation for bids above R 10 000 000.

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

6.1.1.4.5 The Bid Adjudication committee shall consider the merits of an unsolicited offer and make a recommendation to the Accounting Officer.

6.1.1.4.6 The Bid Adjudication 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.

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

a) made a misrepresentation or submitted false documents in competing for the contract or order; or

b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

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

### 6.1.2 Actions of the accounting officer relating to the award of a contract or an order

#### 6.1.2.1 Award of a contract

6.1.2.1 The accounting officer shall, consider the report(s) and recommendations of the Bid Adjudication committee, 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.

### 6.1.3 Conduct of those engaged in infrastructure delivery

#### 6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of *Witzenberg Municipality* shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

a) behave equitably, honestly and transparently;

b) discharge duties and obligations timeously and with integrity;

c) comply with all applicable legislation and associated regulations;

d) satisfy all relevant requirements established in procurement documents;

e) avoid conflicts of interest; and

f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

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

a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;

b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;

c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;

d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;

e) ensure that resources are administered responsibly;

f) be fair and impartial in the performance of their functions;

g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;

h) not abuse the power vested in them;

i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;

j) assist *Witzenberg Municipality* in combating corruption and fraud within the infrastructure procurement and delivery management system;

k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;

l) not make false or misleading entries in reports or accounting systems; and

m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

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

#### 6.1.3.2 Conflicts of interest

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

a) disclose in writing to the employee of the *Witzenberg Municipality* to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and

b) not participate in any activities that might lead to the disclosure of *Witzenberg Municipality* proprietary information.

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

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

a) *Witzenberg Municipality* states in the tender data that such an agent is a potential tenderer;

b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and

c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

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

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

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

b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;

c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and

d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to *Witzenberg Municipality.*

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

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

#### 6.1.3.4 Non-disclosure agreements

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

#### 6.1.3.5 Gratifications, hospitality and gifts

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

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

a) money, loans, equity, personal favours, benefits or services;

b) overseas trips; or

c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

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

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

a) meals and entertainment, but excluding the cost of transport and accommodation;

b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;

c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;

d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and

e) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350, they must declare these gifts to the *Accounting Officer*.

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

6.1.3.5.6 Employees and agents of *Witzenberg Municipality* shall without delay report to the *Accounting Officer* any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

#### 6.1.3.6 Reporting of breaches

Employees and agents of *Witzenberg Municipality* shall promptly report to the *Accounting Officer* any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

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

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

a) take steps against an employee or role player and inform the National Treasury and *Western Cape Treasury* of those steps;

b) report to the South African Police Service any conduct that may constitute a criminal offence;

c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;

d) cancel a contract if:

   1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or

   2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

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

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

a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;

b) a member of the council of any municipal entity;

c) an official of any municipality or municipal entity;

d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

e) a member of the accounting authority of any national or provincial public entity; or

f) an employee of Parliament or a provincial legislature.

6.1.5.2 The notes to the annual financial statements of the *Witzenberg Municipality* shall disclose particulars of an award of more than R 2 000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

### 6.1.6 Collusive tendering

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

a) is not associated, linked or involved with any other tendering entity submitting tender offers; or

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

### 6.1.7 Placing of contractors under restrictions

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

a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;

b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;

c) had their contract terminated for reasons within their control without reasonable cause;

d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;

e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards *Witzenberg Municipality*; or

f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of *Witzenberg Municipality* that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

The relevant manager shall prepare a report on the matter and make a recommendation to the *Accounting Officer* for placing the contractor or any of its principals under restrictions from doing business with the *Witzenberg Municipality*.

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

6.1.7.3 The relevant manager shall:

a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of *Witzenberg Municipality* who are engaged in procurement processes; and

b) notify the National Treasury and relevant Provincial *Treasury* and , if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

### 6.1.8 Complaints

6.1.8.1 All complaints regarding the *Witzenberg Municipality*'s infrastructure delivery management system shall be addressed to the Accounting officer. Such complaints shall be in writing.

6.1.8.2 The Accounting officer shall investigate all complaints regarding the infrastructure procurement and delivery management system and who will decide on what action to take.

## 6.2 Acquisition management

### 6.2.1 Unsolicited proposal

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

a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;

b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;

c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for *Witzenberg Municipality*;

d) the offer is in writing and clearly sets out the proposed cost;

e) the person who made the offer is the sole provider of the goods or service; and

f) the *Accounting Officer* finds the reasons for not going through a normal tender processes to be sound.

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

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

b) the *Witzenberg Municipality*' has obtained comments and recommendations on the offer from the National Treasury and *Western Cape Treasury*;

c) the Bid Adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and *Western Cape Treasury*; and

d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The *Accounting Officer* shall, within 14 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the *Western Cape Treasury* and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

### 6.2.2 Tax and rates compliance

#### 6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 15 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.2.1.

6.2.2.1.3 Notwithstanding the requirements of 6.2.2.1 and 6.2.2.3 the following shall apply, unless a person who is not tax compliant indicates to the Accounting officer that it intends challenging its tax compliance status with SARS,

a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;

b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;

c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;

d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;

e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

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

#### 6.2.2.2 Municipal rates and taxes

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

### 6.2.3 Declarations of interest

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

a) are an employee of the *Witzenberg Municipality* or in the employ of the state; or

b) have a family member or a business relation with a person who is in the employ of the state.

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

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the *Witzenberg Municipality*'s website and on the National Treasury eTender Publication Portal. Advertisements shall be placed by the Supply Chain Management department.

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

6.2.4.3 Where deemed appropriate by the Bid Specification Committee an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by the Supply Chain Management department.

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

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

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

6.2.5.1 The Supply Chain Management department shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the municipality's or municipal entity's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

6.2.5.2 The Supply Chain Management department shall publish within 7 working days of the award of a contract the following on the *Witzenberg Municipality*'s website

a) the contract number;

b) contract title;

c) brief description of the goods, services or works;

d) the total of the prices, if practical;

e) the names of successful tenderers and their B-BBEE status level of contribution;

f) duration of the contract; and

g) brand names, if applicable.

6.2.5.3 the Supply Chain Management department shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury eTender Publication Portal regarding the successful and unsuccessful tenders. Submissions shall be made by the Supply Chain Management department.

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

### 6.2.6 Disposal committee

6.2.6.1 The *Accounting Officer* shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

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

6.2.6.3 The disposal committee shall make recommendations to *Accounting Officer* who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, and decide not to proceed or to start afresh with the process.

## 6.3 Reporting of infrastructure delivery management information

The Manager: Supply Chain Management and relevant technical expert shall submit any reports required in terms of the standard to the National Treasury or *Western Cape Treasury*.

## 7 Infrastructure procurement

7.2.1 The *Witzenberg Municipality*'s preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by the Accounting Officer prior to being issued for tender purposes.

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

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

a) consultancy services; and

b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

### 7.3 Payment of contractors

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

### 7.4 Approval to utilise specific procurement procedures

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

a) The Accounting Officer shall authorise the use of the negotiated procedure above the thresholds provided in the standard.

b) The Accounting Officer shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and

c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure.

7.4.2 The person authorised to pursue a negotiated procedure in an emergency is *[designated person].*

### 7.5 Receipt and safeguarding of submissions

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

### 7.6 Opening of submissions

7.6.1 Submissions shall be opened by an opening panel comprising two people nominated by the chief financial officer who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.6.2 The opening panel shall open the tender box at the stipulated closing time and:

a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;

b) return submissions unopened and suitably annotated where:

1) submissions are received late, unless otherwise permitted in terms of the submission data;

2) submissions were submitted by a method other than the stated method,

3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.

4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;

c) record in the register submissions that were returned unopened;

d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;

e) record in the register the name of any submissions that is returned with the reasons for doing so;

f) record the names of the tenderer's representatives that attend the public opening;

g) sign the entries into the register; and

h) stamp each returnable document in each tender submission.

7.6.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.6.2h).

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

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

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

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

### 7.8 Insurances

7.8.1 Contractors shall be required to take out all insurances required in terms of the contract.

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

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

Table 4: Minimum insurance cover

| Type of insurance | Value |
|---|---|
| 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 | Not less than R20 million |
| 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 | Not less than R10 million |
| Professional indemnity insurance | geotechnical, civil and structural engineering: R5,0 million<br>electrical, mechanical and engineering: R3,0 million<br>architectural: R5,0 million<br>other R3,0 million |

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

7.8.5 SASRIA: Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

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

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

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

### 7.9 Written reasons for actions taken

7.9.1 Written reasons for actions taken shall be provided by the relevant manager.

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

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

b) SANS 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest;*

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

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

### 7.10 Request for access to information

7.10.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the "requestor" should be referred to the *Witzenberg Municipality*'s Information Manual which establishes the procedures to be followed and the criteria that have to be met for the "requester" to request access to records in the possession or under the control of *Witzenberg Municipality*'s.

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

WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase

# LONG-TERM FINANCIAL PLAN POLICY

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|---|
| Date of implementation 01 July 2013 |

# LONG-TERM FINANCIAL PLAN POLICY

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## 1. DEFINITIONS AND ABBREVIATIONS

''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;

"BSC" means Budget Steering Committee, a committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA;

''budget-related policy'' means a policy of a municipality affecting or affected by the annual budget of the municipality, including—

the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or

the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"IDP" means the Integrated Development Plan;

"LTFP" means Long Term Financial Plan;

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

"MBRR" means the Municipal Budget and Reporting Regulations;

"MFMA" means the Municipal Finance Management Act No 56 of 2003;

"MTREF" means Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years;

"Municipality" means Witzenberg Municipality;

''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.

"Short Term" refers to a period up to 3 (three) years

"Medium Term" refers to a period between 3 (three) and 5 (five) years

"Long Term" refers to any period longer than 5 (five) years

## 2. INTRODUCTION

2.1. The Local Government: Municipal Finance Management Act No 56 of 2003 (hereafter MFMA) has instituted various financial reform measures. Sound financial management practices have been identified as essential to the long- term sustainability of municipalities. In this regard the MFMA necessitates that municipality's must have a policy related the Long Term Financial Plan (hereafter LTFP).

2.2. A municipality's financial plan integrates the financial relationships of various revenue and expenditure streams to give effect to the Integrated Development Plan (hereafter IDP). It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on rates, tariffs and other service charges.

2.3. The Municipality has developed a financial model that aims to determine the appropriate mix of parameters and assumptions within which the municipality should operate to facilitate budgets which are affordable and sustainable at least 10 years into the future. In addition, it identifies the consequential financial impact of planned capital projects on the municipality's operational budget.

## 3. PROBLEM STATEMENT

3.1. Preceding the inception of the MFMA municipal budgets usually catered for immediate demands with little or no view to future needs or the future consequences of particular decisions. This poor planning practice fragmented the sustainability of municipal budgets.

## 4. PURPOSE

4.1. The policy aims to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

## 5. GUIDING PRINCIPLES

5.1. The policy is based on the following principles:-

5.1.1. Future financial sustainability;
5.1.2. Optimal collection of revenue, taking into consideration the socio economic environment;
5.1.3. Optimal utilisation of grant funding;
5.1.4. Continuous improvement and expansion in service delivery framework, and
5.1.5. Prudent financial strategies.

## 6. ROLE PLAYERS AND STAKEHOLDERS

The following role players will ensure that the LTFP is implemented in accordance with the prescribed legislative requirements and Council processes.

6.1. Budget Office

6.1.1. Responsible for the preparation and the compilation of the LTFP;
6.1.2. Responsible for overall oversight;
6.1.3. Present long term financial plan outcome to the Budget Steering Committee;
6.1.4. Review Policy and Strategy, in consultation with relevant stakeholders, to ensure maximum compliance in terms of legislation.

6.2. Directorates and Departments

6.2.1. Responsible for providing reasons on past performance outcomes
6.2.2. Responsible for providing information to Budget Office to update the financial plan;
6.2.3. Required to identify revenue and expenditure plans for both operating and capital budgets for at least 3 years.
6.2.4. Required to make recommendations on future service delivery matters.

6.3. Budget Steering Committee

6.3.1. Responsible for providing strategic guidance on matters relevant to the long term financial plan
6.3.2. Responsible for endorsing the projected MTREF assumptions and parameters contemplated by the LTFP.

7. REGULATORY CONTEXT

7.1. Section 17 (3) of the MFMA states that "when an annual budget is tabled it must be accompanied by amongst other "any proposed amendments to the budget-related policies of the municipality".

7.2. Section 21 of the MFMA states that the mayor of a municipality must at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for, amongst other:
(i) The preparation, tabling and approval of the annual budget;
(ii) the annual review of—
(aa) the integrated development plan in terms of section 34 of the Municipal Systems Act; and
(bb) the budget-related policies;
(ii) The tabling and adoption of any amendments to the IDP and the budget-related policies; and
(iii) any consultative processes forming part of the processes referred to in subparagraphs (i), (ii) and (iii).

7.3. Section 7 (1) of the Local Government: Municipal Finance Management Act, 2003, Municipal Budget and Reporting Regulations, 2009 (hereafter MBRR) states that:
"the Municipal Manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of budget-related policies of the municipality, or any or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21 (1) (b) of the MFMA".

7.4. Section 7 (1) reference (1) of the MBRR, further states that "as defined in section 1 of the MFMA. Policies that affect or are affected by the annual budget of a municipality include …. "(g) A policy related to the long term financial plan".

7.5. Section 4 (1) of the MBRR states "that the mayor of a municipality must establish a budget steering committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA".

7.6. Section 26 (h) of the Local Government: Municipal Systems Act 32 of 2000 (hereafter the MSA) states that "An Integrated Development Plan must reflect a financial plan, which must include a budget projection for at least the next three years".

8. POLICY DIRECTIVE DETAILS

8.1. Financial strategies
8.1.1. An intrinsic feature of the LTFP is to give effect to the Municipality's financial strategies. These strategies include:
8.1.1.1. Increasing funding for asset maintenance and renewal;
8.1.1.2. Continuous improvement to the financial position;
8.1.1.3. Ensuring affordable debt levels to fund the capital budget;
8.1.1.4. Maintaining fair, equitable and affordable rates and tariff increase;
8.1.1.5. Maintaining or improving basic municipal services;
8.1.1.6. Achieving and maintaining a breakeven/surplus Operating budget; and
8.1.1.7. Ensuring full cost recovery for the provision of internal services.

8.2. Non – financial strategies
8.2.1. The LTFP is a key component for achieving the goals listed in the IDP of the Municipality. The LTFP must consider the following non – financial strategic strategies:
8.2.1.1. The Municipality's Strategic Focus Areas;
8.2.1.2. Infrastructure led growth strategies; and
8.2.1.3. The Municipality's Spatial Development Framework.

8.3. Preparation of the LTFP
8.3.1. The LTFP process should commence by latest June of each year.
8.3.2. The LTFP should consider the fiscal overview by reviewing past financial performance, projection of long-term financial outlook and financing and funding arrangements. The following matters should be considered annually:
8.3.2.1. Revising the long-term financial plan for events that may have impacted during the recent past;

8.3.2.2. Assessing the outcomes and achievements of the past few years financial performance as per the audited financial statements;
8.3.2.3. Reviewing the financial objective and assumptions;
8.3.2.4. Reviewing the past and summarise long term financial outlook;
8.3.2.5. Assess the current overall financial position and liquidity situation;
8.3.2.6. Identify any financial challenges and constraints;
8.3.2.7. Identifying strategies to deal with the challenges, and to maintain financial viability and capacity to sustain services;
8.3.2.8. Identify overall funding mix and implications for own revenue and external funding; and
8.3.2.9. Assess compliance with the MFMA and other relevant legislation etc.

8.3.3. The LTFP is prepared in an uncertain environment it is therefore required to make certain assumptions on the following internal and external factors:
8.3.3.1. Reviewing the external factors (population migration, employment, health, development of businesses, and new residential areas, etc.);
8.3.3.2. General inflation outlook and its impact on the municipal activities;
8.3.3.3. Credit rating outlook;
8.3.3.4. Interest rates for borrowing and investment of funds;
8.3.3.5. Rates, tariffs, charges and timing of revenue collection;
8.3.3.6. Growth or decline in tax base of the municipality;
8.3.3.7. Collection rates for each revenue source;
8.3.3.8. Price movements on specifics e.g. bulk purchases of water and electricity, fuel etc.;
8.3.3.9. Average salary increases;
8.3.3.10. Industrial relations climate, reorganisation and capacity building;
8.3.3.11. Trends in population and households (growth, decline, stable);
8.3.3.12. Changing demand characteristics (demand for services);
8.3.3.13. Trends in demand for free or subsidised basic services;
8.3.3.14. Impact of national, provincial and local policies;
8.3.3.15. Ability of the municipality to spend and deliver on the programmes; and
8.3.3.16. Implications of restructuring and other major events into the future.

8.3.4. Intergovernmental fiscal transfers/allocations from National and Provincial government play a pivotal role in the finances of the Municipality. The following unconditional transfers/allocations must be considered, as a minimum, when projecting the budget:
8.3.4.1. Local Government Equitable Share;
8.3.4.2. Grants related to the provision of Provincial government functions.

8.4. The Municipality's LTFP model and scenario planning
8.4.1. The Municipality financial model gives effect to the LTFP. It enables the forecasting of the operating and capital budgets for at least 10 years into the future. The model embodies National Treasury's budget preparation guidelines, drawing on assumptions and parameters to forecast the operating budget.
8.4.2. Strategic initiatives should be prioritised and quantified to be included in the financial model.
8.4.3. The financial forecasting model must be updated using the fiscal overview, assumption and intergovernmental fiscal transfers/allocations information to identify immediate opportunities and/or risks.
8.4.4. The medium and long-term financial viability should be evaluated.
8.4.5. Reiterative scenario planning should be executed to ensure optimum use of resources to cater for strategic initiatives.
8.4.6. To identify the optimum balance between revenue collection and municipal spending the following should be taken into account:
8.4.6.1. The impact each scenario has on the financial sustainability and affordability of the Municipality;
8.4.6.2. Whether scenarios are realistic in terms of revenue projections;
8.4.6.3. Potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality;
8.4.6.4. Potential cost saving mechanisms related to strategic initiatives; and
8.4.6.5. The impact of infrastructure investments and maintenance programs on future revenue streams.
8.4.7. Presentations on scenarios should be presented to the BSC as may be requested.
8.4.8. BSC should endorse the final MTREF scenario inclusive of assumptions and parameters annually by latest January.

8.5. The annual updated LTFP should identify the following:
- 8.5.1. Assumptions and parameters to be used to compile the Operating and Capital budgets over the next MTREF;
- 8.5.2. Future Operating revenue and expenditure projections based on assumptions and parameters;
- 8.5.3. Future affordability of projected Capital Plans
- 8.5.4. The level of infrastructure development required to achieve the
- 8.5.5. Municipal priorities, within the funding restrictions; and
- 8.5.6. External funding requirements in respect of long term debt.

8.6. Implementation of the LTFP
- 8.6.1. The annual updated LTFP should provide the parameters and assumptions for the compilation of the operating and capital budgets for the next MTREF.
- 8.6.2. This information should be provided to the Operating and Capital budget departments by latest January of each year.

9. EVALUATION AND REVIEW
- 9.1. This policy shall be implemented once approved by Council.
- 9.2. In terms of section 17(1) (e) of the MFMA this policy must be reviewed on an annual basis
- 9.3. Changes in financial strategy, non – financial strategic strategies and legislation must be taken into account for future amendments to this policy.
- 9.4. Any amendments must be tabled to Council for approval as part of the budget process.

# TRANSPORT- TRAVEL- AND SUBSISTENCE ALLOWANCE FOR COUNCILLORS AND EMPLOYEES OF WITZENBERG MUNICIPALITY

This policy applies to all Councillors and employees of Witzenberg Municipality who are travelling on official business.

## 1. Glossary

| | |
|---|---|
| "accommodation allowance" | an amount payable to a Councillor or an employee for expenses incurred in respect of overnight accommodation, meals and incidental costs (e.g. refreshments). This allowance is intended for unusual circumstances which fall outside of the employee's or Councillor's normal daily course. |
| "incidental costs" | private telephone calls, refreshments, service charges and gratuities. |
| "meals" | breakfast and /or lunch and /or dinner. |
| "miscellaneous expenses" | laundering, bus fares, taxi fares, parking- & toll fees, and expenses not specified. |
| "representative" | A Councillor or an employee who is duly authorised to represent the Municipality in terms of the delegated powers of the Council. |
| "senior manager" | an employee appointed in terms of Section 56 of the Municipal Systems Act (Act no. 32 of 2000). |

## 2. Transport Allowance

### 2.1. Councillors

An travelling allowance of not more than 25% of the annual total remuneration package of a councillor concerned as determined in terms of Remuneration Of Public Office Bearers Act of 1998 may be included as part of the total package of the councillor.

### 2.2. Municipal Manager and Senior Managers

The Municipal Manager and Senior Managers shall be required to utilise their own motor vehicle when they is required to travel for purposes relating to their employment and may therefore structure their total cost of employment to provide for a car allowance for tax purposes.

### 2.3. Other qualifying employees: Fixed Travelling Allowance Scheme (Perk scheme)

All applications for a Transport Allowance shall require the approval of the Municipal Manager. The monthly transport allowance of other qualifying employees will be determined according to their task levels:

| T LEVEL | New Transport Allowance | Current Transport Allowance |
|---|---|---|
| T 14 | R 9,000 | R 8,330 |
| T 15 | R 10,000 | R 8.330 |
| T 16 | R 11,000 | R 8,330 – 10,925<br>Higher amounts – personal to incumbent. |
| T 17+ | R 12,000 | R 8.330 |

The monthly allowance will increase with 50% of the annual salary increase as agreed upon by the Bargaining Council from 1 July 2017.

## 2.4. Essential User Transport Allowance

The Essential User Transportation Scheme is paid to employees who need transport to perform duties as an alternative to the provision of official transport.

To be eligible for a regular transport allowance an employee should for six consecutive months in the form prescribed keep record of official trips taken with private vehicles by keeping at least information about the date, route, distance and reason and authorization for each trip. During the six months the employee will be paid an ad hoc monthly transport allowance calculated by multiplying the official distance travelled (limited to 1 166km) by the sum of the fixed and running cost of the relevant vehicle. At the end of six months a reported should be submitted to the municipal manager for consideration of the award of a regular transport allowance based on the average monthly distance travelled for official purposes within the Witzenberg Municipal area..

All applications for an Essential User Transport Allowance including the type of vehicle shall require the approval of the Municipal Manager. Admission to and participation in the scheme is determined on the basis of the need for transportation for official purposes.

The fixed monthly allowance is based on average distance travelled over 6 months. The maximum fixed monthly distance is 1 166 km per month. If the municipal manager approves a monthly distance of more than 1 166 km in special circumstances only the running cost will be payable for the distance in excess of 1 166 km.

If records of distances travelled over a period of six months are not available a log book must be kept and the employee will be paid for the actual official distances travelled to a maximum of 1 166 km per month.

The cost per kilometre is determined as per the following table and will be amended with the annual budget process:[1]

| **FIXED COST** | | |
|---|---|---|
| **NORM** | **R 170 000** | **R 250 000** |
| **CAPACITY** | **1400cc - 1600cc** | **2000cc** |
| **TYPE** | **Sedan** | **LDV** |
| **FINANCING** | **R 43 350** | **R 63 750** |
| **INSURANCE** | **R 9 100** | **R 11 000** |
| **TOTAL** | **R 52 450** | **R 74 750** |
| **÷ANNUAL DISTANCE** | **14 000 km** | **14 000 km** |
| **Cent/km** | **380c** | **540c** |
| | | |
| **RUNNING COST** | | |
| **Cent/km** | **190c** | **200c** |

The employer or employee can terminate participation in this scheme with six months' notice.

[1] Recommended for amendment

3. **Travelling expenses**

3.1. In the consideration of expenditure the most practical and economical mode of transport must be used, after all the factors have been considered by the Municipal Manager or his/her nominee, provided that such consideration does not exceed whatever is listed hereunder.

**3.2. Airfares**

Economy class airfares shall be paid plus vehicle rental in the Class A category. In cases of emergency and where no booking for economy class or a Class A vehicle is available, the Municipal Manager or his nominee may authorise that Business Class or any other vehicle class tariffs may be paid.

**3.3. Travelling expenses**

Travelling expenses shall only be paid to a representative or in the case of an employee where he/she uses private transport to undertake a trip on behalf of the Municipality.

Every trip by an employee must have the prior authorisation of the employee's senior manager.

3.3.1. Reimbursement of travelling expenses to destinations outside of the Municipality's jurisdictional area, shall be payable to employees who participate in the **Fixed Travelling Allowance Scheme (Perk scheme)** as per kilometres measured from the employee's location or place of residence, whichever is the shortest. The tariff per kilometre is R 2.00.

The running cost will increase with 50% of the annual salary increase as agreed upon by the Bargaining Council from 1 July 2017.

3.3.2. Reimbursement of travelling expenses to destinations outside of the Municipality's jurisdictional area, shall be payable to Employees who participate in the **Essential User Transportation Scheme** as per kilometres measured from the employee's location or place of residence, whichever is the shortest. The tariff per kilometre will is according to the running cost of the scheme.

3.3.3. Employees who are not part of any Transportation Scheme shall be reimbursed for actual kilometres travelled from their place of residence or from his/her location during office hours in accordance with Section 8(1)(b) of the Income Tax Act and in conjunction with the prescribed tariffs per kilometre for employees not travelling more than 8 000 kilometres per annum.

3.3.4. Travelling expense reimbursements **for Councillors, the Municipal Manager and other senior managers** shall be dealt with as follows:

3.3.4.1. Destinations outside of the Municipality's area of jurisdiction:

Councillors, the Municipal Manager and other senior managers shall be reimbursed for the actual kilometres travelled in accordance with the tariffs of the Department of Transport.

3.3.4.2. Destinations within the Municipality's area of jurisdiction:

3.3.4.2.1. The Municipal Manager and other senior managers shall not receive any reimbursement for actual kilometres travelled within the

Municipality's area of jurisdiction, insofar as such travelling expenses have already been factored into their total reimbursement package.

3.3.4.2.2. Councillors shall be reimbursed in accordance with the Act on Public Office Bearers subject to the business kilometre limits as stipulated in the Act.

3.3.4.2.3. Where a councillor wishes to claim for kilometres travelled over and above the limit as stipulated in the Act referred to in (b) supra, such claim must be accompanied by a travel log of all the kilometres travelled. This travel log should at least include a starting- and finishing kilometre reading per trip, as well as defining the purpose of the trip. The reimbursement for the kilometres travelled over and above the limit, shall be paid in accordance with the tariffs of the Department of Transport.

3.3.5. A person who elects to make use of private transport to attend a meeting, congress or seminar, and where the travelling costs would be more than airfare, shall be paid the cash equivalent of an Economy Class air ticket based on a seven (7) day advance booking, with the proviso that the subsistence costs shall only be paid for a period not longer than would have been applicable in the case of air travel.

3.3.6. Where at all possible, more than one (1) person shall make use of the same vehicular transport, and only the owner or the driver of the vehicle is entitled to claim the applicable travelling allowance as defined in 3.3.1 to 3.3.5. Every endeavour should be made to utilize the mode of transport that is the most economical.

3.3.7. Where an employee who participates in the Essential User Transportation Scheme or the Fixed Travelling Allowance Scheme travels to the very same destination as Councillors or other employees, then such Councillors and employees shall endeavour to travel with the employee who is in receipt of the said travelling allowance.

3.3.8. Where an employee will be travelling beyond a radius of 200 kilometres from his location or place of residence, he may claim an advance payment equal to the estimated kilometres multiplied by the applicable tariff. Upon return to his location, the employee shall submit a final claim so that the adjustment between the advance payment and the actual claim can be settled once-off.

## 4. <u>Subsistence Costs</u>

The accommodation allowance is divided into two categories, namely overnight allowance and day allowance.

4.1. Overnight allowance

An overnight allowance shall be paid to a representative who travels to a destination outside of the municipal area for a period of 24 hours or longer or any portion thereof after the first 24 hours.

A distinction is made between travelling within and travelling outside of the boundaries of the Republic of South Africa.

The following are the limits in respect of allowances and actual expenditure:

### 4.1.1. Accommodation

4.1.1.1. Accommodation expenses, both within as well as outside of the boundaries of South Africa:

4.1.1.2. The actual expenditure in respect of accommodation shall be paid by the Municipality, provided that this expenditure does not exceed the day tariff as determined by Council during its budget process.

4.1.1.3. Only the actual expense incurred by the representative shall be paid. In the event where the representative is accompanied by his/her spouse, the representative shall be responsible for the difference between the single tariff and the double tariff of the relevant institution.

4.1.1.4. The costs for the representative's spouse as referred to in 4.1.1.2 must be paid to the Municipality in advance if such costs have to be paid in together with that of the representative.

4.1.1.5. Where the tariff as mentioned in 4.1.1.1 is exceeded, the prior approval of the Municipal Manager or his nominee has to be obtained.

4.1.2. **Meals and incidental expenses within the boundaries of the Republic of South Africa:**

4.1.2.1. The allowance payable shall be equal to the "Meals and Incidental Costs"-tariff as determined and amended by the South African Revenue Services in terms of Section 8(1)(c) of the Income Tax Act, and is deemed non-taxable. The allowance paid shall be deemed as the actual expenditure by the representative.

Actual expenditure incurred for meals excluding alcoholic refreshment may be claimed provided that this expenditure does not exceed the day tariff as determined by Council during its budget process.

4.1.2.2. In the event where all the meals are included with the accommodation and/or supplied during the conference, meeting or seminar, the tariff for incidental expenses will apply. This tariff is equal to the tariff defined as "Only Incidental Expenses" as determined and amended by the South African Revenue Services in accordance with Section 8(1)(c) of the Income Tax Act, and is deemed non-taxable.

4.1.2.3. In the event where certain meals are included with the accommodation or supplied during the conference, meeting or seminar, the accommodation allowance shall be reduced proportionately as follows:

The difference between the tariffs as determined in 2.1.2.1 and 2.1.2.2 shall be divided into three equal parts and shall be reduced by the number of meals provided, irrespective of whether the representative made use of the meals or not, plus the tariff as referred to in 2.1.2.2.

4.1.2.4. In the event where the purpose of the expense is to facilitate training, all tariffs payable in terms of 2.1.2.1, 2.1.2.2 and 2.1.2.3 may be claimed in advance with the prior approval of an authorised official within the Human Resources Section.

4.1.2.5. In the event where the representative is unable to make use of the meals provided due to religious convictions or allergies, the reimbursement for alternative meals shall be dealt with on an ad hoc basis, with the authorization of the Municipal Manager or his nominee.

**4.1.3. Meals and incidental expenses outside of the boundaries of the Republic of South Africa:**

4.1.3.1. The maximum tariff payable shall be equal to the tariff defined as "Meals and Incidental Costs in the Republic" as determined and amended by the South African Revenue Services in terms of Section 8(1)(c) of the Income Tax Act, and is deemed non-taxable.

4.1.3.2. The payment of the tariff shall be deemed as actual expenditure by the representative, for which no formal proof of expenditure is required, and is payable irrespective of whether meals were provided or not.

4.1.3.3. The tariff payable in terms of 2.1.3.1 may be claimed in advance with the prior approval of the Municipal Manager. In the case of the Municipal manager the prior approval must be given by the Executive Mayor.

4.1.3.4. In the event where all the meals are included with the accommodation and/or supplied during the conference, meeting or seminar, the tariff for incidental expenses is payable subject to paragraph 2.1.3.8.

4.1.3.5. This tariff is equal to the tariff defined as "Only Incidental Expenses" as determined and amended by the South African Revenue Services in accordance with Section 8(1)(c) of the Income Tax Act, and is deemed non-taxable.

4.1.3.6. In the event where certain meals are included with the accommodation or supplied during the conference, meeting or seminar, the accommodation allowance shall be reduced proportionately as follows:

4.1.3.7. The difference between the tariff defined as "Only Incidental Expenses" and the tariff known as "Meals and Incidental Costs" shall be divided into three equal parts and shall be reduced by the number of meals provided, irrespective of whether the representative made use of the meals or not.

4.1.3.8. Incidental expenses is only due where the recipient is obliged to spend at least one night away from his or her usual place of residence.

**4.1.4. Miscellaneous Expenses:**

4.1.4.1. The actual expenditure in respect of laundry (excluding dry cleaning), bus fares and taxi fares, parking fees and toll fees, shall be paid by the Municipality upon proof of payment, both within as well as outside of the boundaries of the Republic of South Africa, and the expenditure shall be linked to the exchange rate, where applicable.

4.1.4.2. Communication Expenses:

4.1.4.2.1. All expenses incurred within the Republic's boundaries, shall be dealt with in terms of the Cell Phone Policy, as amended.

4.1.4.2.2. The cost of any calls made or received by the representative outside of the boundaries of the Republic, shall be paid at the actual cost of all official calls.

## 5. Reimbursement for applicants who attend interviews.

5.1. Accommodation expenses

5.1.1. The actual cost of the accommodation, including the cost of meals, as arranged by the Municipality.

5.2. Travelling expenses

5.2.1. Travelling expenses shall be dealt with according to the guideline in paragraph 3.1, and in the event of the applicant making use of private transport, the tariff per actual kilometres travelled will apply, as outlined in paragraph 3.3.3. Where a hired vehicle is used to transport the applicant from the airport, the actual cost of a hired vehicle with the engine capacity of 1300cc to 1500cc shall be paid.

5.2.2. Where the applicant has to make use of air travel to attend an interview, the actual cost as defined in par 3.2 shall be paid.

5.2.3. Travelling expenses shall be paid only for applicants who reside within the boundaries of the Republic of South Africa.

## 6. Claims

For a claim to be processed for payment, the following documentary proof must be handed in to the Directorate: Finance:

6.1. In the case of an employee, the representative's attendance must be authorised by the Municipal Manager or his nominee in terms of the delegation of authority.

6.2. In the case of a senior manager, his/her attendance must be authorised by the Municipal Manager.

6.3. In the case of Councillors or the Municipal Manager, their attendance must be authorised by the Executive Mayor, in consultation with the Municipal Manager.

6.4. In the case of the Executive Mayor, his/her attendance must be authorised by the Municipal Manager.

6.5. A properly completed official claim form (attached as annexure 6.5) must be handed in, having been signed by an official who is duly authorised to approve expenses.

6.6. Supporting documentation in the form of invoices for overnight allowances in terms of miscellaneous expenses and communication expenses. (the latter being applicable only to overseas trips).

6.7. All claims to be processed must be handed in to the Directorate: Finance not later than 10 working days after the journey has been undertaken or a longer period approved by the Director Finance.

## 7. Commencement date

The implementation date of this policy be affective from 1 July 2016 irrespective the date of approval.

Annexure

| WITZENBERG LOCAL MUNICIPALITY<br>CLAIM FOR TRAVEL- AND SUBSISTENCE ALLOWANCE |
|---|
| Claimant: |
| Reason for visit: |
| Town visited: |

| **Travel and Subsistence allowance** | | | | | |
|---|---|---|---|---|---|
| DEPARTURE | | ARRIVAL | | TOTAL | |
| Date | Time | Date | Time | Days | Hours |
| | | | | | |
| Day allowance: | | | | | R |
| Vehicle | cc | Kilometres | @ | | R |

| **Travel allowance for candidates attending interviews (in terms of item 4)** | | | | |
|---|---|---|---|---|
| Vehicle | cc | Kilometres | @ | R |
| Rail ticket | | | | R |
| Air ticket & vehicle rental | | | | R |
| Accommodation expense | | | | R |

| **Incidental expenses, subject to proof of expenses** | |
|---|---|
| Sundry expenses | R |
| Sundry expenses | R |
| Sundry expenses | R |
| Sundry expenses | R |
| Communication expenses (outside the borders of RSA) | |

| TOTAL | R |
|---|---|

…….. ……
DATE SIGNATURE OF CLAIMANT

…….. …….....
DATE AUTHORISED OFFICIAL

……..
VOTE NUMBER

# POST-EMPLOYMENT MEDICAL AID CONTRIBUTION POLICY

Reviewed by Council 30/05/2017

Adopted by Council 26/07/2016

# POST-EMPLOYMENT MEDICAL AID CONTRIBUTION POLICY

## 1. Purpose

The purpose of this policy is to determine guidelines for the:

1.1 Management of contributions to medical aids, post-employment.

1.2 Determine whether an employee is entitled to the post-employment medical aid benefit.

## 2. Definitions

**2.1 Approved medical aid:** A medical aid approved by the Bargaining Council.

**2.2 Bargaining Council:** The South African Local Government Bargaining Council.

**2.3 Medical disability:** Employees not able to continue with employment due to medical reasons with proof from medical practitioners.

**2.4 Normal retirement age:** The retirement age for the purpose of this policy is set at 60 years.[1]

2.5 **Qualifying dependants:** Legally married spouse and dependent children below the age of 21.

## 3. Object of the policy

To ensure a transparent, accountable and sustainable manner to assist qualifying employees access of post-employment health care benefits.

## 4. Qualifying employees

4.1 An employee retiring at normal retirement age, with at least 10 years' service and who was a member of an approved medical aid for at least the last 5 years before retirement.

4.2 An employee retiring within 5 years of normal retirement age, with at least 20 years' service, and who was a member of an approved medical aid for at least the last 5 years before retirement.

4.3 An employee leaving employment due to health reasons with at least 5 years' service and who was a member of an approved medical aid for at least the last year before retirement.

4.4 An employee not capable to continue employment due to injury on duty and who was a member of an approved medical aid for at least the last year before medical retirement.

4.5 An employee who did not have a medical condition that resulted in the medical boarding at date of appointment.

4.6 An employee retiring at normal retirement age who was in the employment of the municipality at the date of implementation of this policy and who was a

[1] Amended by Council 30/05/2017

member of an approved medical aid for at least the last 5 years before retirement.

4.7 The qualifying dependants of an employee if the employee passed while in service and the employee and his qualifying dependants were members of an approved medical aid.[2]

4.8 The qualifying dependants of an employee will be entitled to the benefits even after the passing of the employee after retirement. [3]

## 5. Limit of benefit

The benefit will be limited to the smaller of:

5.1 The maximum amount applicable to in-service members as agreed on at the Bargaining Council.

5.2 70 % of the total contribution payable to an approved medical aid scheme in respect of the employee and his/her qualifying dependants.

## 6. Payment of benefit

6.1 The municipality will only be responsible to pay the employer's contribution over to the relevant medical aid. The employee must make his/her own arrangements to pay his/her contribution to the medical aid.

6.2 If the employee fails to pay his/her contribution to the medical aid the contribution payable by the municipality can be stopped.

## 7. Cancellation of benefit

The benefit in terms of this policy may be terminated:

7.1 If the beneficiary is still economically active (Employed by another entity or self-employed.)

7.2 If the beneficiary is in arrears for three months or longer with his contribution to the medical aid.

7.3 The Municipal Manager may consider the continuation of the benefit on receipt of a motivated application.

## 8. Transitional arrangements

8.1 Existing beneficiaries of the post-employment medical scheme will retain their current benefit until 31 December 2017 when they can choose more affordable options from their medical schemes.

8.2 The future benefit of existing beneficiaries whose current benefit is more than the benefit as per paragraph 5.1 will receive the larger of the current benefit and the benefit as per paragraph 5.1, but limited to the amount as per paragraph 5.2.

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[2] Amended by Council 30/05/2017

[3] Amended by Council 30/05/2017

# *WITZENBERG MUNICIPALITY*

# CAPITAL INFRASTRUCTURE INVESTMENT POLICY

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# 1. DEFINITIONS

"Asset" means a tangible or intangible resource capable of ownership.

"Capital Asset" means:-

(a) Any immovable asset such as land, property or buildings; or

(b) Any moveable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future economic or social economic benefit can be derived, such as plant, machinery and equipment.

"Capital Expenditure (CAPEX)" means expenditure used to create new assets or to increase the capacity of existing assets.

"Carrying Value" means the Cost less Accumulated Depreciation of an Asset.

"Infrastructure Assets" includes all core assets which are integral to the delivery of municipal services, including water supply, sanitation, road transport and storm water drainage, solid waste removal, electricity supply, and community facilities. In terms of GRAP, it includes all immovable Property, Plant and Equipment (PPE), as well as specific immovable assets such as vehicles that are directly used in the delivery of the service (such as waste removal trucks). It excludes intangible assets (such as licenses, software, etc.) and current assets (ones with a life less than 12 months, such as consumables).

"Infrastructure Asset Management Plan (IAM)" means a plan developed for the management of Infrastructure Assets with the aim of providing specified levels of service in a cost-effective manner, now and in the future. Multi-disciplinary management techniques (including technical and financial) are combined to determine the aggregated asset life-cycle needs. A significant component of the plan is a long-term cash-flow.

"Infrastructure Asset Management Policy" means a formal statement adopted by Council that indicates the municipality's policy objective, the policy principles, and how these will be pursued (including the establishment of an IAM Team, and aligned systems and planning).

"Infrastructure Asset Management Strategy" means a document that defines key IAM processes and targets including the definition of Consumer Groups and Service Catchments; Service Performance Standards and targets that accommodate the municipality's vision of future growth and demand; interaction and coordination measures; AMS functionality and data standards; risk management processes; IAM practice improvement processes; a funding and prioritisation strategy; and allocation of responsibility for implementation.

"Operation" relates to running the service e.g. record keeping, accounting, monitoring, complaints and repairs.

"Maintenance" means the actions required for an asset to achieve its expected useful life and ensuring that the asset functions efficiently for the whole of its Expected Useful Life. Maintenance can be planned or unplanned. Planned Maintenance includes measures to prevent known failure modes and can be time or condition-based. Repairs are a form of unplanned maintenance to restore an asset to its previous condition after failure or damage. Expenses on maintenance are considered operational expenditure.

# 2. INTRODUCTION

2.1 This policy aims to describe the process through which the Municipality can initiate projects of a capital nature. It ultimately aims to serve as a principal instrument to steer the budget for Infrastructure and Capital projects in the Municipality around a particular agreeable and sustainable developmental path.

2.2 This policy is mandated by section 8 of the Local Government: Municipal Budget and Reporting Regulations.

# 3. PURPOSE

3.1 This policy sets out the process and methodology for capital investment of any nature, regardless of the funding source. The following investments of a capital infrastructure nature fall within the ambit of this policy:

3.1.1 New building construction or acquisitions;
3.1.2 Extensions to existing buildings;
3.1.3 Upgrades to accommodation and housing, other than those projects relating to low cost housing;
3.1.4 Land acquisitions;
3.1.5 All major capital works, as covered within the Asset Maintenance / Life-Cycle Management Policy;
3.1.6 All infrastructure developments; and
3.1.7 Information and communication infrastructure renewals and/or upgrades;

# 4. GUIDING PRINCIPLES

4.1. The Capital Infrastructure Investment Policy is based on the following principles:-

4.1.1 Need as identified within the IDP, underpinned by the Municipal Capital Investment Program and National Spatial Development Perspective;
4.1.2 Necessity to fulfil the service delivery mandate as identified within the Asset Maintenance / Life-Cycle Management Policy; and
4.1.3 Affordability.

# 5. NEW CAPITAL INFRASTRUCTURE INVESTMENT

5.1 New infrastructure development may only be entered into if:-

5.1.1 The project is in line with the Municipality's IDP;
5.1.2 Funding has been secured through either internal or external funding mechanisms and has been approved in the Municipality's Capital Budget; and
5.1.3 A detailed life-cycle funding plan has been developed, supported and integrated into the Asset Maintenance / Life –Cycle Management Policy;

5.2. All new infrastructure investments will be subject to:-

5.2.1 Needs analysis based on:-
i. Service delivery sustainability;
ii. Consumer growth projections which are in line with the National and Regional Spatial Development Growth Perspectives; and
iii. National, Regional and Municipal strategic directives.
5.2.2 Strategic project plan, including:-

i. A holistic overview of the direct benefits, risks and impact of the intended project;

ii. An assessment on the impact of current Infrastructure;

iii. A service delivery framework relevant to the project;

iv. A cost assessment, detailing the capital and maintenance cost projections for the entire life-cycle; and

v. A funding model, detailing the financing source and associated cost, if any, as well as any revenue projections associated with the project.

5.2.3 Outcome of stakeholder consultation, including:-

i. Environmental impact studies; and

ii. Feedback from community participation process, with specific focus on:-

- Rights and entitlements of members of the community; and
- impact on quality of life.

5.2.4 Implementation model, detailing:-

i. Relevant skills base and source of skills required for implementation; and

ii. Specific timeframes for each activity throughout the project lifecycle (cradle to grave approach).

# 6. REFURBISHMENT AND SIGNIFICANT INFRASTRUCTURE MAINTENANCE PROJECTS

6.1 All Capital Infrastructure refurbishment and significant maintenance projects may only be entered into if:

6.1.1 The project is in line with the Municipality's IDP or emergency maintenance framework;

6.1.2 Funding has been secured through either internal or external funding mechanisms and has been approved in the Municipality's Capital Budget; and

6.1.3 A detailed life-cycle funding plan has been developed, supported and integrated into the Asset Maintenance / Life –Cycle Management Policy.

6.2 All refurbishments and significant infrastructure maintenance projects will be subject to:-

6.2.1 Needs analysis based on:-

i. Service delivery sustainability; and

ii. Asset redundancy and failure assessment of the asset under scrutiny.

6.2.2 Strategic project plan, including:-

i. A holistic overview of the direct benefits, risks and impact of the intended refurbishment project;

ii. An assessment on the potential impact of unavailability of the asset during the refurbishment process, including redundancy measures;

iii. A service delivery framework relevant to the project;

iv. A cost assessment, detailing the capital and maintenance cost projections for the entire life-cycle; and

v. A funding model, detailing the financing source and associated cost, if any, as well as any revenue projections associated with the project.

6.2.3 Outcome of stakeholder consultation, including:-

i. Environmental impact studies; and

ii. Feedback from community participation process, with specific focus on;

- Rights and entitlements of members of the community; and
- Impact on quality of life;

6.2.4 Implementation model, detailing:-

i. Relevant skills base and source of skills required for implementation; and

ii. Specific timeframes for each activity throughout the project lifecycle (cradle to grave approach).

# 7. FUNDING OF CAPITAL INFRASTRUCTURE INVESTMENTS

7.1 All new Capital Infrastructure Investments may be funded from:-

7.1.1 Cash backed accumulated surpluses;
7.1.2 Borrowings;
7.1.3 Government grants and subsidies;
7.1.4 Public donations and contributions;
7.1.5 PPP initiatives in line with the MFMA PPE regulations; and
7.1.6 Operating Revenue.

7.2 All refurbishment and significant infrastructure maintenance projects may be funded from:-

7.2.1 Cash backed accumulated surpluses;
7.2.2 Borrowings in respect of refurbishment;
7.2.3 Government grants and subsidies in accordance with their relevant conditions; and
7.2.4 Operating Revenue.

# 8. INFRASTRUCTURE BUDGETING

8.1 The on-going renewal of Infrastructure Assets should be approximately 1.0 % of the Carrying Value of the Assets.

8.2 On-going Repairs and Maintenance of Infrastructure Assets should be at the very least 2.0 % of the Carrying Value of the Assets.

# 9. IMPLEMENTATION & REVIEW OF THIS POLICY

9.1 This policy shall be implemented once approved by Council.

9.2 In terms of section 17(1)(e) of the MFMA this policy must be reviewed on a regular basis as deemed necessary and the reviewed policy tabled to Council for approval as part of the budget process.

# CAPITAL BUDGET

| Budget Project Code | Budget Project Name | Fund | Own | Region | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| | | | | | 81 321 329 | 90 492 363 | 63 857 973 |
| CAP001 | Capex Insurance Replacements | Transfer from Operational Revenue | Treasury: Administration | Whole of the Municipality | 50 000 | 50 000 | - |
| CAP002 | Capex IT Equipment | Transfer from Operational Revenue | Treasury: Administration | Whole of the Municipality | 100 000 | - | - |
| CAP003 | 3X3 M CONTAINER | Transfer from Operational Revenue | Community Halls And Facilities | Whole of the Municipality | - | 500 000 | 300 000 |
| CAP006 | Capex Plant & Equipment | Transfer from Operational Revenue | Pine Forest : Administration | Whole of the Municipality | 220 000 | - | - |
| CAP008 | Capex Wardrobes Chalets | Transfer from Operational Revenue | Pine Forest : Administration | Ceres | - | - | 215 732 |
| CAP010 | Capex Stadsaal Vloer Vervanging | Transfer from Operational Revenue | Community Halls And Facilities | Ceres | - | 1 600 000 | - |
| CAP012 | Capex Signage & Billboards | Transfer from Operational Revenue | Marketing & Communications | Whole of the Municipality | 70 000 | 70 000 | 70 000 |
| CAP013 | Capex Electrical Network Housing Project | Integrated National Electrification Programme Grant | Electricity: Administration | Whole of the Municipality | 4 347 826 | 3 895 652 | 5 565 218 |
| CAP015 | Capex Electrical Network Refurbishment | Transfer from Operational Revenue | Electricity: Administration | Whole of the Municipality | - | 1 200 000 | 1 272 000 |
| CAP018 | Capex Sewer Network Replacement | Transfer from Operational Revenue | Sewerage | Whole of the Municipality | 1 000 000 | 1 000 000 | 2 000 000 |
| CAP019 | Capex Network - Storm Water Upgrading | Transfer from Operational Revenue | Stormwater Management | Whole of the Municipality | 300 000 | 450 000 | 450 000 |
| CAP020 | Capex Traffic Calming | Transfer from Operational Revenue | Roads | Whole of the Municipality | 150 000 | 150 000 | 150 000 |
| CAP022 | Capex Digger loaders | Specify | Roads | Whole of the Municipality | 1 000 000 | - | - |
| CAP026 | Capex Infrastructure Management System | Transfer from Operational Revenue | Water Distribution | Whole of the Municipality | 300 000 | 200 000 | 212 000 |
| CAP029 | Capex Tulbagh Dam | Regional Bulk Infrastructure Grant | Water Distribution | Tulbagh | 8 260 870 | 16 931 304 | - |
| CAP030 | Capex Network- Water Pipes & Valve Replacement | Transfer from Operational Revenue | Water Distribution | Whole of the Municipality | 1 000 000 | 1 000 000 | 2 000 000 |
| CAP032 | Capex Vehicle Replacement Programme | Specify | Solid Waste (Garden) | Whole of the Municipality | 550 000 | 3 000 000 | - |
| CAP034 | Capex CERES STADSAAL: VERVANG 650 STOELE | Transfer from Operational Revenue | Community Halls And Facilities | Ceres | - | 500 000 | - |
| CAP035 | Capex VERHOOGGORDYNE : TULBAGH STADSAAL | Transfer from Operational Revenue | Community Halls And Facilities | Tulbagh | 100 000 | - | - |
| CAP037 | Capex AIRCONS STADSAAL CERES | Transfer from Operational Revenue | Community Halls And Facilities | Ceres | 500 000 | - | - |
| CAP041 | Capex KRUIPSPUITE | Transfer from Operational Revenue | Parks | Whole of the Municipality | - | 90 000 | - |
| CAP043 | Capex BRUSHCUTTERS | Transfer from Operational Revenue | Parks | Whole of the Municipality | 100 000 | 100 000 | - |
| CAP044 | Capex CHAINSAWS | Transfer from Operational Revenue | Parks | Whole of the Municipality | 60 000 | 70 000 | - |
| CAP051 | Capex SPEELAPPARATE PARKE | Transfer from Operational Revenue | Parks | Whole of the Municipality | 20 000 | - | - |
| CAP053 | CAPEX: MOBILE TOILETS | Transfer from Operational Revenue | Parks | Whole of the Municipality | 240 000 | - | - |
| CAP054 | CAPEX: containers x2 | Transfer from Operational Revenue | Parks | Whole of the Municipality | - | 40 000 | - |
| CAP055 | CAPEX: 1.3 T TRUCK | Transfer from Operational Revenue | Parks | Whole of the Municipality | - | 350 000 | - |
| CAP057 | CAPEX: cherry picker | Transfer from Operational Revenue | Parks | Whole of the Municipality | 500 000 | - | - |
| CAP059 | CAPEX: AKKERBOS:PLAVEI PAADJIES FASE 1 TOT 3 | Transfer from Operational Revenue | Parks | Ceres | 120 000 | 120 000 | - |
| CAP060 | CAPEX: RESURFACE NETBALL COURTS ceres/bv en wolsele | Transfer from Operational Revenue | Parks | Wolseley | 300 000 | 300 000 | 300 000 |
| CAP061 | CAPEX: Fire Arms | Transfer from Operational Revenue | Traffic | Whole of the Municipality | - | 165 000 | 181 500 |
| CAP062 | CAPEX: Upgrade Council chambers | Transfer from Operational Revenue | Administration | Ceres | 400 000 | 100 000 | - |
| CAP063 | CAPEX: It Equipment | Transfer from Operational Revenue | Information Tecnology | Whole of the Municipality | 350 000 | 550 000 | 600 000 |
| CAP064 | CAPEX: Camera and photographic equiment | Transfer from Operational Revenue | Marketing & Communications | Whole of the Municipality | 90 000 | 22 000 | 20 000 |
| CAP065 | CAPEX: Access Control - Furniture and Equipment | Transfer from Operational Revenue | Marketing & Communications | Whole of the Municipality | 30 000 | 100 000 | 30 000 |
| CAP067 | CAPEX: Tools & Equipment | Transfer from Operational Revenue | Electricity: Administration | Whole of the Municipality | 120 000 | 160 000 | - |
| CAP072 | Capex Sewer Pumps-replacement | Transfer from Operational Revenue | Sewerage | Whole of the Municipality | 200 000 | 200 000 | 200 000 |
| CAP073 | Capex Tools & Equipment | Transfer from Operational Revenue | Sewerage | Whole of the Municipality | 100 000 | 200 000 | 100 000 |
| CAP074 | Capex Security upgrades | Transfer from Operational Revenue | Sewerage | Whole of the Municipality | 450 000 | 250 000 | 450 000 |
| CAP075 | Capex Aerator replacement programme | Transfer from Operational Revenue | Sewerage | Whole of the Municipality | 750 000 | 500 000 | - |
| CAP076 | Capex Refurbishment WWTW | Transfer from Operational Revenue | Sewerage | Whole of the Municipality | 600 000 | 600 000 | - |
| CAP077 | Capex Network Street | Transfer from Operational Revenue | Roads | Whole of the Municipality | - | 2 000 000 | 2 500 000 |
| CAP078 | Capex Rehabilitation - Streets Tulbagh | Transfer from Operational Revenue | Roads | Tulbagh | 9 000 000 | 3 000 000 | 4 500 000 |
| CAP082 | Capex Tools & Equipment- New | Transfer from Operational Revenue | Water Distribution | Whole of the Municipality | 100 000 | 100 000 | 100 000 |
| CAP083 | Capex Security upgrades | Transfer from Operational Revenue | Water Distribution | Whole of the Municipality | 450 000 | 350 000 | 1 200 000 |
| CAP084 | Capex Vredebes Housing Sanitation | Housing | Sewerage | Ceres | 4 635 515 | - | - |
| CAP086 | Capex Vredebes Housing Storm water | Housing | Stormwater Management | Ceres | 2 648 866 | - | - |
| CAP087 | Capex Vredebes Housing Roads | Housing | Roads | Ceres | 5 406 079 | - | - |
| CAP088 | Capex Vredebes Housing Water | Housing | Water Distribution | Ceres | 4 635 515 | - | - |
| CAP091 | CAPEX: Vredebes Acces Collector | Municipal Infrastructure Grant | Roads | Ceres | 9 130 434 | - | - |
| CAP092 | CAPEX: New taxi facility at the corner of Vos and Orange St | Municipal Infrastructure Grant | Roads | Ceres | - | 5 869 563 | 1 130 436 |
| CAP092 | CAPEX: New taxi facility at the corner of Vos and Orange St | Transfer from Operational Revenue | Roads | Ceres | - | 1 391 304 | - |
| CAP095 | Capex Office Equipment | Transfer from Operational Revenue | Director: Finance | Whole of the Municipality | 30 000 | 30 000 | - |
| CAP096 | Capex Office Equipment | Transfer from Operational Revenue | Director: Community Services | Whole of the Municipality | 30 000 | 30 000 | - |
| CAP097 | Capex Office Equipment | Transfer from Operational Revenue | Director Corporate Services | Whole of the Municipality | 30 000 | 50 000 | 50 000 |
| CAP098 | Capex Office Equipment | Transfer from Operational Revenue | Director: Technical Services | Whole of the Municipality | 30 000 | 30 000 | - |
| CAP099 | Capex Office Equipment | Transfer from Operational Revenue | Municipal Manager | Whole of the Municipality | 30 000 | 30 000 | - |

# CAPITAL BUDGET

| Budget Project Code | Budget Project Name | Fund | Own | Region | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| | | | | | 81 321 329 | 90 492 363 | 63 857 973 |
| CAP102 | Capex Office Equipment | Municipal Infrastructure Grant | Project Management | Whole of the Municipality | 20 000 | 20 000 | 20 000 |
| CAP103 | Capex Op Die Berg Public Toilets | Transfer from Operational Revenue | Public Toilets | Op-die-Berg | 500 000 | 700 000 | 200 000 |
| CAP111 | Capex Test Centre | Transfer from Operational Revenue | Traffic | Whole of the Municipality | - | 330 000 | 363 000 |
| CAP118 | Capex Nduli Housing Roads | Housing | Roads | Ceres | - | 1 739 130 | 1 739 130 |
| CAP119 | Capex Nduli Housing Sanitation | Housing | Sewerage | Ceres | - | 1 739 130 | 1 739 130 |
| CAP120 | Capex Nduli Housing  Storm Water | Housing | Stormwater Management | Ceres | - | 1 739 130 | 1 739 130 |
| CAP121 | Capex Nduli Housing Water | Housing | Water Distribution | Ceres | - | 1 739 130 | 1 739 130 |
| CAP122 | Capex Aankoop van Eiendom | Transfer from Operational Revenue | Municipal Manager | Whole of the Municipality | 100 000 | - | - |
| CAP123 | Capex Upgrade Van Breda Bridge | Road Infrastructure | Roads | Ceres | 1 842 609 | 12 173 913 | 2 608 696 |
| CAP123 | Capex Upgrade Van Breda Bridge | Transfer from Operational Revenue | Roads | Ceres | - | - | 4 000 000 |
| CAP124 | Capex Upgrade Wolseley Library | Libraries, Archives and Museums | Library Services | Wolseley | 400 000 | - | - |
| CAP125 | Capex Pedestrian Route along R46/Nduli | Regional Social Economic Projects | Roads | N'duli | 434 783 | 434 783 | - |
| CAP126 | Capex Upgrade pavement Vosstr from Retief to edge of to | Regional Social Economic Projects | Roads | Ceres | 1 304 348 | 1 304 348 | - |
| CAP126 | Capex Upgrade pavement Vosstr from Retief to edge of to | Transfer from Operational Revenue | Roads | Ceres | - | 1 400 000 | - |
| CAP127 | Capex Recreational space with Landscaping & Furniture Ch | Transfer from Operational Revenue | Parks | N'duli | - | - | 100 000 |
| CAP128 | Capex Upgrade of Kononia Community Hall & Youth Centr | Transfer from Operational Revenue | Community Halls And Facilities | Bella Vista | - | 50 000 | 200 000 |
| CAP129 | Capex Upgrade of Facilities on Sports ground | Transfer from Operational Revenue | Recreational Land | Bella Vista | - | 100 000 | - |
| CAP130 | Capex Expanding of existing cemetery | Transfer from Operational Revenue | Cemetries | Whole of the Municipality | - | 200 000 | 200 000 |
| CAP132 | Capex New Vredesbes/Nduli St Intersection | Municipal Infrastructure Grant | Roads | N'duli | - | - | 9 533 117 |
| CAP133 | Capex New Material Recovery Facility/Drop Off | Municipal Infrastructure Grant | Solid Waste (Dumping Site) | Whole of the Municipality | - | 6 701 813 | 5 472 100 |
| CAP133 | Capex New Material Recovery Facility/Drop Off | Transfer from Operational Revenue | Solid Waste (Dumping Site) | Whole of the Municipality | 621 180 | 295 800 | - |
| CAP134 | Capex New Regional Cemetery | Municipal Infrastructure Grant | Cemetries | Whole of the Municipality | - | - | 4 956 522 |
| CAP135 | Capex Furniture Chalets | Transfer from Operational Revenue | Pine Forest : Administration | Ceres | 192 000 | - | 215 732 |
| CAP136 | Capex Vredebes Streetlights | Municipal Infrastructure Grant | Electricity: Street Lights | Whole of the Municipality | 1 536 522 | - | - |
| CAP137 | Capex MV Network Equipment | Transfer from Operational Revenue | Electricity: Administration | Whole of the Municipality | 1 000 000 | 1 000 000 | 1 000 000 |
| CAP138 | Capex MV Substation Equipment | Transfer from Operational Revenue | Electricity: Administration | Whole of the Municipality | 1 500 000 | 1 500 000 | - |
| CAP139 | Capex Upgrade of LV Network Cables | Transfer from Operational Revenue | Electricity: Administration | Whole of the Municipality | 1 400 000 | 1 000 000 | 1 000 000 |
| CAP140 | Capex Upgrade of MV Cables | Transfer from Operational Revenue | Electricity: Administration | Wolseley | 1 400 000 | - | 800 000 |
| CAP141 | Capex Sportsground Development & Upgrading | Transfer from Operational Revenue | Parks | Ceres | 350 000 | 350 000 | 400 000 |
| CAP142 | Capex Upgrade of Streetlights | Transfer from Operational Revenue | Electricity: Street Lights | Whole of the Municipality | 350 000 | 350 000 | 350 000 |
| CAP143 | Capex Vredebes New Storm water Channel & Detention Po | Municipal Infrastructure Grant | Stormwater Management | Whole of the Municipality | 8 034 782 | 3 391 441 | - |
| CAP144 | Capex Fire Fighting Equipment | Transfer from Operational Revenue | Fire Protection Sevices | Whole of the Municipality | - | 200 000 | 200 000 |
| CAP145 | Capex Upgrade of Leyell Str Sport facilities | Municipal Infrastructure Grant | Recreational Land | Ceres | - | 3 098 922 | - |
| CAP146 | Capex Upgrade of Sport Facilities | Sports and Recreation | Recreational Land | Whole of the Municipality | 300 000 | - | - |
| CAP40 | Capex AANKOOP  VAN GROND EN OPRIG VAN SKUT | Transfer from Operational Revenue | Enviromental Protection | Tulbagh | 1 500 000 | 1 590 000 | 1 685 400 |
| | | | | | 81 321 329 | 90 492 363 | 63 857 973 |

NATIONAL TREASURY

**MFMA Circular No. 91**

**Municipal Finance Management Act No. 56 of 2003**

# Municipal Budget Circular for the 2018/19 MTREF

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# Introduction

This budget circular is a follow-up to the one issued in December 2017. It guides municipalities with their preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context. Among the objectives of this Circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2018 Budget Review and the 2018 Division of Revenue Bill.

# 1. The South African economy and inflation targets

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

South Africa has experienced a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.

These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In addition, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2017 - 2020**

| Fiscal year | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|---|---|---|---|
| | Estimate | Forecast | | |
| Consumer Price Inflation (CPI) | 5.3% | 5.3% | 5.4% | 5.5% |
| Real GDP growth | 1.0% | 1.5% | 1.8% | 2.1% |

*Source: 2018 Budget Review.*

*Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.*

# 2. Key focus areas for the 2018/19 budget process

## 2.1 Local government grants and additional allocations

Since the 2017 Medium Term Budget Policy Statement (MTBPS) reprioritisation and reductions undertaken have affected planned spending for 2018/19. Local government direct and indirect transfers absorb 18.8 per cent of the reductions. A total of R13.9 billion has been cut from direct local government conditional grant allocations for the Medium Term Expenditure Framework (MTEF) period ahead since the 2017 MTBPS was tabled. Indirect grants to local government have been reduced by an additional R2.2 billion.

The reductions did not affect all conditional grants, and not all grants were reduced by the same percentage. The infrastructure conditional grants, particularly the larger ones, were mainly affected as this was considered the most practical approach. The overall impact of reducing this funding affects capital programmes; therefore local government's share of the reductions is higher than their share of the division of revenue, given that municipalities receive a number of infrastructure grants. The average reductions over the medium term are 3.5 per cent of local government allocations.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Allocations to the local government equitable share will continue to grow over the next three years, alongside a significant reduction in conditional grants. The total value of conditional grants directly transferred to local government increases from R43.3 billion in 2018/19 to R44.8 billion in 2019/20 and R47.8 billion in 2020/21.

Large municipalities are expected to invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.

The 2018 Budget provides for R382.8 billion to be transferred directly to local government and a further R21.8 billion allocated to indirect grants for the 2018 MTREF. Direct transfers to local government over the medium term account for 9 per cent of national government's non-interest expenditure. Total direct allocations to local government grow at an annual average rate of 7.5 per cent over the MTEF period. The total spending on local government increases to 9.5 per cent of national non-interest expenditure when adding indirect transfers.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below: http://www.treasury.gov.za/documents/national%20budget/2018/

***Changes to local government allocations***

**Unconditional grants**

An amount of R3.4 billion is added to the *local government equitable share* over the medium term to compensate for the rising costs of providing free basic services to the growing number of indigent households. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula. This allocation is in addition to the previous increases and an above inflation growth rate for the baseline in 2020/21. This means that the local government equitable share grows at an annual average rate of 10.4 per cent over the MTEF.

**Conditional grants**

The most substantial reduction has been applied to the largest grant – the *municipal infrastructure grant*. However, the structure of the formula used to allocate this grant reduces the impact of reductions on smaller municipalities. Project-based grants, such as those in the electricity and water sectors, have identified projects that will be postponed as a result of the adjustments. These changes do not affect any water augmentation projects in drought-affected areas.

Reductions to the *public transport network grant* are much larger in the outer years of the MTEF. This allows for the Department of Transport and the National Treasury to review the sustainability of public transport plans and to assess whether some cities should put projects on hold while they revisit system design.

The 2017 MTBPS announced a new funding mechanism to support recovery plans for municipalities that face a financial crisis, as provided for in section 139(5) of the Constitution. A *new municipal restructuring grant* will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around. The National Treasury will consult with national departments, provinces and South African Local Government Association (SALGA) on the design of the grant and its coordination with other capacity-building programmes during 2018. The grant is intended to be a short-term intervention that will fund the turnaround of struggling municipalities. It will help identified municipalities that are in financial distress, but have demonstrated a commitment to implementing the necessary reforms. If needed, the intervention powers outlined in section 139 of the Constitution may also be used as part of the broader approach to turning around these municipalities.

The municipal restructuring grant will be made available within the parameters of the existing legal framework and will not provide bailouts to municipalities. It will fund the implementation of specific outputs in support of a financial recovery plan approved by a municipal council. The council must demonstrate political buy-in by adopting such a plan, and the municipality must also commit its own resources to implementing parts of the plan.

Smaller cities face some of the same urban development challenges as major metropolitan areas. These cities will be eligible for a *new integrated urban development grant* from 2019/20. Cities will have to meet planning and performance criteria to receive the grant, which will be funded through a shift of funds from the municipal infrastructure grant. The new grant will require cities to plan for a programme of infrastructure investment, funded from grants and own revenues, rather than just standalone projects. This aligns with the policy set out in the Integrated Urban Development Framework (IUDF) approved by Cabinet in April 2016. This approach will be piloted in uMhlathuze and Polokwane local municipalities in 2018/19. Eligible municipalities will be invited to apply for the grant during 2018. The application process is set out in clause 27(5) of the 2018 Division of Revenue Bill.

### 2.2 Drought disaster relief

Severe drought conditions are affecting large parts of the country, and placing extreme strain on the supply of water to the nearly 4 million people in the City of Cape Town. Some smaller towns in the Northern Cape, Eastern Cape and Western Cape, as well as Nelson Mandela Bay Metro, are also facing severe water shortages. The drought has been classified as a national disaster by the National Disaster Management Centre. Government is committed to managing available supply to ensure basic needs are met, while implementing plans to improve long-term sustainability in a water stressed country.

Government is prepared to provide financial assistance as deemed necessary:

- A provisional allocation of R6 billion has been set aside in 2018/19 for drought relief in several provinces, to assist the water sector and to augment public investment projects supported by improved infrastructure planning. Some of these funds may be allocated to support water augmentation projects in an Adjustments Budget, however, the full costs of new schemes will eventually have to be recovered from water users through tariffs.

- The Division of Revenue Act allows for conditional grant funds to be reallocated for disaster relief. Such additional funding may be used in 2017/18 for immediate interventions such as accelerating groundwater development.

- Disaster relief grants for provinces and municipalities are R423.7 million in 2017/18 and R472.9 million in 2018/19. This may be quickly released to assist in the event of an emergency.

- If agricultural employment is seriously destabilised, government can temporarily increase the intake on the Working for Water Programme. These short-term jobs will provide a substitute employment option, while helping to improve runoff in catchment areas by removing alien vegetation.

### 2.3 Participation in RT15-2016 Vodacom transversal contract- for the supply and delivery of mobile communication services to the state

When municipalities make an application to the Office of the Chief Procurement Officer (OCPO) to participate in the RT15-2016 transversal contract's account management service offering in respect of smart meters, they must comply with the process that will be communicated in an MFMA Circular that will soon be issued. In terms of the application process municipalities are expected to provide evidence of adequate operating budget provision over the MTREF. The Circular will include pre-conditions for eligibility to participate, such as adequate resourcing and technology platform to fulfil their obligation as envisaged by the Smart Utility Management Solution; and capability to sustain the implementation effort in the longer term.

## 3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore municipalities are required to ***justify all increases in excess of the* projected inflation target for 2018/19** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition municipalities should

include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

### 3.1 Eskom bulk tariff increases

The National Energy Regulator of South Africa (NERSA) published their "Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2018/19 Financial Year" on 28 February 2018. Municipalities are encouraged to download the full guideline document (available at www.nersa.org.za) and study it carefully. The guideline includes an update to the average cost structure used to determine the municipal tariff increase. It also sets out proposed timeframes for the approval of municipal tariffs. NERSA invites comments on the guideline to be submitted by 20 March 2018.

The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

It should be noted that the guideline increase for municipal tariffs and the bulk tariff increase that Eskom will charge municipalities are both lower than the 8 per cent used to calculate the free basic electricity subsidies provided through the local government equitable share formula.

## 4. Funding choices and management issues

### 4.1 Management issues

Many municipalities continue to face institutional challenges and mismanagement that result in service delivery failures, bad debt accumulation, limited cash flows and consequent non-payment of creditors. Eskom and water boards are owed the greater percentage of the total municipal creditors; and protracted non-payment undermines the financial sustainability of these state-owned entities.

The non-payment of creditors is a symptom of underlying problems which include, among others, weaknesses in revenue collection and underinvestment in asset maintenance and renewal, which compromises the reliability of delivering basic services. There are too many municipalities that fail to adopt credible budgets and this means that even if they adhere to their budgeted plans, they will not be financially sustainable.

The national and provincial departments collectively owe municipalities and while much of the historic debt has been verified by the Department of Public Works there are departments that do not have sufficient funds to settle these debts. The Department of Public Works continues to facilitate the ongoing government debt verification and settlement process.

In order to achieve financial sustainability, municipalities must demonstrate the political will to implement the changes required to improve their performance. Where municipalities

consistently fail to deliver their mandates, the Constitution provides for provincial and/or national government to intervene.

Government will introduce a conditional grant in the outer years of the 2018 MTEF to provide support to municipalities facing financial crises. This grant funding will only be accessible to municipalities that have demonstrated the political will to implement reforms necessary to turn themselves around. The grant will be designed and consulted during 2018.

### 4.2 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

### 4.3 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

## 5. Conditional Grant Transfers to Municipalities

This section provides guidance to municipalities with regard to the preparation for the 2017/18 unspent conditional grant and roll-over process and should be referenced to previous annual budget circulars.

### 5.1 Criteria for the rollover of conditional grant funds

Section 22 of the 2017 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 22(2) of the DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer must be addressed to the **National Treasury** requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2017 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):

    a) Proof that the project tender was published and the period for tender submissions closed before 31 March;
    b) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or

c) Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the final year of the project; and
d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2019 (attach cash flow projection for the applicable grant).

4. A progress report (also in percentages) on the status of each project's implementation (**attach a visible implementation plan**);
5. The value of the committed project funding, and the conditional allocation from the funding source;
6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;
7. Municipalities must not include previous year's unspent conditional grants as a rollover request. Rollover of rollovers will not be considered;
8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and
9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed.

***No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy***.

**If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2018, the application will be declined**.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2017 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements information to National Treasury by 31 August 2018;
3. Accurate disclosure of grant performance in the 2017/18 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. The National Treasury will not consider requests to approve the entire allocation to the municipality as there should be a minimum spend of 50 per cent of the allocation per programme;
5. Cash available in the bank (net position including short term investments) as at 30 June 2018 and in line with the cash flow statements to finance the roll-over request;
6. No approval will be granted to municipalities requesting a roll-over of the same grant for the third consecutive time;
7. Incorporation of the Appropriation Statement;
8. No roll over application project constituted through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636) will be approved. Projects linked to additional funding and disasters are exempted;
9. If the full amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. National Treasury will not approve portions of roll over requests; and
10. Evidence that the roll over application is linked to invoices that were issued within the last 30 days of the municipal financial year end.

### 5.2 Unspent conditional grant funds for 2017/18

The process to ensure the return of unspent conditional grants for the 2017/18 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA circulars, the following practical arrangements will apply:

Step 1: Municipalities must submit their June 2018 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile.

Step 2: When preparing the Annual Financial Statements a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2018. These amounts MUST exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately.

Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2017 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2018.

***National Treasury will not consider any rollover requests that are incomplete or received after this deadline.***

Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 22 October 2018 or whether it will agree to any alternative payment arrangement or schedules.

Step 5: National Treasury will communicate the unspent conditional grants amount by 05 November 2018. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 19 November 2018.

Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 19 November 2018, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 03 December 2018 equitable share allocation.

**All other issues pertaining to Appropriation Statement and reporting on approved roll overs are addressed in the Annexure to MFMA Circular No. 86**.

## 6. The Municipal Budget and Reporting Regulations

### 6.1 The impact of VAT increase on tariffs

VAT will increase from 14 per cent to 15 per cent from April 2018. In terms of Section 7(4) of Value-Added Tax Act (No. 89 of 1991), the VAT increase takes effect on 1 April. It is a tax increase as result of tax legislation that municipalities must implement and not an increase of tariffs by the municipalities. Therefore Section 28(6) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) (MFMA), is not applicable in this regard.

Whether the additional amount is recoverable from the customer or not, the supplier must account for VAT on any supplies made on or after 1 April 2018 at the increased VAT rate.

The South African Revenue Service issued a guideline on how the increase in VAT must be implemented. The guideline is available on the link below:

http://www.sars.gov.za/AllDocs/OpsDocs/Guides/LAPD-VAT-G13%20-%20VAT%20Pocket%20Guide%20on%20the%20VAT%20rate%20increase%20on%201%20April%202018%20-%20External%20Guide.pdf

### 6.2 Schedule A - version to be used for the 2018/19 MTREF

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the *m*SCOA classification framework which must be used when compiling the 2018/19 MTREF budget. **ALL** municipalities **MUST** use this version for the preparation of their 2018/19 MTREF budget.

***It is imperative that all municipalities prepare their 2018/19 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets.***

Special attention must be given to the supporting schedules in the prescribed A1 Schedule. Where detailed data is housed in a sub-system e.g. human resource data for SA22 to SA24, this data must be extracted from the sub-system into the applicable supporting sheet.

The following supporting tables will be included for perusal and sign-off during the verification process of the 2018 MTREF: SA11, SA12a, SA13a, SA14, SA22, SA23, SA24, SA25, SA27, SA36, SA37 and SA38.

It is therefore important to focus on the additional supporting data as well as the financial data submitted on A1 to A10 during the verification process undertaken with National Treasury, the provincial treasuries and all municipalities.

Download Version 6.2 of Schedule A1 by clicking HERE

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:
http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx

### 6.3 Assistance with the compilation of budgets

In cases where the municipality requires advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

| Province | Responsible NT officials | Tel. No. | Email |
|---|---|---|---|
| Eastern Cape | Bernard Mokgabodi<br>Matjatji Mashoeshoe | 012-315 5936<br>012-315 5553 | Bernard.Mokgabodi@treasury.gov.za<br>Matjatji.Mashoeshoe@treasury.gov.za |
| Free State | Jordan Maja<br>Cethekile Moshane | 012-315 5663<br>012-315 5079 | Jordan.Maja@treasury.gov.za<br>Cethekile.moshane@treasury.gov.za |
| Gauteng | Kgomotso Baloyi | 012-315 5866 | Kgomotso.Baloyi@treasury.gov.za |

| | | | |
|---|---|---|---|
| | Nomxolisi Mawulana | 012-315 5460 | Nomxolisi.Mawulana@treasury.gov.za |
| KwaZulu-Natal | Bernard Mokgabodi<br>Johan Botha | 012-315 5936<br>012-315 5171 | Bernard.Mokgabodi@treasury.gov.za<br>Johan.Botha@treasury.gov.za |
| Limpopo | Una Rautenbach<br>Sifiso Mabaso | 012-315 5700<br>012-315 5952 | Una.Rautenbach@treasury.gov.za<br>Sifiso.Mabaso@treasury.gov.za |
| Mpumalanga | Willem Voigt<br>Mandla Gilimani | 012-315 5830<br>012-315 5807 | Willem.Voigt@treasury.gov.za<br>Mandla.Gilimani@treasury.gov.za |
| Northern Cape | Jordan Maja<br>Anthony Moseki | 012-315 5663<br>012-315 5174 | Jordan.Maja@treasury.gov.za<br>Anthony.Moseki@treasury.gov.za |
| North West | Sadesh Ramjathan<br>Makgabo Mabotja | 012-315 5101<br>012-315 5156 | Sadesh.Ramjathan@treasury.gov.za<br>Makgabo.Mabotja@treasury.gov.za |
| Western Cape | Vuyo Mbunge<br>Kevin Bell | 012-315 5661<br>012-315 5725 | Vuyo.Mbunge@treasury.gov.za<br>Kevin.Bell@treasury.gov.za |
| Technical issues with Excel formats | Elsabe Rossouw | 012-315 5534 | lgdataqueries@treasury.gov.za |

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the *m*SCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to return to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations***.

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The Schedule A that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. Schedules D must be submitted for each entity.

# 7. Budget process and submissions for the 2018/19 MTREF

## 7.1 Budgeting for the audited years on Schedule A (*m*SCOA)

According to international learning practices, it is appropriate to reclassify historical information in accordance with the changes that occur in the Standard Chart of Accounts. Municipalities must capture the reclassified audit outcomes for 2014/15 to 2016/17 in version 6.2 of the Schedule A when compiling 2018/19 MTREF budgets.

The amalgamated municipalities must complete the 2016/17 audited years, current year (2017/18) and the 2018/19 MTREF budgets.

### 7.2 Submitting budget documentation and schedules for 2018/19 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, ***immediately*** after an annual budget is tabled in the municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is **Tuesday, 03 April 2018**. The deadline for submission of hard copies including council resolution is **Friday, 06 April 2018**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury ***within ten working days*** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is **Friday, 13 July 2018**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- the budget locking certificate; and
- schedules D specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za. Budget related documents and schedules may also be uploaded using the LG Upload Portal at

https://portals.treasury.gov.za/sites/LGUploadPortal/SitePages/Home.aspx

Municipalities are required to send printed submissions of their budget documents and council resolution to:

| ***For couriered documents*** | ***For posted documents*** |
|---|---|
| Ms Linda Kruger | Ms Linda Kruger |
| National Treasury | National Treasury |
| 40 Church Square | Private Bag X115 |
| Pretoria, 0002 | Pretoria, 0001 |

In addition to the above-mentioned budget documentation, metropolitan municipalities must submit the draft Built Environment Performance Plan (BEPP) tabled in council by 31 March 2018 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

### 7.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. Although there is some mis-alignment between the *m*SCOA classification and the budget return forms, municipalities must find the best fit to represent their 2018 MTREF budget figures as the publications will still be based on the budget returns for 2018/19.

Municipalities must submit returns for both the **tabled** budget and the final **adopted** budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures.

### 7.4 Upload of the *m*SCOA budget data strings to the LG upload portal

Municipalities must upload the *m*SCOA data strings for the tabled (**TABB**) and adopted (**ORGB**) budget to the upload portal. The budget data strings must be accompanied by the IDP project details data strings (**PRTA** and **PROR**). The deadlines for submission of the MBRR documents are also applicable to the *m*SCOA data strings. Refer to paragraph 7.2 above.

### 7.5 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (including the audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting transparency and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, http://mfma.treasury.gov.za/Pages/Default.aspx. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

# Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

| | |
|---|---|
| ***Post*** | Private Bag X115, Pretoria 0001 |
| ***Phone*** | 012 315 5009 |
| ***Fax*** | 012 395 6553 |
| ***Website*** | http://www.treasury.gov.za/default.aspx |

**JH Hattingh**
**Chief Director: Local Government Budget Analysis**
**07 March 2018**

Dr Tembela Nabe
Local Government Budget Office
Email: tembela.nabe@westerncape.gov.za
tel: +27 021 483-4824 fax: +27 021 483-4680

Reference: RCS/C.5

## TREASURY CIRCULAR MUN NO. 13/2018

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THE MAYOR, MATZIKAMA MUNICIPALITY: MS G STEPHAN
THE MAYOR, CEDERBERG MUNICIPALITY: MR J BARNARD
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
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THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR J DOUGLAS (ACTING)
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THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR G GOLIATH
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THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR IG SMITH) (ACTING)
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THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

## MUNICIPAL BUDGET CIRCULAR FOR THE 2018/19 MTREF

### 1. PURPOSE

1.1 The purpose of this Circular is to brief municipalities on the 2018 Local Government Medium Term Expenditure Committee Process (i.e. LG MTEC) and related matters.

### 2. LEGISLATIVE CONTEXT

2.1 The Western Cape Provincial Government has institutionalised the LG MTEC process in fulfilment of its obligations under:

- Sections 5, 22 and 23 of the Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003; and
- Chapter 5 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) [MSA].

2.2 The 2018 process will build on the successes of previous engagements in order to strengthen the alignment between municipal and provincial planning and budgeting and reinforce the theme of municipal sustainability for the current 4th Generation Integrated Development Planning Cycle.

### 3. AN INTEGRATED APPROACH TO PLANNING AND BUDGETING

3.1 Cognisance should be taken of recent political developments and the associated change in national priorities which will subsequently impact upon the short-term municipal planning and budgeting efforts as well as the medium-term growth and development outlook of local government.

3.2 Current economic pressures as well as resource, capacity and governance constraints impact upon the ability of local government to provide basic services and to improve the overall quality of life of its citizens. Despite municipalities making significant progress to address such challenges, there is an increased acknowledgement that true service delivery excellence can only be achieved through integrated development planning, considered decision-making and appropriate policy responses by all spheres of government.

3.3 In support of this notion, the Western Cape Government's Provincial Strategic Plan promotes an integrated management approach to better align provincial and local government policy, planning, budgeting and implementation, while supporting the spatial and local context. This alignment is formalised through a structured workplan which was formally adopted by Provincial Top Management and Municipal Managers in August 2017. The 2017/18 Integrated Workplan, which specifically gives

effect to the concept of *partnerships* (a prominent feature of Provincial Strategic Goal 5) synchronises key processes within the Western Cape Government by strengthening joint planning, co-ordination, collaboration and coherence across sector departments, municipalities and national organs of state.

3.4 The Integrated Workplan aims to improve the self-sufficiency of local government entities by focussing on the governance, economic and financial elements associated with municipal sustainability and better coordinated planning, budgeting and governance processes. Practical effect is given to this envisaged outcome through strategic and technical engagements.

3.5 The Strategic Integrated Municipal Engagements (SIME) were held in October/ November 2017 and served as a platform to discuss strategic issues affecting all municipalities (eg. water security and its impact on the economy, socio-economic analysis and infrastructure for economic development) as well as district specific emerging issues. The SIME was followed by the recent Technical Integrated Municipal Engagements (TIME) in February 2018. The TIME brings together officials to discuss strategic risks, governance and performance challenges confronting a municipality. The TIME aims to promote excellence in municipal governance practices and to support the long term sustainability of local government.

3.6 LG MTEC will take place in April/May and therefore precedes the implementation of municipal budgets. The engagement provides provincial government the opportunity to assess the municipality's planning efforts for the upcoming budget year. Similar to the National Treasury Benchmarking Exercise, LG MTEC serves as a holistic process that measures the extent to which strategic planning and budgeting is credible, sustainable and responsive/relevant.

3.7 The key theme for the 2018 LG MTEC process will be ***municipal sustainability***. Sub-themes will include, economic growth and development, drought management, waste management and partnerships. The main issues influencing municipal sustainability include, amongst others:

- Constrained growth at national level directly impacts upon the fiscal envelope of the Province. Dwindling revenue expectations and stricter fiscal consolidation measures have resulted in baseline reduction across the three spheres of government. Low economic growth and tight fiscal environment impacting directly on municipal revenue.

- Risks associated with infrastructure delivery include reductions in grant funding, bulk infrastructure shortfalls, maintenance backlogs and the shortage of professional staff, particularly infrastructure posts.

- The severe and prolonged drought in large parts of the Western Cape, which has now been declared a national disaster.

- Service delivery pressures due to high levels of unemployment, poverty and migratory patterns.

3.8 The aforementioned issues and key service delivery and budgetary risks from the current constrained fiscal environment need to be taken into account in finalising the 2018/19 MTREF budget. Municipalities are therefore encouraged to:

- Conform to relevant laws and regulations in support of service delivery performance.

- Adopt a more conservative approach in estimating municipal revenue and apply stricter indigent relief to target the most deserved.

- Become more efficient in the collection of revenue.

- Ensure that investments reflect good value for money, minimize costs of service delivery, and tariffs are cost reflective.

- Leverage on alternative technologies in the provision of electricity and water, minimise energy expenses through energy saving measures; reduce water and electricity losses, improve billing systems and ensure repairs and maintenance of infrastructure are done on a regular basis.

- Ensure greater sustainability of basic service delivery through spending on maintenance and renewal of infrastructure underpinning the delivery of basic services.

- Improve the quality of human capital in municipalities to build a capable state as required in terms of South Africa's 2030 National Development Plan.

- Fast-track service delivery objectives within affordable revenue and expenditure parameters.

- Invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.

- Maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households while ensuring the sustainability of the municipality.

## 4. MUNICIPAL BUDGET PROCESS

### 4.1 Non-compliance with the provisions of Chapter 4 of the MFMA

- As per section 27 of the MFMA, the mayor of a municipality must inform the MEC for Finance in writing of any impending non-compliance with the provisions of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes.

- If the impending non-compliance pertains to a time provision, except section 16(1) of the MFMA, the mayor may apply to the MEC for Finance for an extension, which should reach the MEC for Finance in writing by 15 March 2018 in accordance with Schedule G of the Municipal Budget and Reporting Regulations. It is recorded that no such applications were submitted to the MEC for Finance by the regulated date.

### 4.2 Municipal Budget Day

- According to sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget at a council meeting at least 90 days (i.e. by 31 March each year) before the start of the budget year.

- It is important to note there is no explicit requirement for council to endorse or approve the tabled budget or reviewed or amended IDP tabled by the mayor for public participation. The municipal council only has the legal authority to consider a tabled budget and reviewed/ amended IDP after the completion of one or more public participation processes undertaken pursuant to section 22, read with section 23 of the MFMA. Council will only consider for approval "the product of an inclusive budget preparation and consultative process" when the proposed annual budget (as amended, if applicable) is placed before council in terms of section 24(1) of the MFMA.

- Given that the preparation, consultation, adoption and implementation of a municipality's annual budget is inextricably linked to, and must be substantially aligned to and informed by the contents of that municipality's IDP, it would be procedurally flawed by the mayor to proceed with the tabling of the proposed annual budget (and commence with public participation process required in terms of section 22 of the MFMA) at a time when the annual review and/ or revision of the municipality's IDP has not been completed.

- If a municipality has failed to complete the relevant processes applicable to review and revision of the annual budget and IDP in time for the deadline applicable to the tabling of the proposed annual budget (i.e. 31 March), the

mayor should submit an application for an extension of the said deadline to MEC for Finance as outlined in paragraph 4.1 above.

- Municipalities are kindly requested to indicate any changes to the confirmed tabling dates as per **Appendix A** with the Provincial Treasury as it is crucial for the collection of the budget documentation and the assessment process leading up to the LG MTEC engagements. Municipalities are requested to indicate any changes to the confirmed tabling dates to Tania.Bosser@westerncape.gov.za by **20 March 2018**.

- It is important to note that although National Treasury has granted municipalities up to 3 and 6 April 2018 to submit the electronic and hard copies of the budget documentation, Provincial Treasury requires these documents on the tabling date of the budget documentation to fulfil its responsibilities in terms of section 5 of the MFMA.

### 4.3 Adoption of Municipal Budgets

- According to section 24(1) of the MFMA, the Municipal Council must at least 30 days before the start of the budget year (by 31 May each year) consider approval of the annual budget and any changes to the municipality's IDP.

- Furthermore, an annual budget must be approved by the Municipal Council before the start of the budget year (1 July each year) in line with section 24(2) of the MFMA. Failure to approve an annual budget by the start of the financial year will result in the Provincial Executive having to intervene in terms of section 139(4) of the Constitution.

### 4.4 Failure to Approve Budget Before the Start of Budget Year

- In the event that an annual budget is not approved, section 25 of the MFMA states that: (1) If the municipality failed to approve an annual budget, including revenue-raising measures necessary to give effect to the budget, the council must reconsider the budget and again vote on the budget, or an amended version thereof within seven (7) days of the council meeting that failed to approve the budget. (2) The process provided for in subsection (1) must be repeated until a budget, including revenue-raising measures necessary to give effect to budget, is approved. (3) If a municipality has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by the first day (1 July) of the budget year, the mayor must immediately comply with section 55 of the MFMA.

- It is important to note that the process outlined in section 25(2) does not extend beyond 30 June each year.

- Upon failing to approve the budget by the first day (i.e. 1 July) of the applicable budget year, the mayor must, in terms of section 55, immediately report the matter to the MEC for local government in that province and may recommend to the MEC appropriate provincial interventions in terms of section 139 of the Constitution.

- In terms of section 26(1) of the MFMA, failure to adopt an annual budget by the start of the applicable budget year, the provincial executive, must intervene in terms of section 139(4) of the Constitution by taking any appropriate steps to ensure that the budget (or the revenue-raising measures) are approved. Intervening actions may include dissolving the council, appointing an administrator until a newly elected council has been declared elected, and/or approving a temporary budget to ensure the continued functioning of the budget.

## 5. NATIONAL AND PROVINCIAL TREASURY GUIDELINES

5.1 Municipalities are advised to include the National and Provincial Treasury Budget Circulars as part of the source documents consulted in the preparation of the 2018/19 MTREF Budget documents and to table it as part of the budget documentation in the Municipal Council.

5.2 Municipalities are advised to consult MFMA Circulars 89 and 91 and incorporate the requirements in preparing its budget documentation. The following are highlights and explanatory notes from MFMA Circular 91:

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| ***The South African economy and inflation targets***<br>• The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.<br>• The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities.<br>• CPI inflation has been estimated at 5.3 per cent for 2017/18 and 2018/19 respectively and forecasted to increase to 5.4 per cent for 2019/20 and 5.5 per cent for 2020/21.<br>• The current water crisis in the Western Cape and other provinces will have a severe effect on economic growth. As such, the Western Cape growth is estimated to increase to 0.7 per cent in 2017, contracts by 0.3 per cent in 2018 and increases by 2.8 per cent in 2019 - The contraction in 2018 is largely due to the short-term impact of the drought on the agricultural sector. | Section 1 |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| ***Key focus areas for the 2018/19 Budget process***<br>The key focus areas for the 2018/19 Budget Process are:<br>2.1 The 2017 Medium Term Budget Policy Statement (MTBPS) indicates that reprioritisation and reductions undertaken have affected planned spending for 2018/19.<br>2.2 A total of R13.9 billion has been cut from direct local government grant allocations for the 2018 Medium Term Expenditure Framework (MTEF) period since the 2017 MTBPS was tabled. Indirect Grants to local government have been reduced by an additional R2.2 billion.<br>2.3 The reductions did not affect all conditional grants and not all grants were reduced by the same percentage. The large infrastructure conditional grants were the ones that were affected as this was considered the most practical approach.<br>2.4 The overall impact of reducing this funding affects capital programmes, thus local government's share of the reductions is higher than their share of the division of revenue, given that municipalities receive a number of infrastructure grants. The average reductions over the medium term are 3.5 per cent of local government allocations.<br>2.5 Conditional grant funding targets delivery of national government's service delivery priorities. Thus, it is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access the funding.<br>2.6 The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.<br>2.7 The total value of conditional grants directly transferred to local government increases from R43.3 billion in 2018/19 to R44.8 billion in 2019/20 and R47.8 billion in 2020/21.<br>2.8 Large municipalities are expected to invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.<br>2.9 The 2018 Budget provides for R382.8 billion to be transferred directly to local government and a further R21.8 billion allocated to indirect grants for the 2018 MTREF. National Government will provide financial assistance to areas that have been affected by drought to ensure that basic needs are met. | Section 2 |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| **The revenue budget**<br>3.1 Municipalities are urged to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring sustainability of the municipality.<br>3.2 The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; thus municipalities are required to ***justify all increases in excess of the* projected inflation target for 2018/19** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.<br>3.3 Municipalities should include a detail of their revenue growth assumption for the different service charges in their budget narratives.<br>3.4 The local government sphere confronts tough fiscal choices in the face of financial and institutional difficulties that result in service delivery breakdowns and unpaid bills, thus municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.<br>3.5 The National Energy Regulator of South Africa (NERSA) published their "Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2018/19 Financial Year" on 28 February 2018. Municipalities are encouraged to download the full guideline document (available at www.nersa.org.za) and study it carefully.<br>3.6 The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.<br>3.7 Municipalities are advised to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability.<br>3.8 Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget. | Section 3 |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| **Funding choices and management issued**<br>4.1 **Employee related costs**<br>The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.<br>4.2 **Remuneration of councillors**<br>Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.<br>Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned. | Section 4 |
| **Conditional Grant Transfer to Municipalities**<br>5.1 **Criteria for the rollover of conditional grants funds**<br>Section 22 of the 2017 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.<br>When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 22(2) of the DoRA, municipalities must include the following information with their submission to National Treasury:<br>1. A formal letter, signed by the accounting officer must be addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2017 DoRA;<br>2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project; | Section 5 |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| 3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):<br>a. Proof that the project tender was published and the period for tender submissions closed before 31 March;<br>b. Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or<br>c. Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding; and<br>d. Evidence that all projects linked to an allocation will be fully utilised by 30 June 2019 (attach cash flow projection for the applicable grant). was allocated during the course of the final year of the project.<br>4. A progress report (also in percentages) on the status of each project's implementation (attach a visible implementation plan);<br>5. The value of the committed project funding, and the conditional allocation from the funding source;<br>6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;<br>7. Municipalities must not include previous year's unspent conditional grants as a rollover request. Rollover of rollovers will not be considered;<br>8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and<br>9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed. | |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| 5.2 **Unspent conditional grant funds for 2017/18**<br>The process is to ensure the return of unspent conditional grants for the 2017/18 financial year will be managed in accordance with section 22 of the DoRA. The following practical arrangements will apply:<br>• Municipalities must submit their June 2018 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile.<br>• When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2018. These amounts MUST exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately.<br>• If the receiving officer wants to motivate in terms of section 22(2) of the 2017 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2018.<br>**National Treasury will not consider any rollover requests that are incomplete or received after this deadline.**<br>• National Treasury will communicate the unspent conditional grants amount by 05 November 2018. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 19 November 2018.<br>• Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 19 November 2018, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 03 December 2018 equitable share allocation**.** | |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| ***The Municipal Budget and Reporting Regulations (MBRR)***<br>6.1 **Impact of VAT increase on tariffs**<br>VAT will increase from 14 per cent to 15 per cent from April 2018. In terms of Section 7(4) of Value-Added Tax Act (No. 89 of 1991), the VAT increase takes effect on 1 April. It is a tax increase as a result of tax legislation that municipalities must implement and not an increase of tariffs by municipalities. Section 28(6) of the MFMA is not applicable in this regard. Provincial Treasury will in due course provide clarity regarding the practicalities of implementing the VAT increase. Municipalities are in the interim advised to consult the VAT Increase Guidelines issued by the South African Revenue Service (SARS) as part of MFMA Circular 91.<br>http://www.sars.gov.za/AllDocs/OpsDocs/Guides/LAPD-VAT-G13%20-%20VAT%20Pocket%20Guide%20on%20the%20VAT%20rate%20increase%20on%201%20April%202018%20-%20External%20Guide.pdf<br><br>6.2 **Schedule A - version to be used for the 2018/19 MTREF**<br>• National Treasury has released Version 6.2 of Schedule A1(Excel Formats) which is aligned to version 6.2 of the mSCOA classification framework. This version must be used by ALL municipalities when compiling their 2018/19 MTREF budget.<br>• Municipalities must prepare their 2018/19 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial systems.<br>6.3 **Assistance with the compilation of budgets**<br>• Municipalities that experience challenges with respect to compilation of their budget must direct their enquiries to the Provincial Treasury or to National Treasury.<br>• If municipalities did not adhere to the Municipal Budget and Reporting Regulations, **they will be required to return to the municipal council and table a complete budget document aligned to the requirements of the Municipal Budget and Reporting Regulations.**<br>• Municipalities with municipal entities are reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:<br>o An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;<br>o An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and<br>o A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats. | Section 6 |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| ***Budget process and submission for the 2018/19 MTREF***<br>7.1 **Budgeting for the audited years on Schedule A (mSCOA)**<br>• Municipalities must capture the classified audit outcomes for 2014/15 to 2016/17 in version 6.2 of Schedule A when compiling their 2018/19 MTREF budgets.<br>• The amalgamated municipalities must complete the 2016/17 audited years, current year (2017/18) and the 2018/19 MTREF budgets.<br>7.2 **Submitting budget documentation and schedules for 2018/19 MTREF**<br>To facilitate oversight compliance with Municipal Budget and Reporting Regulations, MUNICIPAL MANAGERS are reminded that:<br>• Section 22(b)(i) of the MFMA requires that, immediately after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is **Tuesday, 03 April 2018**. The deadline for submission of hard copies including council resolution is **Friday, 06 April 2018. The Western Cape Provincial Treasury requires both the electronic and hard copies on the tabling day of the budget documentation.**<br>• Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is **Friday, 13 July 2018,** otherwise an earlier date applies.<br>The municipal manager must submit:<br>• The budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;<br>• The draft service delivery and budget implementation plan in both printed and electronic format;<br>• The draft integrated development plan;<br>• The council resolution;<br>• Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and<br>• Schedules D specific for the entities. | Section 7 |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| 7.3 **Electronic and Hard copy submissions**<br>• Municipalities must follow the process of ensuring that their Information and Communication Technology Infrastructure can accommodate official email addresses.<br>• For the purpose of the implementation of mSCOA the Local Government Database requires municipalities to update their contact details and provide official email addresses instead of private accounts.<br>• NT electronic documents should be submitted to: lgdocuments@treasury.gov.za or if the budget documentation are too large (exceeds 4 MB) via lgbigfiles@gmail.com.<br>• PT electronic documents should be submitted to: MFMA.MFMA@westerncape.gov.za or if too large (exceeds 3 MB) must be submitted via the lift server function (http://lift.pgwc.gov.za/).<br>*How to lift:*<br>1. Go to the website: http://lift.pgwc.gov.za/<br>2. Type in the email address: MFMA.MFMA@westerncape.gov.za<br>3. Browse to correct file for uploading<br>4. Press: Submit<br>• Municipalities are required to submit the signed hard copies of their budget documents and council resolutions to the following addresses:<br>**National Treasury**<br>Ms Linda Kruger<br>40 Church Square<br>Pretoria, 0002<br>**Provincial Treasury**<br>Mr Paul Pienaar<br>7 Wale Street, Room 3-50<br>Cape Town, 8000<br>• Metropolitan municipalities should submit the BEPP to Yasmin.coovadia@treasury.gov.za or if exceeds 4 MB to Yasmin.coovadia@gmail.com. Hardcopies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd Floor, 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001. | Section 7 |

| MFMA Circular 91 Highlights | Circular section |
|---|---|
| 7.4 **Budget reform returns to the Local Government Database for publication**<br>• Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za.<br>• Municipalities must submit returns for both the draft budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link:<br>http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx<br>• The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures<br>7.5 **Upload of the mSCOA budget data strings to the LG upload portal**<br>Municipalities must upload the mSCOA data strings for the tabled (TABB) and adopted (ORGB) budget to the upload portal. The budget strings must be accompanied by the IDP project details data strings (PRTA and PROR). The deadline for submission of the MBRR documents are also applicable to the mSCOA data strings as per paragraph 7.2 above.<br>7.6 **Publication of budgets on municipal websites**<br>In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.<br>All relevant documents mentioned in this circular are available on the National Treasury website:<br>http://mfma.treasury.gov.za/Pages/Default.aspx<br>Municipalities are encouraged to visit it regularly as documents are regularly added/updated on the website. | Section 7 |

5.3 The Western Cape Provincial Treasury requires the budget documents on the tabling date in order to start with the assessment process. In order to facilitate this, the Provincial Treasury will deploy officials to attend the budget tabling proceedings and collect the tabled budget documentation (inclusive of budget, IDP, SDF, budget related policies and draft SDBIP). It is important for the CFO's office to liaise with the relevant departments for the submission of documents (eg. IDP, SDFs, relevant sector plans) which is not the responsibility of the Chief Financial Officer.

5.4 A designated municipal official should ensure that a set of these documents is prepared in both hard (where required) and electronic copy, except for the budget policies which are only required in electronic copy.

5.5 The designated official needs to co-sign the accompanying checklist (see **Appendix B**) as confirmation that the set of budget documents have been submitted.

## 6. LG MTEC ENGAGEMENTS

6.1 The LG MTEC engagements are proposed to take place from 24 April 2018 to 10 May 2018. The proposed Schedule of the LG MTEC engagements is attached as **Appendix C**.

Municipalities are kindly requested to confirm if the proposed LG MTEC engagement dates are suitable. In setting up the engagement dates we have had to take into account the public holidays over this period. It will be appreciated if you can confirm suitability of the proposed LG MTEC engagement date (together with the tabling date) in writing to Tania.Bosser@westerncape.gov.za by **20 March 2018**. Your timeous feedback in this regard will greatly assist in finalising logistical arrangements and will be appreciated.

6.2 The discussions at the engagements will be pitched at a strategic level. Hence, the representation at the LG MTEC engagements between the Province and municipalities will be as follows:

- The Provincial Government - senior officials from the Provincial Treasury, Department of Local Government, Department of Environmental Affairs and Development Planning, the Department of the Premier and the Economic Development Partnership.

- Municipalities - Municipal Manager, section 56 Managers, Budget and Treasury officials, IDP Manager/officials and Planning officials.

6.3 There will be a joint presentation by Provincial Government on key issues for discussion.

6.4 Municipalities will be required to make presentations at the LG MTEC engagements in response to the Provincial Government's budget and IDP assessment. An agenda and guiding template for this presentation will be sent to municipalities prior to the engagements.

## 7. DISCLOSURE AND REPORTING ON TRANSFERS AND GRANTS

7.1 It has been noticed that municipalities are not disclosing transfers and grant names in accordance with the gazette where the funds were initially published. This makes it difficult for transferring departments to monitor the performance of the respective allocations on a monthly basis. For an example, a municipality will disclose the WESTERN CAPE FINANCIAL MANAGEMENT SUPPORT GRANT as Financial Management Support grant (FMSG) whereas another municipality will only disclose FMSG or a municipality will combine the COMMUNITY LIBRARY SERVICES GRANT with the LIBRARY SERVICE: REPLACEMENT FUNDING FOR MOST VULNERABLE B3 MUNICIPALITIES which are two separate allocations. The current practice by municipalities makes it difficult for the respective transferring departments to monitor the monthly performance of allocations.

7.2 The Western Cape Provincial Treasury has developed a monitoring tool that will assist provincial transferring departments with the monitoring of provincial allocations. In order for the tool to work effectively, municipalities are requested to disclose allocation names exactly as published in the gazette(s) in tables SA18 (transfers and grants receipts) and SA19 (Expenditure on transfers and grant programme) for the 2018/19 MTREF period. A further request is for municipalities to capture all the allocations (national and provincial) in CAPITAL LETTERS to allow the seamless automation of the tool in performing the monitoring function. The correct grants names, in capital letters, as disclosed in the Annual Budget document (A-schedule) should also filter through to the C-schedule (SC6, SC7(1) and SC7(2)) on a monthly basis. Municipalities are also reminded to fully complete the supporting schedules (SC6, SC7(1) and SC7(2)) on a monthly basis to ease the monitoring function.

## 8. WAIVING OF THE CO-FUNDING REQUIREMENTS

8.1 As per MFMA Circular 89, the National Treasury will consider applications to waive co-funding requirements for infrastructure projects in municipalities with little or no ability to raise finance for such projects. Reprioritisations within the regional bulk infrastructure grant, water services infrastructure grant and municipal infrastructure grant will be made to fund the Bucket Eradication Programme.

8.2 Accounting officers will have to submit applications to transferring officers. The process has been structured this way as transferring officers must also concur that there is a case for the waiving of co-funding on a particular project. Transferring accounting officers will review the case for each project and then only submit applications to National Treasury for those projects supported by the transferring departments.

## 9. COST CONTAINMENT REGULATIONS

9.1 National Treasury is still in the process of finalising its draft Cost Containment Regulations which aims to eliminate spending on items not aligned to basic service delivery priorities.

9.2 These regulations were recently published for public comment and Municipalities are reminded to submit their inputs, comments and/or proposals to National Treasury by no later than 30 March 2018. Municipalities are specifically encouraged to put forward new and innovate cost-containment proposals.

9.3 Although these regulations are not anticipated to be adopted before the start of the new municipal financial year, Municipalities are strongly advised to develop their own cost containment policies for implementation on 1 July 2018.

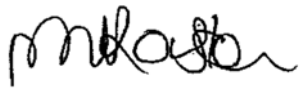
## 10. BUDGET RELATED POLICIES

10.1 Municipalities should as part of the preparation phase in the annual budget cycle revise its budget related policies annually. Provincial Treasury keeps record of budget policies which can, upon request, be provided to municipalities for comparative and guiding purposes.

## 11. CONCLUSION

The Provincial Government wishes you well with the preparation of your Annual Budget, IDP, SDBIP and related documents and look forward to the LG MTEC engagement with your Municipality.

Please direct any queries regarding this circular to Dr Nabe at above specified contact details.



**MS M KORSTEN**
**CHIEF DIRECTOR: PUBLIC POLICY SERVICES**
**DATE:** 19 March 2018

Western Cape Government
Provincial Treasury

**APPENDIX A**

## CONFIRMED 2018 BUDGET TABLING DATES

| Municipality | Confirmed date |
|---|---|
| City of Cape Town | 28 March 2018 |
| Matzikama | 27 March 2018 |
| Cederberg | 29 March 2018 |
| Bergrivier | 27 March 2018 |
| Saldanha Bay | 28 March 2018 |
| Swartland | 29 March 2018 |
| West Coast District Municipality | 29 March 2018 |
| Witzenberg | 28 March 2018 |
| Drakenstein | 28 March 2018 |
| Stellenbosch | 28 March 2018 |
| Breede Valley | 27 March 2018 |
| Langeberg | 27 March 2018 |
| Cape Winelands District Municipality | 28 March 2018 |
| Theewaterskloof | 28 March 2018 |
| Overstrand | 28 March 2018 |
| Cape Agulhas | 27 March 2018 |
| Swellendam | 29 March 2018 |
| Overberg District Municipality | 26 March 2018 |
| Kannaland | 29 March 2018 |
| Hessequa | 28 March 2018 |
| Mossel Bay | 29 March 2018 |
| George | 28 March 2018 |
| Oudtshoorn | 29 March 2018 |
| Bitou | 29 March 2018 |
| Knysna | 29 March 2018 |
| Eden District Municipality | 22 March 2018 |
| Laingsburg | 29 March 2018 |
| Prince Albert | 28 March 2018 |
| Beaufort West | 29 March 2018 |
| Central Karoo District Municipality | 26 March 2018 |

Western Cape Government
Provincial Treasury

**APPENDIX B**

## LG MTEC INTEGRATED PLANNING AND BUDGETING: 2018/19 CHECKLIST SUBMISSION OF TABLED BUDGET DOCUMENTATION

**MUNICIPALITY:** _____

The Budget Document as set out in Schedule A1 of the Municipal Budget and Reporting Regulations, including the main tables (A1 - A10), version 6.2 of Schedule A1 (the Excel formats) and the supporting tables (SA1 - SA38).

**Please ensure that** (as per MFMA Circular 72) **each page of the hard copy of the budget documentation** as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main tables (A1 - A10) and all the supporting tables (SA1 - SA38) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) **has been stamped and signed** by the secretariat responsible for ensuring accurate records of council decisions.

The IDP Document as set out in sections 26, 32 and 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 and Regulations (MSA) and section 21 of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA).

The Spatial Development Framework, Disaster Management Framework and additional documents must be submitted as required in terms of budget circulars.

| Budget Documentation | Yes | No | N/A | Yes | No | N/A |
|---|---|---|---|---|---|---|
| | **Hard Copy** | | | **Soft Copy (correlates with hard copy)** | | |
| Council Resolution in terms of the Budget | | | | | | |
| Draft Service Delivery and Budget Implementation Plan | | | | | | |
| Draft Service Level Standards | | | | | | |
| Signed Quality Certificate as prescribed in the MBRR | | | | | | |
| **Prescribed Minimum Budget Narrative Information** | **Stamped and Signed Hard Copy Budget Narrative** | | | **Soft Copy (correlates with hard copy)** | | |
| Budget Narrative | | | | | | |
| mSCOA budget data strings uploaded to the LG upload portal | *Soft copies only* | | | | | |
| **Municipal Budget Tables: Tables A1 to A10 mSCOA Compliant Schedule A - Prepared from the mSCOA Financial System** | **Stamped and Signed Hard Copy A1 – A10** | | | **Soft Copy (correlates with hard copy)** | | |
| Table A1: Budget Summary | | | | | | |
| Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification) | | | | | | |
| Table A2A: Budgeted Financial Performance (revenue and expenditure by standard classification) | | | | | | |
| Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote) | | | | | | |
| Table A3A: Budgeted Financial Performance (revenue and expenditure by municipal vote) | | | | | | |
| Table A4: Budgeted Financial Performance (revenue and expenditure) | | | | | | |
| Table A5: Budgeted Capital Expenditure (by vote, standard classification & funding source) | | | | | | |
| Table A5A: Budgeted Capital Expenditure (by vote, standard classification & funding source) | | | | | | |
| Table A6: Budgeted Financial Position | | | | | | |
| Table A7: Budgeted Cash Flow | | | | | | |
| Table A8: Cash Backed Reserves/ Accumulated Surplus Reconciliation | | | | | | |
| Table A9: Asset Management | | | | | | |
| Table A10: Basic Service Delivery Measurement | | | | | | |

| Budget Documentation | Yes | No | N/A | Yes | No | N/A |
|---|---|---|---|---|---|---|
| **Municipal Budget Supporting Tables: Supporting Tables SA1 to SA38 mSCOA Compliant Schedule A - Prepared from the mSCOA Financial System** | **Stamped and Signed Hard Copy SA1 – SA38** | | | **Soft Copy (correlates with hard copy)** | | |
| SA1: Supporting Detail to Budgeted Financial Performance | | | | | | |
| SA2: Matrix Financial Performance Budget (revenue source/expenditure type and department) | | | | | | |
| SA3: Supporting Detail to Budgeted Financial Position | | | | | | |
| SA4: Reconciliation of IDP Strategic Objectives and Budget (revenue) | | | | | | |
| SA5: Reconciliation of IDP Strategic Objectives and Budget (operating expenditure) | | | | | | |
| SA6: Reconciliation of IDP Strategic Objectives and Budget (capital expenditure) | | | | | | |
| SA7: Measurable Performance Objectives | | | | | | |
| SA8: Performance Indicators and Benchmarks | | | | | | |
| SA9: Social, Economic and Demographic Statistics and Assumptions | | | | | | |
| SA10: Funding Measurement | | | | | | |
| SA11: Property Rates Summary | | | | | | |
| SA12a: Property Rates by Category (current year) | | | | | | |
| SA12b: Property Rates by Category (budget year) | | | | | | |
| SA13a: Service Tariffs by Category | | | | | | |
| SA13b: Service Tariffs by Category (explanatory) | | | | | | |
| SA 14: Household Bills | | | | | | |
| SA15: Investment Particulars by Type | | | | | | |
| SA16: Investment Particulars by Type | | | | | | |
| SA17: Borrowing | | | | | | |
| SA18: Transfers and Grant Receipts | | | | | | |
| SA19: Expenditure on Transfers and Grant Programme | | | | | | |
| SA20: Reconciliation of Transfers, Grant Receipts and Unspent Funds | | | | | | |

| Budget Documentation | Yes | No | N/A | Yes | No | N/A |
|---|---|---|---|---|---|---|
| **Municipal Budget Supporting Tables: Supporting Tables SA1 to SA38 mSCOA Compliant Schedule A - Prepared from the mSCOA Financial System** *(contd)* | **Stamped and Signed Hard Copy SA1 – SA38** | | | **Soft Copy (correlates with hard copy)** | | |
| SA21: Transfers and Grants made by the Municipality | | | | | | |
| SA22: Summary Councillor and Staff Benefits | | | | | | |
| SA23: Salaries, Allowances and Benefits (political office bearers/councillors/senior managers) | | | | | | |
| SA24: Summary of Personnel Numbers | | | | | | |
| SA25: Budgeted Monthly Revenue and Expenditure | | | | | | |
| SA26: Budgeted Monthly Revenue and Expenditure (municipal vote) | | | | | | |
| SA27: Budgeted Monthly Revenue and Expenditure (standard classification) | | | | | | |
| SA28: Budgeted Monthly Capital Expenditure (municipal vote) | | | | | | |
| SA29: Budgeted Monthly Capital Expenditure (standard classification) | | | | | | |
| SA30: Budgeted Monthly Cash Flow | | | | | | |
| SA31: Aggregated Entity Budget (where applicable) | | | | | | |
| SA32: List of External Mechanisms | | | | | | |
| SA33: Contracts having Future Budgetary Implications | | | | | | |
| SA34a: Capital Expenditure on New Assets by Asset Class | | | | | | |
| SA34b: Capital Expenditure on the Renewal of Existing Assets by Asset Class | | | | | | |
| SA34c: Repairs and Maintenance Expenditure by Asset Class | | | | | | |
| SA34d: Depreciation by Asset Class | | | | | | |
| SA34e: Upgrading of Existing Infrastructure | | | | | | |
| SA35: Future Financial Implications of the Capital Budget | | | | | | |
| SA36: Detail Capital Budget | | | | | | |
| SA37: Projects Delayed from Previous Financial Years | | | | | | |
| SA38: Consolidated Detail Operational Projects | | | | | | |

| Budget Documentation | Yes | No | N/A | Yes | No | N/A |
|---|---|---|---|---|---|---|
| **Budget Related Policies** | **Hard copies** | | | **Soft Copy (correlates with hard copy)** | | |
| Information on any amendments to budget related policies | | | | | | |
| Suite of budget related policies | *Soft copies only* | | | | | |
| **IDP and Related Documentation** | **Hard copies** | | | **Soft Copy (correlates with hard copy)** | | |
| Council Resolution in terms of the IDP | | | | | | |
| Draft Integrated Development Plan | | | | | | |
| Process Plan/Time schedule according to section 29) of the MSA read in conjunction with section 21(b) of the MFMA | | | | | | |
| Spatial Development Framework | *Soft copies only* | | | | | |
| Council Resolution in terms of the adoption of the *Spatial Development Framework* | | | | | | |
| Applicable Disaster Management Plan | | | | | | |
| Council Resolution in terms of the adoption of the *Disaster Management Framework* | | | | | | |
| Integrated Waste Management Plan | | | | | | |
| Air Quality Management Plan | | | | | | |
| Coastal Management Plan *(Coastal municipalities only)* | | | | | | |
| Human Settlement Plan | | | | | | |
| Local Economic Development Strategy | | | | | | |
| Water Services Development Plan | | | | | | |
| Storm Water Master Plan | | | | | | |
| Integrated Transport Plan | | | | | | |
| Electricity Master Plan | | | | | | |
| Infrastructure Growth Plan | | | | | | |
| Workplace Skills Plan | | | | | | |

**MUNICIPAL REPRESENTATIVE**

**Name:** _____

**Signature:** _____

**Date:** _____

**PROVINCIAL REPRESENTATIVE**

**Name:** _____

**Signature:** _____

**Date:** _____

Western Cape Government
Provincial Treasury

**APPENDIX C**

## 2018 PROPOSED LG MTEC BUDGET AND IDP VISITATION SCHEDULE

| GROUP 1 | | | |
|---|---|---|---|
| **REGION** | **MUNICIPALITY** | **DAY OF VISIT** | **TIME** |
| CoCT | CITY OF CAPE TOWN | 24 April 2018, Tuesday | 09:00-12:00 |
| NO SCHEDULED ENGAGEMENTS | | 25 April 2018, Wednesday | |
| WCD | SALDANHA BAY | 26 April 2018, Thursday | 09:00-12:00 |
| WCD | SWARTLAND | 26 April 2018, Thursday | 14:00-17:00 |
| FREEDOM DAY | | 27 April 2018, Friday | |
| | | 28 April 2018, Saturday | |
| | | 29 April 2018, Sunday | |
| NO SCHEDULED ENGAGEMENTS | | 30 April 2018, Monday | |
| WORKERS DAY | | 01 May 2018, Tuesday | |
| OD | OVERSTRAND | 02 May 2018, Wednesday | 09:00-12:00 |
| OD | THEEWATERSKLOOF | 02 May 2018, Wednesday | 14:00-17:00 |
| OD | CAPE AGULHAS | 03 May 2018, Thursday | 09:00-12:00 |
| OD | OVERBERG DISTRICT | 03 May 2018, Thursday | 13:30-16:30 |
| CWD | DRAKENSTEIN | 04 May 2018, Friday | 09:00-12:00 |
| CWD | STELLENBOSCH | 04 May 2018, Friday | 14:00-17:00 |
| | | 05 May 2018, Saturday | |
| | | 06 May 2018, Sunday | |
| ED | BITOU | 07 May 2018, Monday | 14:00-17:00 |
| ED | KNYSNA | 08 May 2018, Tuesday | 09:00-12:00 |
| ED | EDEN DISTRICT | 08 May 2018, Tuesday | 15:30-17:30 |
| ED | GEORGE | 09 May 2018, Wednesday | 09:00-12:00 |
| ED | MOSSEL BAY | 09 May 2018, Wednesday | 14:00-17:00 |
| ED | HESSEQUA | 10 May 2018, Thursday | 09:00-12:00 |

| GROUP 2 | | | |
|---|---|---|---|
| **REGION** | **MUNICIPALITY** | **DAY OF VISIT** | **TIME** |
| NO SCHEDULED ENGAGEMENTS | | 24 April 2018, Tuesday | |
| WCD | WEST COAST DISTRICT | 25 April 2018, Wednesday | 09:00-11:00 |
| WCD | BERGRIVIER | 25 April 2018, Wednesday | 14:00-17:00 |
| WCD | MATZIKAMA | 26 April 2018, Thursday | 09:00-12:00 |
| WCD | CEDERBERG | 26 April 2018, Thursday | 14:00-17:00 |
| FREEDOM DAY | | 27 April 2018, Friday | |
| | | 28 April 2018, Saturday | |
| | | 29 April 2018, Sunday | |
| NO SCHEDULED ENGAGEMENTS | | 30 April 2018, Monday | |
| WORKERS DAY | | 01 May 2018, Tuesday | |
| CWD | LANGEBERG | 02 May 2018, Wednesday | 09:00-12:00 |
| CWD | CAPE WINELANDS DISTRICT | 02 May 2018, Wednesday | 14:00-17:00 |
| CWD | WITZENBERG | 03 May 2018, Thursday | 09:00-12:00 |
| CWD | BREEDE VALLEY | 03 May 2018, Thursday | 14:00-17:00 |
| OD | SWELLENDAM | 04 May 2018, Friday | 10:30-13:30 |
| | | 05 May 2018, Saturday | |
| | | 06 May 2018, Sunday | |
| ED | KANNALAND | 07 May 2018, Monday | 14:00-17:00 |
| ED | OUDTSHOORN | 08 May 2018, Tuesday | 08:30-11:00 |
| CKD | BEAUFORT WEST | 08 May 2018, Tuesday | 14:00-17:00 |
| CKD | CENTRAL KAROO DISTRICT | 09 May 2018, Wednesday | 08:30-11:00 |
| CKD | PRINCE ALBERT | 09 May 2018, Wednesday | 14:00-17:00 |
| CKD | LAINGSBURG | 10 May 2018, Thursday | 10:00-13:00 |

# WITZENBERG MUNICIPALITY

## LG MTEC INTEGRATED PLANNING AND BUDGETING ASSESSMENT: ANALYSIS OF MUNICIPAL IDP, SDF AND BUDGET

**Western Cape Government**

**MAY 2018**

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## LIST OF ACRONYMS

| | |
|---|---|
| AQMP | Air Quality Management Plan |
| BESP | Built Environment Support Programme |
| CBD | Central Business District |
| CBA | Critical Biodiversity Areas |
| CMP | Coastal Management Programme |
| CSIR | Council for Scientific and Industrial Research |
| DCAS | Department of Cultural Affairs and Sport |
| DEA&DP | Department of Environmental Affairs and Development Planning |
| DHS/DOHS | Department of Human Settlements |
| DM | District Municipality |
| DLG | Department of Local Government |
| DWS | Department of Water and Sanitation |
| EPWP | Expanded Public Works Programme |
| FBE | Free Basic Electricity |
| HSP | Human Settlement Plan |
| IDP | Integrated Development Plan |
| IGP | Infrastructure Growth Plan |
| IIAMP | Integrated Infrastructure Asset Management Plan |
| IIF | Infrastructure Investment Framework |
| ITP | Integrated Transport Plan |
| ISDF | Integrated Strategic Development Framework |
| IYM | In-year Monitoring |
| IWMP | Integrated Waste Management Plan |
| JOC | Joint Operations Centre |
| kl | kilolitre |
| KPA | Key Performance Area |

| | |
|---|---|
| KPI | Key Performance Indicator |
| kWh | kilowatt hour (1000 watt hours) |
| LED | Local Economic Development |
| LUPO | Land Use Planning Ordinance |
| MBRR | Municipal Budget and Reporting Regulations |
| MDG | Millennium Development Goal |
| MI | Municipal Infrastructure |
| MIG | Municipal Infrastructure Grant |
| MIP | Municipal Infrastructure Plan |
| MMP | Maintenance Management Plan |
| MVA | Megavolt Amperes (1 Million volt amperes) |
| MWh | Megawatt hour (1 Million watt hours) |
| NRW | Non-revenue Water |
| NDHS | National Department of Human Settlements |
| O&M | Operations and Maintenance |
| PMS | Performance Management Systems |
| RMP | Road Management Plan |
| SDBIP | Service Delivery and Budget Implementation Plan |
| SDF | Spatial Development Framework |
| SOP | Standard Operating Procedure |
| SWMP | Stormwater Management Plan |
| WC | Water Conservation |
| WDM | Water Demand Management |
| WSDP | Water Service Development Plan |
| WTW | Water Treatment Works |
| WWTW | Wastewater Treatment Works |

## SECTION 1: INTRODUCTION

The annual assessment of municipal budgets and Integrated Development Plans (IDPs) by provincial governments is essential. The importance of this assessment is stipulated in Chapter 5 of the Local Government Municipal Systems Act 32 of 2000 (MSA), the MSA Regulations and the Local Government Municipal Finance Management Act 56 of 2003 (MFMA). Provincial assessments afford the provincial sphere of government an opportunity to exercise its monitoring and support role to municipalities as stipulated by the Constitution. In addition, the assessments provide an indication of the ability and readiness of municipalities to deliver on their legislative and Constitutional mandates.

This report encapsulates comments by the Western Cape Provincial Government on the draft 2018/19 MTREF Budget, 2018/19 reviewed Integrated Development Plan (IDP) and Spatial Development Framework (SDF).

The assessment covers the following key areas:

- Outstanding findings from previous LG MTEC engagements;
- Conformance with the MFMA, MSA & Municipal Budget and Reporting Regulations (MBRR);
- Responsiveness of draft budget, IDP and SDF; and
- Credibility and sustainability of the Budget.

The MBRR A-Schedules, budget documentation, IDP and SDF submitted by the Municipality are the primary sources for the analysis. The quality of this assessment report therefore depends on the credibility of the information contained in the documents submitted by the Municipality.

The Provincial Government plans to meet the executives of your Municipality on **3 May 2018** where the key findings and recommendations of this report will be presented and deliberated upon. The planned engagement will contextualise the Municipality's challenges and responses as taken up in the draft budget, IDP, LED, SDF and various other strategies and plans.

All the information related to the assessment and analysis of the annual budget, IDP and SDF are found in the report below.

# SECTION 2: SOCIO-ECONOMIC OVERVIEW OF THE MUNICIPALITY

## 2.1 SOCIO-ECONOMIC OVERVIEW

A municipal budget is informed and influenced by a wide range of national, provincial and local socio-economic variables and assumptions that influence strategic allocations. These assumptions form the baseline from which a municipality makes projections and allocations across the three years of the MTREF.

Municipal sustainability requires successful socio-economic development and spatial transformation. The best way to grow and sustain a municipal revenue base, deliver basic services, and reduce the number of poor households, is by growing the economy in an inclusive way.

The following table shows the socio-economic indicators by looking and comparing three different sources.

**Table 1: Socio-Economic Indicators**

| Indicator | NDP Goals | Western Cape Provincial Data | Municipal Status Quo |
|---|---|---|---|
| **Population Growth Rate** | 0.5% - 1% per annum by 2030 (Nationally) | 1.5% per annum<br>(Census 2011, 2016 Community Survey) | 2.5% per annum growth rate<br>(IDP 2017) |
| **Poverty** | For zero households to be below the R418 monthly income poverty line | 516 321 (households below the poverty line)<br>(DLG, 2017) | 1 757 households receive no income (SA9) |
| **Per capita income** | Per capita income of R110 000 | R61 199<br>(Stats SA, own calculations 2017) | R47 393<br>(SEP-LG 2017) |
| **Unemployment** | 14% by 2020 | 19.5% (2017)<br>(Western Cape Government, Overview of Provincial Revenue and Expenditure, 2018) | 7.0%<br>(2017 IDP) |
| **Education** | A learner retention ratio of 90 per cent | Learner retention ratio – 65.6%<br>(SEP-LG 2017) | Learner retention ratio – 64.5%<br>(Municipal data in the 2017 IDP as per SEP-LG 2017) |
| **Health** | Maternal mortality to fall from 500 to 100 per 100 000 live births. | Maternal Mortality was 0.1 per 100 000 live births in 2016.<br>(SEP-LG 2017) | Maternal Mortality was 0.0 per 100 000 live births in 2016.<br>(SEP-LG 2017) |
| **Access to Basic Services** | Access to Electricity at 95 per cent. Expansion of | Western Cape average access to electricity in 2016: 96.5% | Above service level: 13 033 (households)<br>Below service level: 0 |

| Indicator | NDP Goals | Western Cape Provincial Data | Municipal Status Quo |
|---|---|---|---|
| | the renewable energy sources including a national target of 5 million solar water heaters by 2030. | (Stats SA) | (households)<br>Access level: 100%<br>(A10 and own calculation) |
| | 100 per cent access to clean potable water | Western Cape average access to water in 2016: 99.0%<br>(Stats SA) | Above service level: 12 536 (households)<br>Below service level: 0 (households)<br>Access level: 100%<br>(A10 and own calculation) |
| | All South Africans will have affordable, reliable access to sufficient safe water and hygienic sanitation by 2030 | Western Cape average access to sanitation in 2016: 94.6%<br>(Stats SA) | Above service level: 12 721 (households)<br>Below service level: 0 (households)<br>Access level: 100%<br>(A10 and own calculation) |
| | Housing | Western Cape average access to housing in 2016: 82.4%<br>(Stats SA) | Households:<br>Formal: 23 642<br>Informal: 3 778<br>Access level: 86.2%<br>(SA9 and own calculation) |

- The renewed confidence of developed countries, coupled with optimistic commodity-driven prospects within emerging and developing markets, are driving global growth upwards in 2018 and 2019. Economic growth in South Africa however remains sluggish and appears unable to keep pace with the expansion of the global economy.

- Increased economic hardship at national level is expected to impact on poorer households and their ability to afford quality services. The burden will in turn be passed to local municipalities who must strain their revenue streams to extend services to indigents.

- Despite government making significant progress to extend access to basic services to all households, access to sanitation and refuse removal remains a major concern. Backlogs are particularly profound within rural and informal residential areas as opposed to more affluent suburbs within urban environments that enjoy access to services far above the minimum service level standard set by National Government.

- Although access to primary schooling has improved a great deal since 1994, the overall quality of education has deteriorated, evident from a 2015 OECD report

which ranked South Africa 75th out of 76 in a ranking table of education systems. This study placed South Africa near the bottom of several categories measuring international schooling trends in mathematics and science. This does not bode well to improve access to higher education opportunities. The South African schooling system is also plagued by excessively high learner-teacher ratios and high school drop-outs.

- The number of high school drop-outs is expected to increase the unemployment rate amidst a labour market that is demanding more semi- and skilled workers.
- Life-expectancy within South Africa is lower than in any other African country, largely as a result of the prevalence of HIV/AIDS. Mortality in South Africa therefore stands in stark contrast to the global trend which is expecting a boom in older populations.

## SECTION 3: INTEGRATED PLANNING

The IDP is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the Municipality. Each municipal council must annually review and may amend the IDP of the Municipality.

The 2018/19 IDP review is the first of the 2017 - 2022 IDP. An IDP provides the strategic direction for all the activities of the Municipality over the five years and is linked to the council term of office. The 2018/19 IDP review approach takes into consideration the assessment of its performance measurements and to the extent that changing circumstances so demands. Should the review process determine an amendment is required, municipalities are too follow the process as stipulated in the MSA Regulation 3.

### 3.1 INTRODUCTION

The 2018/19 Draft Reviewed IDP reflects the Municipality's SWOT analysis which identifies the key challenges and limitations as well as potential advantages within the municipal area.

The Municipality incorporated the socio-economic analysis of the municipal area which informs the strategic trajectory over Council's five-year Term of Office. According to the Socio-Economic Profile of 2017 (SEP-LG) by Provincial Treasury, the Municipality is the fastest growing municipality in the Cape Winelands District growing at an average annual rate of 3.1 per cent from 2001 to 2013.

At this growth pace, net in-migration may be eminent within this municipal area, due to better employment prospects as well as better access to basic services risking basic services provision to come under severe pressure. The municipal area consists mainly of rural towns where the economy is predominantly driven by its agricultural sector. With high levels of unemployment and poverty, skills shortages coupled with a tough economic climate, basic services might soon become unaffordable for most inhabitants.

The 2018/19 Draft Reviewed IDP indicates through an assessment of the Municipality's existing level of development that apart from sanitation services through the emptying of septic tanks in some rural areas, no other basic services are provided on privately owned land. Furthermore, all households in residential areas have access to services such as water provision, sanitation, electricity and waste removal while informal settlements are being serviced through communal water and toilet facilities.

Levels of access to basic municipal services for towns, excluding private land within the municipal area are reflected on a comparative scale to that of the entire Cape Winelands District. This comparison does not adequately provide a consolidated breakdown of the number of people/households per community/town.

The vision and mission statements give effect to the Municipality's most critical development and internal transformation needs through its caring intentions to create growth and economic opportunities. The strategic objectives which the Municipality set out to achieve are proof of the aspirations of redress and attainment of sustainable development.

The 2018/19 Draft Reviewed IDP reflects the alignment between the Municipality's strategic objectives with the National Development Plan and National Outcomes, Provincial Strategic Plan as well as with the strategic objectives of the Cape Winelands District Municipality. The SDF guides the spatial form and structure of the municipal area and is in alignment with the Municipality's strategic objectives.

A risk comparison reflect alignment between the strategic challenges and top-10 risks identified during the Technical Integrated Municipal Engagements with those highlighted in the 2018/19 Draft Reviewed IDP.

The 2018/19 Draft Reviewed IDP adequately reflects the Municipality's strategic objectives in the Five Year Score Card by means of linking four Key Performance Areas to Pre-Determined Objectives, Key Performance Indicators and Targets over the five-year term of office.

Witzenberg Municipality was identified as one of the priority municipalities for implementation of the Integrated Urban Development Framework (IUDF) in the Western Cape. The 2018/19 Draft Reviewed IDP does however not indicate whether the Municipality has taken cognisance of the IUDF during the recent IDP review process. There is also no indication in the 2018/19 Draft Reviewed IDP whether the Municipality took into account the IUDF during the review process of its Spatial Development Framework in May 2017.

The 2018/19 Draft Reviewed IDP reflects alignment between the Strategic Goals and in particular the associated Strategic Objectives and the Capital Expenditure Framework of the Municipality.

## 3.2 MUNICIPAL INFRASTRUCTURE

### 3.2.1 Basic Service Provision

While the levels of access to basic municipal services are reflected on a comparative scale to that of the entire Cape Winelands District, it does not

adequately provide a consolidated breakdown of the number of people/households per community/town.

In terms of the Municipality's basic service provision strategies the implementation of the waste management strategy is making an impact on the reduction of backlogs, in particular the replacement of skips for the collection of garden refuse, with strategically placed drop-off points.

The 2018/19 Draft Reviewed IDP reflects a detailed three-year capital budget which illustrates the individual budgeted projects for basic services provision as allocated per ward. In addition, spatial maps indicating the capital investment per region provides an indication of the projects the Municipality will be implementing in each town.

The Municipality has various plans in place to address its basic service delivery and the 2018/19 Draft Reviewed IDP reflects how the Municipality is in alignment with national targets for basic service provision.

The 2018/19 Draft Reviewed IDP indicates that the Municipality provides basic services to all communities residing within the urban edge of towns located in the municipal area, except for electricity where Eskom is responsible for supply. However, it does not provide an indication of measures the Municipality will take to work with private land owners to address service provision to households living on privately owned land.

The Municipality was classified as a medium risk municipality based on its current water supply systems by a drought audit conducted through the Department of Local Government.

Among others, the town of Tulbagh seem to be most affected by the ongoing drought where insufficient water storage capacity has resulted in the implementation of water restrictions. In terms of water sources, storage and purification capacity, the 2018/19 Draft Reviewed IDP reflects extensively on the Municipality's upgrading of bulk resources and infrastructure investment planning over a 5-year term in an effort to ensure continuous, quality water supply. The 2018/19 Draft Reviewed IDP indicates that funding to the amount of R40 million had been allocated by the Department of Water and Sanitation for the construction of a 750 000 Ml storage dam in Tulbagh over the next three years.

### 3.2.2 Municipal Infrastructure Planning

The service levels and backlogs of basic service delivery is reflected throughout the various infrastructure related sub-sections of the 2018/19 Draft Reviewed IDP. The

2018/19 Draft Reviewed IDP provides an adequate indication of how its projects are aligned to its key performance areas.

The 2018/19 Draft Reviewed IDP includes some infrastructure projects which support the Municipality's local economic development agenda. The 2018/19 Draft Reviewed IDP adequately reflects how long-term planning in terms of infrastructure is geared towards achieving the Municipality's strategic objectives and key development priorities. However, there are issues that are raised in the credibility assessment which the Municipality must address.

### 3.2.3 Transport and Roads

The 2018/19 Draft Reviewed IDP reflects that the Municipality's Integrated Transport Plan was adopted on 14 December 2010 and has been reviewed as part of the 2016 - 2021 update of the Cape Winelands District Integrated Transport Plan. A Transportation Precinct Plan has now also been developed for the Tulbagh Central Business District. The 2018/19 Draft Reviewed IDP presents a comprehensive infrastructure investment on development and maintenance of roads which will be crucial for unlocking private agro-processing infrastructure such as packaging and cooling facilities.

## 3.3 HUMAN SETTLEMENTS

The 2018/19 Draft Reviewed IDP provides a comprehensive discussion of the housing needs in the municipal area. Effective public transport and job creation in townships was considered indicating that the Municipality is striving to create a dignified living environment for its residents. It is noted that the Municipality's Human Settlements Plan was adopted in December 2010 and is currently being reviewed.

Existing human settlements and settlement corridors, nodes and towns are adequately indicated via maps in the 2018/19 Draft Reviewed IDP. The Municipality considers the growth in informal settlements and the number of backyarders as the two most critical human settlement related issues in the municipal area.

The 2018/19 Draft Reviewed IDP provides potential methods of addressing the growth in informal settlements relating to management of influx in informal settlements, as well as the establishment of a response team for the demolishing of illegal structures and to assist housing and law enforcement officials.

The respective human settlement projects are broken down as per the Provincial SDF settlement/town hierarchy, and adequately spatially displayed. The 2018/19 Draft Reviewed IDP makes reference to the implementation of 200 serviced sites in Nduli and a further 635 serviced sites to be developed at Vredebes, Ceres.

The 2018/19 Draft Reviewed IDP indicates that all bulk infrastructure for the planned housing projects have been completed and construction is in progress.

### 3.4 DISASTER MANAGEMENT

According to the 2018/19 Draft Reviewed IDP, the Municipality consults with and operates in close collaboration with the Cape Winelands District Disaster Management Centre. The shortage of funds for the appointment of a dedicated Disaster Management Officer to adhere to the amended Disaster Management Act is also noted. The 2018/19 Draft Reviewed IDP reflects a list of priority disaster risks in the Municipality that were identified in the 2005 and 2008 risk assessment processes, however taking into account climate change effects (including the current persistent drought) and that is has been ten years since the last review, it has to be noted that these plans are outdated.

The 2018/19 Draft Reviewed IDP indicates that the Municipality's Disaster Management Plan was adopted on 28 May 2014 and reviewed in May 2017.

As previously mentioned, the Municipality in August 2017 was classified as a medium risk municipality based on its current water supply systems by a drought audit conducted through the Department of Local Government.

In terms of water sources, storage and purification capacity, the 2018/19 Draft Reviewed IDP reflects extensively on the Municipality's upgrading of bulk resources and infrastructure investment planning over a 5-year term in an effort to ensure continuous, quality water supply.

### 3.5 AGRICULTURE

The 2018/19 Draft Reviewed IDP covers most agricultural aspects relating to the municipal area.

The agricultural sector represents a significant proportion of the population of the Municipality. However, the 2018/19 Draft Reviewed IDP does not adequately reflect on the socio-economic conditions of the agricultural segment of the population.

### 3.6 SOCIAL SERVICES (HEALTH, EDUCATION, SAFETY AND SECURITY, CULTURAL AFFAIRS AND SPORT, SOCIAL DEVELOPMENT, THUSONG, EPWP, CWP)

The 2018/19 Draft Reviewed IDP reflects implementation of the following social development programs in the Municipality such as Youth, Substance Abuse, HIV, Poverty Alleviation, People living with Disabilities, Protection of vulnerable children, Early Childhood Development and Gender-based violence as well as the support services on offer to both women and men.

In terms of providing support to the poor and vulnerable through programmes and policy, the Municipality's five-year scorecard indicate implementation of 20 social programmes to communities each year over the five-year term.

### 3.7 INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The 2018/19 Draft Reviewed IDP provides a reflection of the Municipality's macro organisational structure. The Municipality's Key Performance Indicators are aligned to the Municipality's long-term development plans and institutional transformation needs. The 2018/19 Draft Reviewed IDP also reflects that the Municipality has a low vacancy rate of 5.7 per cent.

### 3.8 PUBLIC PARTICIPATION

The 2018/19 Draft Reviewed IDP reflects that the Municipality has a communication strategy in place that was adopted in December 2013. It is not clear from the 2018/19 Draft Reviewed IDP whether this strategy has been reviewed during the 2017/18 financial year as planned. The 2018/19 Draft Reviewed IDP makes reference to functional ward committees in each of the 12 wards, which was newly elected on 28 February 2017.

The 2018/19 Draft Reviewed IDP does not reflect the attendance numbers of community members at the public participation meetings held, nor provide an indication of the overall percentage of participation per ward. Also no indication is provided of ward priorities identified per ward, neither the percentages of ward priorities that have been included in the Municipality's planning and budgeting over the next 3 financial years.

# SECTION 4: ENVIRONMENTAL AND DEVELOPMENT PLANNING ANALYSIS

## 4.1 STRATEGIC OVERVIEW AND IMPORTANT MATTERS

A more accurate depiction of population statistics and population projections are required as a matter of urgency as this has a huge impact on the responses to housing, engineering infrastructure and social facility provision. Municipalities are using different approaches to estimate existing population and project growth, but a more uniformed approach is required.

It would appear that there is no Capital Investment Framework in the Witzenberg SDF and therefore one cannot say if the budget is aligned to it or not.

It is clear from the Draft Budget and IDP that much of the budget is to be spent on the development of the Vredebes site and the incremental upgrading of the Nduli informal settlement. However, it is noted that there are some discrepancies in the budgets of Vredebes Capex projects over the current and subsequent financial years contained in the Draft Budget vs. the projects listed in the 3-year capital budget contained in the IDP. It is recommended that this must be addressed in the final budget and IDP before tabling to Council for approval.

The Municipality intends to prioritise the alignment of water supply strategies and to protect groundwater from the threat of a drying and warming climate. The construction of a new storage dam in Tulbagh is prioritised in the budget for the next three financial years to ensure water security.

Climate change impacts are being experienced now and additional future impacts are unavoidable. The current drought is but one example of a climate change manifestation. Climate change response is therefore required as everyday risk reduction management, and equally as environmental, economic and social responses. Understanding of reduction of emissions, and risk reduction and management needs to be integrated in general across all sector inputs into the IDP. The ten-page Climate Change Advisory developed for Witzenberg Municipality in 2016, is still relevant and should be used by the Municipality for guidance on enhancing climate change responses from sectors as part of the IDP implementation.

The Witzenberg Municipality submitted a 2nd generation IWMP to the DEA&DP for assessment and endorsement. The IWMP was assessed but it was not endorsed as it did not meet the NEM: WA requirements. The Municipality needs to draft a 3rd generation IWMP for assessment and endorsement by the DEA&DP.

The Wolseley Facility still remains closed after the community closed it themselves during protests. This facility still has air space until 2026.

The Tulbagh site has sufficient space for the next five years. A variation of the waste management licence for this facility was applied for, but an appeal has been lodged against the application.

In accordance with the National Environmental Management: Waste Act 59 of 2008: National Waste Information Regulations all municipalities are required to submit actual quantities of waste for the different activities they are registered for on the Integrated Pollutant and Waste Information System (IPWIS) as of 2018. It is therefore imperative that municipalities allocate funding and make provision for acquiring waste quantification equipment in their budgets for the financial year 2018/19.

The provincial government has taken a position to institute a 50 per cent ban on organic waste to landfill by 2023 and a total ban by 2028. The diversion of organic waste can divert as much as 38 per cent of waste away from landfill if effective strategies are implemented.

In terms of pollution management, written confirmation by the Municipality is required to indicate which line function or person has been assigned the responsibility in terms of the 'Control of incidents' in terms of Section 30 of National Environmental Management Act (NEMA) in the Municipality.

In terms of compliance with the NEM: AQA, the Municipality must develop and adopt a By-law to address air quality management.

The Municipality have not yet developed an Invasive Species Monitoring, Control and Eradication Plan. The "*Guidelines for Species Listed as Invasive in terms of Section 70 of the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004) (NEMBA) and as required by Section 76 of this Act*" was published on 30 September 2015. As such, in terms of Regulation 8(2) of the Alien and Invasive Species Regulations (2014) published in terms of NEMBA, the Municipality was supposed to by 30 September 2016 prepare and submit to the national Minister responsible for environmental affairs and the South Africa Biodiversity Institute an Invasive Species Monitoring, Control and Eradication Plan. The Municipality must prepare and submit this plan urgently.

## 4.2 CURRENT WORK UNDERTAKEN (E.G. SUPPORT/PROGRAMMES/PROJECTS)

The Department has been informed that the Witzenberg Municipality will be appointing consultants to review their SDF and DEA&DP undertake to provide support as and when requested.

The initial climate change municipal support programme run by DEA&DP has come to a conclusion with development of climate change response strategies for each of the five districts in the Western Cape. Ongoing municipal inputs will be driven through sector departments by mainstreaming of climate change responses within provincial government departments.

Ad hoc support to municipalities from DEA&DP Climate Change Directorate may occur on a one-to-one basis, at the request of a municipality, and if capacity allows.

The Department has produced guidelines on the management of abattoir and green waste respectively, and hosts workshops on organic waste. The aim of the workshops is to share information on best practice and to create opportunities for partnerships between municipalities and the private sector.

The Witzenberg Municipality has received waste characterisation training. A waste characterisation guideline was drafted by the DEA&DP in the 2016/17 financial year and this was workshopped within the Cape Winelands municipal area in February 2018.

The DEA&DP drafted a Construction and Demolition Waste (C&DW) Guideline as well as a Status Quo Report on E-waste during March 2018 and are currently busy with the Waste Management Licence Amendment Project (WMLAP). Audits are performed regularly at the Waste Disposal Facilities and there is ongoing communication and assistance with regards to waste data recording and reporting to the IPWIS. A training session was provided to the Municipality on request on 10 August 2017 on the recording of its waste data using the waste calculator estimation technique and capturing that data on IPWIS. A data verification on-site inspection was conducted on 29 November 2017.

# SECTION 5: ASSESSMENT OF THE BUDGET RESPONSIVENESS

## 5.1 ECONOMIC SUSTAINABILITY

### 5.1.1 Introduction

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

Nationally, growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.[1]

The GDP growth rate is forecast, according to MFMA Circular No. 91, at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. As the outlook of the National economy improves, the adverse impact of the current drought, particularly on the agricultural sector, continues to weigh on the Western Cape's economic performance and outlook. Growth in the Western Cape is expected to have remained largely flat in 2017, in contrast to a projected growth acceleration for the national economy.[2]

The drought and the water crisis, as well as other issues relating to climate change (particularly fire, water shortages and floods), continue to be major risks in the Western Cape. Severe consequences resulting from the water crisis includes the inability to provide basic services to communities impacting on the sustainability of businesses and the economy; impact on the delivery of key infrastructure projects that are water dependent; greater reliance on the provision of government services and an impact on municipal sustainability.

Local government sustainability continues to be the overarching theme against which municipal budgets are assessed. Cognisance should be taken of recent political developments and the associated change in national priorities which will subsequently impact upon the short-term municipal planning and budgeting efforts as well as the medium-term growth and development outlook of local government.

This section examines if the tabled 2018/19 MTREF Budget is responsive from an economic and socio-economic perspective and the Municipality's ability to meet

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[1] National Treasury, MFMA Circular No. 91 (2018)

[2] Western Cape Government, Budget Overview (2018)

the legitimate expectations of the community and implement its mandated functions in order to contribute to economic sustainability over the long-term.

### 5.1.2 Overview of the Key Priorities in terms of IDP Strategic Objectives

The 2018/19 MTREF budget breakdown in terms of the strategic objectives is indicated in the table below. Witzenberg Municipality budgeted for a total operating expenditure of R584.831 million and a total capital budget of R75.975 million in the 2018/19 financial year.

**Table 2: Strategic Objectives for the 2018/19 Medium Term Revenue & Expenditure Framework**

| Witzenberg Supporting Table SA5 & SA6 Reconciliation of IDP Strategic Objectives and Budget (Operating and Capital Expenditure) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Strategic Objective | Goal | 2018/19 Medium Term Revenue & Expenditure Framework OPEX | | | | 2018/19 Medium Term Revenue & Expenditure Framework CAPEX | | | |
| R thousand | | Budget Year 2018/19 | Budget Year 2019/20 | Budget Year 2020/21 | Average Annual Growth | Budget Year 2018/19 | Budget Year 2019/20 | Budget Year 2020/21 | Average Annual Growth |
| Communal Services | 1.1 Sustainable provision & maintenance of basic infrastructure | 10 727 | 11 367 | 12 113 | 6.3% | – | – | – | 0.0% |
| Communal Services | 3.1 Provide & maintain facilities that make citizens feel at home. | 48 092 | 51 358 | 54 900 | 6.8% | 2 702 | 4 020 | 300 | -66.7% |
| Communal Services | 4.2 Create an enabling environment to attract investment & support local economy. | 87 | 93 | 98 | 6.0% | – | – | – | 0.0% |
| Essential Services | 1.1 Sustainable provision & maintenance of basic infrastructure | 319 022 | 340 217 | 361 126 | 6.4% | 42 930 | 52 862 | 27 731 | -19.6% |
| Essential Services | 3.1 Provide & maintain facilities that make citizens feel at home. | 28 486 | 36 805 | 27 245 | -2.2% | 29 004 | 12 065 | 13 742 | -31.2% |
| Governance | 1.1 Sustainable provision & maintenance of basic infrastructure | 35 012 | 35 488 | 37 916 | 4.1% | – | 495 | 545 | 0.0% |
| Governance | 2.1 Support Institutional Transformation & Development | 46 044 | 49 012 | 52 378 | 6.7% | 940 | 760 | 650 | -16.8% |
| Governance | 2.2 Ensure financial viability. | 45 537 | 54 069 | 57 588 | 12.5% | 180 | 80 | – | -100.0% |
| Governance | 2.3 To maintain and strengthen relations with international- & inter-governmental partners as well as the local community through the creation of participative structures. | 24 075 | 25 683 | 27 208 | 6.3% | 190 | 192 | 120 | -20.5% |
| Governance | 3.1 Provide & maintain facilities that make citizens feel at home. | 1 535 | 1 629 | 1 730 | 6.2% | 30 | 30 | – | -100.0% |
| Governance | 4.2 Create an enabling environment to attract investment & support local economy. | 1 298 | 1 389 | 1 486 | 7.0% | – | – | – | 0.0% |
| Socio-Economic Support | 3.1 Provide & maintain facilities that make citizens feel at home. | 17 326 | 38 138 | 29 625 | 30.8% | – | – | – | 0.0% |
| Socio-Economic Support | 1.1 Sustainable provision & maintenance of basic infrastructure | 5 683 | 5 991 | 5 319 | -3.3% | – | – | – | 0.0% |
| Socio-Economic Support | 2.1 Support Institutional Transformation & Development | 1 906 | 2 035 | 2 174 | 6.8% | | | | 0.0% |
| Total Expenditure | | 584 831 | 653 273 | 670 907 | 7.1% | 75 975 | 70 504 | 43 088 | -24.7% |

*Source: Witzenberg Municipality 2018/19 tabled budget*

The strategic objectives noted in Budget Tables SA5 and SA6 for the 2018/19 MTREF are aligned to the draft 2018 IDP Review's four strategic focus areas and eight strategic goals/objectives. For each strategic area, Witzenberg Municipality has shown specific alignment to national and provincial plans and policies, including the National Development Plan, the Medium Term Strategic Framework 2014 - 2019 (national) and the Western Cape Provincial Strategic Plan 2014 - 2019.

The total operating expenditure budget for 2018/19 amounts to R584.831 million. The Strategic Focus Area 2: "Essential Services" is allocated the majority of the operating expenditure budget for 2018/9 (R347.509 million or 59.4 per cent) while the biggest allocation in that focus area is "sustainable provision and maintenance of basic infrastructure" (R294.537 million). The remainder of the operating expenditure budget is divided across the three strategic focus areas with Governance receiving the second biggest allocation of R153.501 million.

The capital expenditure budget for 2018/19 of R75.98 million is mainly allocated to Essential Services Focus Area. This strategic focus area receives R71.933 million (90.9 per cent) of the total capital budget. It is clear from the budget allocations that the provision of bulk infrastructure for the new housing development is the priority for the 2018/19 budget, however the credibility of the capital budget funding as highlighted in the credibility assessment need to be addressed.

## 5.2 BUDGET RESPONSIVENESS ASSESSMENT

### 5.2.1 Economic growth

Witzenberg Municipality experienced a decline in GDPR growth in 2015 (2.1 per cent) and 2016 (0.9 per cent) which indicates that the economy was on a downward trend. This decline can be attributed to the contraction of the agriculture, forestry and fishing sector and the decline in growth of tertiary sectors. The main crops within the Witzenberg municipal area are apples, pears and peaches (Western Cape Department of Agriculture, 2013) which are largely dependent on irrigation water. The lack of water, due to the drought conditions, is therefore contributing to the decline in output from this sector.

***Infrastructure Development***

Infrastructure development has an important contribution to make towards economic growth and development. Witzenberg is experiencing pressure on several of its bulk service networks due to ageing infrastructure, inadequate bulk electricity supply, illegal connections, increased demand and lack of water storage facilities.

The costs of repairs and maintenance are increasing due to the scale of repairs that are required to keep up with demand for services. Currently, Witzenberg Municipality allocates only 4 per cent of its 2018/19 budget to Renewal, Upgrading and Repairs and Maintenance combined as a percentage of Property, Plant and Equipment, with more focus on new assets which account for 77.2 per cent of capital budget.

Due to the severe drought, Witzenberg has experienced critically low water supply levels and has insufficient water storage capacity. Capital budget of R8.261 million for 2018/19 and R16.931 million for 2019/20 has been allocated for Phase 2 and Phase 3 implementation of the construction of the new Tulbagh Dam project which will alleviate the current pressure on the bulk water network once completed. However, there is a high risk if these two phases are linked to the R13.37 million which was withheld by the Department of Water and Sanitation during 2018/19 financial year due to cost escalation.

Further drought management strategies such as the provision of boreholes, implementation of water restrictions and the monitoring of unaccounted for water losses in its draft 2018/19 SDBIP has been actioned by the Municipality to deal with the drought.

New bulk electricity infrastructure and supply still remains a key risk to economic growth in the Municipality. Witzenberg Municipality has reached its maximum electricity supply by Eskom and increased demand can only be supplied in 2022. This is a critical risk and requires support and intervention at a National level.

***Local Economic Development***

Witzenberg Municipality currently has a Local Economic Development Strategy that was adopted in 2014 and will go through a review process in the 2018/19 year to address gaps in the strategy.

Through its Strategic Objective 4.2: "Creating an enabling environment to support the local economy" the Municipality is committed to support local economic development through various programmes and also through the "utilisation of municipal public property to support economic growth and sustainable development".

LED programmes in Witzenberg include the support of SMMEs, registration of new businesses on the municipal and provincial supply chain database and a renewed focus on tourism development amongst many other programmes.

One new project in the pipeline is the development of an Agri-Park in conjunction with the Department of Rural Development and Land Reform which will create opportunities for investment, job creation and land reform. This project is in the planning phase and could become a key economic driver for the region will numerous positive externalities for the local economy.

In the 2018/19 budget, the Municipality has allocated R1.906 million to the implementation of its LED programmes. This is a 20.8 per cent decrease from its 2017/18 allocation of R2.303 million. No explanation for the decrease is provided and it is therefore not clear if the decrease is the result of shifting budget priorities.

### 5.2.2 Employment

One of the biggest challenges in South Africa, high unemployment levels. Currently, the unemployment rate for Witzenberg is 7.0 per cent. Unemployment levels, coupled with poverty and migratory patterns also place continued pressure on municipal resources and its capacity to deliver services.

Job creation in the Witzenberg area between 2010 and 2015 was greater than the number of jobs lost after the recession. In 2016, the agriculture, forestry and fishing and the transport, storage and communication sectors jointly shed 236 jobs. In total 1 413 net jobs were created across all sectors in Witzenberg in 2016.

The Municipality is dedicated to using programmes such as EPWP to create job opportunities within the region. EPWP funding for the 2018/19 financial year totals R1.780 million, an increase from the R1.485 million allocated in 2017/18. In its draft 2018/19 SDBIP, the Municipality plans to create 390 temporary job opportunities in the upcoming financial year.

### 5.2.3 Quality of Life

While the Municipality is making progress in addressing access levels to basic services, it still struggles with a significant housing backlog due to the high levels of in-migration of people into the area. In the Municipality's 2016/17 Annual Report, it stated that its housing backlog was at 12 per cent (1 945 houses). While new housing developments are currently in progress in the area, the Municipality does not have sufficient resources to keep up with the current demand and struggles with the current growth rate of informal settlements.

The largest allocation of the total operating expenditure budget is for trading services and it amounts to R320.713 million for 2018/19, increases to R342.026 million for 2019/20 and R363.059 million for 2020/21. The biggest proportion of the trading services budget is for energy provision, i.e. the distribution of electricity and provision of street lighting.

Electricity distribution makes up the largest proportion of the Municipality's operating revenue budget for trading services, as it is the case with the capital budget. Given the current economic climate, rising costs of electricity and the possibility of consumer's inability to pay in the future, it would be proactive for the Municipality to explore and leverage on the use of alternative technologies for electricity and water and to minimise energy expenses through energy saving measures.

Although the operating budget provides for the collection of water provision related revenue and related expenditure, the Witzenberg area is currently experiencing a severe drought. The drought has forced consumers to change their water consumption habits. While, decreased consumption has a positive effect on the water resources, it has had a negative effect on municipal revenue. This is a risk to the Municipality in terms of future financial sustainability.

In its draft 2018/19 SDBIP, the Municipality plans to subsidise 2 750 households annually through its Indigent Policy. As the Municipality did not complete the columns in Schedule SA9 and A10 to indicate the number of households receiving free basic services, it is unclear as to whether the target in the draft 2018/19 SDBIP is aligned to the draft 2018/19 budget and whether the cost of free basic services to the Municipality is a credible one. It is recommended that the Municipality completes Supporting Schedule SA9, and subsequently Schedule A10 in the final adopted budget in order to fully comprehend the assumptions that the 2018/19 MTREF is based on.

# SECTION 6: CREDIBILITY AND SUSTAINABILITY

## 6.1 REVIEW OF THE NEW (2018/19) MTREF

### 6.1.1 Outcomes of the audited financial years

**Table 3: Budgeted Performance against the Audited Performance**

| R thousands | 2014/15 | | | | 2015/16 | | | | 2016/17 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Adjusted Budget | Audited Outcome | Difference | Diff % | Adjusted Budget | Audited Outcome | Difference | Diff % | Adjusted Budget | Audited Outcome | Difference | Diff % |
| Financial Performance | | | | | | | | | | | | |
| Property rates | 50 572 | 49 826 | (746) | -1.48% | 56 176 | 54 353 | (1 823) | -3.25% | 61 405 | 58 378 | (3 027) | -4.93% |
| Service charges | 249 150 | 240 032 | (9 118) | -3.66% | 271 802 | 263 109 | (8 693) | -3.20% | 295 516 | 271 761 | (23 756) | -8.04% |
| Investment revenue | 6 850 | 4 658 | (2 192) | -31.99% | 7 880 | 6 772 | (1 107) | -14.05% | 9 954 | 8 512 | (1 443) | -14.49% |
| Transfers recognised - operational | 88 529 | 84 488 | (4 041) | -4.56% | 77 869 | 71 441 | (6 428) | -8.25% | 103 604 | 101 429 | (2 176) | -2.10% |
| Other own revenue | 26 093 | 38 668 | 12 575 | 48.19% | 33 494 | 43 242 | 9 748 | 29.10% | 31 568 | 116 527 | 84 959 | 269.13% |
| Total Revenue (excl. capital transfers and contributions) | 421 194 | 417 673 | (3 521) | -0.84% | 447 220 | 438 916 | (8 304) | -1.86% | 502 047 | 556 606 | 54 559 | 10.87% |
| Employee costs | 118 029 | 115 412 | (2 617) | -2.22% | 131 378 | 120 879 | (10 498) | -7.99% | 140 887 | 132 818 | (8 069) | -5.73% |
| Remuneration of councillors | 8 364 | 8 065 | (299) | -3.58% | 8 949 | 8 662 | (288) | -3.21% | 8 926 | 8 780 | (146) | -1.64% |
| Depreciation & asset impairment | 16 996 | 26 327 | 9 331 | 54.90% | 37 754 | 27 173 | (10 581) | -28.03% | 38 980 | 26 249 | (12 732) | -32.66% |
| Finance charges | 13 070 | 14 300 | 1 230 | 9.41% | 13 265 | 17 903 | 4 638 | 34.96% | 11 707 | 17 573 | 5 866 | 50.10% |
| Materials and bulk purchases | 147 150 | 138 170 | (8 980) | -6.10% | 162 744 | 160 425 | (2 319) | -1.43% | 179 221 | 179 203 | (18) | -0.01% |
| Transfers and grants | 792 | 15 939 | 15 147 | 1912.47% | 859 | 969 | 110 | 0.00% | 887 | 25 206 | 24 318 | 2740.94% |
| Other expenditure | 109 356 | 85 608 | (23 748) | -21.72% | 117 994 | 110 710 | (7 284) | -6.17% | 150 609 | 124 440 | (26 169) | -17.38% |
| Total Expenditure | 413 757 | 403 821 | (9 936) | -2.40% | 472 944 | 446 721 | (26 223) | -5.54% | 531 218 | 514 268 | (16 950) | -3.19% |
| Surplus/(Deficit) | 7 437 | 13 851 | (13 457) | -180.95% | (25 724) | (7 805) | 17 919 | -69.66% | (29 171) | 42 338 | 71 509 | -245.14% |
| Transfers recognised - capital | 52 760 | 58 472 | 5 712 | 10.83% | 55 170 | 55 447 | 276 | 0.50% | 38 867 | 38 768 | (99) | -0.25% |
| Contributions recognised - capital & contributed assets | – | – | – | | – | – | – | | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 60 197 | 72 323 | 12 126 | 20.14% | 29 447 | 47 641 | 18 195 | 61.79% | 9 696 | 81 106 | 71 410 | 736.47% |
| Share of surplus/ (deficit) of associate | – | – | – | | – | – | – | | – | – | – | |
| Surplus/(Deficit) for the year | 60 197 | 72 323 | 12 126 | 20.14% | 29 447 | 47 641 | 18 195 | 61.79% | 9 696 | 81 106 | 71 410 | 736.47% |
| | | | | | | | | | | | | |
| Capital expenditure & funds sources | | | | | | | | | | | | |
| Capital expenditure | 67 232 | 70 877 | 3 645 | 5.42% | 76 502 | 78 266 | 1 764 | 2.31% | 62 389 | 115 242 | 52 853 | 84.71% |
| Transfers recognised - capital | 52 760 | 51 634 | (1 126) | -2.13% | 55 170 | 55 545 | 375 | 0.68% | 27 049 | 38 670 | 11 621 | 42.96% |
| Other transfers and grants | – | 6 951 | 6 951 | 0.00% | – | 1 619 | 1 619 | 0.00% | 189 | – | (189) | -100.00% |
| Borrowing | – | – | – | 0.00% | 2 991 | 1 176 | (1 815) | -60.69% | – | – | – | 0.00% |
| Internally generated funds | 14 237 | 12 293 | (1 944) | -13.66% | 18 340 | 19 926 | 1 586 | 8.65% | 35 151 | 22 558 | (12 593) | -35.83% |
| Public contributions & donations | 235 | – | (235) | -100.00% | – | – | – | 0.00% | – | 54 014 | 54 014 | 0.00% |
| Total sources of capital funds | 67 232 | 70 877 | 3 645 | 5.42% | 76 502 | 78 266 | 1 764 | 2.31% | 62 389 | 115 242 | 52 853 | 84.71% |

*Source: Municipal A-Schedule, Audited AFS and Adjustment budgets*

The table shows material variances on certain revenue, expenditure and capital budget line items (investment revenue, other own revenue, depreciation and asset impairment, other expenditure, transfers and grants) which could indicate that proper planning and forecasting was not taken into account. If past performance trends were to be used as a baseline for the 2018/19 MTREF, specifically for the affected items, it would likely compromise the budget for the 2018/19 MTREF. It should be noted that the Audited outcomes in the above table are not in line with the Audited Annual Financial Statements.

### 6.1.2 Review of the Budget Assumptions

The assessment is based on the budget assumptions as per page 23 - 25 of the budget document of the Municipality. The budget assumptions form the basis upon which the new MTREF is prepared.

The overall budget assumptions are credible and reasonable over the MTREF period, but the budget assumption for councillor remuneration needs to be rephrased due to increases that are approved by the Western Cape MEC for Local Government instead of the Minister of Finance.

### 6.1.3 Adequacy of Revenue Management Framework

**Service Charges: Water**

Year-on-year revenue growth is projected at 1 per cent from the previous year against a proposed tariff increase of 7 per cent for the 2018/19 budget year. The non-correlation between the two trends can be as a result of the current drought which forces conservative consumption and a negative impact on large consumer users who are projected to consume less water.

Consumer debtors from this source were the largest contributor to total debtors and this service showed a year-on-year growth of 24.8 per cent as reported at the end of February 2018 mainly as a result of historic challenges in enforcing credit control and debt management in areas where Eskom supplies electricity. Drought conditions, over and above the ever increasing debtors, further exacerbate sustainability of this revenue source.

Linked to water resources is revenue from sanitation service which also shows negative revenue growth of 17.4 per cent. The cost of providing this service to indigent households is projected to materially grow by 76.6 per cent from R6.43 million in 2017/18 to R11.35 million in 2018/19 financial year, with no explanation provided in the budget document to substantiate this change.

**Interest earned on external investments**

It is noted that there is a substantial year-on-year growth of 80 per cent from R4.57 million in 2017/18 to R8.2 million in 2018/19 budget year for this revenue item with no explanation on the contributing factors except for 20.3 per cent substantial growth in cash for 2018/19 financial year to R152.87 million and by 41.9 per cent from 2019/20 to 2020/21 financial year to R262.17 million as disclosed in the Statement of Financial Position.

**Interest earned on outstanding debtors**

The substantial decline in this revenue source by 19 per cent from R7 million to R5.65 million could be as a result of the special task team that will resolve the issue of outstanding debt, that was highlighted in the mid-year assessment report, and the bad debts of R55 million which are anticipated to be written off in the current financial year. However, the budget document does not have the narrative to support these assumptions.

**Fines**

The Municipality has budgeted for a year-on-year revenue growth of 28.9 per cent from the 2017/18 financial year to 2018/19 budget year with no explanation on the contributing factors. This is also despite the revenue performance as at 28 February 2018 which indicated underperformance. This item needs to be reviewed before the final budget is tabled to Council for approval and the budget document needs to provide reasons to substantiate the growth trend.

**Licenses and permits**

The growth trend of 24 times, from R152 000 in 2017/18 to R3.67 million in 2018/19, is not in line with past performance trends and there is no explanation in the budget document to substantiate this growth. The Municipality is required to provide, in the final budget document, the contributing factors to this substantial growth.

**Transfers recognised – Operational**

Grants and subsidies for 2018/19 MTREF are in line with all the national transfers as per the Division of Revenue Bill and the Western Cape Provincial Gazette. However, the amount of R135.29 million in Table A4 does not reconcile with the total operating transfers and grants of R135.88 million in Table SA18 resulting to understatement by R588 000. Moreover, the Financial Management Grant has been split between operating and capital budget and these findings must be investigated and either rectified or explained in the final budget document before tabling to Council for approval.

### Cost reflectiveness of Trading Services

**Table 4: Trading Services**

| Standard Classification | Operating Revenue | | | Operating Expenditire | | | Net Results (Surplus or Deficit) | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| *Trading services* | 316 407 | 335 040 | 355 142 | 320 713 | 342 026 | 363 059 | (4 306) | (6 987) | (7 917) |
| Electricity | 235 714 | 249 857 | 264 848 | 224 892 | 236 663 | 250 991 | 10 822 | 13 194 | 13 857 |
| Water | 41 882 | 44 237 | 46 891 | 26 950 | 29 984 | 31 861 | 14 932 | 14 253 | 15 030 |
| Waste water management | 17 387 | 18 430 | 19 536 | 29 256 | 31 746 | 33 779 | (11 869) | (13 316) | (14 243) |
| Waste management | 21 424 | 22 516 | 23 867 | 39 615 | 43 633 | 46 428 | (18 191) | (21 117) | (22 561) |

*Source: Tables A2 & A4 of A-Schedule*

The trajectory over the 2018/19 MTREF is deteriorating for wastewater management and waste management as the deficits are showing year-on-year growth trends. During a previous engagement, the Municipality indicated that it has partially implemented the restructuring of tariffs for waste management. However, the widening deficit over the MTREF is not evident that the tariffs were restructured.

The risk is that waste management and waste water management tariffs are not cost-reflective, which will affect the cost of maintenance and renewal of equipment required to provide the service as well as the provision for land-fill sites. This will also require cross-subsidisation from other revenue sources and further put pressure on the cash resources to ensure that these services are rendered optimally.

High tariff increases and additional levies may lead to unaffordability to pay and increases in outstanding debt therefore there must be a balance between tariff increases and level of services.

The continued, and increasing overall deficits on trading services will likely and adversely affect the sustainability of the budget in a long-term.

### 6.1.4 Adequacy of Expenditure Management Framework

### Depreciation and asset impairment

There is a disclosure inconsistency which has been detected on depreciation and asset impairment budgeted amount when comparing Table A4 (R48 million) to SA34d R47.37 million).

Despite the year-on-year growth, historical performance indicates a challenge with regard to accurate budgeting for this item which must be rectified during the 2018/19 MTREF.

### Contracted services

This expenditure constitutes 8.2 per cent of the total operating expenditure budget for 2018/19 financial year, 8.7 per cent and 7.2 per cent for 2019/20 and 2020/21 financial years respectively which is above the 2 - 5 per cent as prescribed by National Treasury in MFMA Circular No. 71. Furthermore, there is no breakdown in Table SA1 on list of services that will be provided through contracted services and these gaps must be reviewed, amended and explained where possible in the final budget document before it is tabled to Council for approval.

### Other expenditure

This items shows a substantial year-on-year negative growth of 45 per cent mainly as a result of contribution to provisions which is budgeted at R17 000, substantially down from R32.03 million in 2017/18 financial year with no explanation provided in the budget document.

### 6.1.5 Adequacy of Capital Budget

The following table depicts split in projected capital spending together with growth trends over the MTREF.

**Table 5: Capital Expenditure**

| Vote Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | | % Growth rates: MTREF Budget | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | YTD Actual (Feb 2018) | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | 2017/18-2018/19 (YOY) | 2018/19-2019/20 (YOY) | 2019/20-2020/2021 (YOY) | 2017/18 - 2020/21 (AVE) |
| Capital Expenditure - Standard | | | | | | | | | | | | | |
| *Governance and administration* | 7 873 | 1 968 | 816 | 2 304 | 3 096 | 461 | 1 340 | 1 062 | 770 | -57% | -21% | -27% | -35% |
| Executive and council | – | – | - | 295 | 371 | 33 | 250 | 170 | 50 | -33% | -32% | -71% | 0% |
| Budget and treasury office | 7 873 | 1 968 | 816 | 2 009 | 2 725 | 358 | 1 090 | 892 | 720 | -60% | -18% | -19% | -32% |
| Corporate services | – | – | - | – | – | 70 | – | – | - | – | – | – | – |
| *Community and public safety* | 8 502 | 4 653 | 8 170 | 3 495 | 4 455 | 3 175 | 2 702 | 4 020 | 300 | -39% | 49% | -93% | 0% |
| Community and social services | 6 906 | 2 189 | 1 218 | 535 | 683 | 732 | 600 | 2 600 | 300 | -12% | 333% | -88% | 0% |
| Sport and recreation | 1 559 | 470 | 2 218 | 2 260 | 3 072 | 928 | 2 102 | 1 420 | - | -32% | -32% | -100% | 0% |
| Public safety | 37 | 1 994 | 4 734 | 500 | 500 | 1 515 | – | – | - | -100% | – | – | 0% |
| Housing | – | – | - | 200 | 200 | - | – | – | - | -100% | – | – | 0% |
| Health | – | – | - | – | – | - | – | – | - | – | – | – | 0% |
| *Economic and environmental services* | 13 097 | 40 285 | 60 270 | 16 650 | 10 800 | 3 733 | 28 504 | 11 860 | 14 087 | 164% | -58% | 19% | 0% |
| Planning and development | 47 | – | - | 20 | 20 | - | – | – | - | -100% | – | – | 0% |
| Road transport | 13 051 | 39 912 | 60 270 | 16 630 | 10 780 | 3 733 | 28 504 | 11 860 | 14 087 | 164% | -58% | 19% | 42% |
| Environmental protection | – | 372 | - | – | – | - | – | – | - | – | – | – | 0% |
| *Trading services* | 41 405 | 31 360 | 45 986 | 60 798 | 47 242 | 20 561 | 43 430 | 53 562 | 27 931 | -8% | 23% | -48% | -11% |
| Electricity | 3 583 | 5 607 | 31 644 | 3 327 | 2 550 | 1 631 | 11 449 | 8 106 | 5 565 | 349% | -29% | -31% | 96% |
| Water | 15 800 | 10 528 | 25 370 | 31 597 | 25 083 | 11 574 | 14 746 | 27 063 | 5 039 | -41% | 84% | -81% | -13% |
| Waste water management | 22 022 | – | - | 22 169 | 15 904 | 7 316 | 16 063 | 8 969 | 6 228 | 1% | -44% | -31% | 0% |
| Waste management | – | 15 225 | (11 028) | 3 705 | 3 705 | 41 | 1 171 | 9 424 | 11 099 | -68% | 705% | 18% | 0% |
| *Other* | – | – | - | – | – | - | – | – | - | – | – | – | 0% |
| Total Capital Expenditure - Standard | 70 877 | 78 266 | 115 242 | 83 247 | 65 593 | 27 930 | 75 975 | 70 504 | 43 088 | 16% | -7% | -39% | -10% |

*Source: Annual Budget Schedules A5*

The capital budget shows year-on-year growth from 2017/18 to 2018/19 financial year with negative growth in each of the outer two years of the MTREF. The major concern and risk in the tabled budget is the reduction of water, as a trading service, from R25.08 million in 2017/18 to R14.75 million in 2018/19 financial year with substantial growth of 84 per cent in 2019/20 and substantially drops by 81 per cent in 2020/21 financial year. This concern is further exacerbated by plans to build more houses via the Human Settlements Development Grant.

However, this analysis together with the credibility and reliability of the entire capital budget is compromised by inclusion of Provincial Government capital transfers of R17.33 million in 2018/19 and R6.96 million in each of the outer two years of the MTREF which were not gazette and are not disclosed in Table SA18. Credibility and reliability of the capital budget is further exacerbated by non-alignment of National Government transfers in Table A5 to those disclosed in Table SA18 as published in the 2018 Division of Revenue Bill. The overall finding, after reconciling these discrepancies, reveals that the capital budget is overstated by R13.07 million in 2018/19 financial year and R6.15 million in total for the two outer years.

### 6.1.6 Core Systems for Municipal Infrastructure Delivery

A 2002 study by Government on the delivery of infrastructure identified a shortfall in effective and systematic delivery systems as well as a skills deficit as impediments to effective delivery, hence the establishment of the Infrastructure Delivery Improvement Programme (IDIP) in 2004. It was within this Programme that the concept of an Infrastructure Delivery Management System (IDMS) was established and informed by the answers to questions posed to projects, namely: Is it suitable, is it feasible, is it credible, does it deliver value for money and does it add to public value? In 2010 the IDIP Toolkit was released, providing a documented body of knowledge and set of processes, representing good practices in the delivery management of infrastructure.

A number of developments have taken place since the publication of the 2010 Toolkit, namely:

- A Medium Term Expenditure Framework (MTEF): Budgeting for infrastructure and capital planning guidelines (2010);
- A Model Supply Chain Management (SCM) Policy for Infrastructure Procurement and Delivery Management in terms of section 168 of the Municipal Finance Management Act of 2003 (Act 56 of 2003) (MFMA) during November 2015 in support of the MFMA SCM Regulation 3(2);

- MFMA Circular No. 80: Municipal Financial Systems and Processes requirements in support of the Municipal Standard Chart of Accounts (mSCOA) issued in terms of the Municipal Finance Management Act No. 56 of 2003;

- The publication of several South African national standards by the South African Bureau of Standards covering areas such as construction procurement, project management, maintenance and asset management; and

- The development of a Cities IDMS aimed at metropolitan councils. The IDMS is designed to be linked to multi-year budgeting with a strong focus on outcomes, value for money and the effective and efficient functioning of the entire value chain of infrastructure delivery.

Provincial Treasury would like to do assessments on the implementation of the Standard for Infrastructure Procurement and Delivery Management (SIPDM) on a few selected municipalities to get an understanding of the progress made in this regard, any challenges experienced, etc. The intention with these assessments is to provide feedback to National Treasury as well as to get an understanding of the kind of assistance that might be required by municipalities to comply with the SIPDM. It will be appreciated if municipalities could indicate their willingness to be assessed.

## 6.2 ESTABLISH THE LEVEL OF FUNDING THE BUDGET

### 6.2.1 Surplus/Deficit

The Municipality's 2018/19 MTREF budget shows that the Municipality will realise deficits when comparing operating revenue and operating expenditure, mainly as a result of non-cash items which are cash-backed. The overall outcome shows R28.96 million (2018/19), R22.16 million (2019/20) and R16.55 million (2020/21) surpluses as a result of capital transfers which are committed to capital projects.

Based on a comparison between the A4 (Financial Performance) and the A7 (Cash Flow Statement) (Supporting Schedule SA30) the Municipality reported a surplus over the MTREF period. The Municipality is in a position to finance the non-cash provisions mainly as a result of the healthy cash position as reflected in the Statement of Financial Position.

### 6.2.2 Financial Position

**Expected outcome for the current financial year**

For the reporting period ended in February 2018, the Municipality reported a current ratio of 0.34:1, which was below the National Treasury norm of 1.5 - 2:1. At the reporting date, the Municipality's over 90 days outstanding debtors were 82 per cent

of the total outstanding debtors. It should be noted that at present, the majority of the Municipality's working capital is in outstanding debtors. No liquidity risk is identified, however the Municipality must strive towards converting outstanding debtors to cash to improve the networking capital of the Municipality to available cash and cash equivalents.

### 6.2.3 2018/19 MTREF budget

The A6, Financial Position of the Municipality indicates that the Municipality is budgeting for current ratios of 1.59:1 (2018/19), 1.58:1 (2019/20) and 1.63:1 (2020/21). This indicates that the liquidity of the Municipality is fluctuating over the MTREF. It is noted that the cash and the debtors of the Municipality are increasing over the MTREF period.

The current liabilities of the Municipality are increasing over the MTREF period. The Trade and other payables increases from R105.15 (2018/19) to R159.94 (2020/21) which is a 52.10 per cent growth in creditors over the MTREF. The Municipality is still meeting its short-term obligations.

### 6.2.4 Cash flow

The A7 Budgeted Cash Flow and the SA30 Supporting Table to the Budgeted Cash Flow Reconciles. Comparison of the SA30 and the A4-Schedules indicates that the Municipality will be collecting 95 per cent of its budgeted service charges.

### 6.2.5 Application of cash & investments

The analysis of Table A8 (Application of Cash and Investments) indicates that the Municipality has tabled a funded budget as the Municipality is reporting surpluses of R111.17 million (2018/19), R136.79 million (2019/20) and R188.22 (2020/21). However, the Municipality has not captured statutory requirements, other provisions and reserves to be backed by cash or investments. It is noted that the Municipality is funding capital assets from internally generated funds to the amounts of R25.33 million (2018/19), R20.23 million (2019/20) and R10.16 million (2020/21) although the Municipality is not indicating any transfers to the reserves. The capital replacement reserve is utilised to fund capital assets.

## 6.3: SUSTAINABILITY OVER 2018/19 MTREF

### 6.3.1 Service Delivery, Financial and Operational Sustainability and Asset Management

**Table 6: Supporting Table SA10 Funding Measurement**

| Description | MFMA section | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| Funding measures | | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1 | 62 382 | 97 040 | 76 333 | 93 458 | 93 458 | 93 458 | 93 458 | 25 808 | 57 720 | 135 108 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 2 | 65 413 | 88 412 | 84 077 | 103 697 | 89 836 | 89 836 | 88 752 | 111 170 | 136 791 | 188 229 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3 | 2.2 | 3.1 | 2.1 | 2.5 | 2.4 | 2.4 | 2.4 | 0.6 | 1.2 | 2.8 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 4 | 72 323 | 47 641 | 81 106 | 28 847 | (7 231) | (7 231) | 2 791 | 28 964 | 22 159 | 16 553 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | 5 | N.A. | 3.5% | (2.0%) | 5.6% | (6.0%) | (6.0%) | (3.3%) | (1.1%) | (0.1%) | 0.0% |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 6 | 88.4% | 91.3% | 85.6% | 90.1% | 88.8% | 88.8% | 86.7% | 90.9% | 91.4% | 91.3% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 7 | 9.3% | 10.9% | 11.7% | 0.0% | 0.0% | 0.0% | 0.0% | 5.7% | 7.3% | 7.3% |
| Capital payments % of capital expenditure | 18(1)c;19 | 8 | 90.4% | 98.5% | 100.4% | 100.0% | 126.9% | 126.9% | 126.9% | 93.9% | 99.5% | 99.2% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 9 | 0.0% | 5.2% | 0.0% | 14.4% | 11.3% | 11.3% | 11.3% | 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. | 5.3% | 4.2% | (25.5%) | 6.5% | 0.0% | 0.0% | 37.7% | 19.1% | 17.0% |
| Long term receivables % change - incr(decr) | 18(1)a | 12 | N.A. | (100.0%) | 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 | 2.6% | 2.8% | 2.8% | 2.4% | 2.5% | 2.5% | 2.4% | 2.3% | 2.2% | 2.4% |
| Asset renewal % of capital budget | 20(1)(vi) | 14 | 17.3% | 12.7% | 4.3% | 15.1% | 17.1% | 17.1% | 0.0% | 20.9% | 16.0% | 15.1% |

*Source: Tables SA10 of A-Schedule*

The outcome of the analysis shows that the Municipality will be able to generate surpluses to fund both operating and capital expenditure. However, cost coverage shows a severe pressure and is projected to drop below the minimum threshold in 2018/19 financial year mainly as a result of the opening balance for cash and cash equivalents which is not captured in the cash flow statement and subsequently Table SA30.

The Municipality uses the assumption that 95 per cent of the budgeted service charges will be collected as opposed to the collection rate in Table SA10.

The assessment outcome shows that the Municipality will not fully spend its capital budget as it plans to make capital payments of 93.9 per cent in 2018/19 financial year against the capital budget of R75.98 million. However, it must be noted that there are credibility and reliability concerns that have been raised on sources of capital funding, specifically grant funding.

The measure on borrowing, given the budgeted borrowing in Table A5, is incorrect because borrowing receipts were not captured in Table SA30 which must be rectified before the final budget is tabled to Council for approval.

The Municipality has not fully completed Table SA10 hence the 0 per cent over the MTREF for Transfers/grants revenue as a % of Government transfers/grants available. A percentage that is less than 100 per cent is an indication that DoRA and provincial transfers have not been budgeted for, which is incorrect given completion of tables A5 and SA18, and should be reviewed and accurate completion before the approval of the budget is required.

The Municipality budgeted for repairs and maintenance as a percentage of PPE at 2.3 per cent in the 2018/19 budget year which is below the 8 per cent norm prescribed in Circular No. 71 and with less focus on asset renewal and prioritising investing in new assets and upgrading existing assets.

The capital spending of 20.9 per cent on renewal of existing assets is not sustainable over the long-term, as according to MFMA Circular No. 55, municipalities were advised to allocate at least 40 per cent of their capital budget to the renewal of existing infrastructure to secure the ongoing health of municipal infrastructure.

Despite budgeting for below the norms in some of the measures as depicted in Table SA10 of Schedule A, the Municipality's budget is funded over the 2018/19 MTREF with no threat to financial sustainability. However, engagements with all relevant stakeholders need to be fast-tracked to resolve the challenge of applying credit control and debt management in areas where Eskom supplies electricity.

### 6.3.2 Forecasting and Multi-Year Budgeting

The Municipality has applied a straight line projections for the budgeted monthly revenue and expenditure when populating the supporting Tables SA25 to SA30 for a majority of the line items, a clear indication that the Municipality may not have taken past performance trends, seasonal and policy influences into account which can adversely affect cash flow management.

The purpose of monthly projections seeks to improve cash flow planning, management and performance and the Municipality must reflect realistic projections when it adopts the budget for realistic cash flow during the financial year.

## SECTION 7: KEY FINDINGS, RISKS AND RECOMMENDATIONS

The Municipality's draft budget lacks credibility specifically the capital budget which adversely affects capital budget responsiveness, but is sustainable over the MTREF. It is recommended that the Municipality addresses the following gaps and risks identified in the assessment. These recommendations should be taken into consideration when tabling the final budget. The gaps identified to be addressed by the Municipality amongst others are:

- The 2018/19 Adopted IDP should provide a breakdown of the number of people/households per community that does not have access to basic municipal services;
- The 2018/19 Adopted IDP should indicate what mechanisms the Municipality plans to put in place to address service provision to households living on privately owned land.
- The 2018/19 Adopted IDP can be improved by presenting information related to backlogs in basic service delivery comprehensively into one section.
- It is recommended that the Municipality include relevant information from the Agri-Worker Household census which was conducted by the Department of Agriculture for the Cape Winelands region, thus strengthening and broadening the socio economic profile. Noted.
- Future reviews of the 2017 - 2022 IDP to reflect the attendance numbers of community members at the public participation meetings held.
- Future reviews of the 2017 - 2022 IDP to reflect the percentage of attendance for each community consultation process embarked on during the IDP process per ward.
- It is recommended that the Municipality use the new WC Biodiversity Spatial Plan - 2017 (as it is the best available science for Critical Biodiversity Area assessment) in the future when reviewing the SDF.
- The Municipality must prepare and submit to the national Minister responsible for environmental affairs and the South Africa Biodiversity Institute an Invasive Species Monitoring, Control and Eradication Plan as required by NEM:BA.
- The Municipality needs to draft a 3rd Generation IWMP and submit to the DEA&DP for assessment and endorsement.

- It is imperative that municipalities allocate funding and make provision for acquiring waste quantification equipment in their budgets for the financial year 2018/19.

- Written confirmation by the Municipality is required of the line function or person that has been designated the responsibility in terms of 'Control of incidents' in terms of Section 30 of NEMA in the Municipality.

- The strategic objectives noted in Budget Tables SA5 and SA6 for the 2018/19 MTREF are aligned to the draft 2018 IDP Review's four strategic focus areas and eight strategic goals/objectives. For each strategic area, Witzenberg Municipality has shown specific alignment to national and provincial plans and policies, including the National Development Plan (national), the Medium Term Strategic Framework 2014 - 2019 (national) and the Western Cape Provincial Strategic Plan 2014 - 2019 (provincial).

- New bulk electricity infrastructure and supply still remains a key risk to economic growth in the Municipality. Witzenberg Municipality has reached its maximum electricity supply by Eskom and increased demand can only be supplied in 2022. This is a critical risk and requires support and intervention at a National level.

- Electricity distribution makes up the largest proportion of the Municipality's operating revenue budget for trading services. Given the current economic climate, rising costs of electricity and the possibility of consumer's inability to pay in the future, it would be proactive for the Municipality to explore and leverage on the use of alternative technologies for electricity and water and to minimise energy expenses through energy saving measures.

- The Municipality is committed towards responding to the drought by augmenting its bulk water supply through the Tulbagh Dam, however a risk is high if the water infrastructure project is linked to the RBIG funding that was withheld in 2018/19 financial year.

- It is recommended that the Municipality completes Supporting Schedule SA9, and subsequently Schedule A10 in the final adopted budget in order to fully comprehend the assumptions that the 2018/19 MTREF is based on.

- There are no immediate sustainability threats given the increasing cash over the MTREF with a risk on long-term sustainability as a result of trading services operating at overall deficits in each financial year. However, the credibility issues raised in the budget assessment must be addressed and the Municipality should focus on ensuring that variances for 2014/15, 2015/16 and 2016/17 audit outcomes are considered when compiling the final budget.

- On credibility and sustainability of the budget, the following need to be addressed:
  - Explore cost-effective ways of delivering the services that are projected to operate at a deficit as increasing reliance on cross-subsidisation will affect financial sustainability over a long-term.
  - Implement credit control measures in order to curb increasing debt taking into account the socio-economic environment and seasonality of employment. It is also advised that information be provided about the special task team that would assist in curbing the problem of outstanding debt as highlighted in the mid-year performance assessment.
  - Weigh the cost-benefit of building in-house capacity versus the increasing budget allocation to the outsourcing of certain functions to contractors, when reviewing the employee strategy in the Long Term Financial Plan.
  - Make adequate provision for repairs and maintenance as a percentage of PPE within the prescribed norms and standards.
  - Start early with the planning phases of its capital budget in order to speed up the municipal spending in the next financial year.
  - Ensure all budgeted National and Provincial allocations in SA18 reconciles with the capital and operational budgets.
  - Provide explanations where material or substantial growth trends exist in embracing transparency of the budget.
  - Creditors of the Municipality are increasing over the MTREF period. Creditors are one of the line items to be taken into account when calculating the current ratio.
  - Delayed or non-payment by consumers will lead to increased debtors' levels and potentially increase bad debts which will be written off.
  - Delayed payments by consumers decreases the "real liquidity (cash)" of the Municipality as the working capital of the Municipality would be outstanding debtors and not available cash.
  - The budget over the MTREF period indicates that the Municipality is not exposed to a liquidity risk, however the Municipality is dependent on converting the outstanding debtors to cash to ensure sustainable service delivery.

WITZENBERG
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# INTEGRATED MUNICIPAL ENGAGEMENT:
# LG MTEC 2018

## MUNICIPAL RESPONCES

**3 MAY 2018**

1. **Impact of the New Dawn**

➢ Provide brief context to the presentation

In light of the changing political landscape and national priorities articulated by the new national political leadership, the pronouncements in the State of the Nation's Address and the impact of the national budget tabled on the 21st February 2018 it is necessary to pause and consider the implications for, not only local government's budget formulation, but also the longer term municipal growth and development plans.

**This should include:**

- Financial sustainability
    - Risks
    - Remedies
    - Challenges with achieving "fit for purpose" structures
- Service delivery performance
    - Performance failures
    - Efforts to address the gaps identified
- Funding challenges

**Financial sustainability**

| Risks | Remedies | Challenges |
|---|---|---|
| **Poor Growth in Revenue Base** | **Incentives for new development** | **Inability of Eskom to meet Electricity demand.** |
| **Un-recoverability of outstanding receivables** | **Improve Debt collection – Water management devices** | **Cost of devices**<br><br>**Public resistance** |
| **Drought**<br><br>**– Financial Impact** | **Conservative Budgeting**<br><br>**Cost containment** | **Insufficient revenue to maintain infrastructure.** |

**Service delivery performance**

| Performance failures | Efforts to address the gaps |
|---|---|
| Financial viability expressed outstanding Service<br><br>Debtors to Revenue | • Political Task Team established to address challenges. |
| Decrease unaccounted electricity losses. | • Implementation of "Strategy to address illegal connections" policy recently submitted.<br><br>• Conducting of billing meter audit, especially large power users |
| Percentage expenditure on capital budget for the whole municipality. | • All available funds are committed and bidding awards has been finalised |

**Funding challenges**

| Demonstrate financial impact of the issues |
|---|
| Cost of Water Management Devices<br><br>R 2 375,00 per meter X 15 000 meters = R 36 mil. |
| Cost of electricity meters audit<br><br>13 000 meters. Cost R 4 mil. |
| Trend of decrease in collection rate (Drought)<br><br>1% decrease in collection = R 4 million |
| RBIG – Funding included in DoRA but not released by DWS |
| No MIG funding for Upgrading/Replacement of existing infrastructure networks |

**2. Planning**

**2017 – 2022 Integrated Development Plan**

**IDP & Budget Process**

- Brief outline of overview of the IDP Review Process
- Overview of key stages, consultations, challenges & risks

Overall **effectiveness** of the budget process undertaken by the municipality in terms of the prescripts of the MFMA's S21 with specific reference to performance against the plan/time schedule including political oversight in accordance with the MFMA and the MBRR.

**IDP Review & Budget Process Plan 2018/2019- adopted by Council 21 August 2017,**

**Sectoral and community engagements held:**

- **Inputs 23 October – 1 November 2017**
- **Reponses 16 April to 25 April 2018**

**Management Institutional Analysis strategic sessions on 13 &17 November 2017**

**Municipal Manager working session with Management team approach to finalizing our Draft documents – 19 January 2018**

**Closure date for Budget inputs 16 February 2018**

**Provincial TIME – 15 February 2018**

**Final submission of Departmental inputs 8 March 2018**

**Tabling of Draft IDP Review and Draft Budget – 28 March 2018**

**IDP Process**

- Brief outline of overview of the IDP Review Process
- Overview of key stages, consultations, challenges & risks

**Presentation from the municipality to include:**

It is required that the municipality include the **issues raised** during the public consultation in terms of the prescripts of the MFMA's S23 and their **response** thereto.

- **SAPS Services to be restored in Bella Vista**
- **The granting of more ECD Centres – crèches are overflowing**
- **Taxi services to be better policed along main routes**
- **Substance abuse still a big problem – better policing**

- **Lack of recreational areas still a problem**
- **Sports Facilities needs funding**
- **Youth Development/Programs still needs attention**
- **Stray animals – the problem are escalating**
- **Regular policing around parks and public spaces**
- **Sectoral Forums, and per sector training are needed for Ward Committees**
- **Speeding up the transfer of title deeds**
- **High beam security lights in high risk areas**
- **Running out of graveyard space**
- **Recycling programs to be rolled out**
- **Permanent Clinic service for the Agter Witzenberg area**
- **EMS also needs to be upgraded**
- **Landfill sites also filling up quickly**

- **Tariff for reconnection due to non-payment to be removed**
  - **The tariff does not even cover the cost of reconnection**
- **Tariff for basic water to be removed**
  - **The tariff is required to cover the fixed cost of delivering the water service.**
- **50 kWh free to all as it is received free from Eskom**
  - **No free units are received from Eskom**

**Integrated Development Planning**

- Respond to main findings on: IDP

Review and proposed implications for the five-year spatial planning and development cycle as previously presented; and follow-up on progress since then. It is expected that the Municipality's five-year plan is derived from its longer term Growth and Development Plan.

**We indicated in our IDP that we will embark on the review of the SDF in the 2018/2019 financial year. Funding has been made available in the budget for a consultant to assist the municipality with the review. The relevant sector department has been informed of same.**

It is recommended that the Municipality include relevant information from the Agri Worker Household census which was conducted by the Department of Agriculture for the Cape Winelands region, thus strengthening and broadening the socio economic profile.

Access to Basic Services for rural (farm) communities. Witzenberg Municipality does not provide basic services to rural communities including farm dwellers. Basic services are provided by the land owner with Eskom providing bulk electricity provision. The general standard of basic service levels in rural areas are however above the norm as the table below indicates. Information in table derived from the Farmworker Survey Report: Witzenberg, completed in March 2015 by the Western Cape Department of Agriculture.

- Information to be included in IDP:

| Service | Witzenberg Municipality | Provincial Average | National Average |
|---|---|---|---|
| Electricity | 98% | 93% | 85% |
| Water – access to piped water on premises | 98% (95% provided free of charge) | N/A | 73% |
| Sanitation – flush toilets | 97% (receive free service) | 85% | 57% |
| Refuse removal | 95% (receive free removal) | N/A | N/A |

Future reviews of the 2017 - 2022 IDP to reflect the attendance numbers of community members at the public participation meetings held.

Operational.

The data will be provided in the annual report.

Future reviews of the 2017 - 2022 IDP to reflect the attendance numbers of community members at the public participation meetings held.

Future reviews of the 2017 - 2022 IDP to reflect the percentage of attendance for each community consultation process embarked on during the IDP process per ward.

The data is provided in the annual report.

It is recommended that the Municipality use the new WC Biodiversity Spatial Plan 2017 (as it is the best available science for Critical Biodiversity Area assessment) in the future when reviewing the SDF.

Noted

The Municipality must prepare and submit to the national Minister responsible for environmental affairs and the South Africa Biodiversity Institute an Invasive Species Monitoring, Control and Eradication Plan as

required by NEM:BA. The plan will be submitted to the relevant department and compliance will be monitored in the compliance reporting module.

The Municipality needs to draft a 3rd Generation IWMP and submit to the DEA&DP for assessment and endorsement.

Master plan completed.

In Process of finalising of IWMP – will be submitted to relevant department.

It is imperative that municipalities allocate funding and make provision for acquiring waste quantification equipment in their budgets for the financial year 2018/19.

Noted and agreed with – will be included in future budget if funds are available.

Written confirmation by the Municipality is required of the line function or person that has been designated the responsibility in terms of 'Control of incidents' in terms of Section 30 of NEMA in the Municipality.

Operational – Official letter will be send.

New bulk electricity infrastructure and supply still remains a key risk to economic growth in the Municipality. Witzenberg Municipality has reached its maximum electricity supply by Eskom and increased demand can only be supplied in 2022. This is a critical risk and requires support and intervention at a National level.

**New Bulk Electrical Infrastructure – Eskom has informed Council that the upgrading of the Romans River – Ceres line project is scheduled to begin September 2019.**

Electricity distribution makes up the largest proportion of the Municipality's operating revenue budget for trading services. Given the current economic climate, rising costs of electricity and the possibility of consumer's inability to pay in the future, it would be proactive for the Municipality to explore and leverage on the use of alternative technologies for electricity and water and to minimise energy expenses through energy saving measures.

**The Municipality is on the threshold of collaborating with PowerX (in conjunction with Green Cape & Western Cape government) regarding the feasibility of installing a Solar Plant.**

**Small Scale Embedded Generation (SSEG) policy is in final stages. Witzenberg has some consumers with solar panels already.**

**A 'Strategy to address illegal electrical connections' is currently being finalised and will hopefully be adopted by Council if deemed suitable for implementation'**

The Municipality is committed towards responding to the drought by augmenting its bulk water supply through the Tulbagh Dam, however a risk is high if the water infrastructure project is linked to the RBIG funding that was withheld in 2018/19 financial year.

**The money was not withheld it was not released by DWAF**

The Municipality is committed towards responding to the drought by augmenting its bulk water supply through the Tulbagh Dam, however a risk is high if the water infrastructure project is linked to the RBIG funding that was withheld in 2018/19 financial year.

**The money was not withheld it was not released by DWAF**

**Planning & Environmental Management Issues**

**Environmental and Development Planning analysis.**

- Respond to main findings on: Environmental & Development Planning Analysis

Presentation from the municipality to include the tabled 2018/19 Spatial Planning and Development Strategies and demonstrate how the intergovernmental plans are incorporated.

**Finalisation of Planning and Environmental Management Frameworks**

- Outline important processes & timeframes for finalisation and adoption of Planning and Environmental Management Frameworks
- Addressing of Planning and Environmental Management Frameworks related conformance matters

**3. Fiscal Responsibility**

**2018/19 MTREF Budget**

Budget Assumptions/Parameters

- Outline key budget assumptions/parameters
  - E.g. Economic Climate, Revenue Parameters, Expenditure Parameters, Spatial Dynamics, Socio-economic challenges
  - Any required changes to budget assumptions

**Drought**

**Limited increase in electricity sales due to Eskom constraints.**

**Limited funds are available for repairs, maintenance and replacements of assets.**

**The major challenges normally are that the needs exceed the available cash and therefore prioritisation takes effect.**

**Limited income potential of households constrains increases in tariffs. (VAT increase) (Affordability)**

**Budget Responsiveness: Strategic Objectives & Budget Priorities**

- **Demonstrate how the Strategic Objectives informed the Budget Priorities**

| OPERATIONAL EXPENDITURE | | | |
|---|---|---|---|
| **Objective** | **18/19** | **19/20** | **20/21** |
| **Communal Services** | **58 907** | **62 818** | **67 111** |
| **Essential Services** | **347 509** | **377 022** | **388 372** |
| **Governance** | **153 501** | **167 269** | **178 306** |
| **Socio-Economic Support** | **24 915** | **46 164** | **37 118** |

- **Demonstrate how the Strategic Objectives informed the Budget Priorities**

| CAPITAL EXPENDITURE | | | |
|---|---|---|---|
| **Objective** | **18/19** | **19/20** | **20/21** |
| **Communal Services** | **2 702** | **4 020** | **300** |
| **Essential Services** | **71 933** | **64 927** | **41 473** |
| **Governance** | **1 340** | **1 557** | **1 315** |
| **Socio-Economic Support** | **–** | **–** | **–** |

**Budget Responsiveness: Socio-economic Context and impact**

- Respond to main findings on: Socio-economic responsiveness and impact

Implement credit control measures in order to curb increasing debt taking into account the socio-economic environment and seasonality of employment.

Amendments to the indigent policy are proposed that will increase the number of households qualifying for free services.

Credibility and Sustainability

- Respond to main findings on: Previous year's Budget

**No Findings**

**Credibility and Sustainability**

- Respond to main findings on: Credibility of 2018/19 MTREF Budget

It is recommended that the Municipality completes Supporting Schedule SA9, and subsequently Schedule A10 in the final adopted budget in order to fully comprehend the assumptions that the 2018/19 MTREF is based on.

**Missing information will be included in final budget.**

- Respond to main findings on: Credibility of 2018/19 MTREF Budget

However, the credibility issues raised in the budget assessment must be addressed and the Municipality should focus on ensuring that variances for 2014/15, 2015/16 and 2016/17 audit outcomes are considered when compiling the final budget.

| | Budgeted Revenue | Actual Revenue | Budgeted Opex. | Actual Opex. |
|---|---|---|---|---|
| 2014/15 | 471 452 | 473 694 | 411 027 | 399 198 |
| 2015/16 | 493 263 | 514 329 | 464 634 | 449 473 |
| 2016/17 | 538 162 | 610 010 | 528 311 | 512 694 |

**Variances below 5% except for -**

**2016/17 Actual Revenue includes 55 million Donated Assets**

Creditors of the Municipality are increasing over the MTREF period. Creditors are one of the line items to be taken into account when calculating the current ratio.

**Creditors will be recalculated.**

However, this analysis together with the credibility and reliability of the entire capital budget is compromised by inclusion of Provincial Government capital transfers of R17.33 million in 2018/19 and R6.96 million in each of the outer two years of the MTREF which were not gazette and are not disclosed in Table SA18.

**Portions of the Human settlements development grant will be utilised to finance infrastructure for the housing projects. Table SA 18 will be adjusted accordingly.**

Credibility and reliability of the capital budget is further exacerbated by non-alignment of National Government transfers in Table A5 to those disclosed in Table SA18 as published in the 2018 Division of Revenue Bill

**The amounts in Table A5 (Capital Budget) excludes VAT while Table SA 18 includes VAT.**

The assessment outcome shows that the Municipality will not fully spend its capital budget as it plans to make capital payments of 93.9 per cent in 2018/19 financial year against the capital budget of R75.98 million.

**It is expected that a portion of the capital budget expenditure will only be paid in the 2019/2020 financial year (Retention)**

Explore cost-effective ways of delivering the services that are projected to operate at a deficit as increasing reliance on cross-subsidisation will affect financial sustainability over a long-term.

**The services that "operate at a deficit" are due to the accounting treatment of indigent support.**

**Any recommendations on cost-effective service delivery will be appreciated.**

Implement credit control measures in order to curb increasing debt taking into account the socio-economic environment and seasonality of employment. Amendments to the indigent policy are proposed that will increase the number of households qualifying for free services.

It is also advised that information be provided about the special task team that would assist in curbing the problem of outstanding debt as highlighted in the mid-year performance assessment.

**The task team consist out of senior members of council. First meeting scheduled for May 2018.**

**To consider writing off of prescribed debt and indigent debt as well as the installation of water management meters.**

Weigh the cost-benefit of building in-house capacity versus the increasing budget allocation to the outsourcing of certain functions to contractors, when reviewing the employee strategy in the Long Term Financial Plan.

**The total costs to company of municipal employees are higher than outsourcing functions.**

**Insourcing of certain functions will be considered to ensure cost effective service delivery.**

Start early with the planning phases of its capital budget in order to speed up the municipal spending in the next financial year.

**Same apply for provincial departments – Housing projects & DWAF**

Make adequate provision for repairs and maintenance as a percentage of PPE within the prescribed norms and standards.

**The requirement to maintain assets are fully understood but it is not possible to increase the budget in the current economic climate.**

Ensure all budgeted National and Provincial allocations in SA18 reconciles with the capital and operational budgets.

| | 18/19 | 19/20 | 20/21 |
|---|---|---|---|
| **MTEF ALLOCATIONS** | **171 901** | **208 002** | **191 983** |
| **SA 18** | **171 901** | **207 892** | **191 867** |
| **Difference** | **Nil** | **110** | **116** |
| | | **INEP (Eskom)** | **INEP (Eskom)** |

Delayed or non-payment by consumers will lead to increased debtors' levels and potentially increase bad debts which will be written off.

Delayed payments by consumer's decreases the "real liquidity (cash)" of the Municipality as the working capital of the Municipality would be outstanding debtors and not available cash.

**Agreed: A task team is already established.**

Finalisation of Budget

Outline important processes & timeframes for finalisation and adoption of Budget

- **Presentations on IDP and Budget close - 11 May.**
- **Compile report for the consideration of IDP and Budget, including presentations received.**
- **Distribute council agenda - 23 May**
- **Council consider approval of IDP and Budget 30 May**

Addressing of Budget Related conformance matters

According to international learning practices, it is appropriate to reclassify historical information in accordance with the changes that occur in the Standard Chart of Accounts. Municipalities must capture the reclassified audit outcomes for 2014/15 to 2016/17 in version 6.2 of the Schedule A when compiling 2018/19 MTREF budgets.

**Impossible: All transactions need to be revisited and reclassified. (E.g. Travel claims)**

**Areas of Support Required**

- Include update on spending of WCFMSG (if any)

**Used for MSCOA implementation and support**

- **Asset Register**
- **Version 6.2**

**Partnering for Development**

- Outline any key partnerships and partnering processes which the municipality is involved in –

  **RSEP to be updated in IDP**

  **- awaiting provincial approval**

  **Small town regeneration project.**

  **Agripark**

  **Essen Twinning agreement.**

**MSCOA**

- MSCOA enabling alignment of planning, budgeting and reporting

[The municipality is expected to present the extent to which the standard chart of accounts facilitated alignment of the planning process, projects and funding that begins to build the foundation for improved budget accountability reporting. A cohesive effort between planning and finance]

- In MFMA SCOA Circular 1 it was indicated that mSCOA is a business reform rather than a mere financial reform and requires a multi-dimensional relationship. Furthermore, it identified benefits of mSCOA which included facilitating joint planning among officials at the municipality and guiding minimum leading business processes – this suggests less reliance on consultants as officials would be equipped to undertake proper planning and budgeting
- Positive and negative implications, specifically with enabling integration efforts of the above
- Facilitating the implementation of SDBIP reporting reforms (including the prescribed outcome (functional) level indicators i.t.o. MFMA Circular 88)

**Please refer the schedules SA36 and SA38 for details of budget provision per capital and operational projects.**

**Kindly note that Witzenberg municipality did not use consultants in the budget process.**

**Please note that Witzenberg is not a metropolitan municipality, Circular 88 is therefore not applicable.**

# WITZENBERG

## MUNISIPALITEIT UMASIPALA MUNICIPALITY

## - MEMORANDUM -

**AAN / TO:** Municipal Manager

**VAN / FROM:** Director: Finance

**DATUM / DATE:** 23 February 2018

**VERW. / REF.:** 05/12/1/3

---

**FINANCE: WRITING-OFF INTEREST AND ARREAR MONIES: HOUSEHOLD DEBT AND OTHER IRRECOVERABLE OUTSTANDING AMOUNTS**

**Purpose**

The purpose of this report is for council to consider the writing off of household's debt and other irrecoverable arrear debt.

**Legislature framework**

In terms of Section 96 of the Municipal Systems Act (act 32 of 2000), Council must collect all money that is due and payable to it. Subject to the provisions the Municipal Systems Act. It also allows the municipality to compile and adopt a policy to give effect to this power to collect.

The Council adopt a credit Control and Debt Collection Policy on 28 May 2009, item 8.1.2(c). Amendments to this policy were approved at subsequent council meetings.

The relevant portion is:

26.11 Whenever all the legal avenues and procedures listed above have been exhausted, or it becomes uneconomical to proceed further, the arrear amounts should be classified as irrecoverable and should be written off.

26.12 The Chief Financial Officer, may forward a report to Council for the writing off of consumer, if such debts may be irrecoverable.

26.13 The Executive Committee, in terms of its delegated authority, may authorize the writing off of the debts wherein after a report will be forwarded to full Council for ratification.

26.14 The Chief Financial Officer shall as soon as possible after 30 June each year, or more regularly if requested by Council to do so, present to the Council a report indicating the amount of the arrears that have been written off during the financial year, together with the reasons for the write off.

26.15 The Chief Financial Officer may write off debts if he is satisfied that:

- All reasonable steps have been taken to recover the debt and the debt is considered to be irrecoverable, or
- He/she is convinced that recovery of the debt would be uneconomical

26.16 Any debtors whose amounts are written off may be listed with the Credit Bureau and may not be permitted to enter into future service contracts with the Council.

**Discussion**

An analysis was done on the outstanding debt and it was found that the following debts are irrecoverable:

| | |
|---|---|
| Indigents | 16 578 164.49 |
| Prescribed Debt: Debt becomes prescribed if no movement took place for a period of three years. | 41 483 476.47 |
| **TOTAL** | **58 061 640.96** |

The Chief Financial Officer is convinced that the recovery of the debt would be uneconomical as stated in 26.15 of the Credit Control and Debt Collection Policy.

**Financial Implications**

The current provision of bad debt excluding traffic fines is R 129 385 759 at the end of June 2017.This provision will be debited with the amount of R 58 061 640.96. The provision has already been created prior to this financial year.

**Discussions at Performance Risk and Audit Committee**

The Director: Finance submitted the writing off of interest and arrears monies report in terms of household debt and other irrecoverable outstanding amounts. The following was highlighted:

- that no legal process was followed in some instances as the account holders are poor and cannot afford the legal fees, in some instances the account holders have already passed away or cannot be traced.
- The Performance, Risk and Audit Committee enquired with regard to the possibility to get any commitment from the people benefiting from the writing off as an incentive to pay in future and that it be included in the report.
- An interaction and consultation process will be followed by Senior Management to get payments from those benefiting from the writing off.
- that, if needed, a change be included in the policy for the amendment.

That the Performance, Risk and Audit Committee recommend to Council:

1) That notice be taken of the report with regard to the writing off of interest and arrear monies for household debt and other irrecoverable outstanding amounts and the same be approved and accepted.

2) That the irrecoverable arrears in respect of prescribed debt and debt of indigent households be written off.

**Recommendation**

That the irrecoverable arrears to the value of R 58 061 640.96 be written off.

That indigent household's outstanding balance be written off, upon approval as an indigent on condition that no debt were written off from May 2018.

That the Municipality's Credit Control and Debt Collection Policy be implemented in respect of all debt incurred after the write off even if the household is indigent.

Yours faithfully

H J KRITZINGER
**DIRECTOR: FINANCE**

WITZENBERG
Municipality • Munisipaliteit • UMasipala Wase

# STRATEGY TO ADDRESS ILLEGAL CONNECTIONS IN THE WITZENBERG MUNICIPALITY'S ELECTRICITY SUPPLY AREA

Developed by: Electro-Technical Services

Date: March 2018

Version 4

Physical Address:

Witzenberg Municipality

Technical Department

53 Lyell Street

Ceres

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# 1. INTRODUCTION

## 1.1 Purpose of the strategy

The purpose of this document is:

1. To inform the Municipality of the following:
   - Legal requirements relating to an electrical supply;
   - Responsibility towards safety by the officials;
   - The types of illegal connections encountered;
   - Implications for the current situation relating to the illegal connections;
   - The possible actions that can be taken by the Municipality and it's implications.
2. To serve as a basis for the discussions with all the departments in order to obtain a solution to the problems experienced.

## 1.2 Background

Formalised housing with services remain a challenge in South Africa. Whilst Government is doing everything in it's power to remedy this situation, not everyone can be helped and there is a national backlog. Projects are identified, but due to funding limitations etc. these projects can take years to complete. The people need electricity and will do whatever it takes to have a connection. They have stoves, fridges and kettles, appliances needed for basic living.

These are useless without an electrical supply. Connections are being shared as far as possible, but this is not always practical or legal. The result is a vast amount of dangerous and illegal connections. Most of the people knows that these connections are illegal, but they just have no other choice. A solution should be implemented that will be acceptable to all stakeholders and conforms to legislation and eliminate risk.

## 1.3 Definitions

| | |
|---|---|
| CoC: | Certificate that is issued by a registered person in respect of an electrical installation or part of an electrical installation |
| Consumer: | Person who is supplied (or who is to be supplied) with electricity by a supplier or a person who supplies his own electricity |
| Electrical installation: | machinery, in or on any premises, that is used for the transmission of electrical energy from a point of control to a point of consumption anywhere on the premises, including any article that forms part of such an installation, irrespective of whether or not it is part of the electrical circuit. |
| Local authority: | municipal council, borough council, town council, village council, village management board, town board, health board or any such institution |
| Point of consumption: | point of outlet, or the supply terminal of machinery that is not connected to a point of outlet and that converts electrical energy to another form of energy, provided that in the case of machinery that has been installed for any specific purpose as a complete unit, the point of consumption is the supply terminals that have been provided on the unit of machinery for that purpose |
| Point of control: | point at which a consumer can, on or in any premises, switch off the electrical installation from the electricity supplied from the point of supply |
| Point of supply: | point at which a supplier supplies electricity to any premises |

Supplier: in relation to a particular installation, any local authority, statutory body or person who supplies, contracts or agrees to supply, electricity to that electrical installation

Responsible Person: As defined in the regulations

Illegal Connection: Any electrical connection to an erf or building that does not comply with regulations or transgresses any law or by-law.

# 2. LEGISLATION

## 2.1 OHS ACT: ELECTRICAL INSTALLATION REGULATIONS

According to the occupational health and safety act, 1993 electrical installation regulations, the following shall be applicable:

- Section 2. (1) The user or lessor of any electrical installation, as the case may be, shall be responsible for the safety, safe use and maintenance of the electrical installation he or she uses or leases.
- Section (4) A registered person shall exercise general control over all electrical installation work being carried out and no person may allow such work without such control.
- Section 5. (1) No person may authorise, design, install or permit or require the installation of an electrical installation, other than in accordance with a health and safety standard incorporated into these Regulations under section 44 of the Act.
- Section 5. (4) A registered person shall exercise general control over all electrical installation work being carried out, and no person may allow such work without such control.
- Section 6. (1) No person may do electrical installation work as an electrical contractor unless that person has been registered as an electrical contractor in terms of these Regulations.
- Section 7. (1) Every user or lessor of an electrical installation, as the case may be, shall have a valid certificate of compliance for that installation, which shall be accompanied by a test report in the format approved by the chief inspector, in respect of every such electrical installation.
- Section 9. (1) No person other than a registered person may issue a certificate of compliance.

## 2.2 Electricity Regulations Act

- Activities requiring licensing
  Section 8. (I) No person may, without a licence issued by the Regulator in accordance with this Act --
  (a) operate any generation, transmission or distribution facility;

## 2.3 OHS ACT: GENERAL MACHINERY REGULATIONS

- Section 2. (1) Appointment as competent person in terms of regulation 2(1) of the General Machinery Regulations under the OHSA Act 85/1993.

## 2.4 SANS 10280-1: Clearances for overhead lines shall be as follows:

| | | Minimum clearance in metres | | | | |
|---|---|---|---|---|---|---|
| Maximum voltage for which insulation is designed kV rms phase-phase | Minimum safety clearance | Above ground ouside townships | Above ground in townships | Above roads in townships, proclaimed roads outside townships and tramways | To telecommunication lines or between power lines and cradles | To buildings, poles and structures not forming part of power lines |
| 1.1 or less | — | 4.9 | 5.5 | 6.1 | 0.6 | 3.0 |
| 7,2 | 0.15 | 5.0 | 5.5 | 6.2 | 0.7 | 3.0 |
| 12 | 0.20 | 5.1 | 5.5 | 6.3 | 0.8 | 3.0 |
| 24 | 0.32 | 5.2 | 5.5 | 6.4 | 0.9 | 3.0 |

## 2.5 SANS 10142 Requirements

According to the SANS 10142 Part 1, the following shall be applicable:

Section 5.1.1 Live parts: It shall not be possible to touch any live part within arm's reach with the standard test finger.
a) during normal operation, or
b) when a cover is removed, unless the cover is removed with the use of a tool or a key.

Section 5.1.2 Temperature: 5.1.2.1 Unless otherwise permitted by an applicable standard, electrical equipment shall be so designed, positioned and protected that accessible parts under normal operating conditions do not reach a temperature (safe touch temperature) that exceeds
a) 70 °C in the case of metallic parts, and
b) 90 °C in the case of non-metallic parts.

Section 5.2.3 Nominal cross-sectional area of conductors: The nominal cross-sectional area of a conductor shall be determined in accordance with the following safety considerations:
a) the conductor's maximum permissible continuous temperature;
b) the permissible voltage drop of an installation;
c) the electromechanical stresses and thermal effects that are likely to occur as a result of short-circuits;
d) the maximum impedance of the conductor with respect to the functioning of the short-circuit protection; and
e) mechanical stresses.

Section 5.2.5 Protective equipment: Protective devices shall operate at currents and voltages and within periods of time that are related to the characteristics of the circuit that they serve. The type of protective device needed shall be determined in accordance with its function, which can be to protect the circuit against the following:
a) overcurrent:
  – overload current; and
  – short-circuit current;
b) single phasing;
c) earth fault current;
d) overvoltage;
e) undervoltage;
f) incorrect phase rotation; and
g) fire risk.

Section 5.2.6 Emergency control: If, in dangerous situations, it is necessary to immediately interrupt the power supply, the interrupting device shall be so installed that it
a) is easily recognized, and
b) can be effectively and quickly operated.

Section 5.2.7 Disconnecting devices: An installation shall have disconnecting devices that allow the installation to be disconnected for maintenance, testing, fault detection or repair. In the case of circuits or items of equipment, additional disconnecting devices could be required to allow disconnection for maintenance, testing, fault detection or repair of such circuits or equipment.

Section 6.2.1.1 The nominal cross-sectional area of the conductors of a cable shall be such that the maximum estimated load to be carried by the conductors does not exceed their current-carrying capacity.

Section 6.4.4 Buried cables: 6.4.4.1 Unarmoured cables may be buried if they are insulated and sheathed.

Section 6.4.4.2 If unarmoured insulated cables are buried at a depth of:
a) less than 0,5 m, they shall be enclosed in conduit or otherwise mechanically protected (for example, in the case of paving or concrete) (see also 6.5.), or protected by an earth leakage protection device with a rated earth leakage tripping current (rated residual current) $I_n$ not exceeding 30 mA, or
b) at least 0,5 m, the backfill around them shall not contain sharp objects and there shall be a marker tape that runs above the route of the cable, at a depth of between 0,3 m and 0,4 m.

Section 6.6.1.1: Each distribution board shall be controlled by a switch-disconnector.

Section 6.7.2.3: The overload protective device may be installed at any point in the conductor run that it protects, provided that
a) there is no branch circuit or socket-outlet between the point where there is a reduction in the conductor's current-carrying capacity and the point where the device is installed, and
b) the entire length of the conductor is protected against short-circuit, or
c) the conductor is
    1) of length not exceeding 5 m,
    2) so installed as to minimize the risk of overload or fault in its operating condition,
    3) not near flammable materials, and
    4) not likely to cause harm to a person in the event of a fault.

Section 6.11.1: Each installation shall have a consumer's earth terminal at or near the point where the supply cables to the installation enter the building or structure. All conductive parts that are to be earthed shall be connected to a main earthing terminal, which shall be connected to the consumer's earth terminal.

The consumer's earth terminal shall be earthed by connecting it to the supply earth terminal or the protective conductor and, if installed, the earth electrode.

Section 7.8.1.2: The electrical installation shall be inspected and tested and a test report issued, together with a CoC, by the registered person each time after the electrical installation has been assembled on a new site.

Section 8.1: In South Africa, it is a statutory requirement that every user or lessor of an electrical installation shall have a valid Certificate of Compliance (CoC) for every

such installation. A CoC will only be valid when it is accompanied by a test report in the format of the test report.

## 2.6 Municipal By-law

**Provision of Electricity Services**

- Only the municipality shall supply or contract for the supply of electricity within its area of jurisdiction with the exception of those areas where electricity is supplied by Eskom.

**Supply by Agreement**

- No person shall use or he entitled to use an electricity supply from the municipality unless or until such person shall have entered into an agreement in writing with the municipality for such supply, and such agreement together with the provisions of this by-law shall in all respects govern such supply. If a person uses an electricity supply without entering into an agreement, he shall be liable for the the cost of electricity used as stated in section 44 of this bylaw.

**Application for supply**

- Application for the supply of electricity shall be made in writing by the prospective consumer on the prescribed form obtainable at the office of the municipality, and the estimated load, in kVA, of the installation, shall be stated therein. Such application shall be made as early as possible before the supply of electricity is required in order to facilitate the Work of the municipality.

**Right of admittance to inspect, test and/or do maintenance work**

- The municipality shall, through its employees, contractors and their assistants and advisers, have access to or over any properly for the purposes of-
  - doing anything authorised or required to be done by the municipality under this by-law or any other law;
  - ascertaining whether there is or has been a contravention of the provisions of this by-law or any other law, and
  - enforcing compliance with the provisions of this by-law or any other law,

**Improper use**

- If the consumer uses the electricity for any purpose or deals with the electricity in any manner which the municipality has reasonable grounds for believing interferes in an improper or unsafe manner or is calculated to interfere in an improper or unsafe manner with the efficient supply of electricity to any other consumer, the municipality may, with or without notice, disconnect the electricity supply but such supply shall be restored as soon as the cause for the disconnection has been permanently remedied or removed. The fee as prescribed by the municipality for the disconnection and reconnection shall he paid by the consumer before the electricity supply is restored, unless it can be shown that the consumer did not use or deal with the electricity in an improper or unsafe manner.

**Resale of electricity**

- Unless otherwise authorised by the municipality, no person shall sell or supply electricity, supplied to his premises under an agreement with the

Municipality, to any other person or persons for use on any other promises, or permit or suffer such resale or supply to take place. If electricity is resold for use upon the same premises, such resale shall be subject to the conditions laid down in the Electricity Act, 1987 (Act 41 of I987), provided that the reseller shall be permitted to recover his/her actual electricity cost, provided further that he/she must substantiate these costs if called upon to do so.

**Seals of the Municipality**

- The meter, service protective devices and all apparatus belonging to the municipality shall he sealed or locked by the municipality, and no person who is not an authorised official of the municipality shall in any manner or for any reason whatsoever remove, break, deface, or tamper or interfere with such seals or locks.

**Tampering with service connection or supply mains**

- No person shall in any manner or for any reason whatsoever tamper or interfere with any meter or metering equipment or service connection or service protective device or supply mains or any other equipment of the municipality
- Where prima facie evidence exists of a consumer and/or any person having contravened the above, the municipality shall have the right to disconnect the supply of electricity immediately and without prior notice to the consumer. The person shall be liable for all fees and charges levied by the municipality for such disconnection.

**Protection of the Municipal supply mains**

- No person shall, except with the consent of the Municipality and subject to such conditions as may be imposed,
  - construct, erect or lay, or permit the construction, erection or laying of any building, structure or other object, or plant trees or vegetation over or in such a position or in such a manner as to interfere with or endanger the supply mains
  - make any unauthorised connection to any part of the supply mains or divert or cause to be diverted any electricity there from. Any such unauthorised connection or diversion shall be removed by the municipality and the costs thereof he recovered from the owner or occupier of the premises on which the unauthorised connection was made or from which electricity was diverted.

**Unauthorised Connections**

- No person other than a person specifically authorised thereto by the municipality in writing shall directly or indirectly connect, attempt to connect or cause or permit to he connected any electrical installation or part thereof to the supply mains or service connection.

**Specific Conditions of supply: Service Connections**

- Unless otherwise approved, the Municipality shall only provide one service connection to each erf.

**Measurement of Electricity: Metering**

- The municipality shall, at the consumer's cost in the form of a direct charge or prescribed fee, provide, install and maintain appropriately rated metering equipment at the point of metering for measuring the electricity supplied.

# 3. CATEGORIES / TYPES OF ILLEGAL CONNECTIONS

For the purpose of this document, an illegal connection can be categorised as follows:

1. Does not have a valid Certificate of Compliance according to the regulations;
2. Has tampered with the installation or with the meter in order to by-pass payment;
3. No responsible person is appointed in terms of the OHS ACT as applicable;
4. Electrical connections to illegal residential units;
5. The Municipality is not the legal supplier of electricity:
    - Connection is not done according to standards
    - No electricity supply agreement is in place
    - Municipality did not agree to supply electricity.
6. Inter-erf electricity distribution is done;
7. More than one connection per erf.

## 3.1 Connection does not have a Valid COC

These connections are illegal in terms of the following:

- OHS Act – Electrical Installation Regulations - Section 7.1
- SANS 10142 – section 8.1

Any residential unit or electrical installation that does not have a valid COC as issued by a registered electrician, shall be regarded as an illegal connection. Exceptions as stipulated in the regulations shall be accepted.

## 3.2 Tampering and bypassing

These connections are illegal in terms of the following:

- OHS Act – Electrical Installation Regulations - Section 6.1
- Municipal By-law

Any residential unit or electrical installation that shows evidence of tampering to the service connection or metering unit, shall be regarded as an illegal connection.

## 3.3 No Responsible Person appointed as required by the OHS ACT - if applicable

These connections are illegal in terms of the following:

- OHS Act – General Machinery Regulations - Section 2.1

Any residential development or electrical installation that has a bulk supply from the Municipality, shall have a responsible person in terms of the OHS Act. Should no such appointment be in place, it shall be regarded as an illegal connection.

## 3.4 Electrical connections to illegal residential units

According to Article 4 of the Building regulations and building standards 103 of 1977, the following shall apply:

- No-one shall construct a building or structure of which the plans and specifications are not established according to the law and submitted to the local authority for approval.

Should a person not comply with this regulation, it shall be regarded as a criminal offence.

In terms of these regulations, any electrical connection to such a structure, shall be regarded as being an illegal connection.

## 3.5 Not according to standards and requirements

These connections are illegal in terms of the following:

- SANS 10142 – All items listed in policy
- Municipal By-law

Any electrical connection to the Municipal infrastructure shall be considered to be illegal where:

1) The connection was not done according to SANS 10142 standards;
2) No supply contract be signed by the consumer.

## 3.6 Inter-erf electricity distribution

These connections are illegal in terms of the following:

- Electricity Regulations Act: Section 8.(1) (a)
- Municipal By-law

No person may, without a licence issued by the Regulator operate any distribution facility. An erf shall have an electricity connection that is supplied directly from the Municipal distribution network. The Municipality has a distribution licence issued by the Regulator.

Should the power be supplied from one erf to another after the metering point of the Municipality, no electricity theft is involved, but the connection is regarded as illegal in terms of the electricity regulations.

## 3.7 More than one connection per erf

These connections are illegal in terms of the following:

- Municipal By-law

An erf shall only have one connection from the Municipal distribution network. Currently, various cases of this was granted by the Municipality. The status quo regarding these connections will be maintained. Should any of these supplies be changed, the connections shall be consolidated in order to phase this out. Changes include, but are not limited to:

- Increase or decreasing of the installed capacity;
- Changing of the tariffs;
- Changing of the erf zoning;
- Etc.

Note: this is not related to the amount of metering units on the erf, but rather to the amount of supply points on that erf.

# 4. IMPLICATIONS OF ILLEGAL CONNECTIONS

## 4.1 Electrical Losses

The Municipality is being charged by Eskom for every kWh that is consumed beyond the Eskom point of supply. It is therefore critical that the Municipality recover payment for every possible kWh consumed by its users. It is inevitable that the network will have losses due to the operation of the network, but any other losses should be prevented as far as possible. All these losses directly influence the Municipal income.

## 4.2 Safety of the Community

Illegal connections are not safe due to the fact that this is mainly done by unqualified people. These connections are generally accessible to public and it is normally innocent people getting hurt.

## 4.3 Overloading of the network – damage to equipment

All electrical equipment has a thermal rating for safe operation. Should this value be exceeded, the first implication is that the equipment no longer function at an efficient level and that it's output may no longer remain within acceptable levels. It will also have an increase in electrical losses due to heat generation. Should this be maintained for extensive periods of time or exceeded by a significant amount, the equipment will fail.

For normal installations done by qualified electricians and Municipal staff, the network will have protective devices to protect it from damage. The problem with most illegal connections is the fact that it does not utilise protective equipment which will limit the power flow through the network. Damage is in most cases inevitable. This can also lead to dangerous situations to the public.

## 4.4 Overloading of the network – Influencing the quality of supply to paying customers

Electrical reticulation networks are generally designed by an engineer according to NRS 034. This ensures that the network has sufficient capacity to supply all customers connected thereto.

The problem with illegal connections are the added burden on the optimally designed reticulation network. This causes nuisance tripping of the network protection devices and unnecessary interruptions of paying customers.

This can cause switching surges and loss of quality of supply, which can damage household appliances and could lead to various claims against the Municipality.

## 4.5 Increasing of tariffs to cover deficit

Due to the loss of income from the loss of sales, the Municipal has to increase its tariffs more than may have been required in order to make up for the lost units. This actually penalises the paying customers. Should the Municipality be able to reduce its losses, the customers could see a lesser increase in tariffs than what normally should be the case.

## 4.6 Reduction in operation budget for the Municipality (degrading infrastructure)

Due to the loss of income from the loss of sales, the Municipal budget faces reductions on an ongoing bases. The operation and maintenance budget for the electricity department should at least be as indicated in the table below according to the Guidelines For Infrastructure Asset Management in Local Government as Published by the Department: Provincial and Local Government (dplg) 2006 -2009 – Annexure D.

| Asset Type | Operations (% CRC) | Maintenance (% CRC) |
|---|---|---|
| | | |
| Transformer | 0.3 | 5.2 |
| Feeders | 0.8 | 1.7 |
| Miniature Substations | 0.2 | 1.6 |
| Substation Switchgear | 0.3 | 0.5 |

CRC – Current Replacement Cost of Assets.
The actual budget allocated is limited and there is a large backlog of maintenance and replacement of assets to be done.

The normal lifespan of well-maintained electrical equipment is in the order of 25 -30 years. A large amount of the infrastructure is reaching its end of life and should either be refurbished or replaced. The equipment is becoming outdated, unsafe for operation and in some cases does not have sufficient capacity. Due to budgets being reduced, the infrastructure keeps on degrading and has begun to influence service delivery.

# 5. ACTIONS TO ADDRESS ILLEGAL CONNECTIONS

## 5.1 Community information sessions

| Entity | Actions |
|---|---|
| Municipal Manager | Authorise and approve all communication |
| Councillors | Should inform the community via public meetings |
| Electrical Department | Shall provide information to Councillors as needed |
| Finance Department | Shall be informed of communication |
| Town Planning Department | Shall be informed of communication |
| Housing Department | Shall be informed of communication |
| Public Relations Department | Shall assist with publications and broadcasting as needed |
| Security (Traffic / SAPS etc.) | Shall be responsible for all safety during sessions / meetings |
| Service Providers | Not involved |

One of the most powerful tools available to the Municipality, is knowledge. Therefore, it is believed that Community information sessions is needed for the following reasons:

- To inform the community of the implications of the illegal connections;
  - Safety of the community being the first priority;
  - Possible fines for tampering and electricity theft;
  - Causing of network failure and damage to installations.
- To engage with the Community on the actions that will be taken by the Municipality.
  - Installation of legal power with split prepayment metering should an application for power be received, capacity be available and it complies with all other required legislation;
  - Disconnection of all illegal connections on a regular basis.

The local Councillors should be informed and advised of the problem and requested to assist in warning the community of the dangers of this illegal acts. Consumers in the immediate vicinity of the illegal connections should be motivated to report these illegal acts as well as to too identify the culprits. Consumers calling in such incidents should be advised of what actions are to be taken, in order to comfort them that something will be done. Once the community is fully informed of the dangers of such installations, an audit shall be done and illegal connections will be removed.

## 5.2 Disconnection & Removal of any illegal and unsafe connections

| Entity | Actions |
|---|---|
| Municipal Manager | Authorise and approve all disconnections |
| Councillors | Should inform the community via public meetings of actions to be taken – Covered in 5.1. |
| Executive Mayor | Be informed of the actions to be taken and in which areas |
| Electrical Department | Shall provide information as to which connections are illegal or unsafe and has to be removed. ID number of the person involved to be captured. Second and more case offences to be identified. |
| Finance Department | Shall provide information as to which connections are illegal with regard to non-payment or no power purchasing or if the erf has no meter registered. |
| Town Planning Department | Shall provide information as to which connections is illegal of unsafe and has to be removed |
| Housing Department | Shall be informed |
| Public Relations Department | Not involved |

| | |
|---|---|
| Security (Traffic / SAPS etc.) | Shall be responsible for all safety during works |
| Service Providers | Shall be responsible for the disconnection and removal of the illegal connections |

The following steps should be taken for the removal of any connections:

- Ensure that the consumer is fully informed – Covered in section 5.1;
- Engage with the SAPS, law enforcement or other security company for assistance;
- Switch the area of concern off to make it safe for disconnection
- Move into the area with the electricity department;
- Take photographic evidence;
- Disconnect the illegal connection;
- The cable must be marked and placed in a safe area at the store or offices for the prescribed period in which the owner could claim it back.
- Make a note of his name and location;
- Give owner a fine;
- Switch power back on.
- Vacate the area.
- Monitor the area regularly.

## 5.3 Provide electricity

| Entity | Actions |
|---|---|
| Municipal Manager | Authorise and approve all network installations and upgrades, should it be required. |
| Councillors | Should inform the community via public meetings of actions to be taken – Covered in 5.1. |
| Electrical Department | Will be responsible for the successful supply of power to the areas as identified. Depending on resources, the project can be done in-house or by a service provider. |
| Finance Department | Shall be informed of budget requirements and planning should upgrading of the network be required. |
| Town Planning Department | Shall be informed of planning |
| Housing Department | Shall be informed of planning |
| Public Relations Department | Shall assist with publications and broadcasting as needed |
| Security (Traffic / SAPS etc.) | Shall be responsible for all safety during works on site |
| Service Providers | Depending on resources, the project can be done in-house or by a service provider. |

Another option in order to address illegal connections is to start on the understanding that people would not steal electricity, should they have other options. Should the Municipality in this situation provide a legal connection to the people, in theory the problem will be solved. In practice we realise that this may not be the case and that there will still be those who keep on with illegal connections. By doing this first, at least we filter out the parties that want to have legal electrical connections.

This is a challenging option due to the following:

- Land availability (rezoning, sub-dividing etc.);
- Optimal Capacity of the electricity network installed which will required a large capital investment:
  - Internal network upgrades required;
  - May require bulk supply upgrades (Transformers & 11kV network).
- Funding limitations;
  - The installation could possibly be paid by the reduction in losses – No Guarantee of reduced losses;
- Time delays for project implementation;

- Should a legal electricity connection be granted to an illegal residential unit, the Municipality will have more issues to remove the illegal residential units in future.

The second advantage of doing this exercise first is that the connection is now done by a qualified electrician and the installation will be safe for public use. Any unsafe portions will be limited to the point of tampering.

The owner of the unit with the illegal connection, should complete an application form at the technical department. A reduced indigent rate shall be calculated to assist such customers in order to get a legal connection.

All illegal connections will be removed. After payment of the reduced connection charge, the connection will be done by the technical department.

## 5.4 Metering Audits

| Entity | Actions |
|---|---|
| Municipal Manager | Be informed of audit outcomes |
| Councillors | Should inform the community via public meetings of audits being done. This is covered in 5.1. |
| Electrical Department | Will be responsible for the successful audit of all metering units on a regular basis. Depending on resources, the project can be done in-house or by a service provider. Should an illegal connection be found, the connection shall be removed. |
| Finance Department | Shall assist with information as needed |
| Town Planning Department | Shall assist with information as needed |
| Housing Department | Shall assist with information as needed |
| Public Relations Department | Shall assist with publications and broadcasting as needed |
| Security (Traffic / SAPS etc.) | Shall be responsible for all safety during audits |
| Service Providers | Depending on resources, the project can be done in-house or by a service provider. |

In order to reduce losses, it is also critical to ensure that the metering that is being done, is accurate and was not tampered with. Regular meter audits are required for this purpose. It may be advantageous to the Municipality to establish a dedicated metering department or Revenue Protection Unit dedicated to this function and also to address similar losses of resources such as water. This section can engage with the SAPS to report theft and reduce losses. In most cases, this division of the Municipality is funded by the recovery of losses.

Metering audits will then also identify the following:

- Properties without metering units;
- Metering installations that are tampered with;
- Faulty meter installations;
- Illegal connections;
- Reconnections of disconnected illegal connections;
- Tampering with blocked meters.

Should any of the above illegal connections be found, the connection shall immediately be removed.

# 6. ACTIONS TO ADDRESS ILLEGAL CONNECTIONS: FLOW DIAGRAM

Annexure A: Overview Flow Diagram;
Annexure B: Responsibility table.

# 7. WAY FORWARD

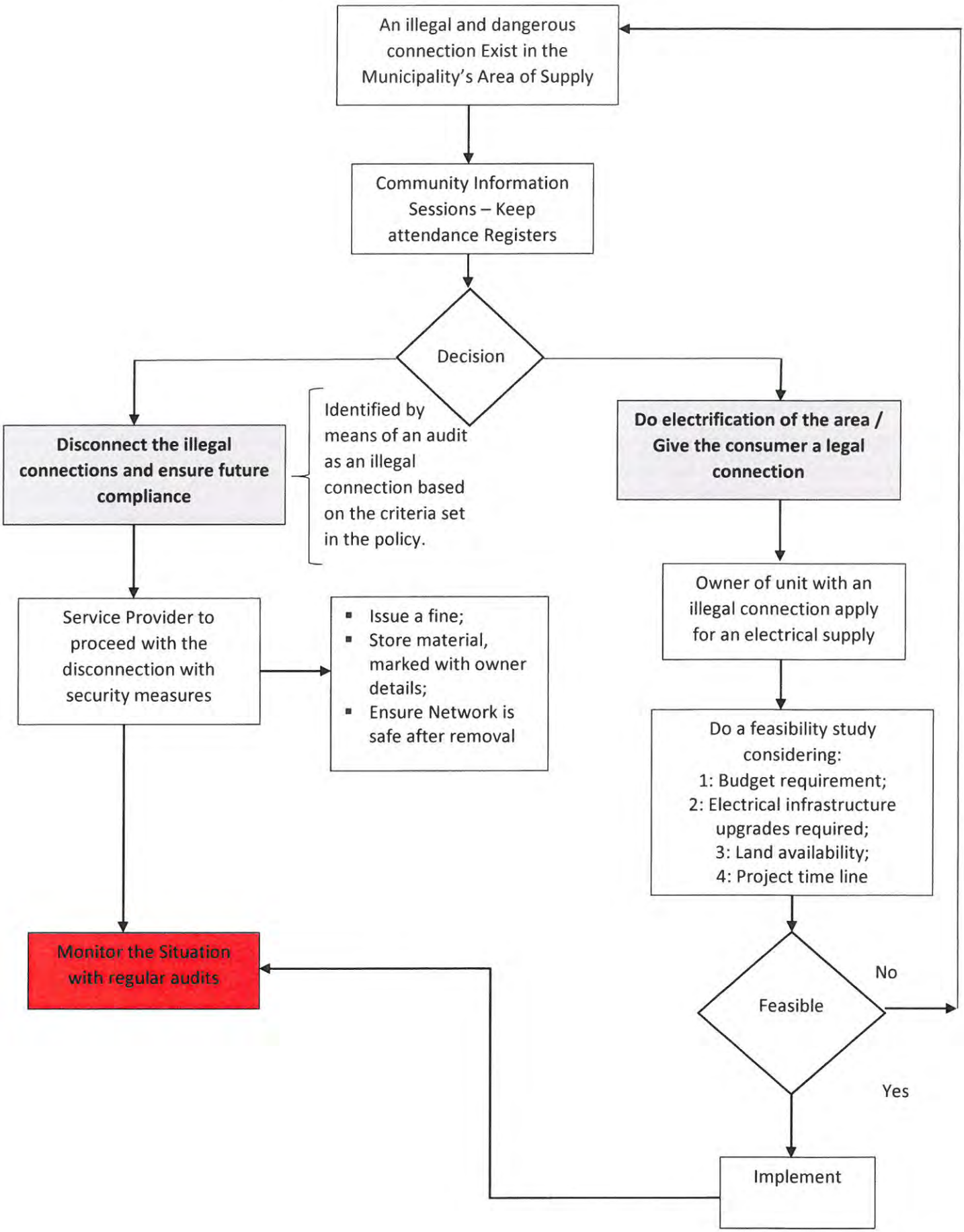
It is required that the Municipality adopt the strategy as stipulated in this document and that it become part of the Municipal by-law.

This will empower the Municipality to execute its duties in order to protect not only the revenue of the Municipality, but even more importantly the safety of its people.

Way Forward:

1. Municipal Council to adopt the illegal connection strategy;
2. Discuss this strategy with all departments and plan for implementation;
3. Do community participation meetings and information sessions;
4. Procure a service provider to audit the installation and remove the illegal connections;
5. Technical department to monitor all areas for illegal connections;
6. Report to service provider to disconnect.

## Annexure A: Overview Flow Diagram



## Annexure B: Responsibility Matrix

| Actions to be taken | Municipal Manager | Councillors | Electrical Department | Finance Department | Town Planning Department | Housing Department | Public Relations Department | Security (Traffic / SAPS etc.) | Service Providers |
|---|---|---|---|---|---|---|---|---|---|
| Safety of electrical Installation | A *1 | I | A *1 | I | N/A | I | I | N/A | N/A |
| Connection of new customers / Provide electrical supply | A | C | R *2 | C | C | C | I | C | R *2 |
| Check for a Valid COC | N/A | N/A | A | I | I | I | N/A | N/A | N/A |
| Inspection / audit of meters | I | I | R *2 | A | I | I | I | I | R *2 |
| Sign contract with Municipal customers | N/A | N/A | N/A | A | N/A | N/A | N/A | N/A | N/A |
| Address Electrical Losses | I | N/A | R | A | N/A | N/A | N/A | N/A | N/A |
| Quality of electrical supply | A | I | R | I | N/A | N/A | N/A | N/A | N/A |
| Budget and funding | A | C | C | R | N/A | C | N/A | N/A | N/A |
| Security during works | A | I | I | I | N/A | I | I | R | I |
| Information sessions | A | R | C | I | I | I | C | C | N/A |
| Disconnection of illegal connections | A | C | C | C | C | C | I | C | R |

*** 1 – Normally there can only be one Accountable entity, but according to the regulations, both these parties are accountable.**

*** 2 - Depending if this function is performed in-house or by service provider**

| | |
|---|---|
| **R** | **Responsible – Can be outsourced** |
| **A** | **Accountable – Cannot be outsourced** |
| **C** | **Consult** |
| **I** | **Inform** |

**MINUTES OF AN AD HOC COMMITTEE MEETING OF THE TASK TEAM IN RESPECT OF THE ELECTRICITY LOSSES IN WITZENBERG AND WATER DEMAND MANAGEMENT METERS, HELD ON TUESDAY, 8 MAY 2018 AT 11:00 IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, 50 VOORTREKKER STREET, CERES**

**PRESENT**

Committee members

Councillor BC Klaasen (Executive Mayor)
Councillor K Adams (Deputy Executive Mayor)
Councillor TT Godden (Speaker)
Councillor M Jacobs (Chairperson: Municipal Public Accounts Committee)
Alderman H Smit (Chairperson: Committee for Corporate and Financial Services)

Officials

Municipal Manager (Mr D Nasson)
Director: Technical Services (Mr J Barnard)
Director: Corporate Services (Mr M Mpeluza)
Director: Finance (Mr HJ Kritzinger)
Director: Community Services (Ms J Krieger)
Senior Manager: Electro-Technical Services (Mr P van den Heever)
Deputy Director: Finance (Mr A Raubenheimer)
Committee Clerk (Mr CJ Titus)

**1. PRESENTATION: STRATEGY TO ADDRESS ILLEGAL ELECTRICAL CONNECTIONS IN THE WITZENBERG MUNICIPALITY'S ELECTRICITY SUPPLY AREA (16/3/P)**

A presentation was made by the Senior Manager: Electro-Technical Services in respect of the strategy to address illegal electrical connections in the Witzenberg Municipality's electricity supply area. The presentation is attached as **annexure 1**.

The Senior Manager: Electro-Technical Services informed the meeting that the municipality is losing 9 % in electricity in respect of technical losses. The norm for technical losses is 10 % .

- Currently the municipality is losing 3.7 % in unpaid electricity valued in the amount of R621 2979.22 for the 2017/2018 financial year due to illegal electricity connections.

- An electricity strategy needs to be implemented as a preventative mechanism to stop illegal electricity connections and that situation needs to be monitored regularly.

- Cost for labour in respect for installation of electricity boxes will be for the municipality, but the cost for the material will be for the consumer.

A committee member enquired whether the municipality has done a census to identify illegal connections.

A committee member enquired whether the electricity connections of back dwellers will be cut if property owners are in default in respect of their municipal services.

The Manager: Electro-Technical Services mentioned that if the main distributors from main board are in default all electricity connections will be cut.

The Manager: Electro-Technical Services responded that electricity losses can be identified in areas where the usages of electricity are abnormally low.

The Municipal Manager mentioned that the municipality will infiltrate identified areas subsequent to public participation without conflict if found that the box was tampered with and needs to be replaced.

- Ward councillors and ward committee members are encouraged to inform the municipality who connect electricity illegally.

- Currently the municipality distribution points and infrastructure are under severe pressure in respect of electricity services as electricity outages will be regularly experienced.

A member of the Task Team enquired what will the municipality do pertaining to the illegal immigrants living in informal areas. The Administration responded that municipalities are not allowed to deliver services to non-South African citizens in terms of legislation.

A member of the Task Team enquired pertaining to the total number of electricity boxes allowed to be installed on properties where backyard dwellers are renting. The Senior Manager: Electro-Technical Services mentioned that permission needs to be granted from the owner in respect of the number of boxes to be installed on his or her property unto a maximum of 60 amps per property.

Indigent customers will be limited to maximum 20 amp single phase connections.

If a Special Council meeting is necessary to fast-track the matter, the Speaker should convene a meeting.

The Executive Mayor requested that a workshop be scheduled regarding the electrification of informal settlements and backyard dwellings by Council.

A committee member requested that real information in respect of informal structures and formal houses with illegal electricity connections needs to be followed up e.g. areas such as Zola and Mooiblom Streets, Nduli, Ceres. The Administration indicated that a costing of the upgrade of the electrical network must be done in areas where a lot of illegal connections are present.

The Administration informed the meeting that the municipality has all the necessary information pertaining to the illegal electricity connectors.

The committee is of the opinion that it comes to custom that consumers do not want to pay for electricity meter boxes.

**RESOLVED**

*(a) that the matter regarding a strategy to address illegal electrical connections in the Witzenberg Municipality's electricity supply area be workshopped by Council.*

*(b) that indigent customers will be limited to 20 amp single phase prepaid connections, the cost of which will be based on material costs only.*

*(c) that consumers applying for a 60 amp single phase connection will be required to pay full costs.*

*(d) When the Municipal Manager identifies an area to be cleared of illegal connections in terms of this strategy, all illegal consumers/connections will be indemnified from prosecution in terms of the various by-laws and other relevant legislation, for the duration of the operation only.*

*(e) that the Senior Manager: Electro-Technical Services provides Council with the estimated network upgrade costs required to provide legal connections to all potential consumers.*

## 2. PRESENTATION: WATER DEMAND MANAGEMENT METERS (5/12/4

A presentation in respect of the Water Demand Management meters was made by the Director: Technical Services. The presentation is attached as **annexure 2**.

The Director: Technical Services highlighted the following regarding the water meter devices:

- 400 of 15 mm Water Demand Management Meters purchased.
- 400 of 20 mm Water Demand Management Meters purchased.
- 8 laptops with Water Demand Management Meters with Software and remote reading devices will be used.
- Technical services responsible for initial setup of water demand management meters, installation and monitoring for demand management only.
- Credit control – Customer applying for more water than the FBW or current setup, Finance to champion this activity with software on laptops.
- Laptops.
- Fault finding - No/Low flow/Tampering etc.
- Data collection – Monthly/daily consumption monitoring.
- Leakages will be repaired before the meter will be installed.
- 200 Litre will be issued every day and the previous day's non-used water will not be carried over to the next.

The Committee enquired if the consumer will be allowed to purchase additional water.

The Director: Technical Services mentioned that Council needs to make a decision in respect of the purchase of additional water. Vending machines in this regard will be made available for Op-die-Berg and Prince Alfred's Hamlet. The Water Demand Management meters is firstly to assist customers to save water.

Alderman H Smit informed the meeting that a company is advertising the drilling of boreholes in Ceres and he enquired whether companies have permission from Council to drill boreholes.

The Director: Technical Services mentioned that an application needs to be done at the municipality for approval and that he will investigate the matter.

The committee requested that a Public Participation Process be followed in respect of Council's intention to install water management devices and same be advertised in the local newspaper and municipal newsletter.

The Director: Technical Services informed the meeting that City of Cape Town embarked on ten kilolitres free water for indigent households.

That the Chief Financial Officer investigates the cost of the additional four kilolitres free water for low costing housing if the municipality embarks on ten kilolitres as City of Cape Town.

The meeting enquired who will bear the cost of the additional four kilolitres if the municipality embarks on the ten kilolitres free water.

The Executive Mayor requested that the criteria per household needs to be increased as bigger families use more water.

The Municipal Manager informed the meeting that the purchased water meter devices are currently being stored.

The Committee requested that a test trial be done at municipal properties in respect of the water demand meters.

The Administration mentioned that the highest consumers in arrears of municipal services are at Op-die-Berg and Bella Vista.

Different scenarios pertaining to the installation of water demand management meters will be tested at installations.

The Committee requested that Council's intention to embark on water demand management meters be advertised in the Witzenberg Herald.

The Municipal Manager mentioned that Council needs to make a resolution before the process may be rolled out.

The Committee requested that Council installs water demand management meters at high consumers and default consumers.

The Committee enquired whether the municipality has the necessary funds and capacity available to investigate the total number of indigent households within the municipal jurisdiction.

The Director: Technical Services mentioned that the municipality will be able to install the first 100 meters, but will have to appoint a contractor if more than 100 needs to be installed due to lack of capacity. That the Credit Control Officers and Meter Reading officials need to be in a certain radius in order to read the meters. The Director: Technical Services informed the meeting that the acting Manager: Socio-Economic Development identified (5) five EPWP workers to assist the Manager: Water and Sewerage regarding the installation of water demand meters. The Municipal Manager informed the meeting that there will be some element of risk involved if EPWP workers would be utilised to install water meter readers.

**RESOLVED**

*(a) that the matter in respect of Water Demand Management Meters be workshopped by Council*

*(b) that Council considers the installation of Water Demand Management Meters at the properties of the following categories:*

*(i) Highest usage of water consumers using more than the restricted municipal water threshold when water restrictions are in place.*

*(ii) that consumers in default of municipal accounts older than 12 months and older accounts be written off if granted permission to install water demand management meters.*

*(iii) that all households which do not qualify for indigent will receive six kilolitres water free if granted permission for the installation of the water management meter devices.*

*(ii) that Indigent households which are in default of municipal services for 12 months and older be written off if they grant the municipality permission to install the water demand management devices.*

*(iv) that a trial run needs be done by the Task Team at municipal erven in respect of the effectiveness of the water demand management meters.*

*(c) that notice be taken that two (2) schools in Witzenberg have volunteered to have water demand management meters be installed at their respective premises.*

*(d) that the municipality will install water demand management meters free of charge at indigent properties, if owners request to have these devices installed and all water leaks on the property will be repaired by the Municipality at the cost of the Municipality.*

## 3. ADJOURNMENT

The meeting adjourned at 15:40.

_____

**CHAIRPERSON**

# WITZENBERG

## MUNISIPALITEIT UMASIPALA MUNICIPALITY

### - MEMORANDUM -

MUNICIPALITY WITZENBERG 10 APR 2018 MUNISIPALITEIT

**AAN / TO:** Municipal Manager

**VAN / FROM:** Legal Advisor & Director: Community Services

**DATUM / DATE:** 6 April 2018

**VERW. / REF.:** 7/1/4/1

---

**LEASING UNREGISTERED ERF 740, OP DIE BERG TO WITZENBERG HONEY BEE FARMING PRIMARY CO-OPERATIVE LIMITED**

**Purpose:**

To obtain council's response on leasing unregistered erf 740, Op Die Berg to Witzenberg Honey Bee Farming Primary Co-Operative limited.

**Background & deliberation:**

The Executive Mayoral Committee resolved on 26 March 2018 that the matter regarding the leasing of unregistered erf 740, Op-die-Berg to Witzenberg Honey Bee Farming Primary Co-operative Limited be referred to the Committee for Local Economic Development for deliberation and after that be tabled to the Executive Mayoral Committee.

Council resolved on 28 March 2018 *that notice be taken that the matter be referred to the Committee for Local Economic Development by the Executive Mayoral Committee.* The minutes is attached hereto as **Annexure A.**

The co-operative has been registered during February 2018 and consists of seven bee farmers of which four are residing in Op die Berg, one in Ceres, one in Warmbokkeveld and one form Wolseley. All seven bee farmers are existing businesses and have their own clients. See **Annexure B** for registration documents.
The name of the Cooperative is Witzenberg Honey Farming Primary Co-Operative Limited. The members thus far is:

- Isak Isaks
- Petrus Esau
- Gert Pedro
- Jaan-Jacobus Jantjies
- Gabriel Poole
- Sors Lintnaar
- Eric Eksteen

The co-operative members are open to allow other bee farmers to become part of the co-operative.
The main objective of the co-op is to create job opportunities and to broaden their business scope. The beneficiaries are also committed to the new business venture to ensure it is successful.

The motivation for the application of a lease agreement is to give emerging bee farmers the opportunity to have their own honey extractor facility. The bee farmers are currently dependent on a "middle man" for the extraction of their honey and in the process they must pay for these services.
The co-op is currently in the process to apply for funding to obtain the necessary equipment to implement the business activity. With no lease agreement in place, funding cannot be secured from Government Departments.

**The Property that was identified is the following:**

1. Unregistered Erf 740 Op die Berg

The following inputs were received from the Technical Apartment and Department Community Services:

a) **Hennie Taljaard:** *Geen beswaar vanuit grondgebruik oogpunt onderhewig daaraan dat die applikant aansoek doen vir grondgebruiksafwyking*
b) **Nathan Jacobs:** *Water en riool het geen beswaar. Daar is bestaande dienste waar opgekoppel kan word.*
*Mnr Jantjies moet aandui hoeveel water hy in sy prosesse gaan gebruik en watter industriel afval daar gaan wees.*
c) **Elton Lintnaar:** *Geen beswaar*
d) **Pierre van Den Heever:** *Die erwe val binne die Eskom verspreidings gebied so die aansoeker sal by Eskom moet aansoek doen vir n elektriese aansluiting/vergroote van bestaande aansluiting.*
e) **Hermie Visser:** *Na aanlyding van die versoek om heuning uit te swaai in 'n munisipale area wil ek net die volgende onder u aandag bring.*

   1) *Die heuning lok bye aan na die area*
   2) *Bye kan agressief raak oor die kos en dan steek hulle alles in die omgewing*
   3) *Die kiste lok trek swerms aan*
   4) *Daar word voorsiening gemaak in die munisipale by wette wat die aan hou van bye in dorps gebied verbied*

**Input for Department Agriculture:** Charles Salmon; Specialist Agricultural Advisor; Chief Directorate: Farmer Support and Development

*As far as I know there are no legal aspirations regarding the extraction of honey in an urban area. The facility must be a food grad area, like a dairy (washable floor and walls). The health inspector can help with that, because there are no standard in place jet. If they want to bottle honey, there are much more health stuffs to*

*take in consideration. They will need a building that are bee proof. Meaning that the bees in that area will not be able to come and rob the honey that they are extract in the room.*

*If they are not going to keep bees on the premises, I can't see any danger to the community.*

**Legislative Requirements:**

A lease agreement can be entered into for a period of 5 years, with the option to renew for another 5 years on Council discretion.

Supply Chain Regulation 49(c) states: "immovable property is let at market related prices expect when the public interest or the plight of the poor demand otherwise. Council needs to take this in consideration when determining the rental amount.

Property is leased voetstoots for a 5 year period, with the option to renew on our discretion.

**Sustainability:**

The cooperative has the ability to be sustainability and the LED Unit of the Municipality will assist with facilitation of the capacity building of the project.

**Financial Implications:**

If council decides to lease this portion of land to the applicant, we recommend it should be for a minimum rental amount of R 200 per annum because it is a LED project and the community will benefit from this project. We furthermore recommend that the lease is "voetstoots" and that it is the responsibility of the Honey-bee Cooperative to connect the services which they require and to pay the monthly municipal services.
Erection of infra-structure and the application of consent use will also be the lessees responsibility.
It is the responsibility of the Co-operative to obtain public liability for the project.

**Recommendation:**

That Council enters into a lease agreement with the Honey-Bee Co-op for five years with the discretion to renew for another five (5) years.

That Municipal Manager be mandated to sign the contract on behalf of Council.

That the Local Economic Development Unit facilitate the following services:

- Rezoning and registration of the erf;
- Connection with municipal services including electricity from Eskom;
- Capacity building support through a site visit at a similar Honey bee project in Swellendam

**JS KRIEGER**
**DIRECTOR: COMMUNITY SERVICES**

**8.3 Direktoraat Gemeenskapsdienste / Directorate Community Services**

**8.3.3 Leasing of unregistered erf 740, Op-die-Berg to Witzenberg Honey Bee Farming Primary Co-operative Limited (17/19/1 & 7/1/4/1)**

Item 7.3.4 of the Executive Mayoral Committee meeting, held on 26 March 2018, refers.

A memorandum from the Legal Advisor and Acting Manager: Socio-Economic Development, dated 13 March 2018, is attached as **annexure 8.3.4**.

The Executive Mayoral Committee resolved on 26 March 2018 that the matter regarding the leasing of unregistered erf 740, Op-die-Berg to Witzenberg Honey Bee Farming Primary Co-operative Limited be referred to the Committee for Local Economic Development for deliberation and after that be tabled to the Executive Mayoral Committee.

**RESOLVED**

*that notice be taken that the matter was referred to the Committee for Local Economic Development by the Executive Mayoral Committee.*

B

Companies and Intellectual Property Commission

a member of the dti group

# REGISTERED CO-OPERATIVE

# CONSTITUTION

**REGISTRATION NUMBER:**

| 2 | 0 | 1 | 8 | / | 0 | 0 | 1 | 2 | 0 | 4 | / | 2 | 4 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**REGISTRATION DATE:**

| 1 | 6 | / | 0 | 2 | - | 2 | 0 | 1 | 8 |
|---|---|---|---|---|---|---|---|---|---|

**Business Address**
77 Mentjies Street
the dti Campus
Sunnyside
0001

**Postal Address**
Co-Operatives
Private Bag x237
Pretoria
0001

**Contacts**
National: 086 100 2427
International: +27 83 900 2427
www.cipc.co.za

# AGRICULTURAL CO-OPERATIVE LIMITED

## NAME

1 (a) The name of the Co-operative is Witzenberg Honey Bee Farmers Coop AGRICULTURAL CO-OPERATIVE LIMITED.

(b) The abbreviated name is WHBFC (CO-OP.) LTD. (if applicable)

## FORM OF CO-OPERATIVE

2 This is the constitution of a business undertaking formed as a Primary Agricultural Co-operative with limited liability in terms of the provisions of the Co-operatives Act 2005 (Act 14 of 2005).

## DEFINITIONS

3. In this constitution, unless the context indicates otherwise, a word or expression to which a meaning is attached in the Co-operatives Act 2005 shall have a similar meaning and -

"the Act" means the Co-operatives Act 2005 (Act No. 14 of 2005);

"co-operative" means the Witzenberg Honey Bee Farmers Coop AGRICULTURAL CO-OPERATIVE LIMITED that is incorporated in terms of the Act;

"entrance fee" means a once off fee payable to obtain membership of the co-operative, and is paid on application for membership,

"gender" a reference in this constitution to the masculine gender shall also include the feminine gender and vice versa,

"membership fee or subscription fee" means an annual fee payable towards the running of the co-operative and may be paid off in equal monthly instalments;

"member loan" means a loan made by a member to a Co-operative in terms of clause 57,

"patronage proportion" means the proportion which the value of the transactions conducted by a member with a Co-operative during a specified period bears to the value of the transactions conducted by all the members during the same period with or through the Co-operative.

## PLACES OF BUSINESS

4 The main place of business of the Co-operative is situated at Kove Boulevard (Place), Western Cape Province.

## RECORD KEEPING BY CO-OPERATIVE AND ACCESS TO INFORMATION

5.1 The co-operative must keep at its offices the following:

(a) Its constitution, including any amendments thereto.

(b) The minutes of general meetings in a Minute Book.

(c) The minutes of meetings of the board of directors in a Minute Book.

(d) A LIST OF MEMBERS / REGISTER OF MEMBERS setting out-

(i) the name and address of each member;

(ii) the date on which each member became a member;

(iii) if applicable, the date on which a person's membership was terminated;

(iv) the amount of any membership fees paid, the number of membership shares owned and the number and amount of member loans;

(e) A REGISTER OF DIRECTORS setting out-

(i) the name, address and identity number of each director including former directors;

(ii) the date on which such directors became or ceased to be directors;

(iii) the name and address of any other co-operative, company or close corporation where both present and former directors are, or were, directors or members;

(f) A REGISTER OF DIRECTOR'S INTEREST in contracts or undertakings;

(g) Adequate accounting records, including records reflecting the transactions between each member and the co-operative for the purpose of calculating the patronage proportion.

5.2 The co-operative must retain its accounting records-

(a) for a period of two years after the end of the financial year to which they relate, in the case its main object involves its members conducting transactions with it;

(b) for a period of three years after the end of the financial year to which they relate, in the case its main object does not involve its members conducting transactions with it.

5.3 Subject to clause 4[3], members of the co-operative may examine the records referred to in clause 4[3] during normal business hours of the co-operative and may make copies thereof after payment of a fee.

5.5 Subject to the Promotion of Access to Information Act, 2000, the board of directors may, for a reasonable period of time, refuse information relating to any commercial transaction of the co-operative if there are reasonable grounds to believe that the disclosure may be to the disadvantage of the co-operative.

5.6 Where the constitution of a co-operative provides for the establishment of a supervisory committee, the supervisory committee must determine whether the board of directors is entitled to withhold information in terms of clause 4[3].

## OBJECTIVES

6. The objectives of the Co-operative are -

(a) to undertake the marketing of agricultural products

(b) to process the agricultural products or to manufacture any article therefrom and to dispose of the product or thing into which it was processed or articles so manufactured;

(c) to hire, buy or otherwise acquire and to let, sell or otherwise supply requisites, necessary or used for or in connection with farming operations;

(d) to hire, buy or otherwise acquire, or produce or manufacture and to let, sell or otherwise supply any article of consumption;

(e) to hire establish or erect and to use or make available for use facilities necessary for or useful in connection with farming operations.

(f) to render services, necessary for or useful in connection with farming operations;

(g) to render any other services, including services relating to the buying, selling and leasing of immovable agricultural property;

(h) to undertake insurance business which relates to farming risks in farmers

## DESCRIPTION OF BUSINESS AND ANY RESTRICTIONS ON BUSINESS

7. The description of business and any restrictions thereto are outlined clause 6 above.

## MEMBERSHIP

### Requirements for membership and Restrictions to membership

8.1 Requirements: Any natural person, who is over the age of 18 years may, on application to the Board, become a member of the Agricultural Co-operative.

8.2 Restrictions: The board may limit the number of members, as long as the co-operative does not have less than 5 members.

### Application for membership

9.1 Application for membership and for the number of shares an applicant wishes to take up shall be made on the form provided for that purpose, and shall be accompanied by the entrance fee.

9.2 The Board must consider every application for membership and has the right to accept or reject an application

9.3 The Board must, within 3 months after receipt of an application for membership, notify the applicant of its decision and, in the event of an application for membership being rejected, any amount paid by the applicant to the Co-operative must be refunded to him.

9.4 A person becomes a member of the Co-operative when his application for membership has been accepted by the Board, and a share is issued or transferred to him

### Entrance Fee and Membership Fee / Subscription Fee

10.1 An Entrance Fee of R 100.00 must be paid on application for membership. Such fee is not refunded on termination of membership.

10.2 A Membership Fee / Subscription fee of R 100.00 must be paid annually. Provided that a member may pay off the subscription fee in equal monthly instalments. Such fee shall not be refunded on termination of membership.

### Rights and Obligations of Members

11.1 Members Rights:

(a) Members have the right to do business with or through the Co-operative

(b) Members have the right to appoint an auditor

(c) During ballots at meetings of members each member has the right to one vote.

(d) Members that are not suspended or expelled from the co-operative, have the right to attend meetings of the co-operative

11.2 Obligations of Members:

(a) Members must adhere to the constitution and any amendments thereto as well as any by-laws made by the Board of Directors

(b) Members must participate in the business of the co-operative.

(c) Members must notify the co-operative whenever any of their personal details change for example when their home address changes

## ISSUE OF SHARES AND MINIMUM SHAREHOLDING

12.1 The shares issued by the Co-operative must all be of the same class, ranking and nominal value.

12.2 The nominal value of each share must be R..... [..... - ..... Rand) of which 100% (hundred percent) shall be payable in money on application.

12.3 When the co-operative is founded each member must have a minimum of ... (number of) shares

12.4 From the time that the co-operative is three years in operation, every member shall be bound to hold a minimum number of shares in the co-operative prescribed by a scale which shall be approved by members in general meeting on the recommendation of the board. Provided that the scale must relate to business done by members with the co-operative. Whenever it appears that a member does not hold the number of shares prescribed by the applicable scale, the board may issue to him without application therefore such number of shares as will make up the insufficiency and 100% of the nominal value of such shares shall forthwith become payable upon such issue. Provided that before such issue of shares is made to any member, he shall be afforded an opportunity, of at least 30 (thirty) days, to acquire the requisite number of additional shares from any other member holding shares in excess of the above scale.

## CERTIFICATES OF SHARES AND LOANS

13. Share certificates and Loan Certificates shall be issued in such form, as the Board shall determine. These certificates shall state the name of the Co-operative, that the Co-operative is subject to the Act, the name of the person to whom it is issued and that the certificate represents membership shares in, or member loans to, the Co-operative and the number of the membership shares or the amount of the member loans.

## LIABILITY OF MEMBERS

14. The liability of a member is limited to an amount equal to the nominal value of the shares in the Co-operative held by him in so far as that amount has not been paid up.

## TRANSFER OF MEMBERSHIP, MEMBERS LOANS AND SHARES

15.1 Membership, Member Loans and Shares may be transferred only with the approval and on the authority of the Board which shall satisfy itself that the proposed transferee is qualified to be a member of the Co-operative.

15.2 The Board may at any time refuse to approve and register a proposed transfer.

15.3 The transfer of any membership shall be in writing in such form and signed in such manner as the Board from time to time may stipulate.

15.4 When such transfer has taken place the Board shall issue to the transferee a membership card, and/or a Member Loan Certificate and/or a Share Certificate.

## CONDITIONS AND PROCEDURES FOR TERMINATION OF MEMBERSHIP

### Termination on death

16.1 The membership of a member who has died may in terms of this clause be transferred to a member of that deceased members family or another person appointed by the executor of the deceased member's estate subject to the approval by the Board of the proposed transferee. In the event of such transfer not taking place, the membership of the deceased member shall be terminated by resolution of the Board.

16.2 Upon such termination, the membership fees concerned are forfeited and the amount paid in respect thereof is credited to the general reserve of the Co-operative.

16.3 The shares registered in the name of a member who has died, must be cancelled by resolution of the Board at the request the executor or liquidator of the estate.

16.4 Upon such cancellation the Co-operative must, pay to the executor the amount paid up on the shares for payment to the estate of the deceased member. Provided that if the value of such shares, according to the latest completed balance sheet of the Co-operative, is less than their nominal value, the Co-operative shall pay -

25.4 Interest on share capital or bonus or any other amount accruing to a member and which is payable by the co-operative to the member, must be applied to pay calls on shares and/or amounts unpaid on forfeited shares, due but unpaid at the time such interest, bonus or other amount becomes payable to the member concerned.

## MANAGEMENT OF CO-OPERATIVE

### Board of Directors

26.1 The affairs of the Co-operative must be managed by a Board of Directors consisting of a minimum of 3 and a maximum of 7 Directors. The Directors must exercise the powers and perform the duties of the Co-operative.

26.2 The number of Directors shall subject to the approval of members at the next general meeting, be determined by the Board from time to time. If, however, the members do not approve the decision of the Board and a vacancy arises as a result thereof, such vacancy shall be regarded as a casual vacancy to be filled in terms of clause 32.

28. Without prejudice to the provisions of clause 32 of this constitution, Directors shall be elected at the annual general meeting.

### Powers and Restrictions on Directors

27.1.1 Powers.

(a) The directors have the power to obtain membership of a secondary co-operative, which seeks to promote any matter in which the co-operative has an interest.

(b) The directors have the power to open a bank account in the name of the co-operative.

(c) The directors have the power to suspend by resolution a member for a period to be determined by the Board but which shall not be longer than the date of the next annual general meeting.

(d) The directors have the power to acquire or hire movable or immovable property on behalf of the co-operative.

27.2 Restrictions

(a) The directors have the power to mortgage a bank account or to make a lien on behalf of the co-operative, provided that members has agreed to this with a special resolution. Provided further that the directors may borrow or raise money or mortgage a banking account without the said authority up to an amount not exceeding one half of the total of its share capital and general reserve.

(b) The directors shall not provide loans to directors, members or any other person or organisation.

(c) The director shall not make donations on behalf of the co-operative to any person or organisation.

### Persons not competent to be Director

28. No person shall hold the office of Director if -

(a) A person is of unsound mind;

(b) A person is an unrehabilitated insolvent;

(c) A person who has at any time been convicted (whether in the Republic or elsewhere) of theft, fraud, forgery, perjury, or any offence involving dishonesty in connection with the formation or management of a Co-operative or other corporate entity

### Term of office

29.1 The term of office of the Directors of the Co-operative shall be 3 (three) years. (not more than 4 years)

29.2 Retiring Directors are eligible for re-election.

NOTE: This page must be signed by ALL Founder Members.

| FULL NAMES AND SURNAMES OF APPLICANTS FOR MEMBERSHIP | SIGNATURES OF APPLICANTS |
|---|---|
| 1. ISAK ISAIS | 1. [signature] |
| 2. SORS LINTNAAR | 2. S. Lintnaar |
| 3. GERT PEDRO | 3. [signature] |
| 4. PIETER CSAU | 4. [signature] |
| 5. GABRIEL POOLE | 5. Poole |
| 6. JAAN-JACOBUS GALTIJS | 6. [signature] |
| 7. ERIC EKSTEEN | 7. EEKSTEEN |
| 8. | 8. |
| 9. | 9. |
| 10. | 10. |
| 11. | 11. |
| 12. | 12. |

No. 2018/001204/21
REGISTRAR OF CO-OPERATIVES
2018 -02- 16
APPROVED BY SOURCE

Changes to model constitution:

Other changes may also be made to the constitution, given that the changes are in line with provisions of the Co-operatives Act, 2005 and the rest of the constitution. If any changes were made to the constitution the numbers of the clauses that were changed should be mentioned in a cover letter, as well as the reasons for the changes.

**Registered Letter**

KOVE BOKKEVELD
OP DI BERG
MADIBA STRAAT 542

3835

Dear Sir / Madam

Registration: WITZENBERG HONEY BEE FARMING PRIMARY CO-OPERATIVE LIMITED (2018 /

I have pleasure in informing you that the above-mentioned co-operative was registered in this office on 16/02/2018 in terms of the Co-operatives Act, No. 14 of 2005.

I further certify that WITZENBERG HONEY BEE FARMING PRIMARY CO-OPERATIVE LIMITED is with effect from 16/02/2018 entitled to commence business.

Attached please find -
[a] a copy of the constitution; and
[b] the certificate of registration.

Please acknowledge receipt of these documents.

Important Information:
If your co-operative requires training, funding or assistance with auditing the books of the co-operative, please contact the Co-operative Development Unit of the Department of Trade and Industry. The postal address of last-mentioned Division is Private Bag X 84, Pretoria, 0001. Or the Division may be contacted through the Customer Contact Centre, telephone number 0861-002-472.

I wish the co-operative every success.

Yours faithfully

.....
REGISTRAR OF CO-OPERATIVES



Physical Address
the dti Campus - Block F
77 Meintjies Street
Sunnyside 0001

Postal Address: Co-operatives
Private Bag x237
Pretoria
0001

Docex: 256
Web: www.cipc.co.za
Contact Centre: 086 100 2472 (CIPC)
Contact Centre (International): +27 12 394 9500

# REPUBLIC OF SOUTH AFRICA
# CO-OPERATIVES ACT, 2005

## CERTIFICATE OF REGISTRATION OF A CO-OPERATIVE (SECTION 7)

I hereby certify that

WITZENBERG HONEY BEE FARMING PRIMARY CO-OPERATIVE LIMITED

was registered on

16/2/2018

under Section 7 of the Co-Operatives Act, 2005 (Act 14 of 2005), with registration number

2018 / 001204 / 24

as a Primary Co-Operative with a limited liability.
Its constitution was also registered on the same date.

I further certify that

WITZENBERG HONEY BEE FARMING PRIMARY CO-OPERATIVE LIMITED

is with effect from 16/2/2018 entitled to commence business.

REGISTRAR OF CO-OPERATIVES



Physical Address
the dti Campus - Block F
77 Meintjies Street
Sunnyside 0001

Postal Address: Co-operatives
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# WITZENBERG

## MUNISIPALITEIT UMASIPALA MUNICIPALITY

## - MEMORANDUM -

**AAN / TO:** Municipal Manager
Director: Corporate Services

**VAN / FROM:** Manager: Administration

**DATUM / DATE:** 21 May 2018

**VERW. / REF.:** 3/1/2/3

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**PROPOSED COUNCIL MEETING PROGRAM: JUNE UNTIL DECEMBER 2018**

**1. PURPOSE**

To obtain the approval of the Executive Mayoral Committee as well as Council for the Proposed Council Meeting Program for June until December 2018.

**2. FOR DECISION**

Council

**3. EXECUTIVE SUMMARY**

The Council Meeting Program and Meeting Schedule for June until December 2018 are attached as Annexure A. The program is essentially similar to the program as scheduled in 2017. The amended SALGA Working Group Meeting dates have been received from SALGA. The complete council meetings program of the Witzenberg Municipality is synchronized with SALGA Working Group Meetings and Workshop dates and now submitted to Council for approval. It is recommended that Council approve the attached programme for the period June until December 2018.

**4. DISCUSSION**

**4.1 BACKGROUND AND DISCUSSION**

In terms of Section 19 of the Local Government Municipals Systems Act, (No 32 of 2000) the Municipal Manager must give notice to the public in a manner determined by the Municipal Council of the time, date and venue of every ordinary meeting of the Council and Special or Urgent meeting of the Council except when time constraints make this impossible.

The proposed Council Meeting Program for June until December 2018 provides the list of scheduled Council, Executive Mayoral Committee, the various Section 80 Committee meetings, Municipal Public Accounts Committee (MPAC), Performance Risk and Audit Committee (PRAC) and Local Labour Forum (LLF) with the applicable time, venue and dates of the meetings.

Senior Management meetings are once again proposed to be held every Monday, Committee for Housing Matters on the 2nd Thursday of every month, Section 80 Committee meetings on the 3rd Wednesday and Thursday of every month, Council Workshop meetings on the days prior to the Council meeting and Council meetings on the last Wednesday of the month depending on specific circumstances. Council meetings are also synchronised with the Council meetings of the Cape Winelands District Municipality.

**4.2 CONSTITUTIONAL AND POLICY IMPLICATIONS**

This program has no Constitutional and policy implications for the municipality.

**4.3 ENVIRONMENTAL IMPLICATIONS**

This program has no environmental implications.

**4.4 FINANCIAL IMPLICATIONS**

The proposed Council meeting program is published in the local community newspaper, the cost of which is duly budgeted for.

**4.5 LEGAL IMPLICATIONS**

In terms of Section 19 of the Local Government Municipals Systems Act (No. 32 of 200) the Municipal Manager must give notice to the public in a manner determined by the Municipal Council of the time, date and venue of every ordinary meeting of the Council and Special or Urgent meeting of the Council except when time constraints make this impossible..

Council meetings are planned for every month except for June, September and November and this exceeds the minimum requirement of one meeting per quarter as prescribed.

All legislative and policy requirements are complied with.

**RECOMMENDATION**

that Council approve the Proposed Council Meeting program for June until December 2018.

_____

**C.G. WESSELS**
**MANAGER: ADMINISTRATION**

_____ **APPROVED / DECLINED**

**M MPELUZA**
**DIRECTOR: CORPORATE SERVICES**

_____ **APPROVED / DECLINED**

**D NASSON**
**MUNICIPAL MANAGER**

*/esl*

# WITZENBERG MUNICIPALITY
# COUNCIL MEETING SCHEDULE: JUNE UNTIL DECEMBER 2018

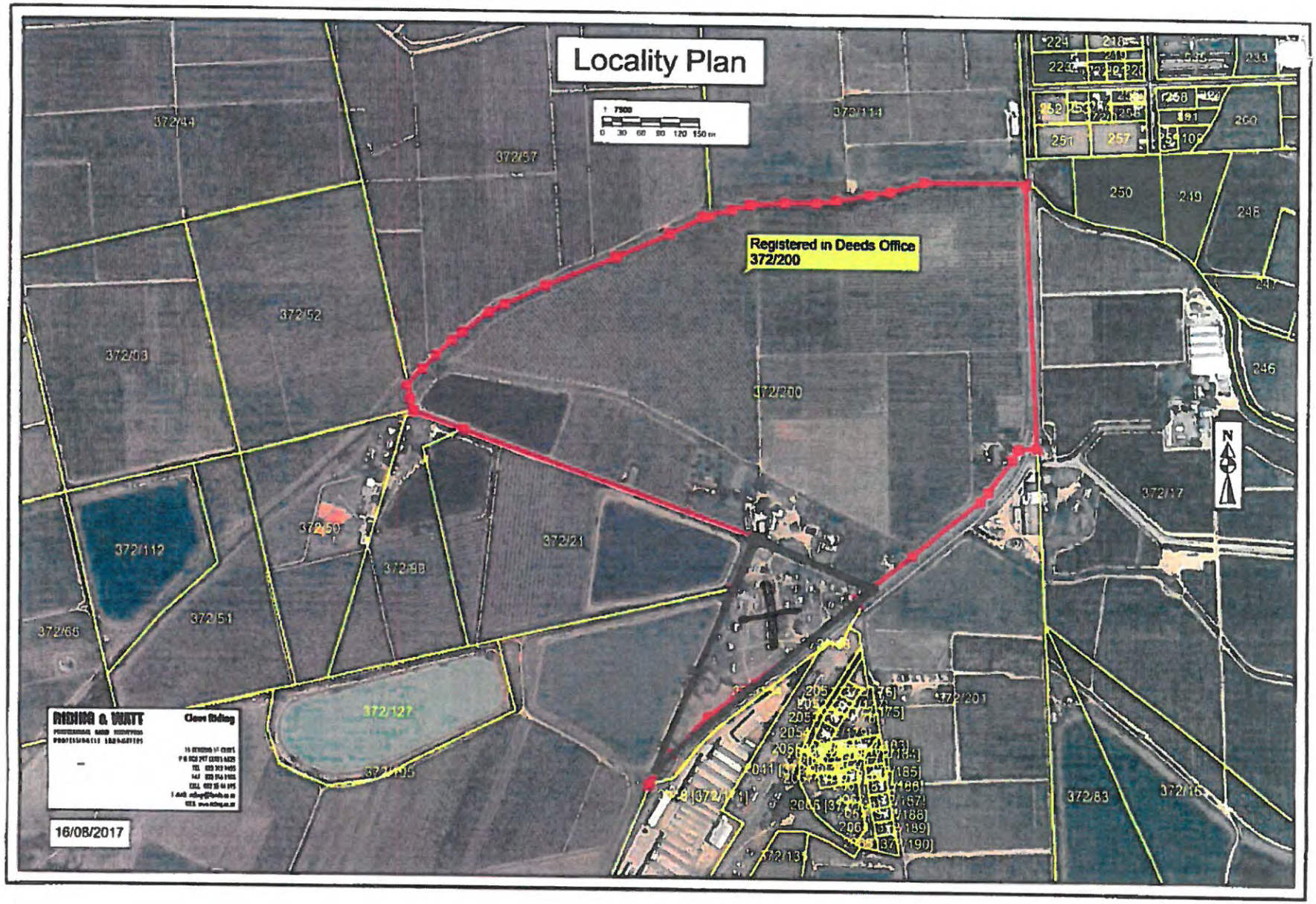
| MONTH | DATE | TIME | VENUE | MEETING |
|---|---|---|---|---|
| June | 5 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 7 | 10h00 | Council Chambers | Committee for Housing Matters |
| | 12 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 13 | 10h00 | Council Chambers | Committee for Technical Services |
| | 13 | 14h00 | Council Chambers | Committee for Rural Economic Development |
| | 14 | 10h00 | Council Chambers | Committee for Community Development |
| | 14 | 14h00 | Council Chambers | Committee for Corporate and Financial Services |
| | 19 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 20 | 09h00 | Council Chambers | Performance, Risk and Audit Committee |
| | 20 | 15h00 | Council Chambers | Local Labour Forum |
| | 26 | 10h00 | Council Chambers | Executive Mayoral Committee |
| July | 11 | 15h00 | Council Chambers | Local Labour Forum |
| | 12 | 14h00 | Council Chambers | Committee for Housing Matters |
| | 17 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 18 | 10h00 | Council Chambers | Committee for Technical Services |
| | 18 | 14h00 | Council Chambers | Committee for Rural Economic Development |
| | 19 | 10h00 | Council Chambers | Committee for Community Development |
| | 19 | 14h00 | Council Chambers | Committee for Corporate and Financial Services |
| | 24 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 25 | 10h00 | Council Chambers | Council Meeting |
| | 31 | 10h00 | Council Chambers | Executive Mayoral Committee |
| August | 3 | 09h00 | Council Chambers | Performance, Risk and Audit Committee |
| | 7 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 8 | 10h00 | Council Chambers | Committee for Housing Matters |
| | 14 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 15 | 10h00 | Council Chambers | Committee for Technical Services |
| | 15 | 14h00 | Council Chambers | Committee for Rural Economic Development |
| | 16 | 10h00 | Council Chambers | Committee for Community Development |
| | 16 | 14h00 | Council Chambers | Committee for Corporate and Financial Services |
| | 17 | 10h00 | Council Chambers | Municipal Public Accounts Committee |
| | 22 | 10h00 | Council Chambers | Council Meeting |
| | 28 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 29 | 15h00 | Council Chambers | Local Labour Forum |
| September | 4 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 6 | 10h00 | Council Chambers | Committee for Housing Matters |
| | 10 | | Cape Town | SALGA Provincial Working Group |
| | 11 | | Cape Town | SALGA Provincial Working Group |
| | 12 | | Cape Town | SALGA Provincial Working Group |
| | 13 | | Cape Town | SALGA Provincial Working Group |
| | 14 | | Cape Town | SALGA Provincial Working Group |
| | 18 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 19 | 10h00 | Council Chambers | Committee for Technical Services |
| | 19 | 14h00 | Council Chambers | Committee for Rural Economic Development |
| | 20 | 10h00 | Council Chambers | Committee for Community Development |
| | 20 | 14h00 | Council Chambers | Committee for Corporate and Financial Services |
| | 25 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 26 | 15h00 | Council Chambers | Local Labour Forum |

| | | | | |
|---|---|---|---|---|
| October | 2 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 9 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 11 | 10h00 | Council Chambers | Committee for Housing Matters |
| | 16 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 17 | 10h00 | Council Chambers | Committee for Technical Services |
| | 17 | 14h00 | Council Chambers | Committee for Rural Economic Development |
| | 18 | 10h00 | Council Chambers | Committee for Community Development |
| | 18 | 14h00 | Council Chambers | Committee for Corporate and Financial Services |
| | 23 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 24 | 15h00 | Council Chambers | Local Labour Forum |
| | 30 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 31 | 10h00 | Council Chambers | Council Meeting |
| November | 6 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 8 | 10h00 | Council Chambers | Committee for Housing Matters |
| | 13 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 14 | 10h00 | Council Chambers | Committee for Technical Services |
| | 14 | 14h00 | Council Chambers | Committee for Rural Economic Development |
| | 15 | 10h00 | Council Chambers | Committee for Community Development |
| | 15 | 14h00 | Council Chambers | Committee for Corporate and Financial Services |
| | 20 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 21 | 15h00 | Council Chambers | Local Labour Forum |
| | 23 | 08h30 | Council Chambers | Performance, Risk and Audit Committee |
| | 27 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 30 | 10h00 | Council Chambers | Municipal Public Accounts Committee |
| December | 4 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 11 | 10h00 | Council Chambers | Executive Mayoral Committee |
| | 12 | 10h00 | Council Chambers | Council Meeting |

# WITZENBERG MUNICIPALITY

## SALGA OFFICIALS REPRESENTATIVES, SECUNDI AND MUNICIPAL OFFICIALS: WORKING GROUPS

| SALGA WORKING GROUP | REPRESENTATIVE | SECUNDI | MUNICIPAL OFFICIALS |
|---|---|---|---|
| **1.** Capacity Building and Institutional Resilience | Alderman H. Smit | Cllr. T. Godden | Director: Corporate Service |
| **2.** Community Development and Social Cohesion | Cllr. K. Adams | Cllr. G. Laban | Director: Community Services |
| **3.** Economic Empowerment and Employment Creation | Cllr. T. Abrahams | Cllr. P. Heradien | Director: Community Services |
| **4.** Environmental Planning and Climate Resilience | Cllr. K. Adams | Cllr. J. Visagie | Director: Community Services |
| **5.** Government and Intergovernmental Relations | Cllr. T. Godden | Alderman H. Smit | Director: Corporate Services |
| **6.** Human Settlement and Municipal Planning | Cllr. E. Sidego | Cllr. K Adams | Director: Community Services |
| **7.** Municipal Finance and Fiscal Policy | Alderman H. Smit | Alderman J. Schuurman | Director: Finance |
| **8.** Municipal Innovations and Information Technology | Cllr. T. Godden | Alderman H. Smit | Director: Corporate Service |
| **9.** Public Transport and Roads | Cllr. J. Visagie | Cllr. E. Sidego | Director: Technical Services |
| **10.** Water, Sanitation and Waste Management | Cllr. J Visagie | Cllr. E Sidego | Director: Technical Services |


Locality Plan
Registered in Deeds Office
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RIDING & WATT
Clare Riding
16/08/2017

# SKENKINGSOOREENKOMS

Ooreenkoms van skenking aangegaan tussen:

**SONOP TRUST (IT 153/2004)**
Hierin behoorlik verteenwoordig deur _____ in sy hoedanigheid as Trustee en behoorlik daartoe gemagtig

Van: Poituers Boerdery, Prince Alfred Hamlet

(hierna genoem die "Skenker")

en

**WITZENBERG MUNISIPALITEIT** hierin behoorlik verteenwoordig deur DAVID NASSON in sy hoedanigheid as Munisipale Bestuurder en behoorlik daartoe gemagtig

VAN: Voortrekkerstraat, Ceres.

(hierna genoem die "Ontvanger")

**AANGESIEN** die SKENKER die eienaar is van die Gedeelte 200 van die Plaas Wagenbooms Rivier Nr 372, in die Witzenberg Munisipaliteit, Afdeling Ceres, Provinsie Wes-Kaap; Groot ±3ha (bekend as Die Bossie, Prince Alfred Hamlet);

**EN AANGESIEN** die SKENKER bereid is om 'n gedeelte van 3ha, bekend as Die Bossie, Prince Alfred Hamlet, aan die ONTVANGER te skenk vir die ontwikkeling van gedienste erwe, op voorwaarde dat die werknemers van die Skenker en spesifiek bewoners op die plase Mendoza, Sonop en Delta, voorkeur sal ontvang om erwe op te neem;

**NOU DERHALWE WORD AS VOLG OOREENGEKOM:**

1. **SKENKING:**

Die SKENKER skenk hiermee aan die ONTVANGER die volgende eiendom onderhewig aan die voorwaardes in Klousule 2:

1.1 Ongeveer 3ha van Gedeelte 200 van die Plaas Wagenbooms Rivier Nr 372, in die Witzenberg Munisipaliteit, Afdeling Ceres, Wes-Kaap Provinsie soos aangetoon op die aangehegte kaart "A" welke gedeelte in die algemeen bekend staan as "Die Bossie".

2. **VOORWAARDES:**

Die skenking word gemaak onderhewig aan die volgende voorwaardes:

2.1 Die ONTVANGER sal alle stappe doen om die gedeelte behoorlik te laat opmeet en die nodige planne in te dien ten einde die onderverdeling te laat goedkeur en hersoneer, welke koste van voorbereiding en goedkeuring vir die ONTVANGER se rekening sal wees;

2.2 Die betrokke gedeelte moet aangewend word vir die ontwikkeling van gedienste erwe op voorwaarde dat werknemers van die Skenker en spesifiek bewoners van Mendoza, Sonop en Delta ook erwe of behuising sal ontvang.

2.3 Sou die SKENKER vir skenkingsbelasting aangeslaan word, onderneem die ONTVANGER om sodanige skenkingsbelasting te betaal en vrywaar die ONTVANGER die SKENKER van enige eise in die verband. Die ONTVANGER sal met Departement van Landelike Ontwikkeling en Grondsake en/ of ander staatsdepartemente die nodige vrywaring in die verband reël.

2.4 Die uitleg van die nuwe woonbuurt sal voldoen aan algemeen aanvaarbare Munisipale voorskrifte en regulasies ten opsigte van digtheid en dienste. In die verband sal die maksimum erwe en huise beperk word tot 'n totaal van 70 (sewentig).

2.4.1 Riolering en watervoorsiening sal deur die Munisipaliteit voorsien word, terwyl elektrisiteit by wyse van Eskom punt op Delta kan geskied, as die huise met koopkrag toegerus word.

3. Verdere praktiese reëlings ten opsigte van die grensmuur met Sonop, waterpyplyn van Koekedouw Besproeiingsraad en praktiese reëlings soos verfraaiing van woonbuurt, sal in 'n verdere ooreenkoms tussen SKENKER en ONTVANGER aangespreek en ooreengekom word.

4. **AANVAARDING**

Die ONTVANGER aanvaar met dank die skunking en onderneem om die voorwaardes na te kom.

GETEKEN te CERES op hierdie ..... dag van ..... 2018.

AS GETUIES:

1. _____

2. _____ _____

_____

**nms SONOP TRUST**

GETEKEN te CERES op hierdie ..... dag van ..... 2018.

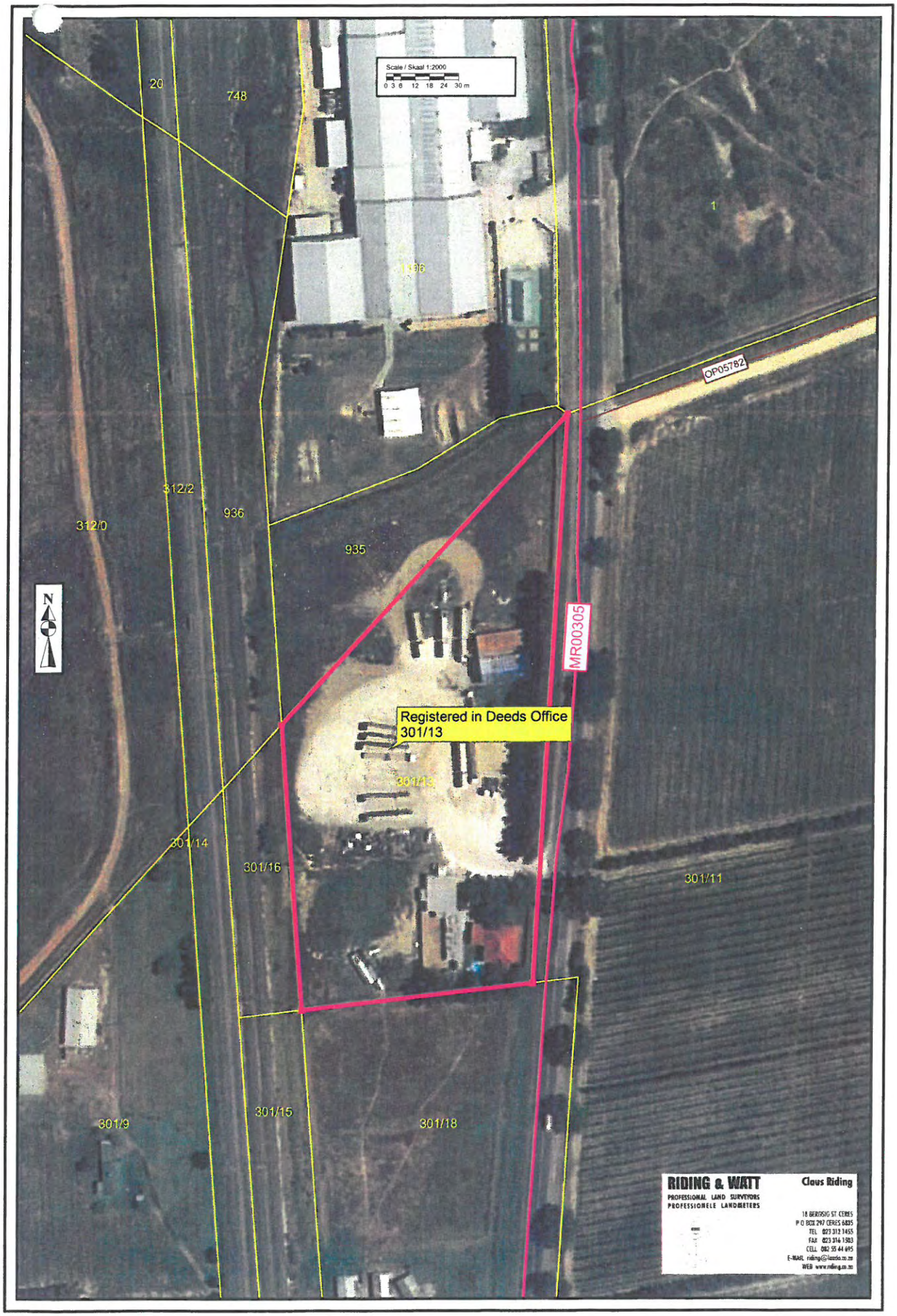
AS GETUIES:

1. _____

2. _____ _____

_____

**nms WITZENBERG MUNISIPALITEIT**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RIDING & WATT
PROFESSIONAL LAND SURVEYORS
PROFESSIONELE LANDMETERS
Claus Riding
18 BERGSIG ST CERES
P O BOX 297 CERES 6835
TEL 023 312 1455
FAX 023 316 1983
CELL 082 55 44 695
E-MAIL riding@lantelo.co.za
WEB www.riding.co.za

WITZENBERG

Municipality • Munisipaliteit • UMasipala Wase

# Quarterly Budget Statement Report {Section 52(d)} for the Period 1 January 2018 to 31 March 2018

## Financial data is in respect of the period 1 July 2017 to 31 March 2018

# Glossary

**Adjustments Budgets –** Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

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

**AFS –** Annual Financial Statements

**Budget –** The financial plan of a municipality.

**Budget related policy –** Policy of a municipality affecting or affected by the budget.

**Capital Expenditure –** Spending on municipal assets such as land, buildings, distribution networks, treatment plants and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement –** A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

**CFO –** Chief Financial Officer / Director: Finance

**DORA –** Division of Revenue Act. An annual piece of legislation indicating the allocations from National Government to Local Government.

**Equitable Share –** A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

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

**GDFI -** Gross Domestic Fixed Investment

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

**GRAP –** Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

**IDP –** Integrated Development Plan. The main strategic planning document of a municipality.

**KPI's –** Key Performance Indicators. Measures of service output and/or outcome.

**MFMA –** Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

**<u>Glossary (Continued)</u>**

**MIG –** Municipal Infrastructure Grant

**MPRA –** Municipal Property Rates Act (No 6 of 2004).

**MTREF –** Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level. Also includes details of the previous three years and current years' financial position.

**NT** – National Treasury

**Net Assets –** Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure –** Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Rates –** Local Government tax based on assessed valuation of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**RBIG –** Regional Bulk Infrastructure Grant

**R&M –** Repairs and maintenance on property, plant and equipment.

**SCM –** Supply Chain Management.

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

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

**TMA –** Total Municipal Account

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

**Virement –** A transfer of budget.

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

**Vote –** One of the main segments into which a budget is divided, usually at department level.

**WM –** Witzenberg Municipality

# Legal requirements

In terms of Section 52 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

**52. General Responsibilities.** — The mayor of a municipality—

(*a*) must provide general political guidance over the fiscal and financial affairs of the municipality;

(*b*) in providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;

(*c*) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;

(*d*) **must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and**

(*e*) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

In terms of section 11 (4) (a), the Accounting Officer must within 30 days after the end of each quarter table in the municipal council a consolidated report of all withdrawals made in terms of subsection (1) (b) to (j) during that quarter. Section 11(1) read as follow:

*"11. (1) Only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts, and may do so only—*

*(a) to defray expenditure appropriated in terms of an approved budget;*
*(b) to defray expenditure authorised in terms of section 26(4);*
*(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);*
*(d) in the case of a bank account opened in terms of section 12, to make payments from the account in accordance with subsection (4) of that section;*
*(e) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including—*
*(i) money collected by the municipality on behalf of that person or organ of state by agreement; or*
*(ii) any insurance or other payments received by the municipality for that person or organ of state;*
*(f) to refund money incorrectly paid into a bank account;*
*(g) to refund guarantees, sureties and security deposits;*
*(h) for cash management and investment purposes in accordance with section 13;*
*(i) to defray increased expenditure in terms of section 31; or*
*(j) for such other purposes as may be prescribed."*

In terms of Section 66 of the MFMA the Accounting Officer must prepare a report on all expenditure incurred with relation to staff benefits.

Section 66 reads as follow:
*"66. The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely—*

*(a) salaries and wages;*
*(b) contributions for pensions and medical aid;*
*(c) travel, motor car, accommodation, subsistence and other allowances;*
*(d) housing benefits and allowances;*

*(e) overtime payments;*
*(f) loans and advances; and*
*(g) any other type of benefit or allowance related to staff."*

The following regulations of the Local Government: Municipal Finance Management Act Municipal Budget and Reporting Regulations are relevant:

Quarterly reports on implementation of budget

31. (1) The mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality as required by section 52(d) of the Act must be-
    {a) in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and
    (b) consistent with the monthly budget statements for September, December, March and June as applicable; and
    (c) submitted to the National Treasury and the relevant provincial treasury within five days of tabling of the report in the council.

Publication of quarterly reports on implementation of budget

32. When publishing the quarterly reports on the implementation of the budget in terms of section 75(1)(k) of the Act, the municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the quarterly report on the implementation of the budget and the financial state of affairs of the municipality, including -
    (a) summaries of quarterly report in alternate languages predominant in the community; and
    {b) information relevant to each ward in the municipality.

# PART 1 - IN-YEAR REPORT

## Mayors Report

Speaker
Deputy Executive Mayor
Members of the Mayoral Committee
Councillors
Representatives of Provincial Government
Municipal Manager
Directors and officials
Distinguished guests
Members of the media

It is my privilege to present to you the quarterly Budget Statement Report for the three months 1 January 2018 to 31 March 2018.

The process of value for money spending is always a challenge for capital projects. The amended capital budget amounts to R 65.9 million of which R 34.0 million was already expended as at 31 March 2018.

The main contributing factors to the low spending on the capital budget are:

- Vredebes Housing Project – Serviced sites budget. Originally it was indicated by the Department of Human Settlements that 500 sites will be approved for implementation and thus provision for 500 sites was made in the municipal budget. In the approval letter dated November 2017 it was indicated that only 300 sites will be budgeted for by the Department.
- Vredebes Housing Project – Serviced sites implementation. Official budget approval was only received in November 2017. The Implementing agent also indicated that the budget need to be increased due to the geotechnical conditions of the area. The planned expenditure to date was R 15 million which did not realise due to the abovementioned issues.

Credit control for various reasons remains a challenge for the municipality. I will recommend to Council to appoint a special task team to assist Council in obtaining a solution for the collection of outstanding debt.

The current drought situation is a concern as it will have a negative impact on the economic output of the region, unemployment will increase and the demand for free municipal service is expected to increase to exceed the budgeted provision.

With the exception of Tulbagh it is expected that sufficient water will be available to meet the demand of municipal consumers, on condition that the current water sources are being used sparingly.

**COUNCILLOR BC KLAASEN**
**EXECUTIVE MAYOR**

26/4/2018

# Municipal Manager's quality certification

**Quality Certificate**

I, Mr D Nasson, Municipal Manager of Witzenberg Municipality, hereby certify that the quarterly budget assessment has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print name Mr D NASSON

Municipal Manager of WITZENBERG MUNICIPALITY.

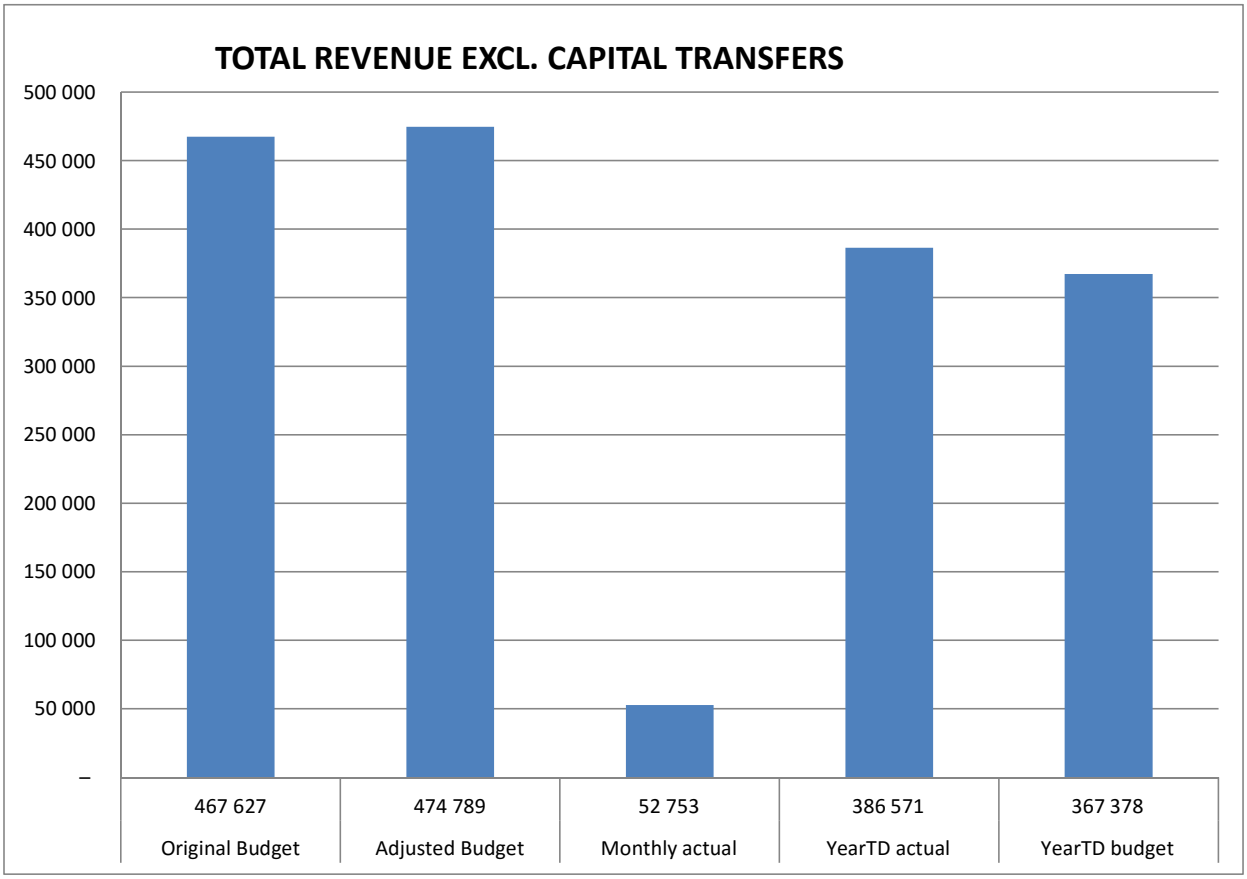
Signature: _____

Date 26 April 2018

**Recommendation**

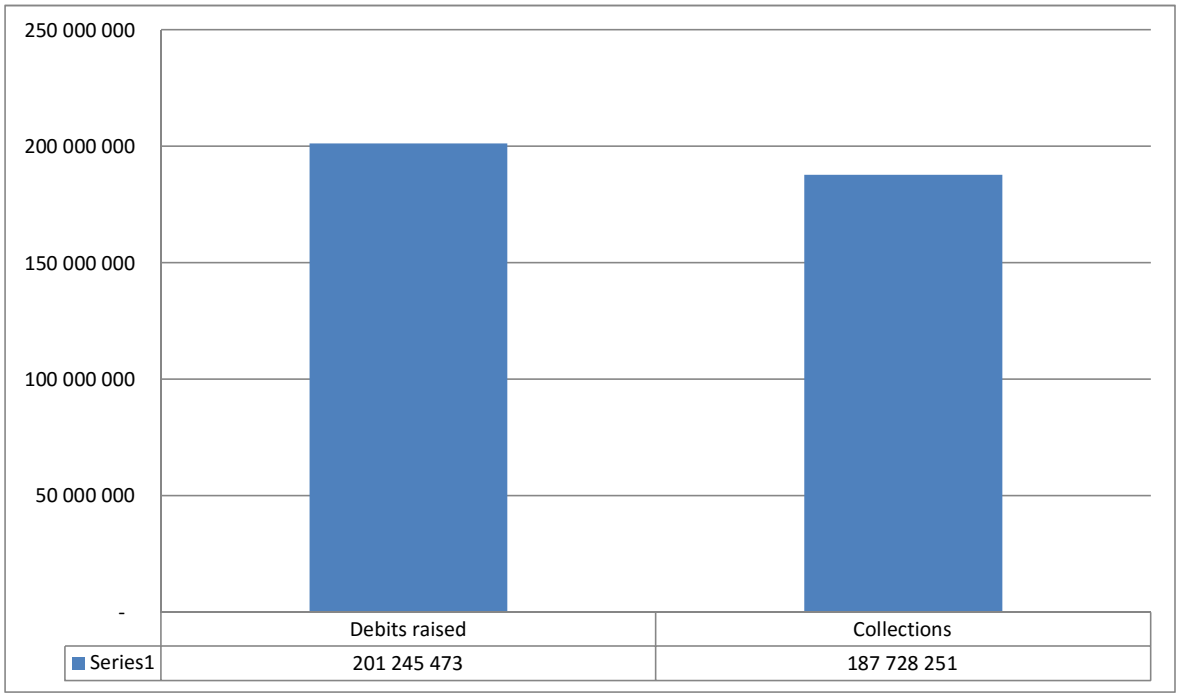
It is recommended that council take cognisance of the quarterly budget assessment for the period 1 July 2017 to 31 March 2018.

**Executive Summary**




For the period 1 July 2017 to 31 March 2018, 81,42% of the budgeted revenue excluding capital transfers was levied.

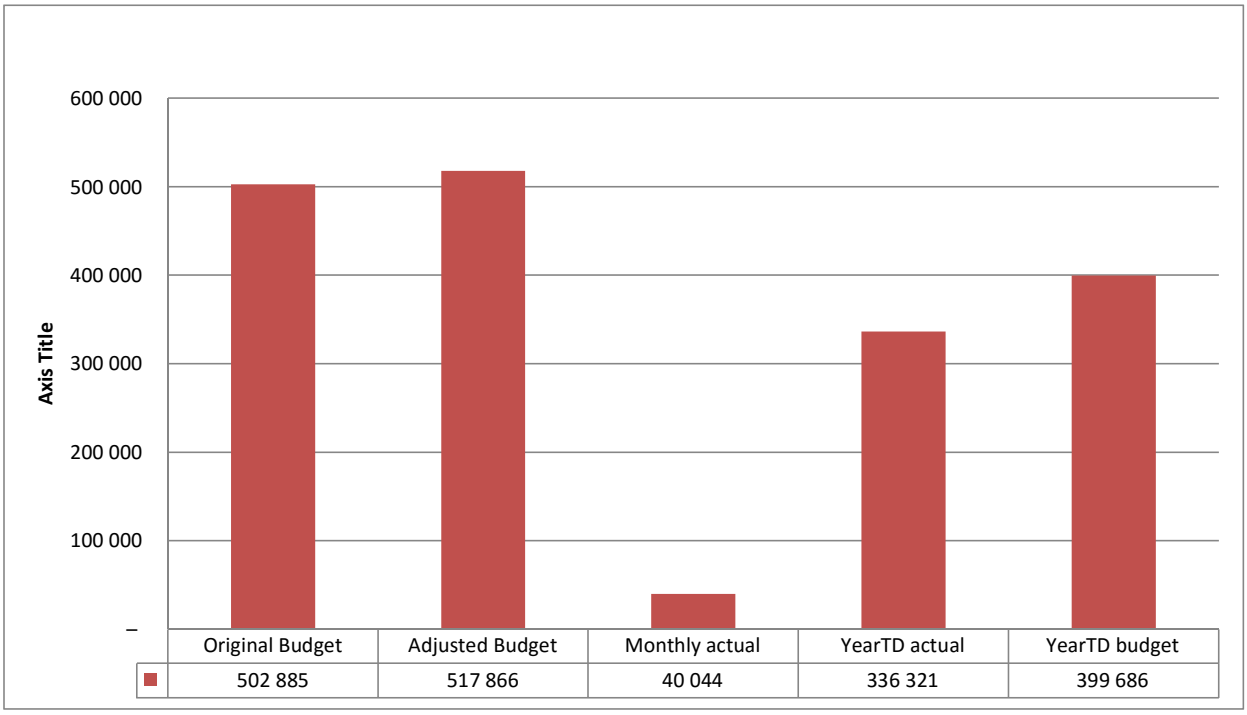
## Debits raised compared to collections




The year to date recovery rate is 93%

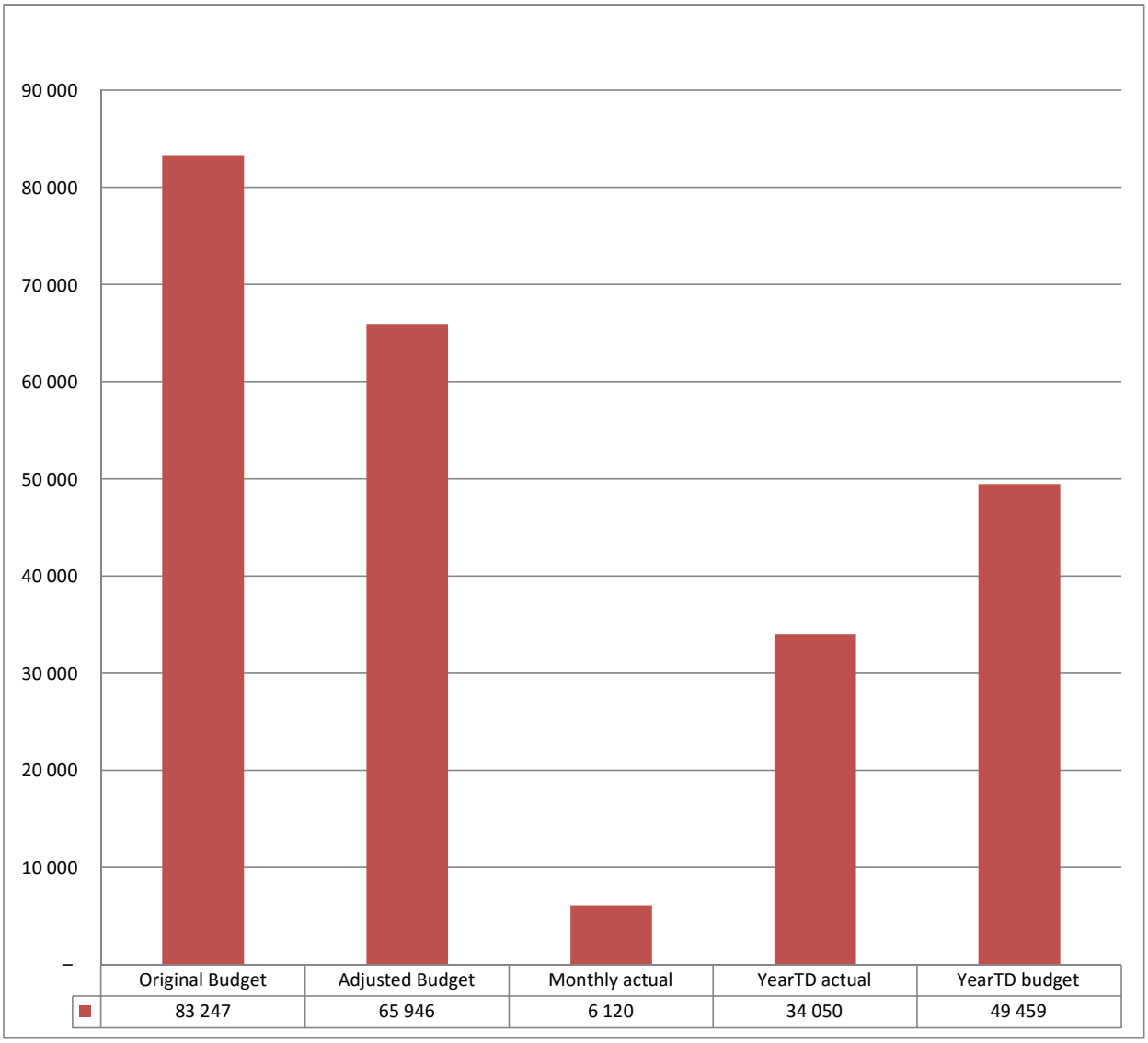
Some consumers used council's gesture to enable them to purchase electricity although their accounts are in arrears during the holiday season as an excuse to not pay their municipal accounts due in December. The collection rate for December was only 78%.

## TOTAL OPERATIONAL EXPENDITURE




For the period 1 July 2017 to 31 March 2018, 64,94% of the budgeted operational expenditure was incurred. This figure will increase as some invoices are still outstanding.

# CAPITAL EXPENDITURE




For the period 1 July 2017 to 31 March 2018, 51,63% of the budgeted capital expenditure was incurred.

The main contributing factors is the Vredebes Housing Project – Serviced sites implementation. Official budget approval was only received in November 2017. The Implementing agent also indicated that the budget need to be increased due to the geotechnical conditions of the area.

# In-year budget statement tables

The following table provides a summary of the financial performance and financial position of the municipality as at 31 March 2018.

**WC022 Witzenberg - Table C1 Monthly Budget Statement Summary - Q3 Third Quarter**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Financial Performance** | | | | | | | | |
| Property rates | 64 827 | 64 827 | 3 116 | 54 499 | 48 620 | 5 879 | 12% | 64 827 |
| Service charges | 302 714 | 302 714 | 27 625 | 221 689 | 227 036 | (5 346) | -2% | 302 714 |
| Investment revenue | 4 569 | 4 569 | 579 | 5 960 | 3 427 | 2 534 | 74% | 11 577 |
| Transfers recognised - operational | 97 846 | 99 019 | 17 601 | 84 696 | 74 264 | 10 432 | 14% | 99 019 |
| Other own revenue | (2 329) | 3 660 | 3 832 | 19 726 | 14 032 | 5 694 | 41% | 3 660 |
| **Total Revenue (excluding capital** | **467 627** | **474 789** | **52 753** | **386 571** | **367 378** | **19 193** | **5%** | **481 797** |
| Employee costs | 163 628 | 160 928 | 12 855 | 113 855 | 120 696 | (6 842) | -6% | 160 928 |
| Remuneration of Councillors | 10 083 | 10 083 | 741 | 6 726 | 7 562 | (836) | -11% | 10 083 |
| Depreciation & asset impairment | 46 045 | 46 045 | 2 630 | 23 660 | 34 534 | (10 874) | -31% | 46 045 |
| Finance charges | 3 710 | 3 666 | 161 | 731 | 2 749 | (2 018) | -73% | 3 666 |
| Materials and bulk purchases | 201 738 | 201 841 | 15 470 | 123 774 | 151 381 | (27 607) | -18% | 201 841 |
| Transfers and grants | 15 763 | 17 079 | 115 | 13 296 | 12 809 | 487 | 4% | 17 079 |
| Other expenditure | 61 918 | 78 223 | 8 072 | 54 279 | 69 954 | (15 675) | -22% | 78 223 |
| **Total Expenditure** | **502 885** | **517 866** | **40 044** | **336 321** | **399 686** | **(63 365)** | **-16%** | **517 866** |
| **Surplus/(Deficit)** | **(35 258)** | **(43 077)** | **12 709** | **50 250** | **(32 307)** | **82 558** | **-256%** | **(36 069)** |
| Transfers recognised - capital | 63 230 | 35 284 | 1 | 7 843 | 26 463 | (18 619) | -70% | 35 284 |
| Contributions & Contributed assets | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers** | **27 972** | **(7 793)** | **12 710** | **58 093** | **(5 845)** | **63 938** | **-1094%** | **(785)** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | | – |
| **Surplus/ (Deficit) for the year** | **27 972** | **(7 793)** | **12 710** | **58 093** | **(5 845)** | **63 938** | **-1094%** | **(785)** |
| **Capital expenditure & funds sources** | | | | | | | | |
| **Capital expenditure** | **83 247** | **65 946** | **6 120** | **34 050** | **49 459** | **(15 409)** | **-31%** | **65 946** |
| Capital transfers recognised | 58 858 | 34 670 | 5 728 | 24 744 | 26 002 | (1 259) | -5% | 34 670 |
| Public contributions & donations | – | – | – | – | – | – | | – |
| Borrowing | 3 500 | 3 526 | – | 396 | 2 645 | (2 248) | -85% | 3 526 |
| Internally generated funds | **20 889** | **27 750** | **392** | **8 910** | **20 812** | **(11 902)** | **-57%** | **27 750** |
| **Total sources of capital funds** | **83 247** | **65 946** | **6 120** | **34 050** | **49 459** | **(15 409)** | **-31%** | **65 946** |
| **Financial position** | | | | | | | | |
| Total current assets | 79 257 | 38 973 | | 299 478 | | | | 299 478 |
| Total non current assets | 37 201 | 17 275 | | 884 912 | | | | 884 912 |
| Total current liabilities | 69 636 | 42 789 | | 93 472 | | | | 93 472 |
| Total non current liabilities | 18 851 | 23 878 | | 157 097 | | | | 157 097 |
| **Community wealth/Equity** | **27 972** | **(10 419)** | | **933 821** | | | | **933 821** |
| **Cash flows** | | | | | | | | |
| Net cash from (used) operating | 161 618 | 161 618 | 27 505 | 82 116 | 121 214 | (39 098) | -32% | 161 618 |
| Net cash from (used) investing | – | – | 11 819 | (65 728) | – | (65 728) | | – |
| Net cash from (used) financing | 3 500 | 3 500 | (907) | (1 186) | 2 625 | (3 811) | -145% | 3 500 |
| **Cash/cash equivalents at the month** | **165 118** | **165 118** | **–** | **15 202** | **123 839** | **(108 636)** | **-88%** | **165 118** |
| **Debtors & creditors analysis** | **31-60 Days** | **61-90 Days** | **91-120** | **121-150** | **151-180** | **181 Dys-1** | **Over 1Yr** | **Total** |
| **Debtors Age Analysis** | | | | | | | | |
| Total By Income Source | 4 388 | 3 726 | 3 580 | 3 058 | 2 895 | 16 237 | 139 626 | 200 537 |
| **Creditors Age Analysis** | | | | | | | | |
| Total Creditors | 499 | 17 | 614 | 325 | (0) | – | – | 3 375 |

The following table provides detail of revenue and expenditure according to the international standard classification framework.

**WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q3 Third Quarter**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue - Standard** | | | | | | | | |
| ***Governance and administration*** | **81 085** | **87 780** | **5 196** | **70 881** | **65 835** | 5 046 | 8% | **87 780** |
| Executive and council | 4 | 4 | – | – | 3 | (3) | -100% | 4 |
| Finance and administration | 81 082 | 87 776 | 5 196 | 70 881 | 65 832 | 5 049 | 8% | 87 776 |
| Internal audit | – | – | – | – | – | – | | – |
| ***Community and public safety*** | **118 693** | **119 762** | **19 107** | **90 285** | **89 822** | 463 | 1% | **119 762** |
| Community and social services | 90 126 | 89 950 | 17 654 | 72 585 | 67 463 | 5 123 | 8% | 89 950 |
| Sport and recreation | 11 045 | 11 045 | 1 410 | 5 143 | 8 284 | (3 141) | -38% | 11 045 |
| Public safety | 6 | 6 | 0 | 1 | 4 | (3) | -68% | 6 |
| Housing | 17 516 | 18 761 | 42 | 12 555 | 14 071 | (1 516) | -11% | 18 761 |
| Health | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | **31 252** | **24 215** | **1 430** | **8 842** | **18 161** | (9 320) | -51% | **24 215** |
| Planning and development | 2 202 | 1 672 | 42 | 956 | 1 254 | (297) | -24% | 1 672 |
| Road transport | 29 039 | 22 532 | 1 386 | 7 884 | 16 899 | (9 016) | -53% | 22 532 |
| Environmental protection | 11 | 11 | 2 | 2 | 8 | (7) | -79% | 11 |
| ***Trading services*** | **390 117** | **368 606** | **29 762** | **247 255** | **276 455** | (29 199) | -11% | **368 606** |
| Energy sources | 237 351 | 236 351 | 20 367 | 162 405 | 177 263 | (14 858) | -8% | 236 351 |
| Water management | 78 737 | 64 752 | 5 091 | 43 190 | 48 564 | (5 374) | -11% | 64 752 |
| Waste water management | 47 175 | 40 649 | 1 973 | 21 151 | 30 487 | (9 336) | -31% | 40 649 |
| Waste management | 26 854 | 26 854 | 2 331 | 20 509 | 20 141 | 368 | 2% | 26 854 |
| ***Other*** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| **Total Revenue - Standard** | **621 147** | **600 363** | **55 494** | **417 263** | **450 273** | **(33 009)** | **-7%** | **600 363** |
| | | | | | | | | |
| **Expenditure - Standard** | | | | | | | | |
| ***Governance and administration*** | **116 609** | **116 145** | **7 401** | **65 966** | **87 109** | (21 142) | -24% | **116 145** |
| Executive and council | 24 419 | 24 555 | 1 749 | 16 085 | 18 416 | (2 331) | -13% | 24 555 |
| Finance and administration | 90 336 | 89 694 | 5 466 | 48 274 | 67 271 | (18 997) | -28% | 89 694 |
| Internal audit | 1 854 | 1 895 | 187 | 1 607 | 1 422 | 186 | 13% | 1 895 |
| ***Community and public safety*** | **87 501** | **90 131** | **5 104** | **56 383** | **67 598** | (11 216) | -17% | **90 131** |
| Community and social services | 33 018 | 32 915 | 1 685 | 15 982 | 24 686 | (8 704) | -35% | 32 915 |
| Sport and recreation | 28 228 | 28 964 | 2 507 | 19 282 | 21 723 | (2 440) | -11% | 28 964 |
| Public safety | 8 246 | 8 782 | 571 | 5 959 | 6 586 | (627) | -10% | 8 782 |
| Housing | 18 009 | 19 470 | 341 | 15 159 | 14 603 | 557 | 4% | 19 470 |
| Health | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | **58 287** | **63 120** | **4 517** | **29 513** | **47 340** | (17 827) | -38% | **63 120** |
| Planning and development | 10 158 | 9 823 | 762 | 5 989 | 7 367 | (1 378) | -19% | 9 823 |
| Road transport | 46 473 | 51 606 | 3 656 | 22 627 | 38 705 | (16 077) | -42% | 51 606 |
| Environmental protection | 1 657 | 1 691 | 98 | 897 | 1 268 | (372) | -29% | 1 691 |
| ***Trading services*** | **329 913** | **337 817** | **23 129** | **183 075** | **253 363** | (70 288) | -28% | **337 817** |
| Energy sources | 225 313 | 224 705 | 16 506 | 130 169 | 168 529 | (38 360) | -23% | 224 705 |
| Water management | 30 428 | 32 230 | 1 724 | 13 615 | 24 172 | (10 557) | -44% | 32 230 |
| Waste water management | 33 671 | 34 398 | 2 577 | 19 853 | 25 798 | (5 945) | -23% | 34 398 |
| Waste management | 40 501 | 46 485 | 2 321 | 19 438 | 34 863 | (15 425) | -44% | 46 485 |
| ***Other*** | **864** | **943** | **8** | **603** | **707** | **(105)** | **-15%** | **943** |
| **Total Expenditure - Standard** | **593 175** | **608 156** | **40 159** | **335 541** | **456 117** | **(120 577)** | **-26%** | **608 156** |
| **Surplus/ (Deficit) for the year** | **27 972** | **(7 793)** | **15 335** | **81 723** | **(5 845)** | **87 567** | **-1498%** | **(7 793)** |

The following table provides detail of revenue and expenditure according to the international standard classification framework.

**WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q3 Third Quarter**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| **Revenue - Standard** | | | | | | | | |
| ***Municipal governance and administration*** | **81 085** | **87 780** | **5 196** | **70 881** | **65 835** | **5 046** | **8%** | **87 780** |
| Executive and council | 4 | 4 | – | – | 3 | (3) | -100% | 4 |
| *Mayor and Council* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Municipal Manager* | 4 | 4 | – | – | 3 | (3) | -100% | 4 |
| Finance and administration | 81 082 | 87 776 | 5 196 | 70 881 | 65 832 | 5 049 | 8% | 87 776 |
| *Administrative and Corporate Support* | 2 832 | 2 832 | – | – | 2 124 | (2 124) | -100% | 2 832 |
| *Asset Management* | – | – | – | – | – | – | | – |
| *Budget and Treasury Office* | 4 802 | 8 696 | 388 | 5 552 | 6 522 | (969) | -15% | 8 696 |
| *Finance* | 72 816 | 75 617 | 4 247 | 64 741 | 56 713 | 8 029 | 14% | 75 617 |
| *Fleet Management* | 36 | 36 | – | – | 27 | (27) | -100% | 36 |
| *Human Resources* | 574 | 574 | – | – | 430 | (430) | -100% | 574 |
| *Information Technology* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Legal Services* | 1 | 1 | – | – | 1 | (1) | -100% | 1 |
| *Marketing, Customer Relations, Publicity and Media* | 4 | 4 | – | – | 3 | (3) | -100% | 4 |
| *Property Services* | 2 | 2 | – | – | 2 | (2) | -100% | 2 |
| *Risk Management* | – | – | – | – | – | – | | – |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | 15 | 15 | 561 | 587 | 12 | 576 | 4990% | 15 |
| *Valuation Service* | – | – | – | – | – | – | | – |
| Internal audit | – | – | – | – | – | – | | – |
| *Governance Function* | – | – | – | – | – | – | | – |
| ***Community and public safety*** | **118 693** | **119 762** | **19 107** | **90 285** | **89 822** | **463** | **1%** | **119 762** |
| Community and social services | 90 126 | 89 950 | 17 654 | 72 585 | 67 463 | 5 123 | 8% | 89 950 |
| *Aged Care* | 80 496 | 79 496 | 17 539 | 71 911 | 59 622 | 12 289 | 21% | 79 496 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 238 | 238 | 20 | 190 | 178 | 12 | 7% | 238 |
| *Child Care Facilities* | – | – | – | – | – | – | | – |
| *Community Halls and Facilities* | 745 | 1 145 | 86 | 422 | 859 | (437) | -51% | 1 145 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Disaster Management* | – | – | – | – | – | – | | – |
| *Libraries and Archives* | 8 647 | 9 071 | 9 | 63 | 6 803 | (6 741) | -99% | 9 071 |
| Sport and recreation | 11 045 | 11 045 | 1 410 | 5 143 | 8 284 | (3 141) | -38% | 11 045 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including* | 561 | 561 | – | – | 421 | (421) | -100% | 561 |
| *Recreational Facilities* | 9 761 | 9 761 | 1 394 | 5 055 | 7 321 | (2 266) | -31% | 9 761 |
| *Sports Grounds and Stadiums* | 723 | 723 | 17 | 88 | 542 | (454) | -84% | 723 |

| Description<br>R thousands | Budget Year 2017/18<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|
| Public safety | 6 | 6 | 0 | 1 | 4 | (3) | -68% | 6 |
| *Fire Fighting and Protection* | 6 | 6 | 0 | 1 | 4 | (3) | -68% | 6 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 17 516 | 18 761 | 42 | 12 555 | 14 071 | (1 516) | -11% | 18 761 |
| *Housing* | 17 516 | 18 761 | 42 | 12 555 | 14 071 | (1 516) | -11% | 18 761 |
| *Informal Settlements* | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | **31 252** | **24 215** | **1 430** | **8 842** | **18 161** | **(9 320)** | **-51%** | **24 215** |
| Planning and development | 2 202 | 1 672 | 42 | 956 | 1 254 | (297) | -24% | 1 672 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 10 | 10 | – | – | 8 | (8) | -100% | 10 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | – | – | – | – | – | – | | – |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | 1 650 | 1 650 | 42 | 956 | 1 237 | (281) | -23% | 1 650 |
| *Project Management Unit* | 542 | 11 | – | – | 9 | (9) | -100% | 11 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 29 039 | 22 532 | 1 386 | 7 884 | 16 899 | (9 016) | -53% | 22 532 |
| *Police Forces, Traffic and Street Parking Control* | 18 338 | 18 337 | 1 386 | 5 801 | 13 753 | (7 951) | -58% | 18 337 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 10 701 | 4 195 | – | 2 082 | 3 146 | (1 064) | -34% | 4 195 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 11 | 11 | 2 | 2 | 8 | (7) | -79% | 11 |
| *Biodiversity and Landscape* | 11 | 11 | 2 | 2 | 8 | (7) | -81% | 11 |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | – | 0 | – | 0 | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| ***Trading services*** | **390 117** | **368 606** | **29 762** | **247 255** | **276 455** | **(29 199)** | **-11%** | **368 606** |
| Energy sources | 237 351 | 236 351 | 20 367 | 162 405 | 177 263 | (14 858) | -8% | 236 351 |
| *Electricity* | 230 894 | 230 894 | 20 106 | 159 441 | 173 171 | (13 729) | -8% | 230 894 |
| *Street Lighting and Signal Systems* | 6 457 | 5 457 | 260 | 2 964 | 4 093 | (1 128) | -28% | 5 457 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 78 737 | 64 752 | 5 091 | 43 190 | 48 564 | (5 374) | -11% | 64 752 |
| *Water Treatment* | – | – | – | – | – | – | | – |
| *Water Distribution* | 78 737 | 64 752 | 5 091 | 43 190 | 48 564 | (5 374) | -11% | 64 752 |
| *Water Storage* | – | – | – | – | – | – | | – |
| Waste water management | 47 175 | 40 649 | 1 973 | 21 151 | 30 487 | (9 336) | -31% | 40 649 |
| *Public Toilets* | 0 | 0 | – | – | 0 | (0) | -100% | 0 |
| *Sewerage* | 41 165 | 38 850 | 1 973 | 21 151 | 29 138 | (7 986) | -27% | 38 850 |
| *Storm Water Management* | 6 010 | 1 799 | – | – | 1 349 | (1 349) | -100% | 1 799 |
| *Waste Water Treatment* | – | – | – | – | – | – | | – |
| Waste management | 26 854 | 26 854 | 2 331 | 20 509 | 20 141 | 368 | 2% | 26 854 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 36 | 36 | – | – | 27 | (27) | -100% | 36 |
| *Solid Waste Removal* | 26 818 | 26 818 | 2 331 | 20 509 | 20 114 | 395 | 2% | 26 818 |
| *Street Cleaning* | – | – | – | – | – | – | | – |

**WC022 Witzenberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q3 Third Quarter**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Expenditure - Standard** | | | | | | | | |
| ***Municipal governance and administration*** | **116 609** | **116 145** | **7 401** | **65 966** | **87 109** | **(21 142)** | **-24%** | **116 145** |
| Executive and council | 24 419 | 24 555 | 1 749 | 16 085 | 18 416 | (2 331) | -13% | 24 555 |
| *Mayor and Council* | 15 162 | 15 284 | 1 010 | 9 297 | 11 463 | (2 165) | -19% | 15 284 |
| *Municipal Manager, Town Secretary and Chief Execut* | 9 257 | 9 271 | 739 | 6 788 | 6 954 | (166) | -2% | 9 271 |
| Finance and administration | 90 336 | 89 694 | 5 466 | 48 274 | 67 271 | (18 997) | -28% | 89 694 |
| *Administrative and Corporate Support* | 9 039 | 12 013 | 995 | 6 311 | 9 010 | (2 699) | -30% | 12 013 |
| *Asset Management* | 5 149 | 3 583 | 0 | 48 | 2 687 | (2 640) | -98% | 3 583 |
| *Budget and Treasury Office* | 16 725 | 14 733 | 452 | 8 393 | 11 050 | (2 656) | -24% | 14 733 |
| *Finance* | 18 079 | 18 081 | 1 650 | 12 176 | 13 561 | (1 385) | -10% | 18 081 |
| *Fleet Management* | 2 939 | 2 596 | 172 | 1 230 | 1 947 | (717) | -37% | 2 596 |
| *Human Resources* | 18 169 | 17 939 | 1 253 | 10 610 | 13 455 | (2 845) | -21% | 17 939 |
| *Information Technology* | 3 616 | 4 128 | 128 | 1 523 | 3 096 | (1 573) | -51% | 4 128 |
| *Legal Services* | 2 508 | 2 232 | 81 | 1 198 | 1 674 | (476) | -28% | 2 232 |
| *Marketing, Customer Relations, Publicity and Media* | 3 401 | 3 573 | 267 | 2 165 | 2 679 | (515) | -19% | 3 573 |
| *Property Services* | 3 361 | 3 337 | 43 | 343 | 2 503 | (2 160) | -86% | 3 337 |
| *Risk Management* | 384 | 384 | – | 3 | 288 | (284) | -99% | 384 |
| *Security Services* | – | – | – | – | – | – | | – |
| *Supply Chain Management* | 5 433 | 5 563 | 390 | 3 635 | 4 172 | (537) | -13% | 5 563 |
| *Valuation Service* | 1 532 | 1 532 | 35 | 639 | 1 149 | (511) | -44% | 1 532 |
| Internal audit | 1 854 | 1 895 | 187 | 1 607 | 1 422 | 186 | 13% | 1 895 |
| *Governance Function* | 1 854 | 1 895 | 187 | 1 607 | 1 422 | 186 | 13% | 1 895 |
| ***Community and public safety*** | **87 501** | **90 131** | **5 104** | **56 383** | **67 598** | **(11 216)** | **-17%** | **90 131** |
| Community and social services | 33 018 | 32 915 | 1 685 | 15 982 | 24 686 | (8 704) | -35% | 32 915 |
| *Aged Care* | 12 554 | 11 747 | 280 | 3 671 | 8 810 | (5 139) | -58% | 11 747 |
| *Agricultural* | – | – | – | – | – | – | | – |
| *Animal Care and Diseases* | – | – | – | – | – | – | | – |
| *Cemeteries, Funeral Parlours and Crematoriums* | 2 922 | 2 836 | 202 | 1 937 | 2 127 | (190) | -9% | 2 836 |
| *Child Care Facilities* | 722 | 721 | – | 26 | 541 | (515) | -95% | 721 |
| *Community Halls and Facilities* | 5 886 | 6 241 | 430 | 3 755 | 4 680 | (925) | -20% | 6 241 |
| *Consumer Protection* | – | – | – | – | – | – | | – |
| *Cultural Matters* | – | – | – | – | – | – | | – |
| *Disaster Management* | 53 | 63 | 15 | 36 | 47 | (11) | -23% | 63 |
| *Education* | 619 | 619 | – | 8 | 464 | (457) | -98% | 619 |
| *Libraries and Archives* | 10 262 | 10 689 | 758 | 6 549 | 8 017 | (1 468) | -18% | 10 689 |
| *Literacy Programmes* | – | – | – | – | – | – | | – |
| Sport and recreation | 28 228 | 28 964 | 2 507 | 19 282 | 21 723 | (2 440) | -11% | 28 964 |
| *Beaches and Jetties* | – | – | – | – | – | – | | – |
| *Casinos, Racing, Gambling, Wagering* | – | – | – | – | – | – | | – |
| *Community Parks (including Nurseries)* | 7 175 | 7 645 | 497 | 4 072 | 5 734 | (1 661) | -29% | 7 645 |
| *Recreational Facilities* | 16 095 | 16 325 | 1 627 | 11 927 | 12 244 | (317) | -3% | 16 325 |
| *Sports Grounds and Stadiums* | 4 958 | 4 993 | 383 | 3 283 | 3 745 | (462) | -12% | 4 993 |
| Public safety | 8 246 | 8 782 | 571 | 5 959 | 6 586 | (627) | -10% | 8 782 |
| *Fire Fighting and Protection* | 8 246 | 8 782 | 571 | 5 959 | 6 586 | (627) | -10% | 8 782 |
| *Licensing and Control of Animals* | – | – | – | – | – | – | | – |
| Housing | 18 009 | 19 470 | 341 | 15 159 | 14 603 | 557 | 4% | 19 470 |
| *Housing* | 16 509 | 17 933 | 313 | 15 037 | 13 450 | 1 587 | 12% | 17 933 |
| *Informal Settlements* | 1 500 | 1 537 | 28 | 123 | 1 153 | (1 030) | -89% | 1 537 |

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| ***Economic and environmental services*** | **58 287** | **63 120** | **4 517** | **29 513** | **47 340** | **(17 827)** | **-38%** | **63 120** |
| Planning and development | 10 158 | 9 823 | 762 | 5 989 | 7 367 | (1 378) | -19% | 9 823 |
| *Billboards* | – | – | – | – | – | – | | – |
| *Corporate Wide Strategic Planning (IDPs, LEDs)* | 2 191 | 2 200 | 175 | 1 296 | 1 650 | (354) | -21% | 2 200 |
| *Central City Improvement District* | – | – | – | – | – | – | | – |
| *Development Facilitation* | – | – | – | – | – | – | | – |
| *Economic Development/Planning* | 2 087 | 2 303 | 185 | 987 | 1 727 | (740) | -43% | 2 303 |
| *Regional Planning and Development* | – | – | – | – | – | – | | – |
| *Town Planning, Building Regulations and Enforcemen* | 3 565 | 3 555 | 281 | 2 609 | 2 667 | (57) | -2% | 3 555 |
| *Project Management Unit* | 2 315 | 1 765 | 121 | 1 097 | 1 324 | (227) | -17% | 1 765 |
| *Provincial Planning* | – | – | – | – | – | – | | – |
| *Support to Local Municipalities* | – | – | – | – | – | – | | – |
| Road transport | 46 473 | 51 606 | 3 656 | 22 627 | 38 705 | (16 077) | -42% | 51 606 |
| *Police Forces, Traffic and Street Parking Control* | 24 339 | 26 502 | 1 414 | 10 497 | 19 877 | (9 380) | -47% | 26 502 |
| *Pounds* | – | – | – | – | – | – | | – |
| *Public Transport* | – | – | – | – | – | – | | – |
| *Road and Traffic Regulation* | – | – | – | – | – | – | | – |
| *Roads* | 22 134 | 25 104 | 2 242 | 12 130 | 18 828 | (6 698) | -36% | 25 104 |
| *Taxi Ranks* | – | – | – | – | – | – | | – |
| Environmental protection | 1 657 | 1 691 | 98 | 897 | 1 268 | (372) | -29% | 1 691 |
| *Biodiversity and Landscape* | 1 657 | 1 691 | 24 | 229 | 1 268 | (1 040) | -82% | 1 691 |
| *Coastal Protection* | – | – | – | – | – | – | | – |
| *Indigenous Forests* | – | – | – | – | – | – | | – |
| *Nature Conservation* | – | – | – | – | – | – | | – |
| *Pollution Control* | – | – | 75 | 668 | – | 668 | | – |
| *Soil Conservation* | – | – | – | – | – | – | | – |
| ***Trading services*** | **329 913** | **337 817** | **23 129** | **183 075** | **253 363** | **(70 288)** | **-28%** | **337 817** |
| Energy sources | 225 313 | 224 705 | 16 506 | 130 169 | 168 529 | (38 360) | -23% | 224 705 |
| *Electricity* | 217 699 | 217 096 | 16 411 | 128 533 | 162 822 | (34 289) | -21% | 217 096 |
| *Street Lighting and Signal Systems* | 7 614 | 7 609 | 95 | 1 636 | 5 707 | (4 071) | -71% | 7 609 |
| *Nonelectric Energy* | – | – | – | – | – | – | | – |
| Water management | 30 428 | 32 230 | 1 724 | 13 615 | 24 172 | (10 557) | -44% | 32 230 |
| *Water Treatment* | 1 365 | 1 365 | 2 | 25 | 1 024 | (999) | -98% | 1 365 |
| *Water Distribution* | 25 680 | 27 476 | 1 518 | 12 255 | 20 607 | (8 352) | -41% | 27 476 |
| *Water Storage* | 3 383 | 3 388 | 204 | 1 335 | 2 541 | (1 206) | -47% | 3 388 |
| Waste water management | 33 671 | 34 398 | 2 577 | 19 853 | 25 798 | (5 945) | -23% | 34 398 |
| *Public Toilets* | 1 550 | 1 550 | 110 | 1 010 | 1 162 | (153) | -13% | 1 550 |
| *Sewerage* | 24 625 | 25 048 | 2 028 | 15 191 | 18 786 | (3 595) | -19% | 25 048 |
| *Storm Water Management* | 5 329 | 5 633 | 439 | 3 625 | 4 225 | (600) | -14% | 5 633 |
| *Waste Water Treatment* | 2 167 | 2 167 | 1 | 28 | 1 626 | (1 598) | -98% | 2 167 |
| Waste management | 40 501 | 46 485 | 2 321 | 19 438 | 34 863 | (15 425) | -44% | 46 485 |
| *Recycling* | – | – | – | – | – | – | | – |
| *Solid Waste Disposal (Landfill Sites)* | 13 936 | 18 762 | 361 | 2 750 | 14 071 | (11 322) | -80% | 18 762 |
| *Solid Waste Removal* | 25 404 | 26 562 | 1 806 | 15 714 | 19 921 | (4 208) | -21% | 26 562 |
| *Street Cleaning* | 1 161 | 1 161 | 154 | 975 | 871 | 104 | 12% | 1 161 |
| ***Other*** | 864 | 943 | 8 | 603 | 707 | (105) | -15% | 943 |
| Licensing and Regulation | 97 | 76 | 8 | 27 | 57 | (30) | -52% | 76 |
| Tourism | 767 | 867 | – | 575 | 650 | (75) | -12% | 867 |
| **Total Expenditure - Functional** | **593 175** | **608 156** | **40 159** | **335 541** | **456 117** | **(120 577)** | **-26%** | **608 156** |
| **Surplus/ (Deficit) for the year** | **27 972** | **(7 793)** | **15 335** | **81 723** | **(5 845)** | **87 567** | **-1498%** | **(7 793)** |

The table provides detail of revenue and expenditure according to municipal votes.

**WC022 Witzenberg - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q3 Third Quarter**

| Vote Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue by Vote** | | | | | | | | |
| Vote 1 - Financial Services | 74 641 | 81 335 | 4 945 | 69 081 | 61 002 | 8 080 | 13,2% | 81 335 |
| Vote 2 - Community Services | 123 253 | 123 076 | 20 442 | 83 848 | 92 307 | (8 459) | -9,2% | 123 076 |
| Vote 3 - Corporate Services | 3 506 | 3 506 | – | – | 2 630 | (2 630) | -100,0% | 3 506 |
| Vote 4 - Technical Services | 404 086 | 376 069 | 30 006 | 251 463 | 282 052 | (30 589) | -10,8% | 376 069 |
| Vote 5 - Muncipal Manager | 1 333 | 803 | 70 | 406 | 602 | (197) | -32,6% | 803 |
| **Total Revenue by Vote** | **606 819** | **584 790** | **55 462** | **404 798** | **438 592** | **(33 794)** | **-7,7%** | **584 790** |
| **Expenditure by Vote** | | | | | | | | |
| Vote 1 - Financial Services | 48 438 | 45 011 | 2 669 | 26 205 | 33 759 | (7 553) | -22,4% | 45 011 |
| Vote 2 - Community Services | 102 503 | 106 150 | 6 877 | 57 193 | 79 613 | (22 420) | -28,2% | 106 150 |
| Vote 3 - Corporate Services | 55 927 | 59 458 | 3 857 | 32 323 | 44 594 | (12 271) | -27,5% | 59 458 |
| Vote 4 - Technical Services | 359 932 | 370 698 | 25 952 | 200 217 | 278 024 | (77 807) | -28,0% | 370 698 |
| Vote 5 - Muncipal Manager | 12 047 | 11 265 | 773 | 7 138 | 8 448 | (1 310) | -15,5% | 11 265 |
| **Total Expenditure by Vote** | **578 847** | **592 583** | **40 127** | **323 076** | **444 437** | **(121 362)** | **-27,3%** | **592 583** |
| **Surplus/ (Deficit) for the year** | **27 972** | **(7 793)** | **15 335** | **81 723** | **(5 845)** | **87 567** | **-1498,2%** | **(7 793)** |

The table provides detail of revenue according to source and expenditure according to type.

**WC022 Witzenberg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter**

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue By Source** | | | | | | | | | |
| Property rates | 59 649 | 64 827 | 64 827 | 3 116 | 54 499 | 48 620 | 5 879 | 12% | 64 827 |
| Service charges - electricity revenue | 215 351 | 219 007 | 219 007 | 19 205 | 151 066 | 164 255 | (13 189) | -8% | 219 007 |
| Service charges - water revenue | 33 438 | 41 086 | 41 086 | 4 572 | 33 913 | 30 815 | 3 098 | 10% | 41 086 |
| Service charges - sanitation revenue | 18 008 | 20 933 | 20 933 | 1 824 | 19 230 | 15 699 | 3 531 | 22% | 20 933 |
| Service charges - refuse revenue | 19 767 | 21 689 | 21 689 | 2 024 | 17 480 | 16 266 | 1 214 | 7% | 21 689 |
| Service charges - other | 57 | – | – | – | – | – | – | | – |
| Rental of facilities and equipment | 8 177 | 9 650 | 9 650 | 1 082 | 3 946 | 7 238 | (3 291) | -45% | 9 650 |
| Interest earned - external investments | 8 512 | 4 569 | 4 569 | 579 | 5 960 | 3 427 | 2 534 | 74% | 4 569 |
| Interest earned - outstanding debtors | 9 269 | 7 008 | 7 008 | 1 048 | 8 118 | 5 256 | 2 863 | 54% | 7 008 |
| Dividends received | – | 4 | 4 | – | – | 3 | (3) | -100% | 4 |
| Fines | 19 242 | 14 668 | 14 668 | 703 | 2 675 | 11 001 | (8 327) | -76% | 14 668 |
| Licences and permits | 142 | 154 | 152 | 684 | 3 269 | 114 | 3 155 | 2760% | 152 |
| Agency services | 4 352 | 4 614 | 4 614 | – | – | 3 461 | (3 461) | -100% | 4 614 |
| Transfers recognised - operational | 101 429 | 97 846 | 99 019 | 17 601 | 84 696 | 74 264 | 10 432 | 14% | 99 019 |
| Other revenue | 4 792 | (38 427) | (32 436) | 315 | 1 718 | (13 041) | 14 758 | -113% | (32 436) |
| Gains on disposal of PPE | – | – | – | – | – | – | – | | – |
| **Total Revenue (excluding capital transfers and contributions)** | **502 185** | **467 627** | **474 789** | **52 753** | **386 571** | **367 378** | **19 193** | **5%** | **474 789** |
| **Expenditure By Type** | | | | | | | | | |
| Employee related costs | 133 333 | 163 628 | 160 928 | 12 855 | 113 855 | 120 696 | (6 842) | -6% | 160 928 |
| Remuneration of councillors | 8 780 | 10 083 | 10 083 | 741 | 6 726 | 7 562 | (836) | -11% | 10 083 |
| Debt impairment | 37 709 | – | (55 000) | – | – | (41 250) | 41 250 | -100% | (55 000) |
| Depreciation & asset impairment | 26 143 | 46 045 | 46 045 | 2 630 | 23 660 | 34 534 | (10 874) | -31% | 46 045 |
| Finance charges | 17 573 | 3 710 | 3 666 | 161 | 731 | 2 749 | (2 018) | -73% | 3 666 |
| Bulk purchases | 179 203 | 183 215 | 182 965 | 14 745 | 112 766 | 137 224 | (24 458) | -18% | 182 965 |
| Other materials | 23 001 | 18 523 | 18 876 | 724 | 11 008 | 14 157 | (3 149) | -22% | 18 876 |
| Contracted services | 41 869 | 38 605 | 45 798 | 4 276 | 24 302 | 34 348 | (10 046) | -29% | 45 798 |
| Transfers and grants | 941 | 15 763 | 17 079 | 115 | 13 296 | 12 809 | 487 | 4% | 17 079 |
| Other expenditure | 44 238 | 23 313 | 87 426 | 3 796 | 29 976 | 76 856 | (46 879) | -61% | 87 426 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | | – |
| **Total Expenditure** | **512 789** | **502 885** | **517 866** | **40 044** | **336 321** | **399 686** | **(63 365)** | **-16%** | **517 866** |
| **Surplus/(Deficit)** | **(10 604)** | **(35 258)** | **(43 077)** | **12 709** | **50 250** | **(32 307)** | **82 558** | **(0)** | **(43 077)** |
| Transfers recognised - capital | 38 768 | 63 230 | 35 284 | 1 | 7 843 | 26 463 | (18 619) | (0) | 35 284 |
| Contributions recognised - capital | 54 943 | – | – | – | – | – | – | | – |
| Contributed assets | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **83 107** | **27 972** | **(7 793)** | **12 710** | **58 093** | **(5 845)** | | | **(7 793)** |
| Taxation | | | | | | | | | |
| **Surplus/(Deficit) after taxation** | **83 107** | **27 972** | **(7 793)** | **12 710** | **58 093** | **(5 845)** | | | **(7 793)** |
| Attributable to minorities | | | | | | | | | |
| **Surplus/(Deficit) attributable to** | **83 107** | **27 972** | **(7 793)** | **12 710** | **58 093** | **(5 845)** | | | **(7 793)** |
| Share of surplus/ (deficit) of associate | | | | | | | | | |
| **Surplus/ (Deficit) for the year** | **83 107** | **27 972** | **(7 793)** | **12 710** | **58 093** | **(5 845)** | | | **(7 793)** |

**The revenue and expenditure figures excludes internal charges.**

The tables provides detail of capital expenditure according to municipal votes.

**WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q3 Third Quarter**

| Vote Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| **Multi-Year expenditure appropriation** | | | | | | | | |
| Vote 1 - Financial Services | – | – | – | – | – | – | | – |
| Vote 2 - Community Services | – | – | – | – | – | – | | – |
| Vote 3 - Corporate Services | – | – | – | – | – | – | | – |
| Vote 4 - Technical Services | 22 442 | 16 687 | 818 | 10 730 | 12 516 | (1 786) | -14% | 16 687 |
| Vote 5 - Muncipal Manager | – | – | – | – | – | – | | – |
| **Total Capital Multi-year expenditure** | **22 442** | **16 687** | **818** | **10 730** | **12 516** | **(1 786)** | **-14%** | **16 687** |
| **Single Year expenditure appropriation** | | | | | | | | |
| Vote 1 - Financial Services | 180 | 548 | – | 42 | 411 | (369) | -90% | 548 |
| Vote 2 - Community Services | 3 695 | 6 873 | 133 | 3 089 | 5 155 | (2 066) | -40% | 6 873 |
| Vote 3 - Corporate Services | 1 972 | 2 410 | 39 | 444 | 1 808 | (1 364) | -75% | 2 410 |
| Vote 4 - Technical Services | 54 903 | 39 386 | 5 118 | 19 734 | 29 539 | (9 805) | -33% | 39 386 |
| Vote 5 - Muncipal Manager | 55 | 41 | 11 | 11 | 31 | (20) | -63% | 41 |
| **Total Capital single-year expenditure** | 60 805 | 49 258 | 5 302 | 23 320 | 36 944 | **(13 623)** | **-37%** | 49 258 |
| **Total Capital Expenditure** | **83 247** | **65 946** | **6 120** | **34 050** | **49 459** | **(15 409)** | **-31%** | **65 946** |

**WC022 Witzenberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q3 Third Quarter**

| Vote Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Capital Expenditure - Standard Classification** | | | | | | | | |
| ***Governance and administration*** | **2 304** | **3 096** | **68** | **529** | **2 322** | (1 793) | -77% | **3 096** |
| Executive and council | 295 | 371 | 33 | 65 | 279 | (213) | -77% | 371 |
| Finance and administration | 2 009 | 2 725 | 35 | 464 | 2 044 | (1 580) | -77% | 2 725 |
| Internal audit | – | – | – | – | – | – | | – |
| ***Community and public safety*** | **3 495** | **4 455** | **108** | **1 768** | **3 341** | (1 574) | -47% | **4 455** |
| Community and social services | 535 | 683 | 49 | 400 | 512 | (112) | -22% | 683 |
| Sport and recreation | 2 260 | 3 072 | 59 | 1 368 | 2 304 | (936) | -41% | 3 072 |
| Public safety | 500 | 500 | – | – | 375 | (375) | -100% | 500 |
| Housing | 200 | 200 | – | – | 150 | (150) | -100% | 200 |
| Health | – | – | – | – | – | – | | – |
| ***Economic and environmental service*** | **16 650** | **10 800** | **1 062** | **5 172** | **8 100** | (2 928) | -36% | **10 800** |
| Planning and development | 20 | 20 | – | – | 15 | (15) | -100% | 20 |
| Road transport | 16 630 | 10 780 | 1 062 | 5 172 | 8 085 | (2 913) | -36% | 10 780 |
| Environmental protection | – | – | – | – | – | – | | – |
| ***Trading services*** | **60 798** | **47 594** | **4 882** | **26 581** | **35 696** | (9 115) | -26% | **47 594** |
| Energy sources | 3 327 | 2 902 | 19 | 1 873 | 2 177 | (304) | -14% | 2 902 |
| Water management | 31 597 | 25 083 | 2 772 | 14 346 | 18 812 | (4 466) | -24% | 25 083 |
| Waste water management | 22 169 | 15 904 | 2 068 | 9 505 | 11 928 | (2 423) | -20% | 15 904 |
| Waste management | 3 705 | 3 705 | 24 | 857 | 2 779 | (1 921) | -69% | 3 705 |
| ***Other*** | – | – | – | – | – | – | | – |
| **Total Capital Expenditure - Standard Cl** | **83 247** | **65 946** | **6 120** | **34 050** | **49 459** | **(15 409)** | **-31%** | **65 946** |
| **Funded by:** | | | | | | | | |
| National Government | 31 226 | 20 034 | 1 401 | 18 928 | 15 026 | 3 902 | 26% | 20 034 |
| Provincial Government | 27 632 | 14 635 | 4 326 | 5 816 | 10 977 | (5 161) | -47% | 14 635 |
| District Municipality | – | – | – | – | – | – | | – |
| Other transfers and grants | – | – | – | – | – | – | | – |
| **Transfers recognised - capital** | **58 858** | **34 670** | **5 728** | **24 744** | **26 002** | **(1 259)** | **-5%** | **34 670** |
| **Public contributions & donations** | – | – | – | – | – | – | | – |
| **Borrowing** | 3 500 | 3 526 | – | 396 | 2 645 | (2 248) | -85% | 3 526 |
| **Internally generated funds** | 20 889 | 27 750 | 392 | 8 910 | 20 812 | (11 902) | -57% | 27 750 |
| **Total Capital Funding** | **83 247** | **65 946** | **6 120** | **34 050** | **49 459** | **(15 409)** | **-31%** | **65 946** |

The table provides detail of the municipality's financial position as at period end.

**WC022 Witzenberg - Table C6 Monthly Budget Statement - Financial Position - Q3 Third Quarter**

| Description | 2016/17 | Budget Year 2017/18 | | | |
|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | 76 333 | 93 458 | 50 367 | 125 802 | 125 802 |
| Call investment deposits | – | (0) | (0) | 66 000 | 66 000 |
| Consumer debtors | 58 331 | (30 388) | (30 388) | 71 537 | 71 537 |
| Other debtors | 7 227 | 13 682 | 16 872 | 25 776 | 25 776 |
| Current portion of long-term receivables | – | – | – | – | – |
| Inventory | 9 347 | 2 505 | 2 123 | 10 363 | 10 363 |
| **Total current assets** | **151 239** | **79 257** | **38 973** | **299 478** | **299 478** |
| **Non current assets** | | | | | |
| Long-term receivables | – | – | – | – | – |
| Investments | – | – | – | – | – |
| Investment property | 47 719 | (596) | (596) | 47 719 | 47 719 |
| Investments in Associate | – | – | – | – | – |
| Property, plant and equipment | 807 644 | 37 866 | 17 911 | 817 987 | 817 987 |
| Agricultural | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| Intangible assets | 2 506 | (69) | (41) | 2 571 | 2 571 |
| Other non-current assets | 16 635 | – | – | 16 635 | 16 635 |
| **Total non current assets** | **874 505** | **37 201** | **17 275** | **884 912** | **884 912** |
| **TOTAL ASSETS** | **1 025 744** | **116 458** | **56 248** | **1 184 391** | **1 184 391** |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Bank overdraft | – | – | – | – | – |
| Borrowing | 3 717 | – | – | 3 717 | 3 717 |
| Consumer deposits | 3 666 | – | – | 4 278 | 4 278 |
| Trade and other payables | 48 372 | 61 739 | 34 892 | 68 677 | 68 677 |
| Provisions | 17 447 | 7 897 | 7 897 | 16 800 | 16 800 |
| **Total current liabilities** | **73 202** | **69 636** | **42 789** | **93 472** | **93 472** |
| **Non current liabilities** | | | | | |
| Borrowing | 7 503 | 6 324 | 6 451 | 4 989 | 4 989 |
| Provisions | 145 635 | 12 527 | 17 427 | 152 109 | 152 109 |
| **Total non current liabilities** | **153 138** | **18 851** | **23 878** | **157 097** | **157 097** |
| **TOTAL LIABILITIES** | **226 340** | **88 487** | **66 667** | **250 570** | **250 570** |
| **NET ASSETS** | **799 403** | **27 972** | **(10 419)** | **933 821** | **933 821** |
| **COMMUNITY WEALTH/EQUITY** | | | | | |
| Accumulated Surplus/(Deficit) | 789 048 | 27 972 | (10 419) | 923 466 | 923 466 |
| Reserves | 10 355 | – | – | 10 355 | 10 355 |
| **TOTAL COMMUNITY WEALTH/EQUITY** | **799 403** | **27 972** | **(10 419)** | **933 821** | **933 821** |

The cash flows for the year to date are indicated in the following table:

**WC022 Witzenberg - Table C7 Monthly Budget Statement - Cash Flow - Q3 Third Quarter**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Ratepayers and other | 61 689 | 61 689 | 3 530 | 53 373 | 46 267 | 7 106 | 15% | 61 689 |
| Government - operating | 291 601 | 291 601 | 30 679 | 241 934 | 218 701 | 23 234 | 11% | 291 601 |
| Government - capital | 17 246 | 17 246 | 4 929 | 16 109 | 12 935 | 3 174 | 25% | 17 246 |
| Interest | 97 846 | 97 846 | 18 294 | 89 585 | 73 385 | 16 200 | 22% | 97 846 |
| Dividends | 63 230 | 63 230 | 11 176 | 30 740 | 47 422 | (16 683) | -35% | 63 230 |
| **Payments** | | | | | | | | |
| Suppliers and employees | – | – | – | – | – | – | | – |
| Finance charges | – | – | – | – | – | – | | – |
| Transfers and Grants | (369 994) | (369 994) | (41 103) | (349 625) | (277 496) | 72 129 | -26% | (369 994) |
| **NET CASH FROM/(USED) OPERATING ACTIV** | **161 618** | **161 618** | **27 505** | **82 116** | **121 214** | **(39 098)** | **-32%** | **161 618** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | – | – | – | – | – | – | | – |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | | – |
| Decrease (increase) other non-current receiva | – | – | – | – | – | – | | – |
| Decrease (increase) in non-current investmen | – | – | – | – | – | – | | – |
| **Payments** | | | | | | | | |
| Capital assets | – | – | 11 819 | (65 728) | – | 65 728 | | – |
| **NET CASH FROM/(USED) INVESTING ACTIVI** | **–** | **–** | **11 819** | **(65 728)** | **–** | **65 728** | | **–** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Short term loans | – | – | – | – | – | – | | – |
| Borrowing long term/refinancing | 3 500 | 3 500 | – | – | 2 625 | (2 625) | -100% | 3 500 |
| Increase (decrease) in consumer deposits | – | – | 78 | 821 | – | 821 | | – |
| **Payments** | | | | | | | | |
| Repayment of borrowing | – | – | (985) | (2 007) | – | 2 007 | | – |
| **NET CASH FROM/(USED) FINANCING ACTIVI** | **3 500** | **3 500** | **(907)** | **(1 186)** | **2 625** | **3 811** | **145%** | **3 500** |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **165 118** | **165 118** | **38 417** | **15 202** | **123 839** | | | **165 118** |
| Cash/cash equivalents at beginning: | – | – | | – | – | | | – |
| Cash/cash equivalents at month/year end: | 165 118 | 165 118 | | 15 202 | 123 839 | | | 165 118 |

The debtors age analysis per Income source and customer group is as follows:

**WC022 Witzenberg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q3 Third Quarter**

| Description | | Budget Year 2017/18 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | NT Code | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days |
| **Debtors Age Analysis By Income Source** | | | | | | | | | | | |
| Water | 1200 | 7 299 | 1 884 | 1 621 | 1 646 | 1 246 | 1 200 | 5 168 | 43 597 | 63 662 | 52 858 |
| Electricity | 1300 | 15 144 | 766 | 520 | 430 | 327 | 287 | 988 | 2 748 | 21 209 | 4 779 |
| Property Rates | 1400 | 3 023 | 286 | 201 | 190 | 149 | 143 | 3 153 | 12 580 | 19 726 | 16 216 |
| Waste Water Management | 1500 | 2 696 | 623 | 577 | 547 | 524 | 508 | 2 693 | 20 133 | 28 301 | 24 405 |
| Waste Management | 1600 | 3 006 | 710 | 672 | 608 | 593 | 570 | 2 866 | 24 207 | 33 232 | 28 845 |
| Property Rental Debtors | 1700 | 45 | 17 | 16 | 16 | 16 | 15 | 140 | 1 034 | 1 300 | 1 221 |
| Interest on Arrear Accounts | 1810 | 69 | 75 | 86 | 110 | 115 | 131 | 971 | 34 126 | 35 683 | 35 453 |
| Recoverable expenditure | 1820 | – | – | – | – | – | – | – | – | – | – |
| Other | 1900 | (4 254) | 27 | 33 | 33 | 89 | 41 | 255 | 1 201 | (2 576) | 1 618 |
| **Total By Income Source** | **2000** | **27 027** | **4 388** | **3 726** | **3 580** | **3 058** | **2 895** | **16 237** | **139 626** | **200 537** | **165 396** |
| **2016/17 - totals only** | | | | | | | | | | – | – |
| **Debtors Age Analysis By Customer Group** | | | | | | | | | | | |
| Organs of State | 2200 | 636 | 813 | 631 | 605 | 214 | 27 | 644 | 2 475 | 6 046 | 3 966 |
| Commercial | 2300 | 13 338 | 455 | 267 | 210 | 167 | 172 | 1 855 | 6 719 | 23 182 | 9 123 |
| Households | 2400 | 11 894 | 2 886 | 2 619 | 2 555 | 2 474 | 2 479 | 11 813 | 122 219 | 158 939 | 141 540 |
| Other | 2500 | 1 160 | 235 | 210 | 209 | 203 | 217 | 1 924 | 8 212 | 12 370 | 10 767 |
| **Total By Customer Group** | **2600** | **27 027** | **4 388** | **3 726** | **3 580** | **3 058** | **2 895** | **16 237** | **139 626** | **200 537** | **165 396** |

**Some consumers used council's gesture to enable them to purchase electricity although their accounts are in arrears during the holiday season as an excuse to not pay their municipal accounts due in December. The collection rate for December was only 78%.**

`

The movement in investments is detailed below.

**WC022 Witzenberg - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q3 Third Quarter**

| Investments by maturity<br>Name of institution & investment ID<br><br>R thousands | Period of Investment<br>Yrs/Months | Type of Investment | Expiry date of investment | Accrued interest for the month | Yield for the month 1 (%) | Market value at beginning of month | Change in market value | Market value at end of the month |
|---|---|---|---|---|---|---|---|---|
| **Municipality** | | | | | | | | |
| ABSA | – | – | – | – | | – | – | – |
| Investec | – | – | – | – | | – | – | 22 000 |
| Nedbank | – | – | – | – | | – | – | 22 000 |
| Standard Bank | – | – | – | – | | – | – | 22 000 |
| | – | – | – | – | | – | – | – |
| | – | – | – | – | | – | – | – |
| **Municipality sub-total** | | | | – | | – | – | 66 000 |
| **Entities** | | | | | | | | |
| **Entities sub-total** | | | | – | | – | – | – |
| **TOTAL INVESTMENTS AND INTEREST** | | | | **–** | | **–** | **–** | **66 000** |

Operating and Capital transfers received are indicated in the following table:

**WC022 Witzenberg - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q3 Third Quarter**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **RECEIPTS:** | | | | | | | | |
| **Operating Transfers and Grants** | | | | | | | | |
| **National Government:** | **73 960** | **73 535** | **17 603** | **73 447** | **55 151** | **18 296** | **33,2%** | **73 535** |
| Equitable Share | 70 412 | 70 412 | 17 603 | 70 412 | 52 809 | 17 603 | 33,3% | 70 412 |
| Local Government Financial Management Grant [Sc | 1 550 | 1 638 | – | 1 550 | 1 228 | 322 | 26,2% | 1 638 |
| Expanded Public Works Programme Integrated Grar | 1 485 | 1 485 | – | 1 485 | 1 114 | 371 | 33,3% | 1 485 |
| Municipal Infrastructure Grant [Schedule 5B] | 513 | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| **Provincial Government:** | **23 886** | **24 842** | **8 240** | **23 984** | **18 632** | **5 353** | **28,7%** | **24 842** |
| Human Settlement Development | 14 328 | 15 574 | 8 000 | 21 988 | 11 680 | 10 308 | 88,3% | 15 574 |
| Financial Management | 240 | 526 | 240 | 240 | 395 | (155) | -39,2% | 526 |
| Replacement Funding for most vulnerable B3 munic | 5 450 | 5 874 | – | 1 608 | 4 406 | (2 798) | -63,5% | 5 874 |
| Library Service Conditional Grant | 2 600 | 2 600 | – | – | 1 950 | (1 950) | -100,0% | 2 600 |
| Community Development Workers | 148 | 148 | – | 148 | 111 | 37 | 33,3% | 148 |
| Regional Socio-economic Project/Violence Preventic | 1 000 | – | – | – | – | – | | – |
| *Maintenance of Main Roads* | 120 | 120 | – | – | 90 | (90) | -100,0% | 120 |
| **Total Operating Transfers and Grants** | **97 846** | **98 377** | **25 843** | **97 431** | **73 783** | **23 649** | **32,1%** | **98 377** |
| **Capital Transfers and Grants** | | | | | | – – | | |
| **National Government:** | 35 598 | 19 946 | 3 175 | 22 739 | 14 960 | 7 779 | **52,0%** | 19 946 |
| Municipal Infrastructure Grant [Schedule 5B] | 22 226 | 19 946 | 3 175 | 22 739 | 14 960 | 7 779 | 52,0% | 19 946 |
| Regional Bulk Infrastructure Grant (Schedule 5B) | 13 372 | – | – | – | – | – | | – |
| Integrated National Electrification Programme (Mun | – | – | – | – | – | – | | – |
| **Provincial Government:** | **27 632** | **14 787** | **–** | **–** | **11 090** | (11 090) | -100,0% | **14 787** |
| *Human Settlement* | **27 632** | **14 787** | **–** | **–** | **11 090** | (11 090) | -100,0% | **14 787** |
| | **–** | **–** | **–** | **–** | **–** | – | | **–** |
| **Total Capital Transfers and Grants** | **63 230** | **34 734** | **3 175** | **22 739** | **26 050** | **(3 311)** | **-12,7%** | **34 734** |
| **TOTAL RECEIPTS OF TRANSFERS & GRANTS** | 161 076 | 133 110 | 29 018 | 120 170 | 99 833 | – 20 338 | 20,4% | 133 110 |

Operating and Capital expenditure financed from grants are indicated in the following table:

**WC022 Witzenberg - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q3 Third Quarter**

| Description | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **EXPENDITURE** | | | | | | | | |
| **Operating expenditure of Transfers and Grants** | | | | | | | | |
| **National Government:** | **73 960** | **74 419** | **3 077** | **29 358** | **55 814** | **(26 457)** | **-47,4%** | **74 419** |
| Equitable Share | 70 412 | 71 396 | 3 117 | 27 636 | 53 547 | (25 912) | -48,4% | 71 396 |
| Local Government Financial Management Grant [S | 1 550 | 1 538 | 29 | 304 | 1 153 | (850) | -73,7% | 1 538 |
| Expanded Public Works Programme Integrated Gra | 1 485 | 1 485 | (70) | 1 418 | 1 114 | 305 | 27,3% | 1 485 |
| Municipal Infrastructure Grant [Schedule 5B] | 513 | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| Other transfers and grants [insert description] | – | – | – | – | – | – | | – |
| **Provincial Government:** | **43 284** | **30 071** | **38** | **12 693** | **22 553** | **(9 860)** | **-43,7%** | **30 071** |
| Human Settlement Development | 41 960 | 29 747 | 32 | 12 465 | 22 310 | (9 845) | -44,1% | 29 747 |
| Replacement Funding for most vulnerable B3 muni | – | – | – | – | – | – | | – |
| Library Service Conditional Grant | – | – | – | – | – | – | | – |
| Community Development Workers | 204 | 204 | 5 | 70 | 153 | (83) | -54,0% | 204 |
| Regional Socio-economic Project/Violence Prevent | 1 000 | – | 1 | 38 | – | 38 | #DIV/0! | – |
| Maintenance of Main Roads | 120 | 120 | – | 120 | 90 | 30 | 33,3% | 120 |
| Other grant providers: | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| [insert description] | – | – | – | – | – | – | | – |
| | **–** | **–** | **–** | **–** | **–** | – | | **–** |
| Other capital transfers [insert description] | – | – | – | – | – | – | | – |
| **Total operating expenditure of Transfers and Grants** | **117 244** | **104 490** | **3 114** | **42 051** | **78 367** | **(36 317)** | **-46,3%** | **104 490** |
| **Capital expenditure of Transfers and Grants** | | | | | | | | |
| **National Government:** | **31 226** | **19 946** | **1 401** | **18 928** | **14 960** | **3 968** | **26,5%** | **19 946** |
| Municipal Infrastructure Grant [Schedule 5B] | 19 496 | 19 946 | 1 401 | 18 867 | 14 960 | 3 907 | 26,1% | 19 946 |
| Regional Bulk Infrastructure Grant (Schedule 5B) | 11 730 | – | – | 61 | – | 61 | #DIV/0! | – |
| Integrated National Electrification Programme (Mur | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| District Municipality: | – | – | – | – | – | – | | – |
| **Provincial Government:** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| **Other grant providers:** | **–** | **–** | **–** | **–** | **–** | – | | **–** |
| | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | | – |
| **Total capital expenditure of Transfers and Grants** | **31 226** | **19 946** | **1 401** | **18 928** | **14 960** | **3 968** | **26,5%** | **19 946** |
| **TOTAL EXPENDITURE OF TRANSFERS AND GRANT** | **148 470** | **124 436** | **4 516** | **60 978** | **93 327** | **(32 349)** | **-34,7%** | **124 436** |

Expenditure on councillor allowances and employee benefits:

**WC022 Witzenberg - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q3 Third Quarter**

| Summary of Employee and Councillor remuneration | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| | B | C | | | | | | D |
| **Councillors (Political Office Bearers plus Other)** | | | | | | | | |
| Basic Salaries and Wages | 7 196 | 7 196 | 564 | 5 142 | 5 397 | (255) | -5% | 7 196 |
| Pension and UIF Contributions | 1 003 | 1 003 | 82 | 747 | 752 | (6) | -1% | 1 003 |
| Medical Aid Contributions | 201 | 201 | 14 | 94 | 151 | (57) | -38% | 201 |
| Motor Vehicle Allowance | 651 | 651 | 0 | 0 | 488 | (488) | -100% | 651 |
| Cellphone Allowance | 556 | 556 | 75 | 679 | 417 | 262 | 63% | 556 |
| Housing Allowances | 425 | 425 | 5 | 63 | 319 | (256) | -80% | 425 |
| Other benefits and allowances | 50 | 50 | – | 1 | 38 | (36) | -97% | 50 |
| **Sub Total - Councillors** | **10 083** | **10 083** | **741** | **6 726** | **7 562** | **(836)** | **-11%** | **10 083** |
| **% increase** | | | | | | | | |
| **Senior Managers of the Municipality** | | | | | | | | |
| Basic Salaries and Wages | 4 260 | 4 191 | 347 | 3 072 | 3 143 | (71) | -2% | 4 191 |
| Pension and UIF Contributions | 704 | 704 | 46 | 409 | 528 | (118) | -22% | 704 |
| Medical Aid Contributions | 131 | 131 | 9 | 77 | 98 | (21) | -22% | 131 |
| Overtime | – | – | – | – | – | – | | – |
| Performance Bonus | 805 | 805 | 67 | 522 | 604 | (82) | -14% | 805 |
| Motor Vehicle Allowance | 945 | 945 | 38 | 309 | 709 | (400) | -56% | 945 |
| Cellphone Allowance | 64 | 64 | 3 | 18 | 48 | (30) | -63% | 64 |
| Housing Allowances | 138 | 138 | – | – | 104 | (104) | -100% | 138 |
| Other benefits and allowances | 158 | 100 | 49 | 456 | 75 | 381 | 506% | 100 |
| Payments in lieu of leave | – | – | – | – | – | – | | – |
| Long service awards | – | – | – | – | – | – | | – |
| Post-retirement benefit obligations | – | – | – | – | – | – | | – |
| **Sub Total - Senior Managers** | **7 205** | **7 078** | **559** | **4 863** | **5 309** | **(445)** | **-8%** | **7 078** |
| **% increase** | | | | | | | | |
| **Other Municipal Staff** | | | | | | | | |
| Basic Salaries and Wages | 97 371 | 93 489 | 7 360 | 64 781 | 70 117 | (5 336) | -8% | 93 489 |
| Pension and UIF Contributions | 15 318 | 15 274 | 1 183 | 10 485 | 11 455 | (971) | -8% | 15 274 |
| Medical Aid Contributions | 6 806 | 6 806 | 580 | 4 889 | 5 105 | (215) | -4% | 6 806 |
| Overtime | 10 974 | 12 390 | 1 154 | 10 930 | 9 293 | 1 638 | 18% | 12 390 |
| Performance Bonus | 7 091 | 7 091 | 589 | 5 385 | 5 319 | 67 | 1% | 7 091 |
| Motor Vehicle Allowance | 4 092 | 4 008 | 341 | 2 840 | 3 006 | (167) | -6% | 4 008 |
| Cellphone Allowance | 378 | 382 | 41 | 373 | 287 | 86 | 30% | 382 |
| Housing Allowances | 1 490 | 1 490 | 121 | 1 081 | 1 118 | (37) | -3% | 1 490 |
| Other benefits and allowances | 1 596 | 1 613 | 233 | 2 116 | 1 210 | 906 | 75% | 1 613 |
| Payments in lieu of leave | 791 | 791 | (284) | (2 873) | 594 | (3 467) | -584% | 791 |
| Long service awards | 388 | 388 | 69 | 648 | 291 | 357 | 123% | 388 |
| Post-retirement benefit obligations | 10 126 | 10 126 | 908 | 8 310 | 7 594 | 716 | 9% | 10 126 |
| **Sub Total - Other Municipal Staff** | **156 422** | **153 850** | **12 295** | **108 964** | **115 388** | **(6 423)** | **-6%** | **153 850** |
| **% increase** | | | | | | | | |
| **Total Parent Municipality** | **173 711** | **171 011** | **13 595** | **120 553** | **128 258** | **(7 705)** | **-6%** | **171 011** |
| | **#DIV/0!** | **#DIV/0!** | | | | | | **#DIV/0!** |
| **Unpaid salary, allowances & benefits in arrears:** | | | | | | | | |
| **Total Municipal Entities** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| **TOTAL SALARY, ALLOWANCES &** | **173 711** | **171 011** | **13 595** | **120 553** | **128 258** | **(7 705)** | **-6%** | **171 011** |
| **% increase** | | | | | | | | |
| **TOTAL MANAGERS AND STAFF** | **163 628** | **160 928** | **12 854** | **113 827** | **120 696** | **(6 869)** | **-6%** | **160 928** |

The monthly cash flows for the year to date are indicated in the following table:

**WC022 Witzenberg - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Q3 Third Quarter**

| Description | Ref | Budget Year 2017/18 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June |
| R thousands | 1 | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Budget | Budget | Budget | Budget | Budget | Budget |
| **Cash Receipts By Source** | | | | | | | | | | | | | |
| Property rates | | 3 345 | 12 935 | 5 490 | 12 707 | 4 868 | 3 463 | 5 141 | 5 141 | 5 141 | 5 141 | 5 141 | 16 296 |
| Service charges - electricity revenue | | 18 142 | 20 502 | 15 447 | 17 251 | 14 535 | 12 109 | 18 169 | 18 169 | 18 169 | 18 169 | 18 169 | 57 360 |
| Service charges - water revenue | | 2 316 | 3 051 | 2 526 | 2 851 | 3 597 | 2 663 | 2 951 | 2 951 | 2 951 | 2 951 | 2 951 | 11 747 |
| Service charges - sanitation revenue | | 4 300 | 2 031 | 1 676 | 1 668 | 1 745 | 1 311 | 1 605 | 1 605 | 1 605 | 1 605 | 1 605 | 5 844 |
| Service charges - refuse | | 1 483 | 2 094 | 1 671 | 1 804 | 1 828 | 1 291 | 1 488 | 1 488 | 1 488 | 1 488 | 1 488 | 2 129 |
| Service charges - other | | 2 075 | 1 341 | 1 346 | 1 974 | 3 604 | 605 | 87 | 87 | 87 | 87 | 87 | (86 934) |
| Rental of facilities and equipment | | 66 | 32 | 816 | 144 | 206 | 804 | 804 | 804 | 804 | 804 | 804 | 3 560 |
| Interest earned - external investments | | 10 | 1 053 | (0) | 1 234 | 549 | 380 | 380 | 380 | 380 | 380 | 380 | (565) |
| Interest earned - outstanding debtors | | – | 13 | – | – | – | 713 | 713 | 713 | 713 | 713 | 713 | 4 262 |
| Dividends received | | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | | 6 | 13 | 18 | 144 | 217 | 248 | 248 | 248 | 248 | 248 | 248 | 1 092 |
| Licences and permits | | 21 | – | (1 491) | (206) | 394 | – | – | – | – | – | – | 1 283 |
| Agency services | | – | – | – | – | – | 385 | 385 | 385 | 385 | 385 | 385 | 2 307 |
| Transfer receipts - operating | | – | 29 339 | 354 | 7 046 | 21 | 8 154 | 8 154 | 8 154 | 8 154 | 8 154 | 8 154 | 12 163 |
| Other revenue | | 8 | 50 632 | 715 | 3 298 | 432 | – | – | – | – | – | – | (55 085) |
| **Cash Receipts by Source** | | **31 771** | **123 036** | **28 567** | **49 915** | **31 998** | **32 126** | **40 125** | **40 125** | **40 125** | **40 125** | **40 125** | **(24 540)** |
| **Other Cash Flows by Source** | | | | | | | | | | | | | – |
| Transfer receipts - capital | | – | 12 613 | – | – | – | 5 269 | 5 269 | 5 269 | 5 269 | 5 269 | 5 269 | 19 001 |
| Contributions & Contributed assets | | – | – | – | – | – | – | – | – | – | – | – | – |
| Proceeds on disposal of PPE | | – | – | – | – | – | – | – | – | – | – | – | – |
| Short term loans | | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | | – | – | – | – | – | – | – | – | – | – | – | 3 500 |
| Increase in consumer deposits | | (24) | (54) | 61 | 76 | 10 | – | – | – | – | – | – | (69) |
| Receipt of non-current debtors | | – | – | – | – | – | – | – | – | – | – | – | – |
| Receipt of non-current receivables | | – | – | – | – | – | – | – | – | – | – | – | – |
| Change in non-current investments | | – | – | (11) | – | – | – | – | – | – | – | – | 11 |
| **Total Cash Receipts by Source** | | **31 747** | **135 595** | **28 618** | **49 991** | **32 008** | **37 395** | **45 394** | **45 394** | **45 394** | **45 394** | **45 394** | **(2 096)** |
| **Cash Payments by Type** | | | | | | | | | | | | | – |
| Employee related costs | | 8 269 | 8 312 | 11 092 | 11 416 | 18 403 | 12 029 | 12 029 | 12 029 | 12 029 | 12 029 | 12 029 | 14 681 |
| Remuneration of councillors | | 698 | 752 | 729 | 752 | 728 | 840 | 840 | 840 | 840 | 840 | 840 | 1 381 |
| Interest paid | | – | – | 231 | – | – | 78 | 78 | 78 | 78 | 78 | 78 | 238 |
| Bulk purchases - Electricity | | 187 | 351 | 44 688 | 13 080 | 11 853 | 13 579 | 13 579 | 13 579 | 13 579 | 13 579 | 13 579 | 11 314 |
| Bulk purchases - Water & Sewer | | – | – | – | – | – | – | – | – | – | – | – | – |
| Other materials | | 46 | 0 | 919 | 2 045 | 2 077 | 625 | 625 | 625 | 625 | 625 | 625 | (1 338) |
| Contracted services | | 446 | 13 | 1 252 | 507 | 3 925 | 1 634 | 1 634 | 1 634 | 1 634 | 1 634 | 1 634 | 3 660 |
| Grants and subsidies paid - other municipalities | | 203 | – | – | – | – | – | – | – | – | – | – | (203) |
| Grants and subsidies paid - other | | – | – | 46 | 3 120 | 6 550 | 49 | 49 | 49 | 49 | 49 | 49 | (9 423) |
| General expenses | | 19 162 | 34 537 | 6 267 | 3 147 | 7 724 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | (57 832) |
| **Cash Payments by Type** | | **29 012** | **43 966** | **65 225** | **34 069** | **51 261** | **30 918** | **30 918** | **30 918** | **30 918** | **30 918** | **30 918** | **(37 523)** |
| **Other Cash Flows/Payments by Type** | | | | | | | | | | | | | |
| Capital assets | | 12 297 | 6 429 | 3 599 | 2 293 | 2 583 | 5 778 | 2 214 | 2 996 | 8 489 | 9 348 | 8 272 | 19 383 |
| Repayment of borrowing | | 32 576 | 14 453 | (9 193) | (1 353) | 30 471 | – | – | – | – | – | – | (66 954) |
| Other Cash Flows/Payments | | 21 681 | (300) | 5 687 | 89 274 | (4 385) | (17 494) | (47 237) | 78 727 | (64 560) | (18 751) | (14 902) | 24 741 |
| **Total Cash Payments by Type** | | **95 566** | **64 547** | **65 317** | **124 283** | **79 929** | **19 202** | **(14 105)** | **112 641** | **(25 153)** | **21 516** | **24 287** | **(60 352)** |
| **NET INCREASE/(DECREASE) IN CASH HELD** | | **(63 819)** | **71 048** | **(36 699)** | **(74 291)** | **(47 922)** | **18 192** | **59 499** | **(67 247)** | **70 546** | **23 878** | **21 106** | **58 256** |
| Cash/cash equivalents at the month/year beginning: | | 45 875 | (17 944) | 53 104 | 16 405 | (57 887) | (105 808) | (87 616) | (28 117) | (95 364) | (24 817) | (939) | 20 167 |
| Cash/cash equivalents at the month/year end: | | (17 944) | 53 104 | 16 405 | (57 887) | (105 808) | (87 616) | (28 117) | (95 364) | (24 817) | (939) | 20 167 | 78 423 |

**Withdrawals from Municipal Bank Accounts**
**Quarter ending 31 March 2018**
**Report in terms of section 11(4)(a) of the MFMA, Act no 56 of 2003**

| MFMA Section | Item Description | Income transactions January 2018 | Income transactions February 2018 | Income transactions March 2018 | Expenditure transactions January 2018 | Expenditure transactions February 2018 | Expenditure transactions March 2018 |
|---|---|---|---|---|---|---|---|
| | | R | R | | R | R | R |
| 11(1) (b) | Expenditure authorised in terms of section 26(4) (Expenditure before annual budget is approved) | | | | | | |
| 11(1) (c) | Unforeseeable and unavoidable expenditure authorised in terms of section 29(1) (Mayor may approve emergency or other exceptional circumstances expenditure for which no budget provision was made) | | | | | | |
| 11(1) (d) | Section 12 withdrawals (Relief, charitable, trust or other funds withdrawals) | | | | | | |
| 11(1) (e) (i) | Money collected on behalf of organ of state: | | | | | | |
| | - VAT | - | - | - | 2 133 521 | 2 885 512 | 3 210 534 |
| | - Agency fees, for example motor registration, drivers licence, etc. | 143 041 | -4 736 131 | -1 138 114 | - | - | - |
| 11(1) (e) (ii) | Insurance received by the Municipality on behalf of organ of state | | | | | | |
| 11(1) (f) | Refund of money incorrectly paid into bank account | | | | | | |
| 11(1) (g) | Refund of guarantees, sureties & security dep | -117 518 | -204 293 | -330 522 | 192 788 | 138 573 | 135 619 |
| | | **547 123** | **-** | **-** | **1 470 922** | **2 537 447** | **7 606 598** |

| | | Transactions January 2018 | Transactions February 2018 | Transactions March 2018 |
|---|---|---|---|---|
| 11(1) (h) | Cash management and investment purposes: | | | |
| | - Realised | - | - | - |
| | - Made | - | - | - |
| | **- Nett movement** | **-** | **-** | **-** |

**Expenditure on Staff & Councillor Benefits for the period 1 July 2017 to 31 March 2018.**

(Report in terms of Section 66 of the MFMA)

| MFMA Section | Item Description | Original Budget 2017/2018 | Amended Budget 2017/2018 | Year to Date Total | % Spent to date |
|---|---|---|---|---|---|
| **Staff Benefits** | | | | | |
| 66(a) | Salaries and Wages | 101 631 849 | 98 159 208 | 67 852 542 | 69,12% |
| 66(b) | Contributions to pension funds and medical aids | 22 958 330 | 22 914 452 | 15 860 367 | 69,22% |
| 66(c) | Travel, accomodation and subsistence | 5 037 107 | 4 953 737 | 3 148 878 | 63,57% |
| 66(d) | Housing benefits and allowances | 1 628 586 | 1 628 586 | 1 081 103 | 66,38% |
| 66(e) | Overtime | 10 974 215 | 12 390 116 | 10 930 346 | 88,22% |
| 66(f) | Loans and advances | 0 | 0 | 0 | 0,00% |
| 66(g) | Other type of benefit or allowances | 21 397 639 | 21 360 981 | 14 981 363 | 70,13% |
| | **Sub - Total (Staff Benefits)** | **R 163 627 726** | **R 161 407 080** | **R 113 854 601** | **70,54%** |
| | | | | | |
| **Councillor Benefits** | | | | | |
| MAY | Mayor | 838 861 | 838 861 | 454 824 | 54,22% |
| DM | Deputy Mayor | 621 755 | 621 755 | 418 071 | 67,24% |
| SP | Speaker | 622 012 | 622 012 | 417 919 | 67,19% |
| MCM | Mayoral Committee members | 2 476 596 | 2 476 596 | 1 547 507 | 62,49% |
| CLLR | Other Councillors | 4 319 456 | 4 319 456 | 3 047 238 | 70,55% |
| MED | Medical aid contributions | 200 997 | 200 997 | 93 658 | 46,60% |
| PEN | Pension fund contributions | 1 003 257 | 1 003 257 | 746 684 | 74,43% |
| WARD | Ward Committee Alllowance | 720 000 | 720 000 | 522 000 | 72,50% |
| | **Sub - Total (Councillors' Benefits)** | **10 802 934** | **10 802 934** | **7 247 901** | **67,09%** |
| | | | | | |
| **Total Councillor and Staff Benefits** | | **R 174 430 660** | **R 172 210 014** | **R 121 102 501** | **70,32%** |

The expenditure on overtime and other benefits are a concern and must be managed downwards.
The savings on salaries and wages are due to vacancies. Only critical vacancies must be filled until the financial effect of the implementation of TASK can be determined more accurately.

# WITZENBERG MUNICIPALITY

## SDBIP TOP LAYER 3rd QUARTER REPORT 2017/18

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 3rd Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Essential services | Sustainable provision & maintenance of basic services | TecDir1 | Percentage expenditure on maintenance budget by Technical Directorate. | 99% | 75% | 75% |
| | | TecDir3 | Percentage expenditure on capital budget by Technical Directorate. | 96% | 60% | 54% |
| | | TecRo7 | Kilometres of roads upgraded & rehabilitated. | 3 | 2 | 4 |
| | | TecWat21 | Percentage compliance with drinking water quality standards | 98% | 98% | 100% |
| | | TecWat20 | Decrease unaccounted water losses. | 18% | 18% | 18% |
| | | TecEl37 | Decrease unaccounted electricity losses. | 10% | 10% | 14,6% |
| | | FinInc17 | Number of outstanding valid applications for water services expressed as a % of total number of billings for the service. | <1% | 0% | 0% |
| | | FinInc18 | Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service. | <1% | 0% | 0% |
| | | FinInc19 | Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service. | <1% | 0% | 0,3% |
| | | FinInc20 | Number of outstanding valid applications for waste removal services expressed as a % of total number of billings for the service. | <1% | 0% | 0% |
| | Provide for the needs of informal settlements through improved services | TecDir2 | Number of subsidised serviced sites developed. | 100 | | |
| | | TecWat22 | Provide basic services - number of informal areas with sufficient communal water service points (taps). | 3 | 3 | 3 |
| | | TecSan13 | Provide basic services - number of informal areas with sufficient communal sanitation service points(toilets). | 3 | 3 | 3 |
| | | TecRef31 | Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area cleaning service. | 3 | 3 | 3 |
| | | TecEl36 | Number of subsidised electricity connections installed. | 200 | 150 | 187 |
| Governance | Support institutional development & transformation | CorpHR12 | Percentage of people from employment equity target groups employed in the three highest levels of management. | 4 | 3 | 3 |
| | | CorpHR13 | Percentage budget spend on the implementation of the Workplace Skills Plan | 96% | 75% | 52% |
| | Financial Viability | MM1 | Pecentage spend on maintenance for the whole municipality. | 99% | 75% | 75% |
| | | MM2 | Percentage spend on Capital Budget for the whole municipality. | 96% | 60% | 52% |
| | | FinDir3 | Opinion of the Auditor-General on annual financial statements of the previous year. | Unqualified | 1 | 1 |
| | | FinFAdm9 | Financial viability expressed as Cost-Coverage ratio | 2,8 | 2,8 | 4 |
| | | FinFAdm10 | Financial viability expressed as Debt-Coverage ratio | 90 | 90 | 98 |
| | | FinFAdm11 | Financial viability expressed outstanding service debtors | 44% | 44% | 69% |
| | | FinInc15 | Increased revenue collection | 95% | 95% | 93% |
| | Strengthen relations | MMIDP9 | Number of IDP community meetings held. | 14 | 7 | 7 |
| | | ComSoc49 | Number of meetings with intergovernmental partners. | 12 | 9 | 9 |

| Key Performance Area | Strategic Objective | Ref Nr | Key Performance Indicator | Annual Target | 3rd Quarter | |
|---|---|---|---|---|---|---|
| | | | | | Target | Result |
| Communal services | Provide & maintain facilities | ComDir1 | Percentage expenditure on maintenance budget by Community Directorate. | 99% | 75% | 96% |
| | | ComDir2 | Percentage expenditure on capital budget by Community Directorate. | 96% | 60% | 47% |
| | | ComAm34 | Customer satisfaction survey on community facilities (score 1 - 5) | 1 | | |
| Socio-Economic Support Services | Support the poor & vulnerable | ComLed8 | The number of jobs created through the municipality's local economic development initiatives including capital projects. | 390 | 300 | 300 |
| | | ComHS14 | Number of housing opportunities provided per year - top structures. | 107 | 107 | 107 |
| | | ComHS15 | Number of rental stock transferred. | 60 | 40 | 21 |
| | | ComSoc41 | Number of account holders subsidised through the municipality's Indigent Policy | 3000 | 3000 | 2348 |
| | | ComSoc42 | Bi-annual HIV/AIDS awareness programmes | 3 | 2 | 3 |
| | | ComSoc43 | Arrange workshops for youth per twinning agreement | 2 | 2 | 4 |
| | | ComSoc44 | Implement substance abuse programmes | 5 | 4 | 5 |
| | | ComSoc45 | Implementation of child protection programmes | 2 | 1 | 2 |
| | | ComSoc46 | Implementation of early childhood development programmes | 4 | 3 | 4 |
| | | ComSoc47 | Implementation of gender programmes | 2 | 1 | 4 |
| | | ComSoc48 | Implementation of projects for persons with disabilities | 2 | 2 | 3 |
| | Create an enabling environment to attract investment & support local economy. | MMProp21 | Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards. | Phase 4 Implement | | |
| | | ComLed4 | Compile & Implementation of LED Strategy. | Review of plan | | |

## Targets not achieved:

TecDir3 – *Percentage expenditure on Capital Budget by Technical Department*

Reason for target not achieved:

- The network tender for the water & sewer networks are currently at the bid evaluation committee for awarding, bidders had errors on bid document which delayed the project awarding.
- The rehabilitation of Piet Retiefstr in Tulbagh tender was only finilised by the end of March as an appeal was lodged by another bidder.

Corrective measures:

- Targets will still be met with the awarding of bids.

TecEl37 – *Decrease unaccounted electricity losses.*

Reason for target not achieved:

- Theft of electricity is high in the informal areas. Nduli alone accounts for approximately 3% losses of total purchases. This does not include Pine Valley and Chris Hani.
- Without any record of meter audits, the accuracy of our billing meters cannot be verified.
- All electricity sales figures are drawn off Poseidon which is populated by Finance. The assumption is that these figures are correct.
- Since Eskom sales are billed the end of the current month and the Municipality billing a month or two after the current month, we have a lag effect, especially when transitioning between high and low seasons. Over the year however this will equal out.

Corrective measures:

- Implementation of “Strategy to address illegal connections” policy recently submitted.
- Conducting of billing meter audit, especially large power users

CorpHR13 – *Percentage budget spend on the implementation of the Workplace Skills Plan.*

Reason for target not achieved:

- Bidders did not comply in terms of Bid pre-specidfications. Cancellations need to be reported to Treasury before embarking on new process

Corrective measures:

- Tender processes being referred back to SCM Committees.

MM2 – *Percentage expenditure on capital budget for the whole municipality.*

Reason for target not achieved:

- Main reasons were adjusted budgets with the approval of the annual adjustment budget by end of February. A couple of tenders were also delayed due to appeals and non-responsive bidders. See comments under TecDir3 & ComDir2 for detailed information.

Corrective measures:

- All available funds are committed and bidding awards has been finalised. Planned expenditure targets will be met.

FinFAdm11 – *Financial viability expressed outstanding service debtors*

Reason for target not achieved:

- 24 % of the outstanding debt is in respect of prescribed debt and debt of indigent households.

Corrective measures:

- Report submitted to councils task team to consider writing off of prescribed debt and debt of indigent households

FinInc15 – *Increased revenue collection*

Reason for target not achieved:

- The drought negatively effects the employment opportunities resulting that households canot afford to pay their municipal accounts.

Corrective measures:

- Council established a task team to investigate measures to improve debt collection as well as the installation of water management devices.

ComDir2 – *Percentage expenditure on Capital Budget by Community Directorate*

Reason for target not achieved:

- Delay in transfer of funding for Capital projects due to mSCOA challenges.

Corrective measures:

- When mSCOA challenges is sorted, capital projects can be finalised.

ComHS15 – *Number of rental stock transferred.*

Reason for target not achieved:

- Attorney indicated that he struggled to get documents signed by beneficiaries who did not show for their appointments.
- Extended RCC (rates clearance certificates) were required for 9 properties from the Finance Department and was delayed.
- Registration of N'duli properties are linked to lost VA for certain titles at the deeds office

Corrective measures:

- Lost VA's were found, RCC again requested and received by Agent (Dykes Van Heerden) and Attorney and will be lodge by middle November 2017

- 4 applications lodge on 3 October 2017 – registration 3 weeks after lodgement – Attorney
- Signed documents already handed in for signature of MM and send back) – Attorney needs to expedite lodgement