



ANNEXURE A

DRAFT BUDGET DOCUMENT

2024/2025

Medium-Term Revenue and Expenditure Framework

Prepared in terms of the local government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009.



ANNUAL DRAFT BUDGET

2024/2025

SWELLENDAM MUNICIPALITY

“Working & Growing Together!”

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from the provincial or national government or other municipalities.

AFS – Annual Financial Statements.

Budget – The financial plan of the Swellendam Municipality.

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

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the municipality's Statement of Financial Position.

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

CFO – Chief Financial Officer of the Swellendam Municipality.

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

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

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

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

GRAP – Generally Recognised Accounting Practice. The standard for municipal accounting and the basis upon which the AFS are prepared.

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

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MBRR – Local government: Municipal Finance Management Act (No. 56 of 2003): Municipal budget and reporting regulations.

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

MTREF – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative of further two years budget allocations. Also includes details of the previous three years and current year's financial position.

NT – National Treasury

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all of its liabilities. This means the net assets of the municipality equate to the "net wealth" of the municipality after all assets were sold/recovered and all liabilities paid. Transactions that 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 the municipality such as salaries and wages.

Rates – Local government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in rand.

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 the municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, spending without, or more than, an approved budget.

Virement – A transfer of budget.

Virement Policy – The policy that sets out the rules for budget transfers.

Vote – One of the main segments into which a budget is divided. In Swellendam Municipality this means at directorate level. The votes for Swellendam therefore are:

- Municipal Manager;
- Corporate Services;
- Financial Services;
- Engineers Services; and
- Community Services

Part 1 – Annual Budget

Section 1 – Mayor's Report

I wish to give a summary of what my intent was with the compiling process of the 2024/25 budget and what we as council envisage to achieve with it.

Will be provided at the meeting.

Section 2 - Council Resolutions

The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Financial Management Act, (Act 56 of 2003) approved and adopted the following resolutions:

The annual budget for the financial year 2023/24 contains multi-year and single-year capital appropriations as set out in the following tables:

- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.

The annual budget as tabled for the financial year 2023/24 also contains the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
- Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
- Cash-backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8;
- Asset management as contained in Section 4 of the annual budget report Table A9; and
- Basic service delivery measurement is contained in Section 4 of the annual budget report Table A10.

The proposed tariffs, charges and fees for 2023/24 for property rates; electricity services; water services; sanitation services; solid waste services and other services charges are set out under Annexure B.

Budget related policies

The contents of the annual budget are set out in section 17 of the MFMA. The following budget-related policies were reviewed and have been circulated by email to all councillors, as it is too costly to circulate printed copies. It is recommended that the following policies be approved with effect from 1 July 2023 and be placed on the municipal website and be available at various municipal buildings. The policies are included under Annexure C.

- Customer care, credit control and debt collection policy
- Asset Management policy
- Supply Chain Management Policy (Incorporating Infrastructure, Construction and Preferential Procurement)
- Budget Implementation and Management policy
- Banking, Cash Management and Investment policy
- Tariff policy
- Bad Debt Write-Off policy
- Petty Cash policy
- Unauthorised, Irregular, Fruitless and Wasteful Expenditure policy
- Funding and Reserves policy
- Borrowing policy
- Indigent Support policy
- Rates policy
- Cost Containment policy
- Restriction policy

Borrowing

To supplement the capital budget to address the needs as identified in the IDP, it is proposed that the council note the drawdown of the approved borrowings in 2024/2025 to the amount of R7,7 million over the MTREF.

Section 3 - Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No. 126 and 128 were used to guide the compilation of the 2023/24 MTREF.

The following table is a consolidated overview of the proposed 2024/25 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview

	Adjustment Budget 2023/24 R'000	Original Budget 2024/25 R'000	% Change
Total Revenue (including Capital Grants)	514 609	543 466	5,6%
Total Operating Expenditure	495 677	520 817	5,1%
Transfers and subsidies (Capital In-Kind)	4 781	Nil	(100)
Surplus / (Deficit)	23 714	22 649	
Capital Expenditure	74 903	63 419	(15,3%)

The total revenue has increased by 5,6% in the 2024/25 financial year when compared to the 2023/24 adjustment budget due to tariff increases. Operating expenditure has increased by 5,1% in the 2024/25 financial year which is due to the impact of the tariff increase for bulk purchase electricity.

Total operating expenditure for the 2024/25 financial year has been appropriated at R520,817 million, resulting in an operating budgeted surplus of R22,649 million.

When capital grants are deducted and non-cash entries are added back, the budget is cash-funded.

The capital budget of R63,419 million for 2024/25 is 15,3% lower when compared to the 2023/24 adjustment budget. The capital budget will be funded from conditional grants, external borrowings, as well as the Capital Replacement Fund. The Capital Replacement Fund will contribute R9,01 million of the capital expenditure.

3.1 Operating Revenue Framework

For Swellendam to improve the quality of services to its citizens, it needs to generate the required revenue to fund the costs of delivering the services as anticipated. In these tough economic times, strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures, such as employee cost against realistically anticipated revenues.

The following table is a summary of the 2024/25 MTREF (classified by main revenue source):

Table 2 - Summary of revenue classified by main revenue source

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue										
Exchange Revenue										
Service charges - Electricity	2	87 976	100 013	97 473	113 936	113 655	113 655	127 465	141 695	157 728
Service charges - Water	2	17 850	19 924	22 509	25 388	22 415	22 415	26 492	28 876	31 475
Service charges - Waste Water Management	2	21 102	18 326	19 386	20 521	20 497	20 497	21 463	23 027	25 002
Service charges - Waste Management	2	10 978	12 032	12 749	14 707	14 639	14 639	17 224	18 602	20 090
Sale of Goods and Rendering of Services		3 114	3 267	2 900	2 736	2 889	2 889	3 010	3 148	3 293
Agency services		2 470	2 606	2 728	3 062	2 817	2 817	2 955	3 091	3 233
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		1 199	2 083	1 855	1 880	1 709	1 709	1 802	1 910	2 025
Interest earned from Current and Non Current Assets		3 513	4 294	7 681	6 660	9 015	9 015	9 000	7 500	6 500
Dividends		1	2	2	2	2	2	2	2	2
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		798	804	916	867	1 046	1 046	616	644	674
Licence and permits		1 248	1 286	1 300	1 410	1 230	1 230	1 187	1 241	1 299
Operational Revenue		12 790	508	4 166	415	2 698	2 698	1 412	1 415	1 418
Non-Exchange Revenue										
Property rates	2	42 797	45 860	50 116	57 462	56 353	56 353	63 336	69 045	75 269
Surcharges and Taxes		-	-	955	994	960	960	1 443	1 635	1 924
Fines, penalties and forfeits		35 280	45 279	42 514	47 744	47 278	47 278	49 067	51 227	53 483
Licences or permits		-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		50 003	64 189	55 889	117 848	155 679	155 679	158 843	107 444	77 352
Interest		96	205	325	324	387	387	410	435	461
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		2 996	3 267	3 314	3 487	3 433	3 433	3 803	3 987	4 210
Gains on disposal of Assets		513	412	334	4 399	5	5	-	-	-
Other Gains		11	2 852	5 080	12 847	13 211	13 211	7 224	7 729	8 271
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribut		294 733	327 209	332 192	436 688	469 921	469 921	496 753	472 655	473 708

Revenue generated from rates and service charges forms a significant percentage of the revenue basket of the municipality. Rates and service charge revenues comprise 51,82% of the total revenue mix. The percentage of revenue generated from rates and service charges in comparison with total revenue is largely due to the share that the sale of electricity contributes to the total revenue mix. This also clearly indicated that the municipality's revenue base is very dependent on the sale of electricity and thus any external decision impacts it, influencing the revenue in particular and the total budget.

This electricity sensitivity is not healthy for the municipality and could have a severe impact if this important revenue resource is threatened by external factors and/or if it is to be withdrawn as a critical function from municipalities. The above table includes revenue foregone and tax rebates arising from discounts and rebates associated with the tariff policies of the municipality, as the revenue indicated reflects net figures.

Operating grants and transfers represent R158,843 million in the 2024/25 financial year. This amount and the amounts for the outer years are minimum guaranteed transfers from the national government as gazette in the latest DORA. The aforementioned amount has a direct link to expenditure on operational grants and is only recognized as revenue when the conditions of the transfers made have been met. It might differ from the grants received.

The following table gives a breakdown of the various capital and operating grants and subsidies allocated to the municipality over the medium term as proclaimed in the government gazette:

Table 3 Operating Transfers and Grant Receipts

WC034 Swellendam - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		34 010	37 491	43 029	49 895	49 662	49 662	54 154	54 741	57 684
Operational Revenue: General Revenue: Equitable Share		32 613	36 859	39 675	43 487	43 487	43 487	46 412	49 522	52 787
Energy Efficiency and Demand-side [Schedule 5B]		–	391	–	–	–	–	391	522	–
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		–	–	1 497	1 541	1 541	1 541	1 305	–	–
Local Government Financial Management Grant [Schedule 5B]		–	(2 015)	–	1 770	1 770	1 770	1 800	1 900	2 000
Municipal Disaster Grant [Schedule 5B]		–	–	235	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		–	–	–	2 328	2 173	2 173	2 293	2 367	2 506
Water Services Infrastructure Grant		1 397	2 255	1 622	769	692	692	1 304	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	649	430	391
Provincial Government:		163	1 923	8 799	67 953	101 769	101 769	105 093	53 073	20 061
Capacity Building and Other		–	1 781	8 761	67 190	77 570	77 570	104 902	53 003	19 988
Infrastructure		163	143	38	763	24 198	24 198	190	70	73
District Municipality:		–	90	157	–	9	9	–	–	–
All Grants		–	90	157	–	9	9	–	–	–
Other Grant Providers:		–	–	1 292	–	–	–	–	–	–
Departmental Agencies and Accounts		–	–	1 292	–	–	–	–	–	–
Total Operating Transfers and Grants	5	34 173	39 505	53 278	117 848	151 440	151 440	159 247	107 814	77 745

WC034 Swellendam - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		9 310	17 645	14 074	16 183	14 932	14 932	26 522	17 593	14 512
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		–	–	(60)	–	–	–	4 326	2 870	2 609
Municipal Infrastructure Grant [Schedule 5B]		–	–	3 318	11 059	10 319	10 319	10 891	11 245	11 903
Energy Efficiency and Demand Side Management Grant		–	2 609	1	–	–	–	2 609	3 478	–
Water Services Infrastructure Grant [Schedule 5B]		9 310	15 036	10 815	5 124	4 612	4 612	8 696	–	–
Provincial Government:		1 287	54 347	34 947	4 057	9 398	9 398	20 191	8 000	2 000
Capacity Building and Other		200	53 397	34 945	1 100	2 877	2 877	609	–	–
Infrastructure		1 087	951	2	2 957	6 522	6 522	19 583	8 000	2 000
District Municipality:		–	–	442	–	461	461	–	–	–
All Grants		–	–	442	–	461	461	–	–	–
Total Capital Transfers and Grants	5	10 597	71 992	49 463	20 240	24 791	24 791	46 713	25 593	16 512
TOTAL RECEIPTS OF TRANSFERS & GRANTS		44 770	111 497	102 741	138 088	176 231	176 231	205 960	133 407	94 257

Tariff setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the upper limit (ceiling) of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consists of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement, etc. For this reason, the existing and prescribed inflation rate of $\pm 4,9\%$ is considered to be too low.

It is proposed that Council note that the municipality will not be able to perform its mandate if the proposed tariff increases are not implemented and that it will impact the municipality's cash position negatively.

Municipalities have to review the level and structure of their water and sanitation tariffs carefully to ensure that water and sanitation tariffs are on aggregate fully cost-reflective – inclusive of the bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure and the cost of new infrastructure. Water and sanitation tariffs must also be structured to protect basic levels of service and water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g., through inclining block tariffs).

It is for this reason that a more-than-normal tariff increase was applied this year and will have the same effect in the years to come.

The proposed average tariff increases / (decreases) are set at:

- Property rates - 9%
- Electricity - 14.42% (Await final approval from NERSA)
- Water - 14.5%
- Refuse Removal - 18%
- Sewerage - 7.5%

The overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on income range middle and affordable households, as well as on indigent households receiving free basic services:

Table 5– Household bills

1. Use as a basis property value of R700 000, 1 000 kWh electricity and 30kl water
WC034 Swellendam - Supporting Table SA14 Household bills

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25 % incr.	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		514.32	547.75	591.57	451.53	451.53	451.53	9.0%	492.17	536.46	584.74
Electricity: Basic levy		108.90	124.79	134.11	154.36	154.36	154.36	11.4%	171.98	191.36	213.10
Electricity: Consumption		1 863.40	2 135.27	2 311.03	2 660.00	2 660.00	2 660.00	11.4%	2 964.27	3 298.35	3 673.04
Water: Basic levy		89.91	98.00	103.88	111.15	111.15	111.15	14.5%	127.27	138.73	151.21
Water: Consumption		330.87	350.72	377.43	405.08	405.08	405.08	14.5%	463.82	505.56	551.06
Sanitation		283.77	300.80	318.85	341.17	341.17	341.17	7.5%	366.75	392.43	427.75
Refuse removal		161.65	176.20	189.94	216.53	216.53	216.53	18.0%	255.51	275.95	298.03
Other		–	–	–	–	–	–	–	–	–	–
sub-total		3 352.82	3 733.53	4 026.82	4 339.83	4 339.83	4 339.83	11.6%	4 841.77	5 338.83	5 898.92
VAT on Services		425.78	477.87	515.29	583.24	583.24	583.24		652.44	720.36	797.13
Total large household bill:		3 778.60	4 211.40	4 542.11	4 923.07	4 923.07	4 923.07	11.6%	5 494.21	6 059.19	6 696.05
% increase/-decrease			11.5%	7.9%	8.4%	–	–		11.6%	10.3%	10.5%

2. Use as a basis property value of R500 000, 500 kWh electricity and 25kl water

WC034 Swellendam - Supporting Table SA14 Household bills

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25 % incr.	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Rand/cent											
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		364.15	387.82	418.85	319.70	319.70	319.70	9.0%	348.47	379.83	414.02
Electricity: Basic levy		108.78	124.79	134.11	154.36	154.36	154.36	11.4%	171.98	191.36	213.10
Electricity: Consumption		743.40	759.11	815.81	939.00	939.00	939.00	11.4%	1 046.18	1 164.08	1 296.32
Water: Basic levy		89.91	98.01	103.89	111.16	111.16	111.16	14.5%	127.28	138.73	151.22
Water: Consumption		264.52	280.39	301.74	323.85	323.85	323.85	14.5%	370.81	404.18	440.56
Sanitation		283.77	300.80	318.85	341.17	341.17	341.17	7.5%	366.75	392.43	427.75
Refuse removal		161.64	176.19	189.93	216.53	216.53	216.53	18.0%	255.50	275.94	298.02
Other		–	–	–	–	–	–	–	–	–	–
sub-total		2 016.18	2 127.10	2 283.18	2 405.76	2 405.76	2 405.76	11.7%	2 686.96	2 946.55	3 240.97
VAT on Services		247.80	260.89	279.65	312.91	312.91	312.91		350.77	385.01	424.04
Total small household bill:		2 263.99	2 388.00	2 562.83	2 718.67	2 718.67	2 718.67	11.7%	3 037.74	3 331.56	3 665.01
% increase/-decrease			5.5%	7.3%	6.1%	–	–		11.7%	9.7%	10.0%

3. Use as basis property value of R300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

WC034 Swellendam - Supporting Table SA14 Household bills

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25 % incr.	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Rand/cent											
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		364.15	387.82	418.85	319.70	319.70	319.70	9.0%	348.47	379.83	414.02
Electricity: Basic levy		108.78	124.79	134.11	154.36	154.36	154.36	11.4%	171.98	191.36	213.10
Electricity: Consumption		743.40	759.11	815.81	939.00	939.00	939.00	11.4%	1 046.18	1 164.08	1 296.32
Water: Basic levy		89.91	98.01	103.89	111.16	111.16	111.16	14.5%	127.28	138.73	151.22
Water: Consumption		264.52	280.39	301.74	323.85	323.85	323.85	14.5%	370.81	404.18	440.56
Sanitation		283.77	300.80	318.85	341.17	341.17	341.17	7.5%	366.75	392.43	427.75
Refuse removal		161.64	176.19	189.93	216.53	216.53	216.53	18.0%	255.50	275.94	298.02
Other		—	—	—	—	—	—	—	—	—	—
sub-total		2 016.18	2 127.10	2 283.18	2 405.76	2 405.76	2 405.76	11.7%	2 686.96	2 946.55	3 240.97
VAT on Services		247.80	260.89	279.65	312.91	312.91	312.91		350.77	385.01	424.04
Total small household bill:		2 263.99	2 388.00	2 562.83	2 718.67	2 718.67	2 718.67	11.7%	3 037.74	3 331.56	3 665.01
% increase/-decrease			5.5%	7.3%	6.1%	—	—		11.7%	9.7%	10.0%

It is almost impossible to project the impact on households as a result of the new valuation roll. The National Treasury comparisons were used to indicate the below impact:

1. Middle-income range 11,6% per month
2. Affordable range 11,7% per month
3. Indigent range 11,7% per month

Income forgone (Free Basic Services and other rebates)

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. Rebates and exemptions in terms of section 15 of the Municipal Property Rates Act (No. 6 of 2004) apply to those who qualify for it in terms of the act.

Currently, all residential households qualified as indigents receive 6kl water and 50kWh electricity as free basic services and all residential households qualified as poor receive 6kl water and 20kWh electricity as free basic services.

To receive these rebates and free services the households are required to register in terms of the Municipality's Indigent Policy.

At present, there are 1,885 indigent households and 287 poor households which are entitled to rebates and subsidies as defined and set out in the Council's Credit Control Policy.

The total cost of the social package in respect of the income forgone on free services is largely financed by the national government through the local government equitable share received in terms of the annual Division of Revenue Act. The rebates on the tax are largely discounted as a direct cost.

3.2 Operating Expenditure Framework

The following table is a high-level summary of the 2024/25 budget and MTREF (classified per the main type of operating expenditure):

Table 6 - Summary of operating expenditure by standard classification item**WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Expenditure										
Employee related costs	2	108 007	113 898	108 484	142 965	139 191	139 191	149 627	157 309	168 978
Remuneration of councillors		5 319	5 616	5 607	6 083	6 083	6 083	6 326	6 580	6 843
Bulk purchases - electricity	2	68 852	82 613	79 694	95 137	97 690	97 690	112 368	125 184	140 325
Inventory consumed	8	10 284	10 867	16 403	18 928	19 318	19 318	11 541	11 809	12 215
Debt impairment	3	34 743	19 148	8 629	29 302	18 996	18 996	16 021	16 967	17 826
Depreciation and amortisation		8 635	14 398	16 157	16 178	20 463	20 463	21 089	21 722	22 373
Interest		4 771	4 547	8 847	6 301	8 671	8 671	8 156	8 482	7 748
Contracted services		34 577	31 090	29 358	95 295	111 816	111 816	136 177	86 144	55 130
Transfers and subsidies		1 193	446	530	1 185	1 325	1 325	1 200	1 200	1 200
Irrecoverable debts written off		1 217	13 900	26 793	13 613	24 669	24 669	27 462	28 696	29 916
Operational costs		25 526	27 101	26 162	30 932	47 456	47 456	30 852	31 155	32 168
Losses on disposal of Assets		2 161	1 052	1 052	129	-	-	-	-	-
Other Losses		-	39	-	12	-	-	-	-	-
Total Expenditure		305 286	324 716	327 716	456 060	495 677	495 677	520 817	495 246	494 721

The budgeted allocation for employee-related costs (including remuneration of councillors) for the 2024/25 financial year totals R155,9 million, which represents 29,94% of the total expenditure budget. Salary increases have been factored into this budget at a percentage increase of 4.9% for the 2023/24 financial year.

The cost associated with the remuneration of councillors is determined by the Minister of Co-Operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

The provision for debt impairment was determined based on an annual collection rate of 97%. In the previous financial year, the collection rate was 97,4% and currently, for this financial year, it is 96,2%.

Provision for depreciation and asset impairment has been informed by the asset register and proposed capital budget. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total to R21,089 million for the 2024/25 financial year and represent 4,04% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges - representing 1,56% (R8,156 million) of operating expenditure, excluding annual redemption for 2024/25.

Bulk purchases are directly influenced by the purchase of electricity from Eskom. The annual price increases of 12,72% have been factored into the budget appropriations and directly impacted the revenue provisions. The expenditure includes distribution losses. Bulk purchases represent 21,57% (R112,368 million) of operating expenditure for the 2024/25 financial year.

Inventory consumed represents 2,21% (R11,541 million) of operating expenditure for the 2024/25 financial year.

Contracted services represent 26,14% (R136,177 million) of operating expenditure for the 2024/25 financial year.

Transfers and subsidies represent 0,23% (R1,2 million) of operating expenditure for the 2024/25 financial year.

Other expenditure comprises of various line items relating to the daily operations of the municipality; for example, the operational expenditure on grants and subsidies, repairs and maintenance and other services. Growth on individual items other than those linked to grant expenditure has been limited. Further details relating to other expenditures can be seen in Table SA1.

Repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance are not considered a direct expenditure driver, but rather an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. At current, the municipality cannot report on the outcome of the different cost drivers combined with repairs and maintenance. The table below provides a breakdown of the repairs and maintenance to the asset class and reflects only purchases of materials and some contracted services.

Table 7 - Repairs and maintenance per asset class

WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		10 043	10 554	12 892	18 086	15 749	15 749	18 863	19 016	19 666
Roads Infrastructure		3 777	3 866	6 821	7 322	7 613	7 613	7 979	8 261	8 547
Roads		3 480	3 650	6 521	6 975	7 307	7 307	7 665	7 941	8 220
Road Furniture		297	216	300	348	306	306	314	320	326
Storm water Infrastructure		484	404	448	520	359	359	352	364	377
Drainage Collection		484	404	448	520	359	359	352	364	377
Electrical Infrastructure		1 460	1 905	2 205	2 510	2 323	2 323	2 381	2 438	2 496
HV Transmission Conductors		1 318	1 596	1 457	1 545	1 431	1 431	1 514	1 544	1 575
MV Networks		-	-	79	196	170	170	142	147	153
LV Networks		142	309	669	769	721	721	726	747	768
Water Supply Infrastructure		1 204	1 009	656	981	958	958	1 319	958	983
Dams and Weirs		7	7	15	108	68	68	445	63	65
Reservoirs		899	743	5	53	64	64	53	55	57
Water Treatment Works		298	260	5	146	117	117	87	90	94
Distribution		-	-	631	673	709	709	735	751	767
Sanitation Infrastructure		1 069	1 311	375	1 092	1 136	1 136	1 168	1 210	1 254
Waste Water Treatment Works		1 069	1 311	375	1 092	1 136	1 136	1 168	1 210	1 254
Solid Waste Infrastructure		2 049	2 058	2 387	5 660	3 360	3 360	5 615	5 734	5 959
Landfill Sites		2 049	2 058	2 387	5 660	3 360	3 360	5 615	5 734	5 959
Information and Communication Infrastructure		-	-	-	-	-	-	50	51	52
Distribution Layers		-	-	-	-	-	-	50	51	52

WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Community Assets		660	405	739	973	869	869	585	601	617
Community Facilities		524	274	577	758	715	715	416	428	440
Halls		78	39	208	433	334	334	211	218	226
Centres		89	22	43	-	-	-	-	-	-
Libraries		109	27	151	66	192	192	-	-	-
Cemeteries/Crematoria		47	57	6	17	10	10	16	16	17
Parks		200	128	169	242	179	179	189	194	198
Sport and Recreation Facilities		136	131	162	215	154	154	168	173	177
Outdoor Facilities		136	131	162	215	154	154	168	173	177
Investment properties		74	13	6	84	123	123	270	281	292
Non-revenue Generating		74	13	6	84	123	123	270	281	292
Unimproved Property		74	13	6	84	123	123	270	281	292

WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Other assets		1 011	625	408	486	601	601	621	643	667
Operational Buildings		1 011	625	408	486	601	601	621	643	667
Municipal Offices		1 003	619	401	464	588	588	607	629	652
Yards		—	—	—	6	3	3	3	3	3
Stores		8	5	7	16	10	10	11	11	11
Computer Equipment		61	16	30	25	65	65	30	31	31
Computer Equipment		61	16	30	25	65	65	30	31	31
Furniture and Office Equipment		107	120	2	14	9	9	8	8	8
Furniture and Office Equipment		107	120	2	14	9	9	8	8	8
Machinery and Equipment		10 983	10 200	10 060	490	588	588	380	392	404
Machinery and Equipment		10 983	10 200	10 060	490	588	588	380	392	404
Transport Assets		1 859	3 296	3 299	3 951	3 899	3 899	3 638	3 775	3 917
Transport Assets		1 859	3 296	3 299	3 951	3 899	3 899	3 638	3 775	3 917
Total Repairs and Maintenance Expenditure	1	24 798	25 229	27 437	24 109	21 903	21 903	24 394	24 747	25 603
R&M as a % of PPE		6.6%	5.5%	5.4%	4.3%	3.9%	3.9%	4.0%	4.3%	4.5%
R&M as % Operating Expenditure		8.1%	7.8%	8.4%	5.3%	4.4%	4.4%	9.0%	4.8%	5.2%

For the 2024/25 financial year repairs and maintenance form part of 9,0% of the total expenditure.

Table 8 - Grants made by the municipality

WC034 Swellendam - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Cash Transfers to Organisations										
Operational		200	–	440	1 050	1 190	1 190	1 115	1 115	1 115
Total Cash Transfers To Organisations		200	–	440	1 050	1 190	1 190	1 115	1 115	1 115
Cash Transfers to Groups of Individuals										
Operational		792	231	90	135	135	135	85	85	85
Total Cash Transfers To Groups Of Individuals:		792	231	90	135	135	135	85	85	85
TOTAL CASH TRANSFERS AND GRANTS	6	992	231	530	1 185	1 325	1 325	1 200	1 200	1 200
Non-Cash Transfers to Groups of Individuals										
Operational	5	200	215	–	–	–	–	–	–	–
Total Non-Cash Grants To Groups Of Individuals:		200	215	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		200	215	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	6	1 193	446	530	1 185	1 325	1 325	1 200	1 200	1 200

For the 2024/25 financial year, Cash transfers to organisations will amount to R1,2 million.

3.3 Capital expenditure

The table below provides a breakdown of budgeted capital expenditure by vote.

Table 9 - Capital budget per vote

WC034 Swellendam - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2024/25 Medium Term Revenue & Expenditure Framework		
		Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital expenditure	1			
Vote 1 - MUNICIPAL MANAGER		50	60	50
Vote 2 - FINANCIAL SERVICES		1 135	630	460
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		34 265	20 874	19 111
Vote 4 - COMMUNITY SERVICES		27 969	7 675	2 670
Total Capital Expenditure		63 419	29 239	22 291

The table below provides a breakdown of budgeted capital expenditure for new assets per asset class.

Table 10 - Capital budget per asset class

WC034 Swellendam - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	–	29 845	10 926	29 079	29 079	26 657	8 715	4 754
Roads Infrastructure		–	–	17 839	983	1 118	1 118	6 722	260	600
Roads		–	–	17 839	200	200	200	6 113	260	600
Road Furniture		–	–	–	783	918	918	609	–	–
Electrical Infrastructure		–	–	238	2 174	11 160	11 160	4 326	2 870	2 609
LV Networks		–	–	238	2 174	11 160	11 160	4 326	2 870	2 609
Water Supply Infrastructure		–	–	4 150	1 911	9 494	9 494	6 619	2 700	700
Reservoirs		–	–	–	–	1 739	1 739	–	–	–
Pump Stations		–	–	–	92	136	136	–	–	–
Water Treatment Works		–	–	90	1 819	7 618	7 618	319	–	–
Distribution		–	–	4 060	–	–	–	6 300	2 700	700
Sanitation Infrastructure		–	–	6 655	5 548	6 473	6 473	7 900	2 700	700
Pump Station		–	–	61	3 000	3 655	3 655	1 000	–	–
Reticulation		–	–	6 197	1 100	2 400	2 400	6 300	2 700	700
Waste Water Treatment Works		–	–	398	1 418	418	418	600	–	–
Capital Spares		–	–	–	30	–	–	–	–	–
Solid Waste Infrastructure		–	–	297	211	185	185	610	105	65
Landfill Sites		–	–	–	–	–	–	460	–	–
Waste Transfer Stations		–	–	297	100	67	67	–	–	–
Waste Drop-off Points		–	–	–	111	118	118	150	105	65
Coastal Infrastructure		–	–	386	–	–	–	–	–	–
Revetments		–	–	386	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	279	100	650	650	480	80	80
Distribution Layers		–	–	279	100	650	650	480	80	80
Community Assets		437	11 555	174	–	210	210	–	790	–
Community Facilities		437	11 555	174	–	210	210	–	–	–
Libraries		–	10	174	–	210	210	–	–	–
Parks		437	11 545	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	790	–
Outdoor Facilities		–	–	–	–	–	–	–	790	–
Other assets		–	–	1 765	325	468	468	60	110	110
Operational Buildings		–	–	1 765	275	420	420	60	60	60
Municipal Offices		–	–	–	200	395	395	60	60	60
Workshops		–	–	–	75	25	25	–	–	–
Stores		–	–	1 765	–	–	–	–	–	–
Housing		–	–	–	50	48	48	–	50	50
Social Housing		–	–	–	50	48	48	–	50	50
Computer Equipment		915	1 007	426	240	1 000	1 000	275	300	300
Computer Equipment		915	1 007	426	240	1 000	1 000	275	300	300
Furniture and Office Equipment		278	798	1 772	239	644	644	600	500	205
Furniture and Office Equipment		278	798	1 772	239	644	644	600	500	205
Machinery and Equipment		18 829	79 576	1 693	1 140	2 723	2 723	885	866	657
Machinery and Equipment		18 829	79 576	1 693	1 140	2 723	2 723	885	866	657
Transport Assets		933	2 159	4 522	4 781	4 866	4 866	5 885	280	100
Transport Assets		933	2 159	4 522	4 781	4 866	4 866	5 885	280	100
Land		–	–	–	–	4 446	4 446	–	–	–
Land		–	–	–	–	4 446	4 446	–	–	–
Total Capital Expenditure on new assets	1	21 392	95 095	40 196	17 651	43 436	43 436	34 362	11 560	6 126

For 2024/25 an amount of R51,454 million has been appropriated for the development of all infrastructure which represents 81,13% of the total capital budget.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management) whilst Tables SA34a, SA34b, SA34c, SA34d and SA34e provide a detailed breakdown of the capital program relating to new asset construction, capital asset renewal, operational repairs and maintenance, depreciation charges and capital asset upgrading by asset class.

The table below provides a breakdown of budgeted capital expenditure by funding source.

Table 11 – Budgeted Capital Expenditure by funding source

WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Funded by:										
National Government		–	–	16 769	16 183	23 846	23 846	26 522	17 593	14 512
Provincial Government		–	33	30 835	8 838	25 163	25 163	20 191	5 660	2 000
District Municipality		–	–	498	–	526	526	–	–	–
Transfers recognised - capital	4	–	33	48 102	25 021	49 535	49 535	46 713	23 253	16 512
Borrowing	6	–	–	7 211	3 598	5 717	5 717	7 700	–	650
Internally generated funds		–	–	4 654	17 712	19 651	19 651	9 006	5 987	5 129
Total Capital Funding	7	–	33	59 967	46 330	74 903	74 903	63 419	29 239	22 291

Section 4 - Annual Budget Tables

Section 4 presents the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2024/25 budget and MTREF as tabled to the council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary**WC034 Swellendam - Table A1 Budget Summary**

Description	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands									
Financial Performance									
Property rates	42 797	45 860	50 116	57 462	56 353	56 353	63 336	69 045	75 269
Service charges	137 905	150 295	152 118	174 551	171 207	171 207	192 644	212 200	234 295
Investment revenue	3 513	4 294	7 681	6 660	9 015	9 015	9 000	7 500	6 500
Transfer and subsidies - Operational	50 003	64 189	55 889	117 848	155 679	155 679	158 843	107 444	77 352
Other own revenue	60 515	62 569	66 388	80 167	77 666	77 666	72 930	76 465	80 292
Total Revenue (excluding capital transfers and contributions)	294 733	327 209	332 192	436 688	469 921	469 921	496 753	472 655	473 708
Employee costs	108 007	113 898	108 484	142 965	139 191	139 191	149 627	157 309	168 978
Remuneration of councillors	5 319	5 616	5 607	6 083	6 083	6 083	6 326	6 580	6 843
Depreciation and amortisation	8 635	14 398	16 157	16 178	20 463	20 463	21 089	21 722	22 373
Interest	4 771	4 547	8 847	6 301	8 671	8 671	8 156	8 482	7 748
Inventory consumed and bulk purchases	79 136	93 480	96 097	114 064	117 008	117 008	123 909	136 993	152 540
Transfers and subsidies	1 193	446	530	1 185	1 325	1 325	1 200	1 200	1 200
Other expenditure	98 225	92 330	91 993	169 284	202 936	202 936	210 511	162 962	135 039
Total Expenditure	305 286	324 716	327 716	456 060	495 677	495 677	520 817	495 246	494 721
Surplus/(Deficit)	(10 553)	2 493	4 476	(19 372)	(25 756)	(25 756)	(24 064)	(22 591)	(21 013)
Transfers and subsidies - capital (monetary allocation)	18 452	81 647	47 883	20 240	44 689	44 689	46 713	25 593	16 512
Transfers and subsidies - capital (in-kind)	14	–	–	4 781	4 781	4 781	–	–	–
Surplus/(Deficit) after capital transfers & contributions	7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)
Intercompany /Parent subsidiary transactions	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)
Capital expenditure & funds sources									
Capital expenditure	21 392	95 095	61 115	46 330	74 903	74 903	63 419	29 239	22 291
Transfers recognised - capital	–	33	48 102	25 021	49 535	49 535	46 713	23 253	16 512
Borrowing	–	–	7 211	3 598	5 717	5 717	7 700	–	650
Internally generated funds	–	–	4 654	17 712	19 651	19 651	9 006	5 987	5 129
Total sources of capital funds	–	33	59 967	46 330	74 903	74 903	63 419	29 239	22 291
Financial position									
Total current assets	141 494	154 631	183 423	137 537	143 897	143 897	114 042	139 800	140 678
Total non current assets	391 145	473 404	521 401	573 803	575 920	575 920	618 171	583 359	575 759
Total current liabilities	85 733	98 393	85 335	107 090	86 089	86 089	73 969	84 147	84 528
Total non current liabilities	101 385	104 379	119 446	123 392	126 313	126 313	125 440	125 856	126 254
Community wealth/Equity	345 521	425 263	483 701	480 859	507 415	507 415	532 804	513 157	505 847
Cash flows									
Net cash from (used) operating	(175 081)	(74 743)	(84 860)	21 888	39 046	39 046	39 449	30 339	23 344
Net cash from (used) investing	(1 121)	(30 347)	(7 777)	3 976	(74)	(74)	(63 419)	(29 239)	(22 291)
Net cash from (used) financing	(532)	664	(837)	(35)	(35)	(35)	(3 790)	(3 452)	(3 152)
Cash/cash equivalents at the year end	(88 534)	5 357	19 850	141 974	160 711	160 711	60 847	58 495	56 396
Cash backing/surplus reconciliation									
Cash and investments available	109 782	113 324	121 773	89 968	83 371	83 371	61 653	87 135	87 467
Application of cash and investments	47 092	58 683	34 525	30 196	29 052	29 052	27 024	36 912	36 900
Balance - surplus (shortfall)	62 690	54 641	87 249	59 772	54 319	54 319	34 629	50 223	50 568
Asset management									
Asset register summary (WDV)	390 882	472 826	521 163	573 226	575 603	575 603	617 933	583 120	575 520
Depreciation	8 635	14 398	16 157	16 178	20 463	20 463	21 089	21 722	22 373
Renewal and Upgrading of Existing Assets	–	–	20 918	28 679	31 467	31 467	29 057	17 679	16 165
Repairs and Maintenance	24 798	25 229	27 437	24 109	21 903	21 903	24 394	24 747	25 603
Free services									
Cost of Free Basic Services provided	17 431	19 807	14 534	19 352	17 775	17 775	22 361	24 184	26 346
Revenue cost of free services provided	4 114	4 276	4 657	4 654	6 058	6 058	6 669	7 260	7 904
Households below minimum service level									
Water:	–	–	1	1	1	1	1	1	1
Sanitation/sew erage:	–	–	1	1	1	1	1	1	1
Energy:	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow and MFMA funding compliance).
2. The table provides an overview of the amounts for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of how the municipal budget is being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.

The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) should be positive over the MTREF. The municipality still struggles to fund non-cash items such as depreciation, employee benefits etc from tariff increases.
- b. Capital expenditure is balanced by capital funding sources, of which:
 - Transfers recognised are reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing in the Cash Flow Budget;
 - Internally generated funds are supposed to be financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The municipality's cash flow should remain positive. The cash flow is indicating that there are limited cash resources available to fund the Capital Budget and that the municipality is dependent on borrowing and Government Grants and Subsidies to finance future capital needs; and
 - This scenario will remain a reality unless the council embarked on a process of building cash reserves which will have a direct impact on future tariffs and taxes to be levied.

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

WC034 Swellendam - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		85 306	89 438	96 490	103 244	103 507	103 507	110 927	115 471	122 785
Executive and council		15 886	19 836	31 588	27 331	25 158	25 158	23 152	24 301	25 253
Finance and administration		69 420	69 602	64 901	75 913	78 348	78 348	87 776	91 170	97 531
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		63 091	116 574	84 074	119 803	149 934	149 934	181 007	118 003	80 816
Community and social services		8 503	18 209	7 168	7 290	7 560	7 560	6 214	6 431	6 766
Sport and recreation		963	1 877	851	945	925	925	5 064	1 667	1 031
Public safety		38 839	48 859	46 124	47 659	47 278	47 278	53 106	55 454	57 908
Housing		14 786	47 630	29 931	63 910	94 171	94 171	116 623	54 451	15 111
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		1 604	2 019	9 542	8 473	9 103	9 103	11 178	9 958	10 727
Planning and development		1 592	1 883	2 840	3 007	3 229	3 229	2 817	2 205	2 315
Road transport		12	136	6 701	5 466	5 874	5 874	8 361	7 752	8 412
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		163 198	200 824	189 970	230 124	256 814	256 814	240 308	254 768	275 841
Energy sources		97 151	116 925	101 794	118 187	134 626	134 626	139 787	153 610	165 642
Water management		22 777	41 214	41 611	56 906	63 932	63 932	44 233	35 999	39 214
Waste water management		28 260	26 186	29 074	30 025	33 018	33 018	31 845	38 776	42 507
Waste management		15 010	16 498	17 492	25 006	25 238	25 238	24 442	26 383	28 478
<i>Other</i>	4	–	–	–	65	33	33	46	48	50
Total Revenue - Functional	2	313 198	408 856	380 076	461 709	519 390	519 390	543 466	498 247	490 220
Expenditure - Functional										
<i>Governance and administration</i>		87 099	83 768	85 034	105 613	109 434	109 434	99 482	103 132	108 678
Executive and council		28 265	24 710	27 286	21 860	22 949	22 949	22 585	23 673	25 097
Finance and administration		57 048	56 913	57 160	82 248	85 167	85 167	76 002	78 526	82 606
Internal audit		1 786	2 144	588	1 505	1 318	1 318	895	934	975
<i>Community and public safety</i>		70 512	67 681	69 002	136 621	152 363	152 363	175 650	127 810	98 937
Community and social services		6 766	8 523	8 621	11 141	10 684	10 684	11 374	11 977	13 077
Sport and recreation		10 144	10 897	11 339	12 371	12 322	12 322	13 105	14 022	15 156
Public safety		35 885	36 912	44 452	50 150	49 829	49 829	50 157	52 127	54 227
Housing		17 362	11 350	4 590	62 957	79 526	79 526	101 014	49 684	16 477
Health		355	–	1	1	1	1	–	–	–
<i>Economic and environmental services</i>		21 132	23 883	29 251	29 694	31 069	31 069	38 361	39 520	41 250
Planning and development		4 784	5 144	5 986	9 030	8 641	8 641	9 169	9 597	10 018
Road transport		16 347	18 600	22 538	20 020	21 583	21 583	29 193	29 923	31 232
Environmental protection		–	139	726	644	845	845	–	–	–
<i>Trading services</i>		125 517	148 593	143 935	182 761	201 580	201 580	205 680	222 685	243 706
Energy sources		84 746	99 131	93 702	112 790	129 542	129 542	130 815	144 357	160 456
Water management		14 564	15 523	17 393	26 334	27 864	27 864	21 766	22 402	24 001
Waste water management		16 155	17 429	14 656	21 290	22 008	22 008	23 131	24 104	25 746
Waste management		10 053	16 510	18 184	22 346	22 167	22 167	29 968	31 822	33 504
<i>Other</i>	4	1 025	791	494	1 371	1 231	1 231	1 644	2 099	2 150
Total Expenditure - Functional	3	305 286	324 716	327 716	456 060	495 677	495 677	520 817	495 246	494 721
Surplus/(Deficit) for the year		7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance to revenue and expenditure per standard classification. The modified GFS standard classification divides municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile the whole of government reports.
2. Note the Total Revenue in this table includes capital revenue (Transfers recognised – capital) and therefore does not balance with the operating revenue shown in Table A4.
3. Note that as a general principle, the revenues for the trading services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under executive and council as well as finance and administration.

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

WC034 Swellendam - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		797	817	2 593	–	290	290	31 670	32 020	33 514
Vote 2 - FINANCIAL SERVICES		53 100	54 987	61 834	68 337	70 408	70 408	78 716	82 910	88 730
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		164 139	198 410	179 342	206 888	234 090	234 090	227 085	238 384	258 132
Vote 4 - COMMUNITY SERVICES		78 066	133 087	104 882	149 294	179 225	179 225	205 995	144 933	109 845
Vote 5 - CORPORATE SERVICES		17 096	21 555	31 426	37 190	35 377	35 377	–	–	–
Total Revenue by Vote	2	313 198	408 856	380 076	461 709	519 390	519 390	543 466	498 247	490 220
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL MANAGER		10 875	10 244	5 930	10 154	8 924	8 924	46 205	47 189	50 030
Vote 2 - FINANCIAL SERVICES		32 368	29 102	30 912	40 536	43 400	43 400	42 744	44 999	47 130
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		137 202	155 958	156 834	192 315	211 811	211 811	214 212	230 563	251 744
Vote 4 - COMMUNITY SERVICES		85 918	92 309	95 922	167 888	184 721	184 721	217 657	172 495	145 817
Vote 5 - CORPORATE SERVICES		38 923	37 102	38 119	45 166	46 820	46 820	–	–	–
Total Expenditure by Vote	2	305 286	324 716	327 716	456 060	495 677	495 677	520 817	495 246	494 721
Surplus/(Deficit) for the year	2	7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

1. Table A3 is a view of the budgeted financial performance to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This is the level at which the council will approve the budget in terms of Section 24(2)(c)(iii) of the MFMA.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue										
Exchange Revenue										
Service charges - Electricity	2	87 976	100 013	97 473	113 936	113 655	113 655	127 465	141 695	157 728
Service charges - Water	2	17 850	19 924	22 509	25 388	22 415	22 415	26 492	28 876	31 475
Service charges - Waste Water Management	2	21 102	18 326	19 386	20 521	20 497	20 497	21 463	23 027	25 002
Service charges - Waste Management	2	10 978	12 032	12 749	14 707	14 639	14 639	17 224	18 602	20 090
Sale of Goods and Rendering of Services		3 114	3 267	2 900	2 736	2 889	2 889	3 010	3 148	3 293
Agency services		2 470	2 606	2 728	3 062	2 817	2 817	2 955	3 091	3 233
Interest		—	—	—	—	—	—	—	—	—
Interest earned from Receivables		1 199	2 083	1 855	1 880	1 709	1 709	1 802	1 910	2 025
Interest earned from Current and Non Current Assets		3 513	4 294	7 681	6 660	9 015	9 015	9 000	7 500	6 500
Dividends		1	2	2	2	2	2	2	2	2
Rent on Land		—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		798	804	916	867	1 046	1 046	616	644	674
Licence and permits		1 248	1 286	1 300	1 410	1 230	1 230	1 187	1 241	1 299
Operational Revenue		12 790	508	4 166	415	2 698	2 698	1 412	1 415	1 418
Non-Exchange Revenue										
Property rates	2	42 797	45 860	50 116	57 462	56 353	56 353	63 336	69 045	75 269
Surcharges and Taxes		—	—	955	994	960	960	1 443	1 635	1 924
Fines, penalties and forfeits		35 280	45 279	42 514	47 744	47 278	47 278	49 067	51 227	53 483
Licences or permits		—	—	—	—	—	—	—	—	—
Transfer and subsidies - Operational		50 003	64 189	55 889	117 848	155 679	155 679	158 843	107 444	77 352
Interest		96	205	325	324	387	387	410	435	461
Fuel Levy		—	—	—	—	—	—	—	—	—
Operational Revenue		2 996	3 267	3 314	3 487	3 433	3 433	3 803	3 987	4 210
Gains on disposal of Assets		513	412	334	4 399	5	5	—	—	—
Other Gains		11	2 852	5 080	12 847	13 211	13 211	7 224	7 729	8 271
Discontinued Operations		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		294 733	327 209	332 192	436 688	469 921	469 921	496 753	472 655	473 708
Expenditure										
Employee related costs	2	108 007	113 898	108 484	142 965	139 191	139 191	149 627	157 309	168 978
Remuneration of councillors		5 319	5 616	5 607	6 083	6 083	6 083	6 326	6 580	6 843
Bulk purchases - electricity	2	68 852	82 613	79 694	95 137	97 690	97 690	112 368	125 184	140 325
Inventory consumed	8	10 284	10 867	16 403	18 928	19 318	19 318	11 541	11 809	12 215
Debt impairment	3	34 743	19 148	8 629	29 302	18 996	18 996	16 021	16 967	17 826
Depreciation and amortisation		8 635	14 398	16 157	16 178	20 463	20 463	21 089	21 722	22 373
Interest		4 771	4 547	8 847	6 301	8 671	8 671	8 156	8 482	7 748
Contracted services		34 577	31 090	29 358	95 295	111 816	111 816	136 177	86 144	55 130
Transfers and subsidies		1 193	446	530	1 185	1 325	1 325	1 200	1 200	1 200
Irrecoverable debts written off		1 217	13 900	26 793	13 613	24 669	24 669	27 462	28 696	29 916
Operational costs		25 526	27 101	26 162	30 932	47 456	47 456	30 852	31 155	32 168
Losses on disposal of Assets		2 161	1 052	1 052	129	—	—	—	—	—
Other Losses		—	39	—	12	—	—	—	—	—
Total Expenditure		305 286	324 716	327 716	456 060	495 677	495 677	520 817	495 246	494 721
Surplus/(Deficit)		(10 553)	2 493	4 476	(19 372)	(25 756)	(25 756)	(24 064)	(22 591)	(21 013)
Transfers and subsidies - capital (monetary allocations)	6	18 452	81 647	47 883	20 240	44 689	44 689	46 713	25 593	16 512
Transfers and subsidies - capital (in-kind)	6	14	—	—	4 781	4 781	4 781	—	—	—
Surplus/(Deficit) after capital transfers & contributions		7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)
Income Tax		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	7 912	84 140	52 360	5 649	23 714	23 714	22 649	3 001	(4 501)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue amounts to R496,75 million for 2024/25.
2. Revenue to be generated from property rates is R63,336 million in the 2024/25 financial year which represents 12,75% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality.
3. Service charges relating to electricity, water, sanitation and refuse removal constitute the largest component of the revenue basket of the municipality totaling R192,644 million for the 2024/25 financial year and reflecting 38,78% of the total revenue base.
4. Fines, penalties and forfeits also significantly contribute to the revenue basket totaling R49,067 million for the 2024/25 financial year and reflecting 9,87% of the total revenue base.
5. Transfers of operating grants recognised, include the local government's equitable share and other operating grants received from the national and provincial governments. Some of this revenue will only realise after preset conditions are met. Transfers of operating grants totaling R158,843 million for the 2024/25 financial year and reflecting 31,97% of the total revenue base.
6. More detail regarding the employee-related cost and the remuneration of councilors are provided in Section 11 of this report.
7. More emphasis will be placed on the debt impairment; depreciation charges and finance charges in Section 10 – Budget Funding.
8. Employee-related costs and bulk purchases are the main cost drivers within the municipality and alternative operational efficiencies will have to be identified and instituted to reduce the impact of wage and bulk tariff increases in future years.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding**

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Capital expenditure - Vote										
Multi-year expenditure to be appropriated	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		-	-	17 044	20 081	25 197	25 197	5 321	9 577	10 997
Vote 4 - COMMUNITY SERVICES		-	-	-	87	-	-	3 643	95	40
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		-	-	17 044	20 168	25 197	25 197	8 964	9 672	11 037
Single-year expenditure to be appropriated	2									
Vote 1 - MUNICIPAL MANAGER		-	(0)	1 765	20	20	20	50	60	50
Vote 2 - FINANCIAL SERVICES		21 392	95 061	2 152	2 660	2 100	2 100	1 135	630	460
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		-	-	36 227	16 209	35 273	35 273	28 945	11 298	8 114
Vote 4 - COMMUNITY SERVICES		-	33	3 844	6 306	11 220	11 220	24 325	7 580	2 630
Vote 5 - CORPORATE SERVICES		-	-	83	968	1 093	1 093	-	-	-
Capital single-year expenditure sub-total		21 392	95 095	44 071	26 162	49 705	49 705	54 455	19 567	11 254
Total Capital Expenditure - Vote	3,7	21 392	95 095	61 115	46 330	74 903	74 903	63 419	29 239	22 291
Capital Expenditure - Functional										
Governance and administration		21 392	95 061	2 277	2 918	2 529	2 529	1 445	835	655
Executive and council		-	-	-	8	9	9	165	30	20
Finance and administration		21 392	95 061	2 277	2 910	2 520	2 520	1 280	805	635
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	33	2 573	1 218	5 843	5 843	5 271	1 795	475
Community and social services		-	33	649	195	463	463	105	125	70
Sport and recreation		-	-	1 495	332	200	200	4 851	1 075	195
Public safety		-	-	429	641	687	687	315	545	160
Housing		-	-	-	50	4 494	4 494	-	50	50
Health		-	(0)	-	-	-	-	-	-	-
Economic and environmental services		-	-	27 250	7 418	9 069	9 069	18 614	9 335	10 246
Planning and development		-	-	1 765	783	918	918	609	-	-
Road transport		-	-	25 485	6 635	8 152	8 152	18 006	9 335	10 246
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	29 014	34 777	57 461	57 461	38 089	17 274	10 915
Energy sources		-	-	242	2 914	11 889	11 889	7 655	6 414	2 676
Water management		-	-	18 449	20 698	31 306	31 306	17 219	2 810	750
Waste water management		-	-	9 052	5 963	8 873	8 873	9 230	7 830	7 294
Waste management		-	-	1 271	5 202	5 393	5 393	3 985	220	195
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3,7	21 392	95 095	61 115	46 330	74 903	74 903	63 419	29 239	22 291
Funded by:										
National Government		-	-	16 769	16 183	23 846	23 846	26 522	17 593	14 512
Provincial Government		-	33	30 835	8 838	25 163	25 163	20 191	5 660	2 000
District Municipality		-	-	498	-	526	526	-	-	-
Transfers recognised - capital	4	-	33	48 102	25 021	49 535	49 535	46 713	23 253	16 512
Borrowing	6	-	-	7 211	3 598	5 717	5 717	7 700	-	650
Internally generated funds		-	-	4 654	17 712	19 651	19 651	9 006	5 987	5 129
Total Capital Funding	7	-	33	59 967	46 330	74 903	74 903	63 419	29 239	22 291

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital program to capital expenditure by municipal vote (multi-year and single-year appropriations), capital expenditure by standard classification and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

3. Unlike multi-year capital appropriations which normally would result in work-in-progress at the end of a financial year, single-year appropriations relate to expenditure that will incur in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the inputs of departments and will be reviewed on an annual basis to assess the relevance of the expenditure to the strategic objectives and service delivery imperatives of the municipality. For the funding assessment of the MTREF, these appropriations have been included, but no commitments will be incurred against single-year appropriations for the two outer years.
4. The capital program is funded from own funding, government grants and transfers, as well as borrowings. Considering the municipality's favorable gearing ratios, it was decided to supplement the capital programme through the take up of additional borrowings to the amount of R7,7 million over the MTREF period. As a result, the capital charges to operating expenditure increases to 1,56% in the 2026/2027 financial year.
5. For 2024/25 capital transfers from national and provincial government amounts to R46,713 million.

Table A6 - Budgeted Financial Position

WC034 Swellendam - Table A6 Budgeted Financial Position

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
ASSETS										
Current assets										
Cash and cash equivalents		109 782	113 324	121 773	89 968	83 371	83 371	61 653	87 135	87 467
Trade and other receivables from exchange trans	1	14 740	15 979	13 557	6 332	20 592	20 592	21 313	21 284	21 492
Receivables from non-exchange transactions	1	10 536	16 232	34 466	19 641	18 896	18 896	19 282	19 588	19 924
Current portion of non-current receivables		43	48	10	43	10	10	10	10	10
Inventory	2	5 212	5 729	5 457	7 170	9 194	9 194	5 507	5 507	5 507
VAT		843	6 463	7 425	17 527	14 802	14 802	5 452	5 452	5 452
Other current assets		337	(3 145)	735	(3 145)	(2 968)	(2 968)	824	824	824
Total current assets		141 494	154 631	183 423	137 537	143 897	143 897	114 042	139 800	140 678
Non current assets										
Investments		—	—	—	—	—	—	—	—	—
Investment property		11 673	11 489	10 933	11 353	10 875	10 875	10 815	10 813	10 811
Property , plant and equipment	3	378 297	460 505	509 492	561 418	564 173	564 173	606 752	571 947	564 355
Biological assets		—	—	—	—	—	—	—	—	—
Living and non-living resources		—	—	—	—	—	—	—	—	—
Heritage assets		171	171	171	171	171	171	171	171	171
Intangible assets		741	662	567	284	384	384	195	189	184
Trade and other receivables from exchange trans		89	349	—	423	—	—	—	—	—
Non-current receivables from non-exchange trans		79	79	—	—	79	79	—	—	—
Other non-current assets		96	150	238	155	238	238	238	238	238
Total non current assets		391 145	473 404	521 401	573 803	575 920	575 920	618 171	583 359	575 759
TOTAL ASSETS		532 639	628 035	704 825	711 341	719 816	719 816	732 213	723 159	716 437
LIABILITIES										
Current liabilities										
Bank overdraft		—	—	—	—	—	—	—	—	—
Financial liabilities		2 787	3 030	4 609	2 982	4 568	4 568	3 880	3 918	3 937
Consumer deposits		3 187	3 851	4 283	4 721	4 923	4 923	4 923	4 923	4 923
Trade and other payables from exchange transac	4	33 210	58 930	37 007	46 414	55 251	55 251	55 186	55 186	55 379
Trade and other payables from non-exchange tra	5	31 837	15 350	20 395	10 646	(8 794)	(8 794)	(10 075)	—	—
Provision		14 712	13 544	13 977	21 111	17 699	17 699	20 054	20 119	20 289
VAT		—	3 688	5 065	21 216	12 441	12 441	—	—	—
Other current liabilities		—	—	—	—	—	—	—	—	—
Total current liabilities		85 733	98 393	85 335	107 090	86 089	86 089	73 969	84 147	84 528
Non current liabilities										
Financial liabilities	6	21 999	18 967	24 604	27 980	23 971	23 971	17 313	17 612	17 893
Provision	7	51 237	49 785	65 380	63 875	70 072	70 072	75 857	75 973	76 091
Long term portion of trade payables		—	—	—	—	—	—	—	—	—
Other non-current liabilities		28 149	35 626	29 462	31 537	32 270	32 270	32 270	32 270	32 270
Total non current liabilities		101 385	104 379	119 446	123 392	126 313	126 313	125 440	125 856	126 254
TOTAL LIABILITIES		187 118	202 772	204 781	230 482	212 401	212 401	199 409	210 002	210 782
NET ASSETS		345 521	425 263	500 043	480 859	507 415	507 415	532 804	513 157	505 654
COMMUNITY WEALTH/EQUITY										
Accumulated surplus/(deficit)	8	331 521	413 263	458 629	477 359	482 343	482 343	507 732	488 085	480 775
Reserves and funds	9	14 000	12 000	25 072	3 500	25 072	25 072	25 072	25 072	25 072
Other		—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	10	345 521	425 263	483 701	480 859	507 415	507 415	532 804	513 157	505 847

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of General Recognized Accounting Practices (GRAP) and assists councilors and management to understand the impact of the budget on the statement of financial position.
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international standard which presents assets less liabilities as the accounted Community Wealth. The order of items within each group illustrates its liquidity; i.e., assets readily converted to cash or liabilities immediately required to be transformed in cash.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Consumer debtors;
 - Debt impairment provision;
 - Inventory;
 - Property, plant and equipment;
 - Borrowing;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement in the budgeted financial performance or the capital budget will inevitably impact on the budgeted financial position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year-end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement**WC034 Swellendam - Table A7 Budgeted Cash Flows**

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		39 834	42 523	60 909	57 258	54 884	54 884	62 834	68 416	74 498
Service charges		145 071	164 678	174 725	172 979	173 394	173 394	192 183	211 427	233 178
Other revenue		(12 545)	8 867	8 204	22 903	25 185	25 185	20 636	21 629	22 755
Transfers and Subsidies - Operational	1	40 257	72 343	48 198	117 848	151 440	151 440	158 843	107 444	77 352
Transfers and Subsidies - Capital	1	10 597	43 110	26 421	20 240	19 973	19 973	36 638	25 593	16 512
Interest		2 593	4 188	20 143	8 864	9 015	9 015	9 000	7 500	6 500
Dividends		–	–	–	2	2	2	2	2	2
Payments										
Suppliers and employees		(400 851)	(410 416)	(422 921)	(374 117)	(390 094)	(390 094)	(437 118)	(407 891)	(404 525)
Interest		(37)	(36)	(541)	(3 164)	(3 164)	(3 164)	(2 370)	(2 580)	(1 729)
Transfers and Subsidies	1	–	–	–	(925)	(1 590)	(1 590)	(1 200)	(1 200)	(1 200)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(175 081)	(74 743)	(84 860)	21 888	39 046	39 046	39 449	30 339	23 344
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(681)	(989)	(4 179)	4 399	5	5	–	–	–
Decrease (increase) in non-current receivables		(168)	(428)	–	(423)	(79)	(79)	–	–	–
Decrease (increase) in non-current investments		701	–	–	–	–	–	–	–	–
Payments										
Capital assets		(974)	(28 929)	(3 598)	–	–	–	(63 419)	(29 239)	(22 291)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 121)	(30 347)	(7 777)	3 976	(74)	(74)	(63 419)	(29 239)	(22 291)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	(5 500)	3 598	3 598	3 598	–	–	–
Increase (decrease) in consumer deposits		432	664	432	640	640	640	–	–	–
Payments										
Repayment of borrowing		(965)	–	4 231	(4 273)	(4 273)	(4 273)	(3 790)	(3 452)	(3 152)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(532)	664	(837)	(35)	(35)	(35)	(3 790)	(3 452)	(3 152)
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at the year begin:	2	88 201	109 782	113 324	116 145	121 773	121 773	88 607	60 847	58 495
Cash/cash equivalents at the year end:	2	(88 534)	5 357	19 850	141 974	160 711	160 711	60 847	58 495	56 396

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flows versus cash out-flows that is likely to result from the implementation of the budget. The net effect of the budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
2. Table A7 is supported by an extensive table (Table SA30) that provides a breakdown per month as well as providing a detailed analysis of the major sources of receipts and expenditures.

Table A8 – Cash-Backed Reserves/Accumulated Surplus Reconciliation

WC034 Swellendam - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1	(88 534)	5 357	19 850	141 974	160 711	160 711	60 847	58 495	56 396
Other current investments > 90 days		198 316	107 968	101 923	(52 006)	(77 340)	(77 340)	806	28 640	31 072
Cash and investments available:		109 782	113 324	121 773	89 968	83 371	83 371	61 653	87 135	87 467
Application of cash and investments										
Trade payables from Non-exchange transactions: Unsp		31 837	15 350	20 395	10 386	(8 529)	(8 529)	(10 075)	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2	(372)	2 775	2 360	(3 688)	2 360	2 360	5 452	5 452	5 452
Other working capital requirements	3	30 340	54 102	25 747	40 521	49 198	49 198	49 346	49 159	49 147
Other provisions		(14 712)	(13 544)	(13 977)	(17 023)	(13 977)	(13 977)	(17 699)	(17 699)	(17 699)
Total Application of cash and investments:		47 092	58 683	34 525	30 196	29 052	29 052	27 024	36 912	36 900
Surplus(shortfall)		62 690	54 641	87 249	59 772	54 319	54 319	34 629	50 223	50 568

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash-backed reserves/accumulated surplus reconciliation is aligned with the requirements of the MFMA circular 42 – Funding a Municipal Budget.
2. In essence, the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year-end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or a deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table A9 - Asset Management

WC034 Swellendam - Table A9 Asset Management

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	21 392	95 095	40 196	17 651	43 436	43 436	34 362	11 560	6 126
Roads Infrastructure		–	–	17 839	983	1 118	1 118	6 722	260	600
Electrical Infrastructure		–	–	238	2 174	11 160	11 160	4 326	2 870	2 609
Water Supply Infrastructure		–	–	4 150	1 911	9 494	9 494	6 619	2 700	700
Sanitation Infrastructure		–	–	6 655	5 548	6 473	6 473	7 900	2 700	700
Solid Waste Infrastructure		–	–	297	211	185	185	610	105	65
Coastal Infrastructure		–	–	386	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	279	100	650	650	480	80	80
Infrastructure		–	–	29 845	10 926	29 079	29 079	26 657	8 715	4 754
Community Facilities		437	11 555	174	–	210	210	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	790	–
Community Assets		437	11 555	174	–	210	210	–	790	–
Operational Buildings		–	–	1 765	275	420	420	60	60	60
Housing		–	–	–	50	48	48	–	50	50
Other Assets		–	–	1 765	325	468	468	60	110	110
Computer Equipment		915	1 007	426	240	1 000	1 000	275	300	300
Furniture and Office Equipment		278	798	1 772	239	644	644	600	500	205
Machinery and Equipment		18 829	79 576	1 693	1 140	2 723	2 723	885	866	657
Transport Assets		933	2 159	4 522	4 781	4 866	4 866	5 885	280	100
Land		–	–	–	–	4 446	4 446	–	–	–
Total Renewal of Existing Assets	2	–	–	117	5 360	7 065	7 065	3 609	2 609	2 609
Roads Infrastructure		–	–	–	5 100	5 100	5 100	3 609	2 609	2 609
Storm water Infrastructure		–	–	–	–	435	435	–	–	–
Water Supply Infrastructure		–	–	–	–	1 130	1 130	–	–	–
Sanitation Infrastructure		–	–	117	200	400	400	–	–	–
Infrastructure		–	–	117	5 300	7 065	7 065	3 609	2 609	2 609
Community Facilities		–	–	–	60	–	–	–	–	–
Community Assets		–	–	–	60	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	20 801	23 319	24 402	24 402	25 448	15 070	13 557
Roads Infrastructure		–	–	7 612	1 305	2 829	2 829	7 019	6 432	7 003
Electrical Infrastructure		–	–	–	680	660	660	3 269	3 478	–
Water Supply Infrastructure		–	–	12 542	18 327	20 343	20 343	10 250	60	–
Sanitation Infrastructure		–	–	498	530	380	380	650	5 055	6 554
Solid Waste Infrastructure		–	–	–	170	170	170	–	–	–
Infrastructure		–	–	20 651	21 012	24 382	24 382	21 788	15 025	13 557
Sport and Recreation Facilities		–	–	–	87	–	–	4 261	45	–
Community Assets		–	–	–	87	–	–	4 261	45	–
Operational Buildings		–	–	–	2 220	20	20	–	–	–
Other Assets		–	–	–	2 220	20	20	–	–	–
Furniture and Office Equipment		–	–	150	–	–	–	–	–	–
Total Capital Expenditure	4	21 392	95 095	61 115	46 330	74 903	74 903	63 419	29 239	22 291
Roads Infrastructure		–	–	25 451	7 388	9 047	9 047	17 349	9 300	10 211
Storm water Infrastructure		–	–	–	–	435	435	–	–	–
Electrical Infrastructure		–	–	238	2 854	11 820	11 820	7 595	6 348	2 609
Water Supply Infrastructure		–	–	16 691	20 238	30 967	30 967	16 869	2 760	700
Sanitation Infrastructure		–	–	7 270	6 278	7 253	7 253	8 550	7 755	7 254
Solid Waste Infrastructure		–	–	297	381	355	355	610	105	65
Coastal Infrastructure		–	–	386	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	279	100	650	650	480	80	80
Infrastructure		–	–	50 613	37 238	60 526	60 526	51 453	26 348	20 919
Community Facilities		437	11 555	174	60	210	210	–	–	–
Sport and Recreation Facilities		–	–	–	87	–	–	4 261	835	–
Community Assets		437	11 555	174	147	210	210	4 261	835	–
Operational Buildings		–	–	1 765	2 495	440	440	60	60	60
Housing		–	–	–	50	48	48	–	50	50
Other Assets		–	–	1 765	2 545	488	488	60	110	110
Computer Equipment		915	1 007	426	240	1 000	1 000	275	300	300
Furniture and Office Equipment		278	798	1 921	239	644	644	600	500	205
Machinery and Equipment		18 829	79 576	1 693	1 140	2 723	2 723	885	866	657
Transport Assets		933	2 159	4 522	4 781	4 866	4 866	5 885	280	100
Land		–	–	–	–	4 446	4 446	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		21 392	95 095	61 115	46 330	74 903	74 903	63 419	29 239	22 291

WC034 Swellendam - Table A9 Asset Management

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
CAPITAL EXPENDITURE										
ASSET REGISTER SUMMARY - PPE (WDV)	5	390 882	472 826	521 163	573 226	575 603	575 603	617 933	583 120	575 520
Roads Infrastructure		68 595	72 936	109 504	77 971	115 349	115 349	129 401	121 253	122 062
Storm water Infrastructure		36 325	38 118	44 786	37 210	44 019	44 019	42 782	42 745	42 707
Electrical Infrastructure		31 565	38 633	39 706	22 828	52 792	52 792	56 618	55 333	51 555
Water Supply Infrastructure		55 201	62 649	84 744	168 745	110 892	110 892	130 589	112 998	110 853
Sanitation Infrastructure		96 786	94 661	107 992	98 193	112 379	112 379	114 577	117 093	116 501
Solid Waste Infrastructure		69	56	6 043	1 197	7 168	7 168	3 648	3 019	2 851
Information and Communication Infrastructure		537	472	340	380	647	647	887	483	478
Infrastructure		289 078	307 526	393 115	406 524	443 246	443 246	478 502	452 923	447 007
Community Assets		35 518	47 619	49 067	47 286	48 756	48 756	52 466	49 024	48 172
Heritage Assets		171	171	171	171	171	171	171	171	171
Investment properties		11 673	11 489	10 933	11 353	10 875	10 875	10 815	10 813	10 811
Other Assets		38 707	87 910	24 525	90 248	27 513	27 513	27 354	27 400	27 395
Intangible Assets		741	662	567	284	384	384	195	189	184
Computer Equipment		2 149	2 726	2 678	2 633	3 425	3 425	2 976	2 977	2 952
Furniture and Office Equipment		2 471	3 033	3 944	3 190	3 700	3 700	3 526	3 309	3 002
Machinery and Equipment		2 428	2 197	1 445	2 722	3 512	3 512	2 869	2 886	2 605
Transport Assets		7 947	9 494	14 514	8 816	13 818	13 818	18 855	13 225	13 019
Land		—	—	20 204	—	20 204	20 204	20 204	20 204	20 204
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	390 882	472 826	521 163	573 226	575 603	575 603	617 933	583 120	575 520
EXPENDITURE OTHER ITEMS										
Depreciation	7	8 635	14 398	16 157	16 178	20 463	20 463	21 089	21 722	22 373
Repairs and Maintenance by Asset Class	3	24 798	25 229	27 437	24 109	21 903	21 903	24 394	24 747	25 603
Roads Infrastructure		3 777	3 866	6 821	7 322	7 613	7 613	7 979	8 261	8 547
Storm water Infrastructure		484	404	448	520	359	359	352	364	377
Electrical Infrastructure		1 460	1 905	2 205	2 510	2 323	2 323	2 381	2 438	2 496
Water Supply Infrastructure		1 204	1 009	656	981	958	958	1 319	958	983
Sanitation Infrastructure		1 069	1 311	375	1 092	1 136	1 136	1 168	1 210	1 254
Solid Waste Infrastructure		2 049	2 058	2 387	5 660	3 360	3 360	5 615	5 734	5 959
Information and Communication Infrastructure		—	—	—	—	—	—	50	51	52
Infrastructure		10 043	10 554	12 892	18 086	15 749	15 749	18 863	19 016	19 666
Community Facilities		524	274	577	758	715	715	416	428	440
Sport and Recreation Facilities		136	131	162	215	154	154	168	173	177
Community Assets		660	405	739	973	869	869	585	601	617
Non-revenue Generating		74	13	6	84	123	123	270	281	292
Investment properties		74	13	6	84	123	123	270	281	292
Operational Buildings		1 011	625	408	486	601	601	621	643	667
Other Assets		1 011	625	408	486	601	601	621	643	667
Computer Equipment		61	16	30	25	65	65	30	31	31
Furniture and Office Equipment		107	120	2	14	9	9	8	8	8
Machinery and Equipment		10 983	10 200	10 060	490	588	588	380	392	404
Transport Assets		1 859	3 296	3 299	3 951	3 899	3 899	3 638	3 775	3 917
TOTAL EXPENDITURE OTHER ITEMS		33 434	39 628	43 594	40 287	42 365	42 365	45 483	46 468	47 976
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	34.2%	61.9%	42.0%	42.0%	45.8%	60.5%	72.5%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%	129.5%	177.3%	153.8%	153.8%	137.8%	81.4%	72.3%
R&M as a % of PPE & Investment Property		6.4%	5.3%	5.3%	4.2%	3.8%	3.8%	4.0%	4.2%	4.5%
Renewal and upgrading and R&M as a % of PPE and Investment Prop		6.4%	5.3%	9.3%	9.2%	9.3%	9.3%	8.7%	7.3%	7.3%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal and upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets and allocations to repairs and maintenance should be 8% of PPE. The municipality does not meet both of these recommendations, because as mentioned above the annual budget input process was cut to a level that is realistic and affordable, due to financial constraints.
3. The table above provides an analysis between depreciation and operational repairs and maintenance over the MTREF and highlights the fact that the municipality's capital budget is excessive and will not address the maintenance backlog.

Table A10 - Basic Service Delivery Measurement

WC034 Swellendam - Table A10 Basic service delivery measurement

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Household service targets	1									
Water:										
Piped water inside dwelling		6 429	6 653	6 986	6 986	6 986	6 693	7 028	7 379	7 379
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	1 360	1 428	1 428	1 428	1 450	1 523	1 599	1 599
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		6 429	8 013	8 414	8 414	8 414	8 143	8 550	8 978	8 978
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	487	487	487	490	515	540	540
No water supply		–	–	28	28	28	24	25	26	26
<i>Below Minimum Service Level sub-total</i>		–	–	516	516	516	514	540	567	567
Total number of households	5	6 429	8 013	8 929	8 929	8 929	8 657	9 090	9 544	9 544
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	6 743	6 743	6 743	6 200	6 510	6 836	6 836
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	1 297	1 297	1 297	1 297	1 362	1 430	1 430
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	–	8 040	8 040	8 040	7 497	7 872	8 265	8 265
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	487	487	487	487	511	537	537
No toilet provisions		–	–	154	154	154	152	160	168	168
<i>Below Minimum Service Level sub-total</i>		–	–	642	642	642	639	671	704	704
Total number of households	5	–	–	8 681	8 681	8 681	8 136	8 543	8 970	8 970
Energy:										
Electricity (at least min.service level)		–	–	947	947	947	745	782	821	821
Electricity - prepaid (min.service level)		–	–	5 865	5 865	5 865	6 203	6 513	6 839	6 839
<i>Minimum Service Level and Above sub-total</i>		–	–	6 812	6 812	6 812	6 948	7 295	7 660	7 660
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	6 812	6 812	6 812	6 948	7 295	7 660	7 660
Refuse:										
Removed at least once a week		–	–	6 585	6 585	6 585	6 589	6 589	6 589	6 589
<i>Minimum Service Level and Above sub-total</i>		–	–	6 585	6 585	6 585	6 589	6 589	6 589	6 589
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	6 585	6 585	6 585	6 589	6 589	6 589	6 589
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		2 947 433	3 347 380	3 117 026	4 052 180	3 676 532	3 676 532	4 778 663	5 208 743	5 677 530
Sanitation (free minimum level service)		5 834 218	6 465 721	5 583 233	7 896 500	7 128 037	7 128 037	8 636 737	9 241 309	10 073 027
Electricity/other energy (50kwh per household per month)		5 041 533	5 831 678	1 822 908	2 312 488	1 812 248	1 812 248	2 227 801	2 478 874	2 760 474
Refuse (removed at least once a week)		3 608 294	4 162 539	4 010 719	5 090 437	5 158 000	5 158 000	6 717 362	7 254 751	7 835 131
Informal Settlements		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		2 947	3 347	3 117	4 052	3 677	3 677	4 779	5 209	5 678
Sanitation (free sanitation service to indigent households)		5 834	6 466	5 583	7 897	7 128	7 128	8 637	9 241	10 073
Electricity/other energy (50kwh per indigent household per month)		5 042	5 832	1 823	2 312	1 812	1 812	2 228	2 479	2 760
Refuse (removed once a week for indigent households)		3 608	4 163	4 011	5 090	5 158	5 158	6 717	7 255	7 835
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		17 431	19 807	14 534	19 352	17 775	17 775	22 361	24 184	26 346
Highest level of free service provided per household										
Property rates (R value threshold)		–	–	–	–	–	–	–	–	–
Water (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		4 114	4 276	4 657	4 654	6 058	6 058	6 669	7 260	7 904
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	6	4 114	4 276	4 657	4 654	6 058	6 058	6 669	7 260	7 904

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

Section 5 - Overview of the annual budget process

Section 53 of the MFMA requires the mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the mayor of the 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.

The Budget Steering Committee consists of the finance portfolio committee members.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality;
- that the municipality's revenue and tariff-setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

5.1 Budget Process Overview

In terms of section 21 of the MFMA, the mayor is required to table in council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The mayor tabled the required timetable on 25 August 2023.

5.2 Financial Modeling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2024/25 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e., inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Debtor payment levels

- The need for tariff increases versus the ability of the community to pay for services
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 126 and 128 has been taken into consideration in the planning and prioritisation process.

Section 6 - Overview of alignment of the annual budget with IDP

The Constitution mandates local governments with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated development planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long-term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument that municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision-making in the municipality.

It is important that the IDP developed by the municipality correlate with national and provincial intent. It must aim to coordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

This revision cycle aimed to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. The legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner that is consistent with its IDP.

To ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of the national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the strategic objectives.

The 2024/25 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure, and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**WC034 Swellendam - Supporting Table SA4 Reconciliation of IDP strategic objectives :**

R thousand		Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Enhance access to basic services and address maintenance backlogs	Basic service delivery	181 145	199 587	220 502
To create a capacitated people-centered institution	Institutional development and transformation	7 224	7 729	8 271
To create a safe and healthy living environment	Basic service delivery	72 521	76 350	80 399
To enhance economic development with focus on both first and second economies	Economic Development	1 458	1 525	1 595
To improve financial viability and management	Financial management	74 885	79 341	84 911
To promote good governance and community participation	Good governance and public participation	678	678	678
Total Revenue (excluding capital transfers and contributions)		337 910	365 211	396 356

Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**WC034 Swellendam - Supporting Table SA5 Reconciliation of IDP strategic objectives :**

R thousand		Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Enhance access to basic services and address maintenance backlogs	Basic service delivery	201 697	217 545	238 055
To create a capacitated people-centered institution	Institutional development and transformation	18 478	18 358	19 716
To create a safe and healthy living environment	Basic service delivery	112 109	117 702	124 054
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Basic service delivery	101 014	49 684	16 477
To enhance economic development with focus on both first and second economies	Economic Development	7 869	8 591	8 919
To improve financial viability and management	Financial management	43 868	46 145	48 299
To promote good governance and community participation	Good governance and public participation	35 392	36 832	38 810
Allocations to other priorities				
Total Expenditure		520 427	494 856	494 331

Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**WC034 Swellendam - Supporting Table SA6 Reconciliation of IDP strategic objectives and budgeted capital expenditure**

R thousand			Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Enhance access to basic services and address maintenance backlogs	Basic service delivery	A	52 175	26 454	21 031
To create a safe and healthy living environment	Basic service delivery	B	9 256	1 965	620
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Basic service delivery	C	–	50	50
To improve financial viability and management	Financial management	D	1 135	630	460
To promote good governance and community participation	Good governance and public participation	E	245	140	130
To enhance economic development with focus on both first and second economies	Economic Development	F	609	–	–
Allocations to other priorities					
Total Capital Expenditure			63 419	29 239	22 291

Section 7 - Measurable performance objectives and indicators

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

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

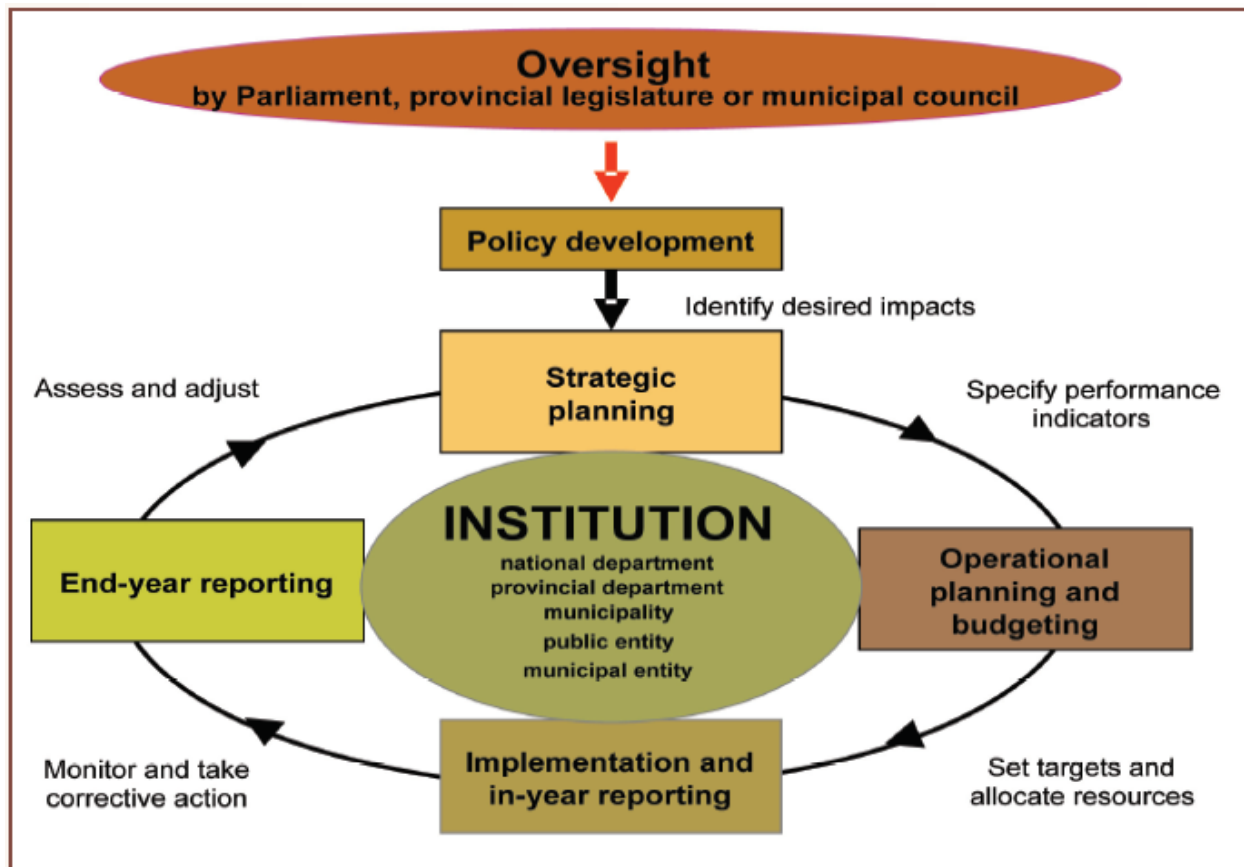


Figure 3 - Planning, budgeting, implementation and reporting cycle

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

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

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

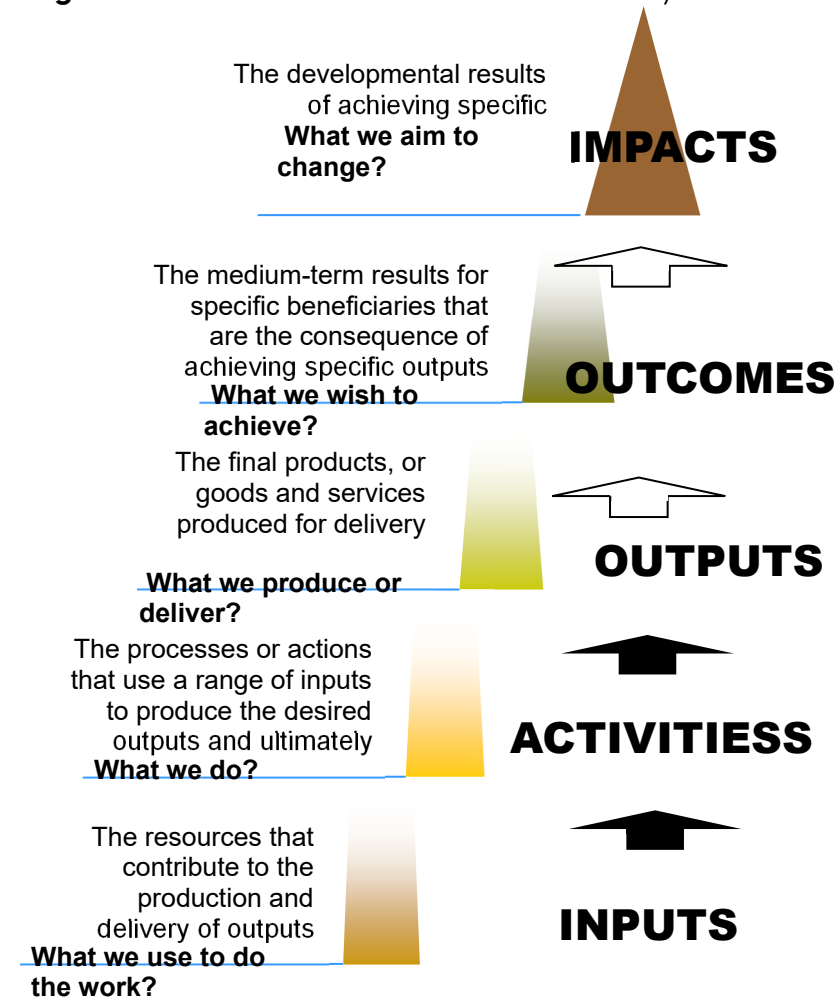


Figure 4 - Definition of performance information concepts

The following table sets out the municipality's main performance objectives and benchmarks for the 2024/25 MTREF.

Table SA8 - Performance indicators and benchmarks**WC034 Swellendam - Supporting Table SA8 Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.1%	4.4%	3.6%	4.5%	5.0%	5.0%	3.0%	4.8%	5.1%	5.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.8%	5.1%	4.2%	5.4%	6.0%	6.0%	3.3%	5.7%	6.2%	6.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	-42.3%	16.9%	14.2%	14.2%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	157.1%	158.1%	98.1%	799.4%	95.6%	95.6%	98.4%	69.1%	70.2%	71.4%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.7	1.6	2.1	1.3	1.7	1.7	1.6	1.5	1.7	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	1.6	2.1	1.3	1.7	1.7	1.6	1.5	1.7	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	1.5	1.3	1.6	0.9	1.2	1.2	1.4	1.1	1.3	1.3
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		131.1%	134.9%	152.0%	129.9%	131.1%	131.1%	-143.1%	130.3%	129.9%	129.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.4%	6.7%	12.0%	6.1%	6.0%	6.0%	7.0%	5.0%	5.3%	5.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										

WC034 Swellendam - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2
Borrowing Management											
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		-37.5%	1100.1%	186.4%	32.7%	34.4%	34.4%	-5.4%	90.7%	94.3%	98.2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Volume Losses (kW) non technical										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes :System input	Bulk Purchase										
	Water treatment works										
	Natural sources										
	Total Volume Losses (kℓ)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.6%	34.8%	32.7%	32.7%	29.6%	29.6%	31.7%	30.1%	33.3%	35.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.5%	36.5%	34.3%	34.1%	30.9%	30.9%		31.4%	34.7%	37.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.4%	7.7%	8.3%	5.5%	4.7%	4.7%		4.9%	5.2%	5.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.7%	10.3%	7.5%	10.4%	8.4%	8.4%	7.1%	7.5%	8.2%	8.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	60.2	17.7	21.5	28.5	28.5	28.5	19.0	39.6	41.8	41.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	11.0%	14.1%	25.3%	14.9%	15.9%	15.9%	16.6%	12.5%	11.5%	10.6%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	(4.3)	0.2	0.9	4.4	4.7	4.7	(24.0)	1.6	1.7	1.6

7.1 Performance indicators and benchmarks

7.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its creditworthiness and financial position. The borrowing strategy must be primarily informed by the affordability of debt repayments. The structure of the municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2024/25 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing to the operating expenditure. It can be seen that the cost of borrowing has been stable, while borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator indicates that the capital program from new borrowings is realistic.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowings.

Considering the municipality's favorable gearing ratios, it was decided to supplement the capital programme through the take up of additional borrowings to the amount of R7,7 million in the entire MTREF period. As a result, the capital charges to operating expenditure increases to 1,56% in the 2026/27 financial year.

7.1.2 Safety of Capital

The gearing ratio is a measure of the total long-term borrowings over funds and reserves. The ratio will rise to 3.53 in 2026/27. As part of the planning guidelines, it implies that the municipality must ensure proper cash-backing of reserves and funds as a prudent financial sustainability objective and limited new borrowings.

7.1.3 Liquidity

The current ratio is a measure of the current assets divided by the current liabilities. The ratio is 1,5 in the 2024/25 financial year.

The liquidity ratio is a measure of the ability of the municipality to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. The municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

7.1.4 Revenue Management

To reach the targets and maintains the level of outstanding debtors to revenue, an aggressive revenue management framework must be implemented, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of this strategy should be to ensure accurate billing, customer service, credit control and debt collection.

7.1.5 Creditors Management

For the municipality to ensure that creditors are settled within the legislated 30 days from the date the invoice/statement poses to be a challenge. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure an almost 100% compliance rate with this legislative obligation.

7.1.6 Other Indicators

Both *water and electricity distribution losses* are material. Initiatives to ensure that targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.

Section 8 - Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following policies have been reviewed:

- Customer care, credit control and debt collection policy - Unchanged
- Asset Management policy - Unchanged
- Supply Chain Management policy – Amended
- Preferential procurement Policy – Amended
- Infrastructural procurement Policy - New
- Budget Implementation and Management policy – Minor changes
- Banking, Cash Management, and Investment Policy - Unchanged
- Tariff Policy - Unchanged
- Bad Debt Write Off policy - Unchanged
- Petty Cash policy - Unchanged
- Unauthorised, Irregular, Fruitless and Wasteful Expenditure policy - Unchanged
- Funding and Reserves policy - Unchanged
- Borrowing policy _Unchanged
- Indigent Support policy - New
- Rates policy - Unchanged
- Cost Containment policy - Unchanged
- Restriction policy - Unchanged

Section 9 - Overview of budget assumptions

9.1 External factors

Swellendam's income base comprises of mostly residential consumers and ratepayers of which a material percentage are retired people with a fixed monthly income.

Eskom price increases are an external factor that the council has no control over.

9.2 General inflation outlook and its impact on municipal activities

Five key factors have been taken into consideration in the compilation of the 2024/25 MTREF:

- National government macro-economic targets;
- The general inflationary outlook and the impact on the municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

Employee-related costs (including remuneration of councilors) comprise 29,94% of total operating expenditure in the forecast for the 2024/25 financial year and therefore these increases (which include salary increases and evaluation of posts) place a disproportionate upward pressure on the expenditure budget.

9.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing under certain conditions. The 2024/25 MTREF is based on the assumption that new borrowings will be utilised.

9.4 The collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions and relatively controlled inflationary conditions will continue for the forecasted term.

The rate of revenue collection is currently expressed as 97% of the annual amounts billed.

9.5 Salary increases

Refer to paragraph 9.2

Section 10 - Overview of budget funding

10.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Correct and accurate tariffs are imperative in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the delivery of goods and services such as water, electricity, sanitation and solid waste removal. Apart from the services, other revenue i.e., operating grants, building plan fees, licenses and permits, fines, etc. are applicable. The rates and taxes will then cover the shortfall in revenue after all the revenue resources have been determined and will reflect the balancing number.

The proposed average tariff increases (decreases) for the 2024/25 MTREF on the different revenue categories are as follows:

- Property rates - 9%
- Electricity - 11.42% (Await final approval from NERSA)
- Water - 14.5% (Average based on blocks)
- Refuse Removal - 18%
- Sewerage - 7.5%

The tables below provide detailed investment information and investment particulars by maturity.

Table SA15 – Detail Investment Information

WC034 Swellendam - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	-	-	-

Table SA16 – Investment particulars by maturity

WC034 Swellendam - Supporting Table SA16 Investment particulars by maturity														
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate -	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

Section 11 - Councilor and employee benefits

Table SA22 - Summary of councilor and staff benefits

WC034 Swellendam - Supporting Table SA22 Summary councilor and staff benefits

Summary of Employee and Councilor remuneration	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
R thousand											
Councillors (Political Office Bearers plus Other)											
Pension and UIF Contributions	4	293	316	307	415	212	212	221	230	239	
Medical Aid Contributions		17	27	17	41	–	–	–	–	–	
Motor Vehicle Allowance		311	223	173	187	186	186	193	201	209	
Cellphone Allowance		447	446	455	504	504	504	524	545	567	
Other benefits and allowances		4 251	4 604	4 655	4 937	5 181	5 181	5 388	5 604	5 828	
Sub Total - Councillors		5 319	5 616	5 607	6 083	6 083	6 083	6 326	6 580	6 843	
% increase			5.6%	(0.2%)	8.5%	–	–	4.0%	4.0%	4.0%	
Senior Managers of the Municipality											
Basic Salaries and Wages		2	5 202	4 875	4 075	4 010	3 933	3 933	4 132	4 371	4 623
Pension and UIF Contributions			720	672	668	740	740	740	603	631	660
Medical Aid Contributions	65		74	73	93	93	93	46	49	51	
Performance Bonus	809		853	525	861	861	861	552	578	604	
Motor Vehicle Allowance	321		317	137	113	113	113	100	105	110	
Cellphone Allowance	62		62	49	50	54	54	54	56	59	
Other benefits and allowances	32		35	32	39	39	39	161	169	177	
Post-retirement benefit obligations	(207)		–	–	–	–	–	–	–	–	
Acting and post related allowance	–		–	57	75	75	75	–	–	–	
Sub Total - Senior Managers of Municipality	7 005		6 888	5 615	5 981	5 907	5 907	5 649	5 958	6 282	
% increase		(1.7%)	(18.5%)	6.5%	(1.2%)	–	(4.4%)	5.5%	5.5%		
Other Municipal Staff											
Basic Salaries and Wages	3	59 352	64 284	60 358	76 982	73 288	73 288	83 339	87 301	93 552	
Pension and UIF Contributions		10 066	10 957	10 604	14 101	13 752	13 752	14 988	16 241	17 417	
Medical Aid Contributions		5 868	6 358	6 353	9 161	8 897	8 897	9 311	10 104	10 898	
Overtime		3 759	3 861	3 332	3 897	5 585	5 585	5 273	5 449	5 614	
Performance Bonus		4 523	4 862	4 727	6 523	5 853	5 853	6 668	7 184	7 647	
Motor Vehicle Allowance		5 216	5 931	5 699	7 234	6 888	6 888	6 508	6 050	7 281	
Cellphone Allowance		286	317	289	383	388	388	391	427	451	
Housing Allowances		461	455	427	664	680	680	730	824	911	
Other benefits and allowances		3 388	3 986	4 479	5 785	5 784	5 784	5 846	6 211	6 586	
Payments in lieu of leave		1 031	337	716	1 354	1 354	1 354	759	797	836	
Long service awards	88	1 095	–	768	772	772	455	476	497		
Post-retirement benefit obligations	6 822	4 390	5 642	9 820	9 820	9 820	9 579	10 149	10 860		
Acting and post related allowance	141	176	243	310	220	220	133	138	144		
Sub Total - Other Municipal Staff	101 002	107 010	102 869	136 984	133 283	133 283	143 977	151 351	162 695		
% increase		5.9%	(3.9%)	33.2%	(2.7%)	–	8.0%	5.1%	7.5%		
Total Parent Municipality		113 325	119 514	114 091	149 048	145 274	145 274	155 953	163 888	175 820	
			5.5%	(4.5%)	30.6%	(2.5%)	–	7.4%	5.1%	7.3%	
TOTAL SALARY, ALLOWANCES & BENEFITS		113 325	119 514	114 091	149 048	145 274	145 274	155 953	163 888	175 820	
% increase	4		5.5%	(4.5%)	30.6%	(2.5%)	–	7.4%	5.1%	7.3%	
TOTAL MANAGERS AND STAFF	5,7	108 007	113 898	108 484	142 965	139 191	139 191	149 627	157 309	168 978	

Section 12 - Monthly targets for revenue, expenditure and cash flow

Table SA25 - Budgeted monthly revenue and expenditure

WC034 Swellendam - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue																
Exchange Revenue																
Service charges - Electricity		10 622	10 622	10 622	10 622	10 622	10 622	10 622	10 622	10 622	10 622	10 622	10 622	127 465	141 695	157 728
Service charges - Water		2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	26 492	28 876	31 475
Service charges - Waste Water Management		1 789	1 789	1 789	1 789	1 789	1 789	1 789	1 789	1 789	1 789	1 789	1 789	21 463	23 027	25 002
Service charges - Waste Management		1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	1 435	17 224	18 602	20 090
Sale of Goods and Rendering of Services		251	251	251	251	251	251	251	251	251	251	251	251	3 010	3 148	3 293
Agency services		246	246	246	246	246	246	246	246	246	246	246	246	2 955	3 091	3 233
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		150	150	150	150	150	150	150	150	150	150	150	150	1 802	1 910	2 025
Interest earned from Current and Non Current Assets		750	750	750	750	750	750	750	750	750	750	750	750	9 000	7 500	6 500
Dividends		0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Rent on Land		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		51	51	51	51	51	51	51	51	51	51	51	51	616	644	674
Licence and permits		99	99	99	99	99	99	99	99	99	99	99	99	1 187	1 241	1 299
Operational Revenue		118	118	118	118	118	118	118	118	118	118	118	118	1 412	1 415	1 418
Non-Exchange Revenue																
Property rates		5 278	5 278	5 278	5 278	5 278	5 278	5 278	5 278	5 278	5 278	5 278	5 278	63 336	69 045	75 269
Surcharges and Taxes		120	120	120	120	120	120	120	120	120	120	120	120	1 443	1 635	1 924
Fines, penalties and forfeits		4 089	4 089	4 089	4 089	4 089	4 089	4 089	4 089	4 089	4 089	4 089	4 089	49 067	51 227	53 483
Licences or permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	13 237	158 843	107 444	77 352
Interest		34	34	34	34	34	34	34	34	34	34	34	34	410	435	461
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		317	317	317	317	317	317	317	317	317	317	317	317	3 803	3 987	4 210
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-	7 224	7 224	7 729	8 271
Discontinued Operations		(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	357	-	-	-
Total Revenue (excluding capital transfers and contributions)		40 762	40 762	40 762	40 762	40 762	40 762	40 762	40 762	40 762	40 762	40 762	48 375	496 753	472 655	473 708

WC034 Swellendam - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Expenditure																
Employee related costs		12 469	12 469	12 469	12 469	12 469	12 469	12 469	12 469	12 469	12 469	12 469	12 469	149 627	157 309	168 978
Remuneration of councillors		527	527	527	527	527	527	527	527	527	527	527	527	6 326	6 580	6 843
Inventory consumed		9 364	9 364	9 364	9 364	9 364	9 364	9 364	9 364	9 364	9 364	9 364	9 364	112 368	125 184	140 325
Debt impairment		962	962	962	962	962	962	962	962	962	962	962	962	11 541	11 809	12 215
Depreciation and amortisation		–	–	–	–	–	–	–	–	–	–	–	16 021	16 021	16 967	17 826
Bulk purchases - electricity		1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	3 252	21 089	21 722	22 373
Interest		680	680	680	680	680	680	680	680	680	680	680	680	8 156	8 482	7 748
Contracted services		11 348	11 348	11 348	11 348	11 348	11 348	11 348	11 348	11 348	11 348	11 348	11 348	136 177	86 144	55 130
Transfers and subsidies		67	67	67	67	67	67	67	67	67	67	67	458	1 200	1 200	1 200
Irrecoverable debts written off		2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	27 462	28 696	29 916
Operational costs		2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	30 852	31 155	32 168
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Losses		869	869	869	869	869	869	869	869	869	869	869	(9 558)	–	–	–
Total Expenditure		42 767	42 767	42 767	42 767	42 767	42 767	42 767	42 767	42 767	42 767	42 767	50 380	520 817	495 246	494 721
Surplus/(Deficit)		(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(2 005)	(24 064)	(22 591)	(21 013)
Transfers and subsidies - capital (monetary allocation)		3 893	3 893	3 893	3 893	3 893	3 893	3 893	3 893	3 893	3 893	3 893	3 893	46 713	25 593	16 512
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		–	–	–	–	–	–	–	–	–	–	–	22 649	22 649	3 001	(4 501)
Income Tax		1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	24 537	45 298	6 002	(9 002)
Surplus/(Deficit) after income tax		–	–	–	–	–	–	–	–	–	–	–	22 649	22 649	3 001	(4 501)
Surplus/(Deficit) attributable to municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 888	22 649	3 001	(4 501)

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

WC034 Swellendam - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand																
Revenue by Vote																
Vote 1 - MUNICIPAL MANAGER		2 639	2 639	2 639	2 639	2 639	2 639	2 639	2 639	2 639	2 639	2 639	2 639	31 670	32 020	33 514
Vote 2 - FINANCIAL SERVICES		6 560	6 560	6 560	6 560	6 560	6 560	6 560	6 560	6 560	6 560	6 560	6 560	78 716	82 910	88 730
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		18 924	18 924	18 924	18 924	18 924	18 924	18 924	18 924	18 924	18 924	18 924	18 924	227 085	238 384	258 132
Vote 4 - COMMUNITY SERVICES		17 166	17 166	17 166	17 166	17 166	17 166	17 166	17 166	17 166	17 166	17 166	17 166	205 995	144 933	109 845
Total Revenue by Vote		45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	543 466	498 247	490 220
Expenditure by Vote to be appropriated																
Vote 1 - MUNICIPAL MANAGER		3 850	3 850	3 850	3 850	3 850	3 850	3 850	3 850	3 850	3 850	3 850	3 850	46 205	47 189	50 030
Vote 2 - FINANCIAL SERVICES		3 562	3 562	3 562	3 562	3 562	3 562	3 562	3 562	3 562	3 562	3 562	3 562	42 744	44 999	47 130
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		17 851	17 851	17 851	17 851	17 851	17 851	17 851	17 851	17 851	17 851	17 851	17 851	214 212	230 563	251 744
Vote 4 - COMMUNITY SERVICES		18 138	18 138	18 138	18 138	18 138	18 138	18 138	18 138	18 138	18 138	18 138	18 138	217 657	172 495	145 817
Total Expenditure by Vote		43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 401	520 817	495 246	494 721
Surplus/(Deficit) before assoc.		1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 888	22 649	3 001	(4 501)
Surplus/(Deficit) after income tax		-	-	-	-	-	-	-	-	-	-	-	22 649	22 649	3 001	(4 501)
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 888	22 649	3 001	(4 501)

Table SA27 - Budgeted monthly revenue and expenditure (standard classification)

WC034 Swellendam - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand																
Revenue - Functional																
Governance and administration		9 244	9 244	9 244	9 244	9 244	9 244	9 244	9 244	9 244	9 244	9 244	9 244	110 927	115 471	122 785
Executive and council		1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	1 929	23 152	24 301	25 253
Finance and administration		7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	7 315	87 776	91 170	97 531
Community and public safety		15 084	15 084	15 084	15 084	15 084	15 084	15 084	15 084	15 084	15 084	15 084	15 084	181 007	118 003	80 816
Community and social services		518	518	518	518	518	518	518	518	518	518	518	518	6 214	6 431	6 766
Sport and recreation		422	422	422	422	422	422	422	422	422	422	422	422	5 064	1 667	1 031
Public safety		4 426	4 426	4 426	4 426	4 426	4 426	4 426	4 426	4 426	4 426	4 426	4 425	53 106	55 454	57 908
Housing		9 719	9 719	9 719	9 719	9 719	9 719	9 719	9 719	9 719	9 719	9 719	9 719	116 623	54 451	15 111
Economic and environmental services		932	932	932	932	932	932	932	932	932	932	932	932	11 178	9 958	10 727
Planning and development		235	235	235	235	235	235	235	235	235	235	235	235	2 817	2 205	2 315
Road transport		697	697	697	697	697	697	697	697	697	697	697	697	8 361	7 752	8 412
Trading services		20 026	20 026	20 026	20 026	20 026	20 026	20 026	20 026	20 026	20 026	20 026	20 026	240 308	254 768	275 841
Energy sources		11 649	11 649	11 649	11 649	11 649	11 649	11 649	11 649	11 649	11 649	11 649	11 649	139 787	153 610	165 642
Water management		3 686	3 686	3 686	3 686	3 686	3 686	3 686	3 686	3 686	3 686	3 686	3 686	44 233	35 999	39 214
Waste water management		2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	31 845	38 776	42 507
Waste management		2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	2 037	24 442	26 383	28 478
Other		4	4	4	4	4	4	4	4	4	4	4	4	46	48	50
Total Revenue - Functional		45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	45 289	543 466	498 247	490 220
Expenditure - Functional																
Governance and administration		8 290	8 290	8 290	8 290	8 290	8 290	8 290	8 290	8 290	8 290	8 290	8 290	99 482	103 132	108 678
Executive and council		1 882	1 882	1 882	1 882	1 882	1 882	1 882	1 882	1 882	1 882	1 882	1 882	22 585	23 673	25 097
Finance and administration		6 333	6 333	6 333	6 333	6 333	6 333	6 333	6 333	6 333	6 333	6 333	6 333	76 002	78 526	82 606
Internal audit		75	75	75	75	75	75	75	75	75	75	75	75	895	934	975
Community and public safety		14 638	14 638	14 638	14 638	14 638	14 638	14 638	14 638	14 638	14 638	14 638	14 637	175 650	127 810	98 937
Community and social services		948	948	948	948	948	948	948	948	948	948	948	948	11 374	11 977	13 077
Sport and recreation		1 092	1 092	1 092	1 092	1 092	1 092	1 092	1 092	1 092	1 092	1 092	1 092	13 105	14 022	15 156
Public safety		4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	50 157	52 127	54 227
Housing		8 418	8 418	8 418	8 418	8 418	8 418	8 418	8 418	8 418	8 418	8 418	8 418	101 014	49 684	16 477
Economic and environmental services		3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	38 361	39 520	41 250
Planning and development		764	764	764	764	764	764	764	764	764	764	764	764	9 169	9 597	10 018
Road transport		2 433	2 433	2 433	2 433	2 433	2 433	2 433	2 433	2 433	2 433	2 433	2 433	29 193	29 923	31 232
Trading services		17 140	17 140	17 140	17 140	17 140	17 140	17 140	17 140	17 140	17 140	17 140	17 140	205 680	222 685	243 706
Energy sources		10 901	10 901	10 901	10 901	10 901	10 901	10 901	10 901	10 901	10 901	10 901	10 901	130 815	144 357	160 456
Water management		1 814	1 814	1 814	1 814	1 814	1 814	1 814	1 814	1 814	1 814	1 814	1 814	21 766	22 402	24 001
Waste water management		1 928	1 928	1 928	1 928	1 928	1 928	1 928	1 928	1 928	1 928	1 928	1 927	23 131	24 104	25 746
Waste management		2 497	2 497	2 497	2 497	2 497	2 497	2 497	2 497	2 497	2 497	2 497	2 497	29 968	31 822	33 504
Other		137	137	137	137	137	137	137	137	137	137	137	137	1 644	2 099	2 150
Total Expenditure - Functional		43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 402	43 401	520 817	495 246	494 721
Surplus/(Deficit) before assoc.		1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 888	22 649	3 001	(4 501)
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 887	1 888	22 649	3 001	(4 501)

Table SA28 - Budgeted monthly capital expenditure (municipal vote)

WC034 Swellendam - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Multi-year expenditure to be appropriated	1															
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		261	522	788	1 056	1 056	273	271	532	532	10	10	10	5 321	9 577	10 997
Vote 4 - COMMUNITY SERVICES		179	358	541	722	724	188	185	365	363	7	4	7	3 643	95	40
Capital multi-year expenditure sub-total	2	440	880	1 329	1 778	1 780	461	456	897	895	17	14	17	8 964	9 672	11 037
Single-year expenditure to be appropriated																
Vote 1 - MUNICIPAL MANAGER		–	–	3	4	6	9	5	6	4	3	5	8	50	60	50
Vote 2 - FINANCIAL SERVICES		–	–	57	117	143	137	124	114	104	107	126	107	1 135	630	460
Vote 3 - INFRASTRUCTURE & PLANNING SERVICES		119	658	2 124	3 421	3 668	3 398	1 947	2 812	3 604	2 556	1 951	2 687	28 945	11 298	8 114
Vote 4 - COMMUNITY SERVICES		–	–	1 216	2 508	2 524	2 547	1 936	2 009	2 428	2 561	2 457	4 140	24 325	7 580	2 630
Capital single-year expenditure sub-total	2	119	658	3 400	6 049	6 340	6 090	4 012	4 941	6 139	5 227	4 538	6 942	54 455	19 567	11 254
Total Capital Expenditure	2	559	1 538	4 728	7 826	8 120	6 551	4 468	5 839	7 035	5 244	4 552	6 959	63 419	29 239	22 291

Table SA29 - Budgeted monthly capital expenditure (standard classification)

WC034 Swellendam - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2024/25												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		–	–	145	286	352	374	310	288	269	273	310	(1 160)	1 445	835	655
Executive and council		–	–	17	23	31	62	31	35	33	29	34	(129)	165	30	20
Finance and administration		–	–	128	263	321	312	279	253	236	244	276	(1 031)	1 280	805	635
<i>Community and public safety</i>		358	717	1 244	1 800	1 821	785	711	1 072	1 044	332	322	(4 936)	5 271	1 795	475
Community and social services		–	–	11	20	24	29	21	23	19	25	17	(84)	105	125	70
Sport and recreation		358	717	1 202	1 716	1 728	668	612	969	971	255	252	(4 598)	4 851	1 075	195
Public safety		–	–	32	64	68	89	78	80	54	53	53	(254)	315	545	160
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	50	50
<i>Economic and environmental services</i>		743	1 458	3 302	5 240	5 277	3 169	2 614	3 039	4 061	2 668	1 880	(14 836)	18 614	9 335	10 246
Planning and development		–	–	61	112	141	174	97	127	141	141	152	(536)	609	–	–
Road transport		743	1 458	3 241	5 128	5 136	2 995	2 517	2 912	3 920	2 527	1 728	(14 300)	18 006	9 335	10 246
<i>Trading services</i>		16	902	4 766	8 327	8 790	8 774	5 302	7 277	8 695	7 215	6 593	(28 570)	38 089	17 274	10 915
Energy sources		–	–	1 631	1 984	2 420	1 559	837	1 916	1 579	1 533	662	(6 465)	7 655	6 414	2 676
Water management		16	902	1 754	3 506	3 515	4 348	2 146	3 173	4 302	2 533	3 398	(12 373)	17 219	2 810	750
Waste water management		–	–	983	1 922	1 924	1 926	1 521	1 391	2 019	2 089	1 677	(6 220)	9 230	7 830	7 294
Waste management		–	–	399	916	932	942	797	798	796	1 061	857	(3 512)	3 985	220	195
Total Capital Expenditure - Functional	2	1 117	3 076	9 457	15 652	16 240	13 102	8 937	11 677	14 069	10 489	9 105	(49 502)	63 419	29 239	22 291
Funded by:																
National Government		1 089	3 048	5 696	7 915	8 348	5 085	2 652	5 737	6 174	2 257	2 261	(23 739)	26 522	17 593	14 512
Provincial Government		–	–	2 019	4 028	4 057	4 090	2 919	3 180	4 057	4 058	4 068	(12 286)	20 191	5 660	2 000
Transfers recognised - capital		1 089	3 048	7 715	11 944	12 405	9 175	5 571	8 917	10 231	6 314	6 329	(36 025)	46 713	23 253	16 512
Public contributions & donations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing		–	–	830	1 730	1 730	1 730	1 500	960	2 040	2 410	1 000	(6 230)	7 700	–	650
Internally generated funds		28	28	912	1 979	2 105	2 197	1 866	1 800	1 798	1 765	1 776	(7 247)	9 006	5 987	5 129
Total Capital Funding		1 117	3 076	9 457	15 652	16 240	13 102	8 937	11 677	14 069	10 489	9 105	(49 502)	63 419	29 239	22 291

Section 13 - Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts were awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to a contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

WC034 Swellendam - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2023/24	2024/25 Medium Term Revenue & Expenditure Framework			Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Forecast 2031/32	Forecast 2032/33	Forecast 2033/34	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

Section 14 - Capital expenditure details

The following tables present details of the municipality's capital expenditure program:

Project Name	Final Draft Budget 2024/2025	Final March Draft Budget 2025/2026	Revised March Draft Budget 2026/2027
Emergency Housing alternative	-	50 000	50 000
Concrete mixer	-	40 000	
Railton Walkway Project	608 695		
Media - Office Equipment	50 000	30 000	20 000
Furniture & equipment (Microwaves, Fridges) - 2023/24	10 000	10 000	15 000
Grass cutting equipment (Brush cutters)		30 000	
Parks - Machinery and Equipment	40 000	50 000	50 000
Computer Equipment - All departments	275 000	300 000	300 000
ICT network	80 000	80 000	80 000
Water Machinery and Equipment 2023_2024	50 000	50 000	50 000
Swellendam (Railton): Bulk Water Reticulation and Distribution			
Swellendam (Railton): Bulk Water Reticulation	160 664		
Swellendam (Railton): Upgrade of Bakenskop and Railton P	8 695 652		
Replace Airconditioners at various buildings 2023-2026	60 000	60 000	60 000
Railton sanitation upgrade, street front sewers 2023-2026	100 000		
Sewerage - Machinery and equipment	30 000	35 000	40 000
Machinery and Equipment - OFFICE BUILDINGS	20 000	20 000	20 000
Skip for hazardous material Bontebok, Infanta		40 000	
Recycling bins for all municipal offices 2023/24	65 000		
Recycle bins for public spaces - Drop off facility	85 000	65 000	65 000
Machinery and equipment - REFUSE	30 000	40 000	50 000
Railton Upgrading of Gravel Roads and Stormwater Phase 3	1 673 913	1 909 850	1 909 693
Fleet - Machinery and equipment	10 000	10 000	10 000
Machinery and Equipment - ELECTRICITY	60 000	66 150	67 000
Swellendam Railton 950 erven - Elec Infrastructure	4 326 087	2 869 565	2 608 696
Fire skids		30 000	30 000
Community halls Machinery and Equipment	10 000	30 000	30 000
Community halls Furniture and Equipment	60 000	60 000	40 000
Office furniture - All departments	80 000	100 000	80 000

Project Name	Final Draft Budget 2024/2025	Final March Draft Budget 2025/2026	Revised March Draft Budget 2026/2027
Traffic: Machinery and Equipment 2023_2024	50 000	50 000	90 000
Upgrading of Railton Sports Grounds Phase 3	3 583 391		
Diesel Tractor	50 000		
Trailer Cherry picker	350 000		
Furniture and Office Equipment	25 000	30 000	30 000
Canopy (CCK 14457)		30 000	
Alarm system (parks store)		40 000	
New trailer		50 000	
Cutlery	-	35 000	
Ride on tractor	90 000		100 000
White paper shredder industrial	15 000		
Cricket pitch cutter		50 000	
Manual (hand) roller for cricket pitch	10 000		
Baymerine	35 000		
"Afdak" at the braai section		45 000	
White paper shredder industrial	75 000		
Tamperd Proof Bins for Swellendam	70 000	75 000	80 000
Guard hut with toilet for Barrydale and Suurbraak Landfill	460 000		
21m2 Refuse compactor including lifter	3 200 000		
Traffic DLTC: Camera Security system, spotlights, beams		200 000	
Traffic: Equipment, Bulletproofs, Pepperspray guns	50 000	50 000	50 000

Project Name	Final Draft Budget 2024/2025	Final March Draft Budget 2025/2026	Revised March Draft Budget 2026/2027
Spray machine for Maintenance section	150 000		
Trailer for cattle impounds		200 000	
Furniture and Office Equipment	40 000	45 000	20 000
safety cameras inside the casher cubicles	25 000		
Suurbraak WTW Phase 2 Professional Fees (CF)	319 330		
Railton Upgrading of Gravel Roads and Stormwater Phase 3	5 060 138	4 521 739	5 092 866
Railton Road Rehabilitation	2 086 957	2 086 957	2 086 957
Railton Road Rehabilitation (CF)	521 739	521 739	521 739
Upgrading of Railton Sports Grounds Phase 3 (CF)	677 478		
Replacement of street lights in Swellendam Municipal Area	2 608 696	3 478 261	
Rehabilitation of Bronn Street	1 000 000		
Rammer Compactor	45 000		
Digger loader	1 200 000		
Machinery and Equipment - Street	20 000	35 000	35 000
Swellendam WTW Access control automation	14 000		
Klipperivier Tractor 65kw 4x4	650 000		
Design and installation of scum baffles on Klipperivier WWTW settlers	600 000		
WTW Telemetry upgrade	60 000	60 000	
Upgrade of Buffeljags Sewer pumpstation	1 000 000		
Light Delivery Vehicle (Bakkie)	300 000		
New two way radios	55 000	55 000	55 000
Installation of new relays in Swelledam Substation	160 000		
Barrydale (Smitsville) Upgrade WWTW		4 044 174	4 723 265
Barrydale (Smitsville) Upgrade WWTW		1 011 043	1 180 816
Sport project in Municipal Area		591 826	
Sport project in Municipal Area		147 957	
Water Reticulation erf 8241 - Industrial Erven	150 000		
Sewer Reticulation erf 8241 - Industrial Erven	150 000		
Electricity network erf 8241 - Industrial Erven	500 000		
Access Road Gravel erf 8241 - Industrial Erven	100 000		
Multi-Tier Storage Shelving	300 000	150 000	
Windows server datacentre sagteware	400 000		
Upgrade Barrydale sewer pump station	400 000		650 000

Project Name	Final Draft Budget 2024/2025	Final March Draft Budget 2025/2026	Revised March Draft Budget 2026/2027
Raised intersection Berg and Swellengrebel street	170 000		
Speed Calming measures - Ward 1	15 000		
Glen Barry Avenue water pipe line replacement	300 000		
Railton 32 Erven - Water Services	3 400 000		
Railton 32 Erven - Sewerage Services	3 400 000		
Railton 32 Erven - Roads	3 275 000		
Railton Informal Settlements - Water Services	2 900 000	2 700 000	700 000
Railton Informal Settlements - Sewerage Services	2 900 000	2 700 000	700 000
Railton Informal Settlements - Roads	2 838 000	260 000	600 000
Upgrading of Gravity Main from Grootkloof Dam	869 565		
Drone	115 000		

Table SA 34a - Capital expenditure on new assets by asset class

WC034 Swellendam - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	29 845	10 926	29 079	29 079	26 657	8 715	4 754
Roads Infrastructure		-	-	17 839	983	1 118	1 118	6 722	260	600
Roads		-	-	17 839	200	200	200	6 113	260	600
Road Furniture		-	-	-	783	918	918	609	-	-
Electrical Infrastructure		-	-	238	2 174	11 160	11 160	4 326	2 870	2 609
LV Networks		-	-	238	2 174	11 160	11 160	4 326	2 870	2 609
Water Supply Infrastructure		-	-	4 150	1 911	9 494	9 494	6 619	2 700	700
Reservoirs		-	-	-	-	1 739	1 739	-	-	-
Pump Stations		-	-	-	92	136	136	-	-	-
Water Treatment Works		-	-	90	1 819	7 618	7 618	319	-	-
Distribution		-	-	4 060	-	-	-	6 300	2 700	700
Sanitation Infrastructure		-	-	6 655	5 548	6 473	6 473	7 900	2 700	700
Pump Station		-	-	61	3 000	3 655	3 655	1 000	-	-
Reticulation		-	-	6 197	1 100	2 400	2 400	6 300	2 700	700
Waste Water Treatment Works		-	-	398	1 418	418	418	600	-	-
Capital Spares		-	-	-	30	-	-	-	-	-
Solid Waste Infrastructure		-	-	297	211	185	185	610	105	65
Landfill Sites		-	-	-	-	-	-	460	-	-
Waste Transfer Stations		-	-	297	100	67	67	-	-	-
Waste Drop-off Points		-	-	-	111	118	118	150	105	65
Coastal Infrastructure		-	-	386	-	-	-	-	-	-
Revetments		-	-	386	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	279	100	650	650	480	80	80
Distribution Layers		-	-	279	100	650	650	480	80	80
Community Assets		437	11 555	174	-	210	210	-	790	-
Community Facilities		437	11 555	174	-	210	210	-	-	-
Libraries		-	10	174	-	210	210	-	-	-
Parks		437	11 545	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	790	-
Outdoor Facilities		-	-	-	-	-	-	-	790	-
Other assets		-	-	1 765	325	468	468	60	110	110
Operational Buildings		-	-	1 765	275	420	420	60	60	60
Municipal Offices		-	-	-	200	395	395	60	60	60
Workshops		-	-	-	75	25	25	-	-	-
Stores		-	-	1 765	-	-	-	-	-	-
Housing		-	-	-	50	48	48	-	50	50
Social Housing		-	-	-	50	48	48	-	50	50
Computer Equipment		915	1 007	426	240	1 000	1 000	275	300	300
Computer Equipment		915	1 007	426	240	1 000	1 000	275	300	300
Furniture and Office Equipment		278	798	1 772	239	644	644	600	500	205
Furniture and Office Equipment		278	798	1 772	239	644	644	600	500	205
Machinery and Equipment		18 829	79 576	1 693	1 140	2 723	2 723	885	866	657
Machinery and Equipment		18 829	79 576	1 693	1 140	2 723	2 723	885	866	657
Transport Assets		933	2 159	4 522	4 781	4 866	4 866	5 885	280	100
Transport Assets		933	2 159	4 522	4 781	4 866	4 866	5 885	280	100
Land		-	-	-	-	4 446	4 446	-	-	-
Land		-	-	-	-	4 446	4 446	-	-	-
Total Capital Expenditure on new assets	1	21 392	95 095	40 196	17 651	43 436	43 436	34 362	11 560	6 126

Table SA34c - Repairs and maintenance expenditure by asset class

WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		10 043	10 554	12 892	18 086	15 749	15 749	18 863	19 016	19 666
Roads Infrastructure		3 777	3 866	6 821	7 322	7 613	7 613	7 979	8 261	8 547
Roads		3 480	3 650	6 521	6 975	7 307	7 307	7 665	7 941	8 220
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		297	216	300	348	306	306	314	320	326
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		484	404	448	520	359	359	352	364	377
Drainage Collection		484	404	448	520	359	359	352	364	377
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 460	1 905	2 205	2 510	2 323	2 323	2 381	2 438	2 496
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		1 318	1 596	1 457	1 545	1 431	1 431	1 514	1 544	1 575
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	79	196	170	170	142	147	153
LV Networks		142	309	669	769	721	721	726	747	768
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		1 204	1 009	656	981	958	958	1 319	958	983
Dams and Weirs		7	7	15	108	68	68	445	63	65
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		899	743	5	53	64	64	53	55	57
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		298	260	5	146	117	117	87	90	94
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	631	673	709	709	735	751	767
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		1 069	1 311	375	1 092	1 136	1 136	1 168	1 210	1 254
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		1 069	1 311	375	1 092	1 136	1 136	1 168	1 210	1 254
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		2 049	2 058	2 387	5 660	3 360	3 360	5 615	5 734	5 959
Landfill Sites		2 049	2 058	2 387	5 660	3 360	3 360	5 615	5 734	5 959
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	50	51	52
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	50	51	52
Capital Spares		-	-	-	-	-	-	-	-	-

WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Community Assets		660	405	739	973	869	869	585	601	617
Community Facilities		524	274	577	758	715	715	416	428	440
Halls		78	39	208	433	334	334	211	218	226
Centres		89	22	43						
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		109	27	151	66	192	192	-	-	-
Cemeteries/Crematoria		47	57	6	17	10	10	16	16	17
Police		-	-	-	-	-	-	-	-	-
Parks		200	128	169	242	179	179	189	194	198
Public Open Space		-	-	-	-	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		136	131	162	215	154	154	168	173	177
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		136	131	162	215	154	154	168	173	177
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments		-	-	-	-	-	-	-	-	-
Historic Buildings		-	-	-	-	-	-	-	-	-
Works of Art		-	-	-	-	-	-	-	-	-
Conservation Areas		-	-	-	-	-	-	-	-	-
Other Heritage		-	-	-	-	-	-	-	-	-
Investment properties		74	13	6	84	123	123	270	281	292
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		74	13	6	84	123	123	270	281	292
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		74	13	6	84	123	123	270	281	292
Other assets		1 011	625	408	486	601	601	621	643	667
Operational Buildings		1 011	625	408	486	601	601	621	643	667
Municipal Offices		1 003	619	401	464	588	588	607	629	652
Yards		-	-	-	6	3	3	3	3	3
Stores		8	5	7	16	10	10	11	11	11
Computer Equipment		61	16	30	25	65	65	30	31	31
Computer Equipment		61	16	30	25	65	65	30	31	31
Furniture and Office Equipment		107	120	2	14	9	9	8	8	8
Furniture and Office Equipment		107	120	2	14	9	9	8	8	8
Machinery and Equipment		10 983	10 200	10 060	490	588	588	380	392	404
Machinery and Equipment		10 983	10 200	10 060	490	588	588	380	392	404
Transport Assets		1 859	3 296	3 299	3 951	3 899	3 899	3 638	3 775	3 917
Transport Assets		1 859	3 296	3 299	3 951	3 899	3 899	3 638	3 775	3 917
Total Repairs and Maintenance Expenditure	1	24 798	25 229	27 437	24 109	21 903	21 903	24 394	24 747	25 603
R&M as a % of PPE		6.6%	5.5%	5.4%	4.3%	3.9%	3.9%	4.0%	4.3%	4.5%
R&M as % Operating Expenditure		8.1%	7.8%	8.4%	5.3%	4.4%	4.4%	9.0%	4.8%	5.2%

Section 15 - Other supporting documents

Table SA1 - Supporting detail to budgeted financial performance

WC034 Swellendam - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
REVENUE ITEMS:										
Non-exchange revenue by source										
Property rates										
Total Property Rates	6	46 911	50 137	54 773	62 116	62 411	62 411	70 005	76 306	83 173
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		4 114	4 276	4 657	4 654	6 058	6 058	6 669	7 260	7 904
Net Property Rates		42 797	45 860	50 116	57 462	56 353	56 353	63 336	69 045	75 269
Exchange revenue service charges										
Service charges - Electricity										
Total Service charges - Electricity	6	93 017	105 845	99 296	116 248	115 468	115 468	129 692	144 174	160 488
less Cost of Free Basic Services (50 kwh per indigent household per month)		5 042	5 832	1 823	2 312	1 812	1 812	2 228	2 479	2 760
Net Service charges - Electricity		87 976	100 013	97 473	113 936	113 655	113 655	127 465	141 695	157 728
Service charges - Water										
Total Service charges - Water	6	20 797	23 271	25 627	29 440	26 092	26 092	31 271	34 085	37 153
less Cost of Free Basic Services (6 kilolitres per indigent household per month)		2 947	3 347	3 117	4 052	3 677	3 677	4 779	5 209	5 678
Net Service charges - Water		17 850	19 924	22 509	25 388	22 415	22 415	26 492	28 876	31 475
Service charges - Waste Water Management										
Total Service charges - Waste Water Management		26 936	24 792	24 970	28 417	27 625	27 625	30 100	32 268	35 075
less Cost of Free Basic Services (free sanitation service to indigent households)		5 834	6 466	5 583	7 897	7 128	7 128	8 637	9 241	10 073
Net Service charges - Waste Water Management		21 102	18 326	19 386	20 521	20 497	20 497	21 463	23 027	25 002
Service charges - Waste Management										
Total refuse removal revenue	6	14 586	16 195	16 760	19 797	19 797	19 797	23 941	25 856	27 925
less Cost of Free Basic Services (removed once a week to indigent households)		3 608	4 163	4 011	5 090	5 158	5 158	6 717	7 255	7 835
Net Service charges - Waste Management		10 978	12 032	12 749	14 707	14 639	14 639	17 224	18 602	20 090
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	2	64 554	69 159	64 433	80 993	77 221	77 221	87 471	91 671	98 174
Pension and UIF Contributions		11 711	12 969	13 141	17 503	17 122	17 122	18 283	19 770	21 184
Medical Aid Contributions		5 934	6 433	6 425	9 254	8 990	8 990	9 357	10 153	10 949
Overtime		3 759	3 861	3 332	3 897	5 585	5 585	5 273	5 449	5 614
Performance Bonus		5 332	5 715	5 253	7 384	6 714	6 714	7 220	7 762	8 251
Motor Vehicle Allowance		5 537	6 248	5 836	7 347	7 001	7 001	6 608	6 155	7 391
Cellphone Allowance		349	379	338	433	442	442	445	484	511
Housing Allowances		461	455	427	664	680	680	730	824	911
Other benefits and allowances		2 496	2 680	2 642	3 162	3 193	3 193	3 316	3 482	3 656
Payments in lieu of leave		1 031	337	716	1 354	1 354	1 354	759	797	836
Long service awards		995	1 095	515	3 136	3 140	3 140	1 816	1 932	2 056
Post-retirement benefit obligations		5 707	4 390	5 127	7 452	7 452	7 452	8 218	8 693	9 301
Acting and post related allowance		141	176	299	385	295	295	133	138	144
sub-total	5	108 007	113 898	108 484	142 965	139 191	139 191	149 627	157 309	168 978
Total Employee related costs	1	108 007	113 898	108 484	142 965	139 191	139 191	149 627	157 309	168 978
Depreciation and amortisation										
Depreciation of Property, Plant & Equipment		13 405	14 235	14 453	15 995	18 697	18 697	19 270	19 848	20 443
Lease amortisation		127	163	168	183	183	183	189	194	200
Capital asset impairment		(4 897)	-	1 537	-	1 583	1 583	1 630	1 679	1 730
Total Depreciation and amortisation	1	8 635	14 398	16 157	16 178	20 463	20 463	21 089	21 722	22 373
Bulk purchases - electricity										
Electricity Bulk Purchases		68 852	82 613	79 694	95 137	97 690	97 690	112 368	125 184	140 325
Total bulk purchases	1	68 852	82 613	79 694	95 137	97 690	97 690	112 368	125 184	140 325
Transfers and grants										
Cash transfers and grants		992	231	530	1 185	1 325	1 325	1 200	1 200	1 200
Non-cash transfers and grants		200	215	-	-	-	-	-	-	-
Total transfers and grants	1	1 193	446	530	1 185	1 325	1 325	1 200	1 200	1 200
Contracted services										
Outsourced Services		6 464	9 089	10 455	10 793	12 287	12 287	12 797	13 666	14 883
Consultants and Professional Services		3 167	3 032	2 708	6 798	8 616	8 616	4 266	4 348	4 561
Contractors		24 945	18 969	16 194	77 705	90 913	90 913	119 115	68 130	35 686
sub-total	1	34 577	31 090	29 358	95 295	111 816	111 816	136 177	86 144	55 130
Operational Costs										
Collection costs		2 715	2 344	1 013	1 060	1 230	1 230	1 175	1 199	1 222
Contributions to 'other' provisions		-	-	826	-	-	-	-	-	-
Audit fees		5 442	3 992	4 393	4 672	6 861	6 861	4 808	4 904	5 002
Other Operational Costs										
Operating Leases	3	1 254	1 541	336	1 282	1 321	1 321	1 253	1 269	1 285
Operational Cost		16 076	19 194	19 579	23 852	38 013	38 013	23 574	23 742	24 616
Statutory Payments other than Income Taxes		40	30	16	66	31	31	41	42	43
Total Operational Costs	1	25 526	27 101	26 162	30 932	47 456	47 456	30 852	31 155	32 168
Repairs and Maintenance by Expenditure Item										
Employee related costs	8	8 267	8 520	9 742	0	0	0	-	-	-
Inventory Consumed (Project Maintenance)		6 997	7 397	5 002	6 030	5 630	5 630	5 347	5 457	5 568
Contracted Services		8 541	8 060	12 140	17 163	15 156	15 156	17 716	17 933	18 650
Other Expenditure		994	1 252	552	917	1 117	1 117	1 331	1 357	1 384
Total Repairs and Maintenance Expenditure	9	24 798	25 229	27 437	24 109	21 903	21 903	24 394	24 747	25 603
Inventory Consumed										
Inventory Consumed - Water		-	-	15 374	7 375	7 751	7 751	-	-	-
Inventory Consumed - Other		4 739	6 652	6 135	11 552	11 567	11 541	11 809	12 215	12 215
Total Inventory Consumed & Other Material		4 739	6 652	21 510	18 928	19 318	19 318	11 541	11 809	12 215

Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**WC034 Swellendam - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)**

R thousand	1	R'000	R'000	R'000	R'000	R'000
Revenue						
Exchange Revenue						
Service charges - Electricity		–	–	127 465	–	127 465
Service charges - Water		–	–	26 492	–	26 492
Service charges - Waste Water Management		–	–	21 463	–	21 463
Service charges - Waste Management		–	–	–	17 224	17 224
Sale of Goods and Rendering of Services		–	460	1 471	1 078	3 010
Agency services		–	–	–	2 955	2 955
Interest earned from Receivables		–	151	1 273	378	1 802
Interest earned from Current and Non Current Assets		–	9 000	–	–	9 000
Dividends		–	2	–	–	2
Rental from Fixed Assets		1	–	–	615	616
Licence and permits		–	–	–	1 187	1 187
Operational Revenue		136	68	631	578	1 412
Non-Exchange Revenue						
Property rates		–	63 336	–	–	63 336
Surcharges and Taxes		–	1 443	–	–	1 443
Fines, penalties and forfeits		–	16	45	49 006	49 067
Transfer and subsidies - Operational		24 310	3 830	20 025	110 678	158 843
Interest		–	410	–	–	410
Service charges		–	–	3 803	–	3 803
Other Gains		7 224	–	–	–	7 224
Total Revenue (excluding capital transfers and contributions)		31 670	78 716	202 669	183 699	496 753
Expenditure						
Employee related costs		28 991	21 624	54 578	44 434	149 627
Remuneration of councillors		6 326	–	–	–	6 326
Bulk purchases - electricity		–	–	112 368	–	112 368
Inventory consumed		98	229	8 659	2 555	11 541
Debt impairment		–	1 630	2 263	13 758	17 651
Depreciation and amortisation		313	955	12 885	5 306	19 459
Interest		–	20	1 977	6 158	8 156
Contracted services		5 289	5 602	11 922	113 364	136 177
Transfers and subsidies		585	–	–	615	1 200
Irrecoverable debts written off		–	–	1 516	25 946	27 462
Operational costs		4 603	12 683	8 043	5 522	30 852
Total Expenditure		46 205	42 744	214 212	217 657	520 817
Surplus/(Deficit)		(14 535)	35 972	(11 543)	(33 958)	(24 064)
Transfers and subsidies - capital (monetary allocations)		–	–	24 416	22 296	46 713
Income Tax		(14 535)	35 972	12 874	(11 662)	22 649

SA32 – List of external mechanisms

WC034 Swellendam - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
CAB Holdings (Pty) Ltd.	Yrs	3-Year Contract (extended for 3 year)(extended for an additional year)	Printing, Sorting and Mailing of Municipal accounts	01/07/2017 to 30/06/2024	R5 639 776,35 (incl. VAT) estimated cost
Geodebt Solutions CC.	Yrs	3-Year Contract (extended for 3 years)	Provision of a Credit Control and debt collection Support System	01/07/2020 to 30/06/2027	R13 111 043,00 (incl. VAT) estimated cost
Lezmin 1712 CC	Yrs	2- Year contract and 6 months contract (extended on a month to month)	Management and Maintenance of the Bontebok Solid Waste Facility Swellendam	01/11/2020 to 30/06/2024	R9 489 806,00 (incl. VAT) estimated cost
Johan Kemp	Yrs	3-Year Contract (extended for 3 year)	Rental of dumping site, Melkhuoutfontein	01/11/2017 to 31/10/2026	R1 175 165,00 (incl. VAT) estimated cost
T. Sedgwick Holdings (Pty) Ltd	Yrs	3-Year Contract (extended for 3 year)	Rental, Management and Maintenance of dumping site, Rietfontein Infanta	01/11/2017 to 31/10/2026	R2 923 108,00 (incl. VAT) estimated cost
T. Sedgwick Holdings (PTY) Ltd	Yrs	2- Year contract and 10 months contract	Supply and delivery of water in Kabbeljoubank Infanta	01/09/2020 to 30/06/2024	R200 000,00 (incl. VAT) estimated cost
L.C. Eksteen	Yrs	2- Year contract and 6 months contract	Supply and delivery of water in Moddergat Infanta & Aasbank Infanta	01/09/2020 to 30/04/2024	R200 000,00 (incl. VAT) estimated cost
Johan Kemp	Yrs	2- Year contract and 6 months contract	Supply and delivery of water in Nuwe Dorp Malagas	01/09/2020 to 30/04/2024	R900 000 (incl. VAT) estimated cost
A L Abbott and Associates (Pty) Ltd	Yrs	3- Year Contract	Provision of professional services monitoring of Swellendam Municipality water and wastewater treatment plants	01/12/2023 to 30/11/2026	R983 003,50 (incl. VAT) estimated cost
TMT Services and Supplies (Pty) Ltd	Yrs	3- Year Contract (Contract extended for 1 year)	Supply , Delivery and Administrative Support Services of a Fine Collection System and Camera Equipment with related operational support for the period ending 30 June 2022	01/07/2020 to 30/06/2024	R10 037 881,19 (incl. VAT) estimated cost
Syntel (Pty) Ltd	Yrs	3- Year Contract	Provision and Administration of an Electrical Prepayment Vending System	01/09/2022 to 31/08/2025	R4 422 900,00 (incl. VAT) estimated cost

Section 16 – Legislation compliance status

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

1. In-year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the executive mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship program

The municipality is participating in the Municipal Financial Management Internship program and has employed two interns undergoing training in various divisions of the Financial Services Department. The appointment of three interns is in progress.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detailed SDBIP document has been directly aligned and informed by the 2024/25 MTREF.

6. Annual Report

The Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MMC Training

The Director: Infrastructure Services to be appointed needs to undergo the MMC training program.

8. Policies

Revised policies in terms of the Municipal Budget and Reporting Regulations are tabled with the 2024/25 MTREF.

Section 17 - Municipal manager's quality certificate

I, A Vorster, Municipal Manager of Swellendam 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 annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: A Vorster

Municipal Manager of Swellendam Municipality (WC034)



Signature: _____

Date: 2024/03/25



ANNEXURE B

PROPOSED TARIFFS

2024/2025



TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
EIENDOMSBELASTING & BOUKLOUSULES Nul BTW koers			RATES & BUILDING CLAUSES Zero rated VAT		
(i) Eiendomme Residensieel (Ontwikkelde eiendom)	R0.00791	RAT 01	R0.00862		(i) Residential Properties (Developed property)
(ii) Besigheid en Kommersiële eiendomme	R0.00910	RAT 02	R0.00992		(ii) Business & Commercial Properties
(iii) Industriële Eiendomme	R0.00910	RAT 08	R0.00992		(iii) Industrial Properties
(iv) Onbeboude Eiendomme	R0.01187	RAT 07	R0.01294		(iv) Vacant Land
(v) Veeldoelige Eiendomme soos per kategorie in waardasierol					(v) Multi Purpose Properties as per valuation roll category
(vi) Landbou-Eiendomme	R0.00198	RAT 05	R0.00216		(vi) Agricultural
(vii) Staats Infrastruktuur	R0.00000	RAT 06	R0.00000		(vii) Public service infrastructure
(viii) Nuts Organisasies	R0.00198	RAT04	R0.00216		(viii) Public benefit organisation property
(ix) Publieke Staatsdiens organisasie	R0.00910	RAT 16	R0.00992		(ix) Public Service Purpose
(x) Munisipale Eiendomme	R0.00000		R0.00000		(x) Municipal Properies
(xi) Beskermd Eiendomme	R0.00000		R0.00000		(xi) Protected Areas
(xii) Plek Van Aanbidding	R0.00000		R0.00000		(xii) Place of Worship
Kortings:					Discounts:
A) Malagas, Malagas Vakansie Oord, Infanta, Infanta Park, Riverine, Rietkuil en Oorkant die Rivier.	30%		30%		A) Malagas, Malagas Holiday Resort, Infanta, Infanta Park, Riverine, Rietkuil and "Oorkant die Rivier".
B) Museums	100%		100%		B) Museums
C) Ouetehuise	100%		100%		C) Old Age Homes
D) Swellengrebel Vliegklub	100%		100%		D) Swellengrebel Flying Club
WATER:			WATER:		
WATERTARIEWE:			WATER TARIFFS:		
Basiese heffing	R111.16	PURE	R127.28	R146.37	Basic charge
Normale tarief & Vlak 1 water beperkings					Normal Tariff & Level 1 water restrictions
0 - 6 kl	R7.01		R8.03	R9.23	0 - 6 kl
7 - 15 kl	R12.93		R14.80	R17.03	7 - 15 kl
16 - 30 kl	R16.26		R18.62	R21.41	16 - 30 kl
31 - 45 kl	R16.72		R19.14	R22.01	31 - 45 kl
Bo 45 kl	R21.80		R24.96	R28.70	Above 45 kl
Water beperking tarief 1 (Vlak 2 & 3 water beperkings)		PURE			Water restriction tariff 1 (Level 2 & 3 water restrictions)
0 - 6 kl	R7.01		R8.03	R9.23	0 - 6 kl
7 - 15 kl	R12.93		R14.80	R17.03	7 - 15 kl
16 - 30 kl	R21.14		R24.20	R27.83	16 - 30 kl
31 - 45 kl	R21.73		R24.88	R28.61	31 - 45 kl
Bo 45 kl	R28.34		R32.44	R37.31	Above 45 kl
Water beperking tarief 2 (Vlak 4 & 5 water beperkings)		PURE			Water restriction tariff 1 (Level 4 & 5 water restrictions)
0 - 6 kl	R7.01		R8.03	R9.23	0 - 6 kl
7 - 15 kl	R20.69		R23.69	R27.24	7 - 15 kl
16 - 30 kl	R26.01		R29.79	R34.26	16 - 30 kl
31 - 45 kl	R26.74		R30.62	R35.22	31 - 45 kl
Bo 45 kl	R34.88		R39.93	R45.92	Above 45 kl
Water beperking tarief 3 (Vlak 6 water beperkings)		PURE			Water restriction tariff 1 (Level 6 water restrictions)
0 - 6 kl	R7.01		R8.03	R9.23	0 - 6 kl
7 - 15 kl	R25.86		R29.61	R34.05	7 - 15 kl
16 - 30 kl	R32.52		R37.23	R42.82	16 - 30 kl
Bo 30 kl	R43.59		R49.92	R57.40	Above 30 kl
Klipperivier Verbruikers					Klipperivier Consumers
0 - 88 kl	R0.00		R0.00		0 - 88 kl
Bo 88 kl	R16.88	KLIPR	R19.33	R22.23	Above 88 kl
Besighede, Nywerhede en Publieke Sektor					Business, Industrial and Public Sector
Basiese heffing	R198.67	BESIG	R227.48	R261.60	Basic charge
Normale tarief & Vlak 1 water beperkings					Normal Tariff & Level 1 water restrictions
0 - 6 kl	R11.19		R11.34	R13.04	0 - 6 kl
7 - 15 kl	R13.97		R14.12	R16.24	7 - 15 kl
16 - 30 kl	R17.23		R17.37	R19.98	16 - 30 kl
31 - 45 kl	R17.71		R17.86	R20.54	31 - 45 kl
Bo 45 kl	R22.44		R22.58	R25.97	Above 45 kl
Water beperking tarief 1 (Vlak 2 & 3 water beperkings)		BESIG			Water restriction tariff 1 (Level 2 & 3 water restrictions)
0 - 6 kl	R11.19		R11.34	R13.04	0 - 6 kl
7 - 15 kl	R13.97		R14.12	R16.24	7 - 15 kl

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
16 - 30 kl	R22.40		R22.54	R25.93	16 - 30 kl
31 - 45 kl	R23.03		R23.17	R26.65	31 - 45 kl
Bo 45 kl	R29.17		R29.31	R33.71	Above 45 kl
Water beperking tarief 2 (Vlak 4 & 5 water beperkings)		BESIG			Water restriction tariff 1 (Level 4 & 5 water restrictions)
0 - 6 kl	R11.19		R11.34	R13.04	0 - 6 kl
7 - 15 kl	R22.36		R22.50	R25.88	7 - 15 kl
16 - 30 kl	R27.57		R27.71	R31.87	16 - 30 kl
31 - 45 kl	R28.34		R28.49	R32.76	31 - 45 kl
Bo 45 kl	R35.90		R36.05	R41.45	Above 45 kl
Water beperking tarief 3 (Vlak 6 water beperkings)		BESIG			Water restriction tariff 1 (Level 6 water restrictions)
0 - 6 kl	R11.19		R11.34	R13.04	0 - 6 kl
7 - 15 kl	R27.95		R28.09	R32.31	7 - 15 kl
16 - 30 kl	R34.46		R34.60	R39.80	16 - 30 kl
Bo 30 kl	R44.88		R45.02	R51.77	Above 30 kl
Munisipale verbruik (Insluitend klubhuise)					Departmental (Including clubhouses)
Per Kl	R12.47	MUNPR	R14.27		Per Kl
BESKIKBAARHEIDSGELDE (VAKANTE ERWE) PER MAAND:	R252.36	GEN	R288.95	R332.29	AVAILABILITY FEE (VACANT STAND) PER MONTH:
DEPOSITO'S BY AANSLUITINGS:					DEPOSITS AT CONNECTIONS:
Huishoudelik (sluit kerke in)	R650.00		R700.00		Residential (include churches)
Besighede / Nywerhede	R1 100.00		R1 200.00		Business/ Industrial
Grootmaat verbruikers (Meer as 500 kl / maand)	R3 300.00		R3 500.00		High demand consumers (More than 500 kl/ per month)
ONGESUIWERDE WATER					UNPURIFIED WATER (RAW WATER)
Basies Heffing (Geen meter):					Basic Charge (No meter):
Swellendam / Barrydale / Buffeljags	R111.16	NVT	R127.28	R146.37	Swellendam / Barrydale / Buffeljags
Suurbraak	R52.17	NVT	R127.28	R146.37	Suurbraak
Alle dorpe					All towns
Gemeterde ongesuiwerde water:					Metered unpurified water (Raw Water)
Ongesuiwerde water vir eerste 10 kl	R78.01	UPURE	R78.01	R89.71	Unpurified water the first 10 kl
Ongesuiwerde water meer as 10 kl per kl	R15.48	UPURE	R15.48	R17.80	Unpurified water more than 10 kl per kl
Gemeterde besproeiings water per Kl (Hermitage)	R2.79	BESPR	R2.79	R3.21	Metered irrigation water per kl (Hermitage)
DIVERSE WATER TARIWE:					SUNDRY WATER TARIFFS:
Toets van meter op versoek van verbruiker, maks 25 diameter (voorwaardelike terugbetaalbaar)	R805.00		R852.17	R980.00	Test of meter on customer's demand, max 25 diameter (conditionally refundable)
Toets van meter op versoek van verbruiker, meer as 25 diameter (voorwaardelike terugbetaalbaar)	R1 875.00		R1 973.91	R2 270.00	Test of meter on customer's demand, more than 25 diameter (conditionally refundable)
Nuwe aansluitings/ Omskakelings					New connections / Conversions
(i) Water aansluitings 15 mm	R4 764.00		R5 008.70	R5 760.00	(i) Water connections 15 mm
(ii) Water aansluitings 20 mm	R5 081.00		R5 339.13	R6 140.00	(ii) Water connections 20 mm
(iii) Water aansluitings 25 mm	R7 621.00		R8 008.70	R9 210.00	(iii) Water connections 25 mm
(iv) Water aansluitings ander groottes		Koste / Cost + 20%			(iv) All other water connections
(iv) Water aansluitings vir nie-gedienste erwe		Koste / Cost + 20%			(iv) All other water connections on unserved erven
Verskuiwing van watermeter (maksimum afstand van 25 meter)	R1 445.00		R1 521.74	R1 750.00	Moving of water meter (maximum distance of 25 meter)
Heraansluiting / Afsluiting van water	R428.00		R452.17	R520.00	Reconnection / connection of water
Grootmaat water (Per kl)	R15.00		R17.39	R20.00	Bulk water (Per kl)
ONGEMAGTIGDE / WEDERREGTELIK AANSKAKELING FOOIE: Waar vasgestel word dat 'n verbruiker, of dat die verbruiker toegelaat het dat die toevoer ongemagtig/wederregtelik aangeskakel, omlei of beskadig word, sal die volgende gehef word:					ILLEGAL CONNECTION / TAMPERING FEES: Where determined that a user, or that a user allowed the supply unlawfully re-connected, damaged or re-directed the supply, the following will be charged:
Oorbrugings herstelkoste			R452.17	R520.00	Breach repair costs
Gemiddelde verbruik teen toepaslike bloktariewe					Average consumption at relative block tariffs
Boefe:					Penalty:
Eerste oortreding	R6 000.00		R6 304.35	R7 250.00	First infringement / offence
Tweede oortreding	R9 000.00		R9 452.17	R10 870.00	Second infringement / offence
Indien die verbruiker 'n aansluiting tot die water netwerk versoek, sal die normale aansoek en fooie betaalbaar wees.					Should the consumer wants to connect to the water supply, the normal applications process and fees will be applicable.
AFLEWERING VAN WATER (Skole/ Kleinboere) binne dorpsgebied					DELIVERY OF WATER: (Schools/ Small farmers) within town boundaries
Vragmotor kosteverhaling	R760.00		R800.00	R920.00	Truck recovery cost
Water verhaling per kl	R19.00		R26.09	R30.00	Water per kl

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Spesiale aflesing (Op versoek van verbruiker) Indien die water en elektrisiteitsmeters beide gelees moet word is slegs een tarief ter sprake.	R279.00		R295.65	R340.00	Special meter reading (on demand of consumer) If the special readings are for both water and electricity only one tariff is payable.
BESKIKBAARHEIDSFEE VIR LEIWATERTARIEWE:			AVAILABILITY CHARGES FOR "LEIWATER":		
Gebruik en pomp water per maand					Use and pump water per month
1 Uur per week	R512.00		R586.24	R674.18	1 hour per week
0.5 Uur per week	R256.00		R293.12	R337.09	0.5 hour per week
0.25 Uur per week	R128.00		R146.56	R168.54	0.25 hour per week
Die verkryging van die diens is slegs van toepassing tot die finansiële jaar waarin die tarief geld.					The service is applicable only for the financial year in which the tariff is valid.
Die diens word op eie risiko aangevra en betaal. Indien 'n droogte of enige ander situasie ontstaan en die diens word onderbreek sal geen terugbetaling gedoen word nie.					The service is paid on own risk. In case of a drought or any other situation where the service is suspended, no refund will be made by the municipality.
Informele Area (Basiese heffing) staan pype	R42.00		R52.17	R60.00	Informal settlement basic charge informal
Registrasie van boorgat	R163.00		Gratis / Free		Registration of borehole
Vervanging van water meter as gevolg van skade aan water meter	R1 117.00		R1 173.91	R1 350.00	Replacement of water meter due to damage to water meter
SANITASIE (RIOOL):			SANITATION (SEWAGE):		
SWELLENDAAM:					SWELLENDAAM:
Residensieel per maand (Per wooneenheid)	R341.00	DOM	R366.58	R421.56	Residential per month (per residential unit)
Afwykende / vergunnings gebruikers per maand:					Non-conforming use per month:
Eerste toilet	R341.00	AFWYK	R366.58	R421.56	First toilet
Plus vir elke addisionele toilet	R95.00		R102.13	R117.44	Plus for each additional toilet
Sportklubs per maand :					Sport clubs per month:
Sportklubs per maand per toilet	R12.00	SPORT	R12.90	R14.84	Per toilet per month
Skole per maand :					Schools per month:
Eerste toilet	R235.00	SKOOL	R252.63	R290.52	First toilet
Plus per elke addisionele toilet	R190.00		R204.25	R234.89	Plus for each additional toilet
Landbougenootskap per maand:					Agricultural association per month:
Landbougenootskap per toilet per maand	R95.00	SHOW	R102.13	R117.44	Per toilet per month
Alle ander persele per gebruik punt per toilet per maand	R341.00		R366.58	R421.56	All other premises per usage point per toilet per month
Informele Area (Basiese heffing) - implementerings datum ingevolge raadsbesluit	R55.00		R59.13	R67.99	Informal settlement basic charge - date of implementation to be determined by council
SOILL per toilet per maand			SCB - Formule		SOILL per toilet per month
BARRYDALE:					BARRYDALE:
Residensieel per maand (Per wooneenheid): Barydale ou dorp sluit erwe met Septiese tenks uit	R213.00	DOMA	R228.98	R263.32	Residential per month (per residential unit) Excluded Barrydale
Afwykende / vergunnings gebruikers per maand:					Non-conforming use per month
Eerste toilet	R213.00	AFWYKA	R228.98	R263.32	First toilet
Plus vir elke addisionele toilet	R95.00		R102.13	R117.44	Plus for each additional toilet
Sportklubs per maand :					Sport clubs per month:
Sportklubs per maand per toilet	R12.00	SPORT	R12.90	R14.84	Per toilet per month
Skole per maand :					Schools per month:
Eerste toilet	R117.00	SKOOLA	R125.78	R144.64	First toilet
Plus per elke addisionele toilet	R95.00		R102.13	R117.44	Plus for each additional toilet
Landbougenootskap per maand :					Agricultural association per month:
Per toilet per maand	R95.00	SHOW	R102.13	R117.44	Per toilet per month
SUURBRAAK:					SUURBRAAK:
Residensieel per maand (Per wooneenheid):	R213.00	DOMA	R228.98	R263.32	Residential per month (per residential unit):
Afwykende / vergunnings gebruikers per maand:			R0.00		Non-conforming use per month:
Eerste toilet	R213.00	AFWYKA	R228.98	R263.32	First toilet
Plus vir elke addisionele toilet	R95.00		R102.13	R117.44	Plus for each additional toilet
Sportklubs per maand					Sport clubs per month:
Per toilet per maand	R12.00	SPORT	R12.90	R14.84	Per toilet per month
Skole per maand :					Schools per month:
Eerste toilet	R117.00	SKOOLA	R125.78	R144.64	First toilet
Plus per elke addisionele toilet	R95.00		R102.13	R117.44	Plus for each additional toilet
Landbougenootskap per maand :					Agricultural association per month:
Per toilet per maand	R95.00	SHOW	R102.13	R117.44	Per toilet per month
BUFFELSJAGSRIVIER:					BUFFELSJAGSRIVIER:
Residensieel per maand (Per wooneenheid):	R213.00	DOMA	R228.98	R263.32	Residential per month (per residential unit):
Afwykende / vergunnings gebruikers per maand:					Non-conforming use per month:
Eerste toilet	R213.00	AFWYKA	R228.98	R263.32	First toilet
Plus vir elke addisionele toilet	R95.00		R102.13	R117.44	Plus for each additional toilet
Sportklubs per maand					Sport clubs per month:
Per toilet per maand	R12.00	SPORT	R12.90	R14.84	Per toilet per month
Skole per maand:					Schools per month:
Eerste toilet	R117.00	SKOOLA	R125.78	R144.64	First toilet
Plus per elke addisionele toilet	R95.00		R95.00	R109.25	Plus for each additional toilet
Landbougenootskap per maand :					Agricultural association per month:
Per toilet per maand	R95.00	SHOW	R102.13	R117.44	Per toilet per month

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INDUSTRIËLE UITVLOEI					
Heffing in terme van afdeling 7 van die industriële uitvloeï bywet per kl:					INDUSTRIAL EFFLUENT
Vw(SVC) + VieT(COD-1000)/1000 +VieT(SF)					Charge in terms of section 7 of the industrial Effluent by-law per kl:
Waar: T (koste om 1 Kl per afvalwater te verwerk)	R19.00		R20.43	R23.49	Vw(SVC) + Viet(COD-1000)/1000 +VieT(SF)
Afslag toegestaan vir 2022/2023 finansiële jaar	NVT		NVT		Where: T (cost of treating 1Kl of wastewater)
Afslag toegestaan vir 2023/2024 finansiële jaar	15%		15%		Discount granted for 2022/2023 financial year
Afslag toegestaan vir 2024/2025 finansiële jaar	10%		10%		Discount granted for 2023/2024 financial year
Afslag toegestaan na 2024/2025 finansiële jaar	0%		0%		Discount granted for 2024/2025 financial year
SUIGDIENSTE					
SEWAGE PUMPING SERVICES					
Basiese maandelikse heffing	R94.00	SEPT	R110.00	R126.50	Basic monthly charge
Suig van septiese tenks (Gewone ure Maandag tot Vrydag) - Selfde dag diens		SUIG		R0.00	Pump of septic tank (Normal hours Monday to Friday) - Same day Service
Suig van septiese tenks (Na ure Maandag tot Vrydag)		SUIG		R0.00	Pump of septic tank (After hours Monday to Friday)
Suig van septiese tenks naweke Insluitend publieke vakansiedae]		SUIG		R0.00	Pump of septic tank weekend including public holidays.
Suig van septiese tenks (Kantoor ure) - 48 uur vooraf versoek	R260.00	SUIG	R280.00	R322.00	Pump of septic tank (Office hours) - 48 hours advance request
Suig van septiese tenks (Kantoor ure) - selfde dag diens	R390.00	SUIG	R420.00	R483.00	Pump of septic tank (Office hours) - same day service
Suig van septiese tenke na-ure, naweke en publieke vakansiedae	R1 040.00	SUIG	R1 120.00	R1 288.00	Pump of septic tanks after hours, weekends and public holidays.
Die bogemelde tariewe sal van toepassing wees indien 'n amptelike versoek op die volgende ure ontvang is: - Kantoor ure: Maandag tot Donderdag - 08h00 tot 17h00 Vrydag - 08h00 tot 16h00 - Na ure is buite gewone kantoorure					The above fees will be applicable if an official request is received within the prescribed hours as follows: - Office hours: Monday to Thursday - 08h00 to 17h00 Friday - 08h00 to 16h00 - After hours is outside office hours
Die eerste 30 km van die rit vanaf die werkstasie vorm deel uit van die tarief. Vanaf 31 km word addisioneel gehef per km.	R34.00	SUIG	R40.00	R46.00	The first 30 km of a trip from the work station is part of the tariff. Over 31 km the tariff per km is additional.
SUIGDIENSTE: INFANTA / MALAGAS / STORMSVLEI					
SEWAGE PUMPING SERVICE: INFANTA/ MALAGAS/ STORMSVLEI					
Suig van septiese tenks (Gewone ure Maandag tot Vrydag) - Selfde dag diens	R1 566.00	SUIG	R1 690.00	R1 943.50	Pump of septic tank (Normal hours Monday to Friday) - Same day Service
Suig van septiese tenks (Na ure Maandag tot Vrydag)	R2 350.00	SUIG	R2 530.00	R2 909.50	Pump of septic tank (After hours Monday to Friday)
Suig van septiese tenks naweke Insluitend publieke vakansiedae]	R3 133.00	SUIG	R3 370.00	R3 875.50	Pump of septic tank weekend including public holidays.
Die bogemelde tariewe sal van toepassing wees indien 'n amptelike versoek op die volgende ure ontvang is: - Gewone ure: 08h00 tot 12h00 - Na-ure: 12h01 tot 07h59 - Naweke: Vrydag 12h01 tot Maandag 07h59					The above fees will be applicable if an official request is received within the prescribed hours as follows: - Normal hours: 08h00 to 12h00 - After hours: 12h01 to 07h59 - Weekends: Friday 12h01 to Monday 07h59
DIVERSE:					
Riool verstoppings: Diens word slegs gelewer indien dit 'n munisipale hooflyn wat verstop is					SUNDRY: Sewer blockage: Service only supplied where main municipal sewer lines are blocked
Rioolaansluiting (110 mm)	R4 532.00		R4 765.22	R5 480.00	Sewer connections (110mm)
Rioolaansluiting (160 mm)	R12 196.00		R12 808.70	R14 730.00	Sewer connections (160mm)
Storting van riool in werke (Per 4500 liter)	NVT / N/A		NVT / N/A		Disposal of sewer in sewer works (per 4500 litre)
Storting van riool in werke per kiloleter (of 'n gedeelte daarvan)	R30.00		R34.78	R40.00	Disposal of sewer in sewer works per kilolitre (or part thereof)
BESKIKBAARHEIDSGELDE (VAKANTE ERWE) PER MAAND:					
	R259.00	GEN	R280.00	R322.00	AVAILABILITY FEES (VACANT STANDS) PER MONTH:
ONGEMAGTIGDE / WEDERREGTELIK AANSKAKELING FOOIE:					
Waar vasgestel word dat 'n verbruiker, of dat die verbruiker toegelaat het dat stormwater/dakwater in die rioolstelsel gestort word of waar 'n onwettige aansluiting gemaak is.					ILLEGAL CONNECTION / TAMPERING FEES: Where it is established that a consumer, or that a consumer allowed storm water/roof water dumping into the sewerage system or where an illegal connection were made.
Eerste oortreding	R4 850.00		R5 095.65	R5 860.00	First infringement / offence
Tweede oortreding	R7 500.00		R7 878.26	R9 060.00	Second infringement / offence
VULLISVERWYDERING:					
REFUSE REMOVAL:					
SWELLENDAM / SUURBRAAK / BARRYDALE / BUFFELJAGSRIVIER:					
SWELLENDAM/ SUURBRAAK/ BARRYDALE/ BUFFELJAGSRIVIER					
VERWYDERINGSDIENS PER DIENSPUNT PER MAAND:					
REFUSE REMOVAL SERVICE PER SITE PER MONTH:					
Residensieel	R216.00	DOM	R254.88	R293.11	Residential
Vergunnings verbruik	R259.00	CONS	R305.62	R351.46	Consent use
Klein Besighede (1-2)	R518.00	COM1	R611.24	R702.93	Small Business (1-2)
Medium Besighede (3-5)	R1 311.00	COM3	R1 546.98	R1 779.03	Medium Business (3 - 5)

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Groot Besighede (6 - 10)	R2 911.00	COM6	R3 434.98	R3 950.23	Large Business (6 - 10)
Ekstra Groot Besighede (11 - 15)	R4 927.00	COM11	R5 813.86	R6 685.94	Extra Large Business (11 - 15)
Industriëel	R12 489.00	INDUS	R14 737.02	R16 947.57	Industrial
Malagas	R92.00	MALAG	R108.56	R124.84	Malagas
Infanta & Infanta Park	R183.00	INF	R215.94	R248.33	Infanta & Infanta Park
Informele Area (Basiese heffing) - implementerings datum ingevolge raadsbesluit	R35.00		R41.30	R47.50	Informal settlement basic charge - date of implementation to be determined by council
Die tariewe word gehef per diens punt ongeag self verwydering.					These tariffs shall be levied per service point regardless of self removal.
Vullis verminderings intensief / korting - Kommersiële verbruikers					Waste minimisation incentive / rebate - Commercial users
- Korting toegestaan na suksesvolle aansoek en goedkeuring	20%		25%		- Rebate granted upon successful application and approval
- Verhoging indien geen vullis vermindering van plastiek & organiese vullis			25%		- Increase if there is no waste minimisation of plastics and organics
Diverse tariewe - Kommersiële verbruikers					Sundry Tariffs - Commercial users
Eenmalige addisionele verwydering	R354.00		R420.00	R483.00	Additional adhoc removal
Eenmalige gebeurtenis - per houer	R428.00		R510.00	R586.50	Adhoc event - per skip
Eenmalige gebeurtenis - per drom	R81.00		R100.00	R115.00	Adhoc event - per bin
GEBRUIK VAN STORTINGSTERREIN:					USEAGE OF DUMPING SITE:
<u>Algemene Vullis Tariewe:</u>					<u>General Waste Tariffs:</u>
Algemene Vullis - Plaaslike voertuie < 0.5 per dag, daarna geld normale tariewe			Gratis / Free		General Waste - Local Vehicles < 0.5 ton per day, thereafter normal tariffs apply
Algemene Vullis - Plaaslike voertuie > 1 tot 4 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R145.00		R173.91	R200.00	General Waste - Local Vehicles > 1 to 4 ton vehicle (Bontebok landfill) 1st x 1 to 4 ton bakkie free per day there tariffs apply
Algemene Vullis - Plaaslike voertuie > 4 tot 7 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R375.00		R443.48	R510.00	General Waste - Local Vehicles > 4 to 7 ton per vehicle load capacity (Bontebok landfill)
Algemene Vullis - Plaaslike voertuie > 7 tot 10 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R589.00		R695.65	R800.00	General Waste - Local Vehicles > 7 to 10 ton per vehicle load capacity (Bontebok landfill)
Algemene Vullis - Plaaslike voertuie > 10 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R1 011.00		R1 200.00	R1 380.00	General Waste - Local Vehicles > 10 ton per vehicle load capacity (Bontebok landfill)
Algemene Vullis - Plaaslike voertuie > 20 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R1 684.00		R1 991.30	R2 290.00	General Waste - Local Vehicles > 20 ton per vehicle load capacity (Bontebok landfill)
<u>Gebruik van stortingsterrein vir verbruikers van buite dorpe:</u>					<u>Entrant to landfill, not from Swellendam:</u>
Algemene Vullis - Nie-plaaslike voertuie > 1 tot 4 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R145.00		R260.87	R300.00	General Waste - Non-local Vehicles > 1 to 4 ton vehicle (Bontebok landfill) 1st x 1 to 4 ton bakkie free per day there tariffs apply
Algemene Vullis - Nie-plaaslike voertuie > 4 tot 7 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R375.00		R665.22	R765.00	General Waste - Non-local Vehicles > 4 to 7 ton per vehicle load capacity (Bontebok landfill)
Algemene Vullis - Nie-plaaslike voertuie > 7 tot 10 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R589.00		R1 043.48	R1 200.00	General Waste - Non-local Vehicles > 7 to 10 ton per vehicle load capacity (Bontebok landfill)
Algemene Vullis - Nie-plaaslike voertuie > 10 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R1 011.00		R1 800.00	R2 070.00	General Waste - Non-local Vehicles > 10 ton per vehicle load capacity (Bontebok landfill)
Algemene Vullis - Nie-plaaslike voertuie > 20 ton per voertuig laai kapasiteit (Bontebok vullis terrein)	R1 684.00		R2 986.96	R3 435.00	General Waste - Non-local Vehicles > 20 ton per vehicle load capacity (Bontebok landfill)
<u>Organiese Vullis Tariewe:</u>					<u>Organic Waste Tariffs:</u>
- Plaaslike voertuie	Gratis / Free		Gratis / Free		- Local vehicles
- Voertuie van buite dorpe	R162.00		R191.30	R220.00	- Vehicles from outside towns
Gewone algemene afval tariewe is van toepassing op onsuier organiese vullis					General waste fees apply on any 'dirty' organic waste
Bou afval					Building rubble
- Plaaslike voertuie					- Local vehicles
- Voertuie van buite dorpe - per kubieke meter	R216.00		R260.87	R300.00	- Vehicles from outside towns - per cubic meter
Gewone algemene afval tariewe is van toepassing op onsuier bou afval					General waste fees apply on any 'dirty' building rubble
SANBONA :					SANBONA:
HEFFING PER MAAND (Indien diens gebruik word)	R11 523.00	SANB	R13 600.00	R15 640.00	LEVY PER MONTH (When service is used)
ELEKTRISITEITSTARIEWE:					ELECTRICITY TARIFFS:
DIENSAANSLUITINGS:					NEW CONNECTIONS:
(i) Enkel fase aansluitings vooraf betaal / konvensioneel (maksimum 60 Amp)	R10 379.00		R10 904.35	R12 540.00	(i) Single phase prepaid / conventional (maximum 60 Amp)
(ii) Drie fase vooraf betaal / konvensioneel (maksimum 180 Amp)	R19 260.00		R20 226.09	R23 260.00	(ii) Three phase prepaid / conventional (maximum 180 Amp)
(iii) Grootmaat en enige ander aansluitings	Koste / Cost + 20%				(iii) Bulk and any other connections

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
VERVANGING / INSTALLASIE IN PLAKKERSHUTTE AS GEVOLG VAN BRAND SKADE					REPLACEMENT / INSTALLATION IN INFORMAL SETTLEMENT DUE TO FIRE DAMAGE
Standaardtarief	NVT / NA		NVT / NA		Standard Tariff
<i>Kortings:</i>					<i>Discounts:</i>
- Eerste geval	NVT / NA		NVT / NA		- First Instance
- Tweede geval	NVT / NA		NVT / NA		- Second Instance
- Derde en verdere gevalle	NVT / NA		NVT / NA		- Third and more instances
VERVANGING VAN METER EN / OF KABELS					REPLACEMENT OF METER AND / OR CABLES
	Koste plus 20% / Cost plus 20%		Koste plus 20% / Cost plus 20%		
DEPOSITO'S BY AANSLUITINGS:					DEPOSITS OF CONNECTIONS:
<i>Huishoudelik (sluit kerke in)</i>	R1 285.00		R1 350.00		<i>Residential (includes churches)</i>
<i>Besighede (tot 50 KVA)</i>	R4 900.00		R5 150.00		<i>Business (Up to 50 KVA)</i>
<i>Grootmaat aansluitings</i>	R10 800.00		R11 340.00		<i>Bulk connections</i>
Gelde vir die verskaffing van elektrisiteit:					Tariffs to supply electricity
Voorafbetaalde meters					Pre-paid Meters
<i>Deernis / arm huishoudings (Hierdie tarief geld ook vir hierdie huishoudings met konvensionele meters)</i>					<i>Indigent/ poor households (This tariff includes these households with conventional meters)</i>
20A					20A
<i>Basiese Dagtarief</i>		30DOM	R5.733	R6.592	<i>Basic charge per day</i>
<i>Blok 1: 0 - 50kWh (Gratis eenhede indien van toepassing)</i>	R1.507	20AMP	R1.679	R1.931	<i>Block 1: 0 - 50kWh (Free units if applicable)</i>
<i>Blok 2: 51 - 350kWh</i>	R1.933	20AMP	R2.154	R2.477	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.739	20AMP	R3.052	R3.510	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.234	20AMP	R3.603	R4.144	<i>Block 4: > 600kWh</i>
1 Fase					1 Phase
0-30A					0 - 30A
<i>Basiese Dagtarief</i>	R5.145	30DOM	R5.733	R6.592	<i>Basic charge per day</i>
<i>Blok1: 0 - 50kWh</i>	R1.519	30DOM	R1.692	R1.946	<i>Block 1: 0 - 50kWh</i>
<i>Blok 2: 51 - 350kWh</i>	R1.956	30DOM	R2.179	R2.506	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.762	30DOM	R3.077	R3.539	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.268	30DOM	R3.641	R4.187	<i>Block 4: > 600kWh</i>
1-30A Alternatief					1 - 30A Alternative
<i>Basiese Dagtarief</i>		Geen / None			<i>Basic charge per day</i>
<i>Blok1: 0 - 50kWh</i>	R2.451	30DOM1	R2.731	R3.141	<i>Block 1: 0 - 50kWh</i>
<i>Blok 2: 51 - 350kWh</i>	R2.601	30DOM1	R2.898	R3.333	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.877	30DOM1	R3.206	R3.686	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.406	30DOM1	R3.641	R4.187	<i>Block 4: > 600kWh</i>
45A					31 - 60A
<i>Basiese Dagtarief</i>	R9.424	45DOM1	R10.500	R12.075	<i>Basic charge per day</i>
<i>Kapasiteits heffing per Ampère (maandeliks)</i>		45DOM1	R0.000	R0.000	<i>Capacity charge per Ampère (monthly)</i>
<i>Blok1: 0 - 50kWh</i>	R1.519	45DOM1	R1.692	R1.946	<i>Block 1: 0 - 50kWh</i>
<i>Blok 2: 51 - 350kWh</i>	R1.956	45DOM1	R2.179	R2.506	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.762	45DOM1	R3.077	R3.539	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.268	45DOM1	R3.641	R4.187	<i>Block 4: > 600kWh</i>
60A					31 - 60A
<i>Basiese Dagtarief</i>	R9.424	60DOM1	R10.500	R12.075	<i>Basic charge per day</i>
<i>Blok 1: 0 - 50kWh</i>	R1.519	60DOM1	R1.692	R1.946	<i>Block1: 0 - 50kWh</i>
<i>Blok 2: 51 - 350kWh</i>	R1.956	60DOM1	R2.179	R2.506	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.762	60DOM1	R3.077	R3.539	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.268	60DOM1	R3.641	R4.187	<i>Block 4: > 600kWh</i>
3 Fase					3 Phase
21-60A					21 - 60A
<i>Basiese Dagtarief</i>	R12.718	60DOM3	R14.161	R16.286	<i>Basic charge per day</i>
<i>Blok 1: 0 - 50kWh</i>	R1.519	60DOM3	R1.692	R1.946	<i>Block1: 0 - 50kWh</i>
<i>Blok 2: 51 - 350kWh</i>	R1.956	60DOM3	R2.179	R2.506	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.762	60DOM3	R3.077	R3.539	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.268	60DOM3	R3.641	R4.187	<i>Block 4: > 600kWh</i>
Konvensionele Meters					Conventional meters
1 Fase					1 Phase
1-30A					1 - 30A
<i>Basiese Heffing</i>	R247.70	30DOM1	R275.99	R317.385	<i>Basic Charge</i>
<i>Blok 1: 0 - 50kWh</i>	R1.542	30DOM1	R1.718	R1.976	<i>Block 1: 0 - 50kWh</i>
<i>Blok 2: 51 - 350kWh</i>	R1.968	30DOM1	R2.193	R2.522	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.773	30DOM1	R3.090	R3.553	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.280	30DOM1	R3.655	R4.203	<i>Block 4: >600kWh</i>
45A					31 - 60A
<i>Basiese Heffing</i>	R478.88	45DOM1	R275.99	R317.385	<i>Basic Charge</i>
<i>Blok 1: 0 - 50kWh</i>	R1.542	45DOM1	R1.718	R1.976	<i>Block 1: 0 - 50kWh</i>
<i>Blok 2: 51 - 350kWh</i>	R1.968	45DOM1	R2.193	R2.522	<i>Block 2: 51 - 350kWh</i>
<i>Blok 3: 351 - 600kWh</i>	R2.773	45DOM1	R3.090	R3.553	<i>Block 3: 351 - 600kWh</i>
<i>Blok 4: >600kWh</i>	R3.280	45DOM1	R3.655	R4.203	<i>Block 4: >600kWh</i>

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
60A					
Basiese Heffing	R478.880	60DOM1	R533.568	R613.603	Basic Charge
Blok 1: 0 - 50kWh	R1.542	60DOM1	R1.718	R1.976	Block 1: 0 - 50kWh
Blok 2: 51 - 350kWh	R1.968	60DOM1	R2.193	R2.522	Block 2: 51 - 350kWh
Blok 3: 351 - 600kWh	R2.773	60DOM1	R3.090	R3.553	Block 3: 351 - 600kWh
Blok 4: >600kWh	R3.280	60DOM1	R3.655	R4.203	Block 4: >600kWh
3 Fase					
21-30A					
Basiese Heffing	R634.550	30DOM3	R707.016	R813.068	Basic Charge
Kapasiteits heffing per Ampère (maandeliks)		30DOM3	R0.000	R0.000	Capacity charge per Ampère (monthly)
Blok 1: 0 - 50kWh	R1.542	30DOM3	R1.718	R1.976	Block 1: 0 - 50kWh
Blok 2: 51 - 350kWh	R1.968	30DOM3	R2.193	R2.522	Block 2: 51 - 350kWh
Blok 3: 351 - 600kWh	R2.773	30DOM3	R3.090	R3.553	Block 3: 351 - 600kWh
Blok 4: >600kWh	R3.280	30DOM3	R3.655	R4.203	Block 4: >600kWh
31-100A					
31 - 100A					
Basiese Heffing	R1 188.960	100DOM3	R1 324.739	R1 523.450	Basic Charge
Blok 1: 0 - 50kWh	R1.542	100DOM3	R1.718	R1.976	Block 1: 0 - 50kWh
Blok 2: 51 - 350kWh	R1.968	100DOM3	R2.193	R2.522	Block 2: 51 - 350kWh
Blok 3: 351 - 600kWh	R2.773	100DOM3	R3.090	R3.553	Block 3: 351 - 600kWh
Blok 4: >600kWh	R3.280	100DOM3	R3.655	R4.203	Block 4: >600kWh
Kommersiële Verbruikers					
Commercial Consumers					
Besighede, kantoorgeboue, hotelle, B&B's, klubs (uitgesluit sportklubs), tydelike aansluitings met 'n breker van meer as 60A vir enkel fase of 100A vir drie fase.					Business, office buildings, B&B, clubs (excluding sport clubs), temporary connections with breakers of more than 60A for single phase or 100A for 3 phase.
Vooruitbetaalde Meters					
Pre-paid meters					
1 Fase					
30A					
Basiese Dagtarief	R5.890	30COM1	R6.563	R7.547	Basic charge per day
Energiekosse per Kwh	R3.165	30COM1	R3.526	R4.055	Energy charge per Kwh
60A - 80A					
Basiese Dagtarief	R5.893	80COM1	R6.563	R7.547	Basic charge per day
Energiekosse per Kwh	R3.349	80COM1	R3.731	R4.291	Energy charge per Kwh
3 Fase					
60A - 80A					
Basiese Dagtarief	R5.890	80COM3	R6.563	R7.547	Basic charge per day
Energiekosse per Kwh	R3.406	80COM3	R3.731	R4.291	Energy charge per Kwh
Konvensionele Meters					
Conventional meters					
1 Fase					
20-30Amp					
Basiese Heffing	R396.38	30COM1	R441.65	R507.894	Basic Charge
Energiekosse per Kwh	R2.877	30COM1	R3.206	R3.686	Energy charge per Kwh
31-60Amp					
Basiese Heffing	R734.97	60COM1	R818.90	R941.739	Basic Charge
Energiekosse per Kwh	R2.796	60COM1	R3.115	R3.583	Energy charge per Kwh
3 Fase					
20-30Amp					
Basiese Heffing	R951.890	30COM3	R1 060.596	R1 219.685	Basic Charge
Energiekosse per Kwh	R2.589	30COM3	R2.885	R3.317	Energy charge per Kwh
31-60Amp					
Basiese Heffing	R1 887.340	60COM3	R2 102.874	R2 418.305	Basic Charge
Energiekosse per Kwh	R2.543	60COM3	R2.885	R3.317	Energy charge per Kwh
61-100Amp					
Basiese Heffing	R3 142.630	100COM3	R3 501.518	R4 026.746	Basic Charge
Energiekosse per Kwh	R2.543	100COM3	R2.885	R3.317	Energy charge per Kwh
Grootmaatsdienste					
Bulk services					
Normale grootmaatsdienste					
Normal bulk services					
Basies heffing per maand	R1 090.060	KVA	R1 214.545	R1 396.727	Basic charge per month
Netwerk vraag heffing (KVA)	R340.940	KVA	R379.664	R436.613	Demand charge (KVA)
Netwerk beskikbaarheid heffing (KVA)	R35.140	NETW	R39.131	R45.000	Access charge (KVA)
Energie heffing	R1.358	KVA	R1.504	R1.730	Energy charge
Time of Use					
Time of use					
Basies heffing per maand	R1 090.060	TOU	R1 214.545	R1 396.727	Basic charge per month
Netwerk vraag heffing (KVA)	R63.270	TOU	R70.496	R81.070	Demand charge
Netwerk beskikbaarheid heffing (KVA)	R49.300	TOU	R54.931	R63.171	Access charge
Hoë aanvraag (Junie tot Augustus)					High demand (June tot August)
Piek-tye	R6.077	TOU	R6.771	R7.787	Peak
Standaard	R1.945	TOU	R2.168	R2.493	Standard
Buite piek-tye	R1.127	TOU	R1.256	R1.444	Off-peak

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
Lae aanvraag					Low Season
Piek-tye	R2.094	TOU	R2.334	R2.684	Peak
Standaard	R1.496	TOU	R1.667	R1.917	Standard
Buite piek-tye	R1.001	TOU	R1.116	R1.283	Off-peak
Reaktiewe elektrisiteit fooi (R / KVA)	R0.2417	TOU	R0.2700	R0.3105	Reactive energy charge (R / KVA)
Ander elektrisiteitstariewe					
Other electricity tariffs					
Straatligte	R2.566		R2.859	R3.288	Streetlights
Sportgronde					
Sport clubs					
0-30Amp - Energiekoste per Kwh	R3.165		R3.526	R4.055	0 - 30A - Energy cost per Kwh
31-60Amp- Energiekoste per Kwh	R3.165		R3.526	R4.055	31A - 60A- Energy cost per Kwh
Skougronde - Energiekoste per Kwh	R3.429		R3.821	R4.394	Show Grounds - Energy cost per Kwh
Drostdy Water Meul - Energiekoste per Kwh	R3.165		R3.526	R4.055	Drostdy Water Mill - Energy cost per Kwh
Skole					
Schools					
31-60Amp 1 Fase					31A - 60A Single phase
Basiese Heffing	R445.940	SKL1	R508.008	R584.210	Basic Charge
Energiekoste per Kwh	R3.084	SKL1	R3.436	R3.952	Energy charge per Kwh
31-60Amp 3 fase					31A - 60A 3 Phase
Basiese Heffing	R1 181.650	SKL3	R1 315.909	R1 513.296	Basic Charge
Energiekoste per Kwh	R2.877	SKL3	R2.872	R3.303	Energy charge per Kwh
61-100Amp 3 Fase					61A - 100A 3 Phase
Basiese Heffing	R3 142.850	SKL3B	R3 501.763	R4 027.028	Basic Charge
Energiekoste per Kwh	R2.578	SKL3B	R2.872	R3.303	Energy charge per Kwh
Skole Sport gronde	R3.165	SKLSP	R3.526	R4.055	School Sport Grounds
Munisipale verbruik					
Municipal usage					
Energiekoste per Kwh	R2.566	MUNEL	R2.859	R3.288	Energy charge per Kwh
Munisipale grootmaatsdienste					Municipal bulk services
Basies heffing per maand	R1 090.066	MUNKVA	R1 213.918	R1 396.006	Basic charge per month
Netwerk vraag heffing (KVA)	R340.937	MUNKVA	R379.664	R436.613	Demand charge (KVA)
Netwerk beskikbaarheid heffing (KVA)	R35.140	MUNNETW	R39.131	R45.000	Access charge (KVA)
Energie heffing	R1.358	MUNKVA	R1.504	R1.730	Energy charge
Die elektrisiteitstariewe word per rekening maand gebruik en nie datum van meterlesing nie.					
The electricity tariffs will be used per accounting month and not the date of the reading of the meter.					
Diverse Elektrisiteitstariewe					
Sundry electricity tariffs					
Slegs van toepassing op huishoudings					
Only applicable to residential properties					
Verhoog van ampère (Enkel fase) - Maksimum 100 Ampère	R1 012.00		R1 643.48	R1 890.00	Increase of ampere (Single phase) - Maximum 100 Ampère
Verhoog van ampère (Drie fase) - Maksimum 100 Ampère	R1 564.00		R1 643.48	R1 890.00	Increase of ampere (Three phase) - Maximum 100 Ampère
Slegs van toepassing op huishoudings					
Only applicable to residential properties					
Verlaag van ampère (Enkel fase)	R621.00		R652.17	R750.00	Decrease of ampere (Single phase)
Verlaag van ampère (Drie fase)	R633.00		R652.17	R750.00	Decrease of ampere (Three phase)
Verhoging / Verlaging van Ampère vir Besigheid & Nywerheidsperseel (Maksimum 100 Ampère)	R1 564.00		R1 643.48	R1 890.00	Increase / Decrease of Ampère for Business & Industrial Properties (Maximum 100 Ampère)
Heraansluiting van elektrisiteit	R380.00		R400.00	R460.00	Reconnection of electricity
Heraansluiting na wanbetaling	R380.00		R400.00	R460.00	Reconnection after payment default
Heraansluiting wanneer by paal afgesit word	R782.00		R826.09	R950.00	Reconnection after disconnection at pole
Hertoets van installasie		Koste / Cost + 20%			Retest of installation
Spesiale aflesing (Op versoek van verbruiker)	R288.00		R304.35	R350.00	Special meter reading (on demand of consumer)
Indien die water en elektrisiteitsmeters beide gelees moet word is slegs een tarief ter sprake.					If the readings are for both water and electricity only one tariff will be payable.
Toets van meter	R840.00		R886.96	R1 020.00	Testing of meter
Herstelwerk van foute na-ure	R1 500.00		R1 582.61	R1 820.00	Repair of faults after-hours
ONGEMAGTIGDE INSTALLASIES VAN ELEKTRISITEITSMETERS					
UNLAWFUL CONNECTIONS					
Eerste oortreding (Heraansluiting fooi)	R6 420.00		R6 747.83	R7 760.00	First infringement (Reconnection fee)
Tweede oortreding (Heraansluiting fooi)	R9 630.00		R10 113.04	R11 630.00	Second infringement (Reconnection fee)
Derde oortreding (Heraansluiting fooi)	R14 445.00		R15 173.91	R17 450.00	Third infringement (Reconnection fee)
Na 'n derde oortreding het die munisipaliteit die keuse om die krag permanent te ontkoppel.					After the third infringement the municipality may permanently disconnect the electricity.
VERVANGING KONVENSIONELE KRAGMETER MET VOORUITBETAALDE KRAGMETER	R2 173.91		R2 286.96	R2 630.00	CHANGE AN EXISTING CONVENTIONAL METER TO A PRE-PAID METER
ALTERNATIEWE ENERGIE (SSEG):					
ALTERNATIVE ENERGY (SSEG):					
Registrasie:					Registration
- Residensieel	R0.00		R0.00	R0.00	- Residential
- Kommersieel & ander	R0.00		R0.00	R0.00	- Commercial & other
- Industriële	R0.00		R0.00	R0.00	- Industrial
Uitvoer Tarief (implementerings datum ingevolge raadsbesluit) - SSEG Heffing					
Export Tariff (date of implementation to be determined by council) - SSEG Charge					
AMI / Smart prepaid meter		Koste / Cost + 20%			AMI / Smart Prepaid meter

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
Uitvoer Tarief (slegs op "AMI" & "smart" kragmeters) Kortings Time of Use - Uitvoer tarief Kortings	R1.322		R1.473	R1.69	Export Tariff (only on AMI & smart electricity meters) Discount Time of use Discount
Hoë aanvraag (Junie tot Augustus)					High demand (June tot August)
Piek-tye	R4.985		R5.554	R6.387	Peak
Standaard	R1.510		R1.682	R1.935	Standard
Buite piek-tye	R0.820		R0.914	R1.051	Off-peak
Laë aanvraag					Low Season
Piek-tye	R1.626		R1.811	R2.083	Peak
Standaard	R1.261		R1.405	R1.616	Standard
Buite piek-tye	R0.710		R0.791	R0.909	Off-peak
BESIKKBAARHEIDGELDE (VAKANTE ERWE) PER MAAND	R270.00		R300.84	R345.97	AVAILABILITY FEE PER MONTH (VACANT STANDS)
TID Omskakeling van voorafbetaalde meter (01 Nov 2024)			R652.17	R750.00	TID Changeover for prepaid meter (01 Nov 2024)
Verhuring van "Cherry Picker" per uur	R1 443.00		R1 521.74	R1 750.00	Rent of "Cherry Picker" per hour
DIVERSE TARIWE:			SUNDRY TARIFFS:		
ADRESLYS:			LIST OF ADDRESSES:		
Per eksplaar	R1 135.00		R1 200.00	R1 380.00	Per sample
Per eksplaar (Elektronies)	R534.00		R565.22	R650.00	Per sample (Electronic)
BEGRAAFPLAAS:			GRAVEYARDS:		
BEGRAAFPLASE			GRAVEYARDS		
GRAFFERSELE: Kindergrafte (Onder 12 jaar oud)	R205.00		R217.39	R250.00	BURIAL PLOT: Child grave (under 12 years old)
(SWELLEDAM) Enkel graf	R273.00		R286.96	R330.00	(SWELLEDAM) Single grave
GRAWE VAN GRAFTE: Enkel graf - 1.83 meter	R3 176.00		R3 176.00	R3 652.40	DIGGING OF GRAVES: Single grave - 1.83 meter
(SWELLEDAM) Dubbel graf - 2.43 meter	R6 352.00		R6 352.00	R7 304.80	(SWELLEDAM) Double grave - 2.43 meter
Grawe van graf na-ure		2 x tarief / tariff			Digging of grave after-hours
OOPMAAK VAN GRAFTE			R800.00	R920.00	OPENING OF GRAVES
MUUR VAN HERINNERING:			WALL OF REMEBERANCE:		
Inwoners van Swellendam en distrik, - Per nis	R1 838.00		R1 930.43	R2 220.00	Residents of Swellendam and area - Per nis
Nie-inwoners van Swellendam en distrik, wat eiendom in Swellendam besit - Per nis	R2 881.00		R3 026.09	R3 480.00	Non-residents of Swellendam and area, which own property in Swellendam - Per Nis
Nie-inwoners van Swellendam - Per nis	R6 034.00		R6 339.13	R7 290.00	Non-residents of Swellendam - Per Nis
BIBLIOTEEK:			LIBRARY:		
DUPLIKAAT LIDMAATSKAPKAARTE	R20.00		R21.74	R25.00	DUPLICATE MEMBERSHIP CARDS
VERLORE PLASTIEK	R5.00		R6.09	R7.00	LOST PLASTIC COVER
Maksimum boete per item	R40.00		R42.61	R49.00	Maximum penalty per item
BOETEGELDE: Per item vanaf 2 de dag tot eerste week	R3.00		R3.48	R4.00	PENALTY FEES : Per item after 2nd day up until 1st week
Per item tot tweede week	R3.00		R3.48	R4.00	Per item up until 2nd week
Maksimum boete per item na 6 weke	R45.00		R47.83	R55.00	Maximum penalty after 6 weeks
BOETEGELDE : Per video per dag	NVT		NVT		PENALTY FEES : Per video per day
BOETEGELDE : Boekomslag as merker gebruik	R3.00		R3.48	R4.00	PENALTY FEES : Book cover used as marker
Verlore stempel blad of kaarthouer	R3.00		R3.48	R4.00	Lost stamp page or cardholder
AANVRAE : In-huise materiaal	R5.00		R6.09	R7.00	REQUESTS : Inhouse material
Spesiale aanvrae / interbiblioteeklenings	R9.00		R9.57	R11.00	Special requests / inter-library borrowings
TYDELIKE LIDMAATSKAP : Per kaartjie	R79.00		R83.48	R96.00	TEMPORARY MEMBERSHIP : Per membership card
FOTOSTATE : A4 (Swart en Wit)	R2.00		R2.61	R3.00	PHOTOCOPIES : A4 (Black and White)
A4 (Kleur)	R7.00		R7.83	R9.00	A4 (Colour)
A4 (Swart en Wit) - Skoliere	R1.00		R1.74	R2.00	A4 (Black and White) - Scholars
A4 (Kleur) - Skoliere	R3.00		R3.48	R4.00	A4 (Colour) - Scholars
FAKSE: Stuur	R7.00		R7.83	R9.00	FAXES: Send
Onvang	R4.00		R4.35	R5.00	Receive
VERLORE ITEMS		Koste / Cost + 20%			
BIBLIOTEEK SALE			LIBRARY HALLS		
DESMOND TUTO BIBLIOTEEK					DESMOND TUTO LIBRARY
Deposito	R200.00		R210.00		Deposit
Per geleentheid	R350.00		R367.83	R423.00	Per event
Per opleidings sessie	R450.00		R473.04	R544.00	Per training event
ANDER BIBLIOTEEK					OTHER LIBRARIES
Per geleentheid	R233.00		R245.22	R282.00	Per event

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
BOUPLANFOOIE :			BUILDINGPLANS:		
DEPOSITO BETAALBAAR:			DEPOSIT PAYABLE:		
Deposito terugbetaalbaar by uitreik van okkupasie sertifikaat					Deposit refundable after an occupation certificate is issued
Residensieel					Residential
Alle ander geboue	R3 007.00		R3 165.22	R3 640.00	All other buildings
(Geen rente is betaalbaar op deposito's nie)	R6 014.00		R6 321.74	R7 270.00	(No interest is payable on deposits)
NUWE GEBOUE (RESIDENSIEEL):			NEW BUILDINGS (RESIDENTIAL):		
Basiese fooi Kategorie 1 soos per SANS 10400 (< 80m² totaal)					Basic fee as per Category 1 of SANS 10400 (< 80m² total)
Plus - Fooi / m²	R511.00		R539.13	R620.00	Plus - Fee / m²
Plus - Riool inspeksiegelde	R33.00		R34.78	R40.00	Plus - Sewerage inspection fees
	R738.00		R782.61	R900.00	
Basiese fooi ander residensiële geboue / kerke					Basic fee for other residential buildings / churches
Plus - Fooi / m²	R738.00		R782.61	R900.00	Plus - Fee / m²
Plus - Riool inspeksiegelde	R33.00		R34.78	R40.00	Plus - Sewerage inspection fees
(50 % korting word toegestaan op fooie vir kerke & dagsorg / nasorg en ECD's)	R738.00		R782.61	R900.00	(50% rebate on application fees for churches, creches/ ECD's)
NUWE GEBOUE (BESIGHEID / NYWERHEDE / PLASE):			NEW BUILDINGS (BUSINESS / INDUSTRIAL / FARMS):		
Basiese fooi - Onbeperkte grootte					Basic fee - unlimited size
Plus - Fooi / m² (<400m²)	R1 021.00		R1 078.26	R1 240.00	Plus - Fee / m² (<400m²)
Plus - Fooi / m² (>400m²)	R33.00		R34.78	R40.00	Plus - Fee / m² (>400m²)
Plus - Fooi / m² Store	R31.00		R34.78	R40.00	Plus - Fee / m² Store
Plus - Riool inspeksiegelde	R15.00		R17.39	R20.00	Plus - Sewerage inspection fees
	R738.00		R782.61	R900.00	
AANBOUINGS AAN BESTAANDE GEBOUE (RESIDENTIEEL):			EXTENSIONS OF CURRENT BUILDINGS (RESIDENTIAL):		
Basiese fooi Kategorie 1 soos per SANS 10400 (< 80m² totaal)					Basic Fee as per category 1 op SANS 10400 (< 80m² total)
Plus - Fooi / m²	R511.00		R539.13	R620.00	Plus - Fee / m²
Plus - Riool inspeksiegelde	R33.00		R34.78	R40.00	Plus - Sewerage inspection fees
	R738.00		R782.61	R900.00	
Basiese fooi - Onbeperkte grootte					Basic Fee - Unlimited Size
Plus - Fooi / m²	R738.00		R782.61	R900.00	Plus - Fee / m²
Plus - Riool inspeksiegelde	R33.00		R34.78	R40.00	Plus - Sewerage inspection fees
	R738.00		R782.61	R900.00	
AANBOUINGS (BESIGHEID / NYWERHEDE / PLASE) :			EXTENSIONS (BUSINESS / INDUSTRIAL / FARMS) :		
Basiese fooi - Onbeperkte grootte					Basic fee - unlimited size
Plus - Fooi / m² (<400m²)	R1 021.00		R1 078.26	R1 240.00	Plus - Fee / m² (<400m²)
Plus - Fooi / m² (>400m²)	R33.00		R34.78	R40.00	Plus - Fee / m² (>400m²)
Plus - Fooi / m² Store	R31.00		R34.78	R40.00	Plus - Fee / m² Storage
Plus - Riool inspeksiegelde	R15.00		R17.39	R20.00	Plus - Sewerage inspection fees
	R738.00		R782.61	R900.00	
KLEINWERKE PERMIT:			SMALL WORKS PERMIT:		
Basiese fooi - Alle klein bouwerke					Basic fee - All small building works
Plus - Fooi / m² (Geboue / Swembaddens)	R363.00		R382.61	R440.00	Plus - Fee / m² (Buildings / Swimming pools)
Plus - Fooi / m (mure)	R15.00		R17.39	R20.00	Plus - Fee / m (walls)
	R15.00		R17.39	R20.00	
WENDYHUIS BELEID (18m²):			WENDY HOUSE POLICY (18m²):		
Basiese Fooi					Basic Fee
Plus - Fooi / m²	R363.00		R382.61	R440.00	Plus - Fee / m²
	R15.00		R17.39	R20.00	
OORSKRYDING VAN SY-BOULYNE :			ENCROACHMENT OF COMMON BUILDING LINES:		
Aansoekfooi	R1 622.00		R1 704.35	R1 960.00	Application Fee
Per jaar (maksimum van 80 m²)	R200.00		R217.39	R250.00	Per year (maximum of 80 m²)
Per jaar (meer as 80 m²) per m² vir elke addisionele m² bo 80 m²	R30.00		R34.78	R40.00	Per year (more than 80 m²) per m² for each additional m² above 80 m²
HERNUWING / WYSIGING VAN BOUPLANNE :			RENEWAL / ADJUSTMENT OF BUILDING PLANS:		
Geen bouplan gelde sal terug betaalbaar word na een jaar van aansoek nie.	R1 622.00		R1 704.35	R1 960.00	No building plan fees will be refunded after one year of application.
HER-INSPEKSIE			RE-INSPECTION		
Waar dieselfde inspeksie meer as twee keer gedoen moet word.	R738.00		R782.61	R900.00	Where the same inspection is carried out more than twice.
UITREIKING VAN SLOPINGSERIFIKAAT:			ISSUE OF DEMOLITION CERTIFICATE:		
	R1 362.00		R1 434.78	R1 650.00	
BOUPLAN INLIGTING / SKATTINGSVEL:			BUILDING PLAN INFORMATION / ESTIMATE SHEET:		
	R363.00		R382.61	R440.00	
ADMINISTRATIEWE BOETE (PER DAG)			ADMINISTRATIVE PENALTY (PER DAY)		
	R500.00		R530.43	R610.00	
SOOS-GEBOU Aansoek vir bouplan goedkeuring vir bestaande strukture (ouer as 5 jaar) sal bereken word teen dubbel die basiese tarief, plus ander toepaslike tariewe. Elke geval sal op meriete bepaal word.			AS BUILT Application for building plan approval for existing structures (older than 5 years) will be charged at a rate of double the basic fee, plus other applicable fees. Each case will be determined on merit.		
FOTOSTATE / AFDRIKKE (Per bladsy): Bouplanne			PHOTOCOPIES / PRINT OUTS (Per page): Building Plans		
A4 (Swart en Wit)	R2.00		R2.61	R3.00	A4 (Black and White)
A4 (Kleur)	R7.00		R7.83	R9.00	A4 (Colour)
A3 (Swart en Wit)	R3.00		R3.48	R4.00	A3 (Black and White)
A3 (Kleur)	R14.00		R14.78	R17.00	A3 (Colour)
A2	R97.00		R102.61	R118.00	A2

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
A1	R97.00		R102.61	R118.00	A1
A0	R193.00		R203.48	R234.00	A0
A4 (elektronies)	R4.00		R4.35	R5.00	A4 (electronic)
A3 (elektronies)	R7.00		R7.83	R9.00	A3 (electronic)
A2 (elektronies)	R46.00		R48.70	R56.00	A2 (electronic)
A1 (elektronies)	R46.00		R48.70	R56.00	A1 (electronic)
A0 (elektronies)	R97.00		R102.61	R118.00	A0 (electronic)
MOTOR- EN VOETOORGANGE:			VEHICLE- AND PEDESTRIAN CROSSINGS:		
KLEIN VOETBRUGGIES	Koste / Cost plus 20%			SMALL PEDESTRIAN BRIDGES	
ENKEL VOERTUIGBRUGGIES (3 meter)	Koste / Cost plus 20%			SINGLE VEHICLE BRIDGES (3 meter)	
DUBBEL VOERTUIGBRUGGIES (6.5 meter)	Koste / Cost plus 20%			DOUBLE VEHICLE BRIDGES (6.5 meter)	
MOTORINGANG - Enkel randsteen versak 3 meter	R1 191.00		R1 252.17	R1 440.00	VEHICLE ACCESS - Single curb drop 3 meter
Dubbel randsteen versak 6 meter	R2 382.00		R2 504.35	R2 880.00	Double curb drop 6 meter
SKUTFOOIE :			POUND FEES:		
Perde, donkies, beeste, skape en bokke (Eenmalige fooi per kop)	R568.00		R600.00	R690.00	Horses, donkey's, cattle, sheep and goats (Once off fee per head)
Dag fooie:					Daily Fees:
Skape, bokke, perde, donkies en beeste (per kop / dag)	R568.00		R600.00	R690.00	Horses, donkey's, cattle, sheep and goats (per head / day)
Diere apart aangehou (hings/bul) - (per kop / dag)	R681.00		R721.74	R830.00	Animals kept separate (stallion / bull) - (per head / day)
Diere apart aangehou (skaapram/bokram) per kop per dag	R681.00		R721.74	R830.00	Animals kept separate (rams, sheep or goat) - (per head / day)
Vervoer van diere per Km:				Transport of animals per Km:	
Na skut	R35.00		R43.48	R50.00	To pound
Na veiling fasiliteit	R171.00		R182.61	R210.00	To auction facility
DIERE BEGRAWE - BINNE DORPSGRENSE (Optel / vervoer / grawe / toegooi) :			BURIAL OF ANIMALS - WITHIN TOWN BOUNDARIES (Fetchng / transport / digging and closing of grave):		
KATTE EN HONDE	R482.00		R513.04	R590.00	CATS AND DOGS
SKAPE, BOKKE, KALWERS EN VARKE	R910.00		R956.52	R1 100.00	SHEEP, GOATS, CALFS & PIGS
PERDE, BEESTE EN DONKIES	R2 087.00		R2 200.00	R2 530.00	HORSES, CATTLE & DONKEY'S
DIVERSE HUUR:			SUNDRY RENTAL:		
SUURBRAAK:			SUURBRAAK:		
Erwe, weidings kampe, palmiet & tuin lotte en saailande:			Plots, grazing camps, bulrushes & allotments and harvest land:		
per hektaar / per maand	R114.00		R121.74	R140.00	per hectare / per month
Maksimum maandelikse huur	R2 269.00		R2 382.61	R2 740.00	Maximum monthly rental
MEENTWONINGS (Per maand)	Per ooreenkoms / Per agreement			COMMONAGE (Per month)	
HUUR VAN MUNISIPALE GROND - SELFOON TORINGS - PER JAAR	R2 500.00		R2 626.09	R3 020.00	RENTAL OF MUNICIPAL LAND - CELL PHONE TOWERS - PER YEAR
HUUR VAN GEBOUE : Bakkerij en Skrynwerkers (Per maand)	Per ooreenkoms / Per agreement			RENTAL OF BUILDINGS: Bakery & Carpenters (Per Month)	
RAADSGEBOUE:			COUNCIL BUILDINGS:		
HUUR VAN RAADSAAL VIR VERGADERINGS	R1 579.00		R1 660.87	R1 910.00	RENT OF COUNCIL CHAMBERS FOR MEETINGS
HUUR VAN BIBLIOTEEKSAAL (Sien biblioteek)					RENT OF LIBRBARY HALL (See library)
FINANSIËLE DIENSTE:			FINANCIAL SERVICES:		
BOETES / RENTES OP LAAT BETALINGS	Prima / Prime			PENALTIES / INTEREST ON LATE PAYMENTS	
WAARDASIESERTIFIKATE	R296.00		R313.04	R360.00	VALUATION CERTIFICATES
BELASTINGUITKLARINGSERTIFIKATE	R336.00		R356.52	R410.00	TAX CLEARANCE CERTIFICATES
ELEKTRONIESE TRANSAKSIE GEWEIER	R296.00		R313.04	R360.00	ELECTRONIC TRANSACTION UNSUCCESSFULL

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
HERALLOKASIE VAN BETALING WEENS VERKEERDE VERWYSING	Bankkoste / Bank Charges plus 20%				REALLOCATION OF PAYMENT RECEIPT DUE TO INCORRECT REFERENCE NUMBER
AANVULLENDE WAARDASIE (per eenheid) (Op versoek van eienaar)	R931.00		R982.61	R1 130.00	SUPPLEMENTARY VALUATION (per unit) (on request of owner)
WAARDASIEVERSLAG	R1 184.00		R1 243.48	R1 430.00	VALUATION REPORT
WAARDASIEROL (Alle eiendomme)	R4 192.00		R4 408.70	R5 070.00	VALUATION ROLL (All properties)
VERSKAFFING VAN DUPLIKAAT REKENING	Gratis / Free				ISSUEING OF COPY OF ACCOUNT
VERSKAFFING VAN TENDER DOKUMENTASIE (Indien nie andersins bepaal)	R568.00		R600.00	R690.00	PROVISION OF TENDER DOCUMENTS (if not determined otherwise)
DEPOSITO BETAALBAAR: AANSOEK OM TENDER BESWAAR (Terugbetaalbaar indien beswaar suksesvol is)	R3 403.00		R3 580.00		DEPOSIT PAYABLE: LODGEMENT OF TENDER APPEAL (Refundable should appeal be successful)
KAMPEERGERIEWE:			CAMPING TARIFFS:		
PERSELE - WOONWAENS EN TENTE :			STANDS - CARAVANS & TENTS :		
Basiese tarief (Per perseel / nag vir 4 persone)	R284.00		R304.35	R350.00	Basic Tariff (Per stand / night for four persons)
Adisionele persone per perseel vir meer as vier Persone (Kinders onder 5 jaar uitgesluit)	R27.00		R34.78	R40.00	Additional persons on plot of more than four Persons (Children under 5 years excluded)
Langtermyn verhuring (Per maand per perseel)	R4 000.00		R4 200.00	R4 830.00	Long-term-rentals (Per month per stand)
Pensionarisse (Basiese tarief)	20% afslag / discount				Pensioners (Basic Tariff)
HUTHUISIES :			CHALETs:		
Opgegradeerde Huisies	R794.00		R834.78	R960.00	Upgraded Chalets
Ander huisies	R647.00		R686.96	R790.00	Other chalets
Beddegoed is ingesluit by huisies	Bedding is included in chalets				
Breëskade en oortreding van reëls deposito	R740.00		R780.00		Breakage and transgression of rules deposit
GROEPBESPREKINGS : (10 of meer persele / huisies)			GROUP BOOKINGS (10 or more stands / chalets)		
Maandag tot Vrydag	20% afslag / discount				Monday to Friday
Naweek met twee nagte	20% afslag / discount				Weekends with two nights
Pensionarisse	20% afslag / discount				Pensioners
[Gratis huthuise sal beskikbaar gestel word na gelang van die behoefte, meriete en diskresie van die Burgemeesterskomitee, op skriftelike versoek daarvoor.]			[Free chalets will be made available based on need, merit and the discretion of the Mayor, on written request thereof.]		
EKSTRAS :			EXTRAS:		
Krag vir karavane (Per dag)	R55.00		R69.57	R80.00	Electricity for caravans (Per day)
DAGBESOEKERS :			DAY VISITORS:		
Volwassenes	R95.00		R104.35	R120.00	Adults
Kinders tot 15 jaar	R32.00		R34.78	R40.00	Children up to 15 years
Senior Burgers (Ouer as 65 jaar)	Gratis / Free				Senior Citizens (Older than 65 years)
ONTWIKKELINGSBYDRAES:			DEVELOPMENT CONTRIBUTIONS		
Die datum waarop betaling van die infrastruktuur bydraes gemaak word, sal die geldende tariewe bepaal. Gelde is betaalbaar by aansoek om Uitklaringserifikaat (Art. 118 van Stelselwet), by goedkeuring van bouplanne, of volgens die vereistes van die goedkeuring.			The date on which payment is made with regards to development contribution, will determine the tariff. Development Contributions are payable at application for the Clearance certificate (Art 118 of Systems Act), on date at which building plans are approved, or as per the conditions of approval.		
Ontwikkelingsbydrae word bereken op kapasiteits eenheid vereistes. Kapasiteit eenheids vereistes word bereken ingevolge die ontwikkelingsbydrae beleid. Die datum waarop die bydraes betaal word, bepaal die toepaslike foie.			Development contributions are calculated based on capacity unit requirements. Capacity unit requirements is calculated according to of the development contributions policy. The date of which payment is made determines the applicable capacity unit fees.		
STANDAARD HEFFING PER EENHEID	Capacity Unit Measurement				STANDARD FEE PER UNIT
Water	R14 873.00	Kl / day	R15 617.39	R17 960.00	Water
Riool	R11 984.00	Kl / day	R12 591.30	R14 480.00	Sewerage
Paai	R2 408.00	trips / day	R2 530.43	R2 910.00	Roads
Stormwater	R15.00	m2	R16.52	R19.00	Stormwater
Vullis	R423.00	Kg / day	R444.35	R511.00	Refuse
Elektrisiteit		Per KVA			Electricity
(i) LT (400 Volt) Retikulasie	R7 453.00		R7 826.09	R9 000.00	(i) LT (400 Volt) Reticulation
(ii) LT (400 Volt) Mini Substasie	R6 083.00		R6 391.30	R7 350.00	(ii) LT (400 Volt) Mini Substation
(iii) LT (400 Volt) Elektrifisering Paal Transformer	R3 724.00		R3 913.04	R4 500.00	(iii) LT (400 Volt) Electrification Pole Transformer
(iv) MV (11KV) Ring	R4 939.00		R5 191.30	R5 970.00	(iv) MV (11KV) Ring
(v) MV (11KV) Sub- or Skakelstasie	R2 804.00		R2 947.83	R3 390.00	(v) MV (11KV) Sub- or Switching Station
(vi) MV (11KV) Elektrifisering Enkel Toevoer	R3 499.00		R3 678.26	R4 230.00	(vi) MV (11KV) Electrification the Radial Feeder

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
Algemene Infrastruktuur Fooi per maand - Alle ontwikkelde residensiële, kommersiële en besigheid eiendomme	R10.00		R11.30	R13.00	General Infrastructure Fee per month - All developed residential, commercial and farm properties
SALE:			HALLS:		
STADSAAI :			TOWNHALL		
ALGEMENE GEBRUIK			GENERAL USE		
Deposito (Terugbetaalbaar)	R1 285.00		R1 350.00		Deposit (Refundable)
Weeksdae	R1 303.00		R1 373.91	R1 580.00	Weekdays
Vrydae en Saterdag	R1 498.00		R1 573.91	R1 810.00	Friday and Saturdays
Addisionele dag vir voorbereiding van saal	R280.00		R295.65	R340.00	Additional day for preparation of the hall
Huur van breekgoed per dosyn	R8.70		R17.39	R20.00	Rent of crockery per dozen
GODSDIENSTIGE, OPVOEDKUNDIGE, LIEFDADIGHEIDSORGANISASIES, SPORTLIGGAME EN KULTUURAADE			RELIGIUS, EDUCATIONAL, CHARITIES, SPORT ASSOCIATIONS AND CULTURE EVENTS		
Deposito (Terugbetaalbaar)	R410.00		R440.00		Deposit (Refundable)
Alle dae	R345.00		R365.22	R420.00	All days
Eksterne gebruikers	R442.00		R469.57	R540.00	External users
Addisionele dag vir voorbereiding van saal	R280.00		R295.65	R340.00	Additional day for preparation of the hall
Huur van breekgoed per dosyn	R9.00		R17.39	R20.00	Rent of crockery per dozen
SYSAAI VAN STADSAAI			TOWNHALL - SIDE HALL		
Deposito - Herhalende gebruik (Terugbetaalbaar)	R300.00		R320.00		Deposit - Recurrent use (Refundable)
Deposito - Eenmalige gebruik (Terugbetaalbaar)	R750.00		R790.00		Deposit - Single use (Refundable)
WP Bloedtoetappingsdiens			Gratis / Free		WP Blood transfusion services
Diensentrum - Normale gebruik (Geen deposito)					Community centre - Normal use (No deposit)
Kerksienste (Sondae)	R224.00		R243.48	R280.00	Church services (Sundays)
Naaldwerkklasse (Werkure)	R117.00		R130.43	R150.00	Needlework classes (During working hours)
Naaldwerkklasse (Na-ure)	R177.00		R191.30	R220.00	Needlework classes (After working hours)
Vergaderings	R298.00		R313.04	R360.00	Meetings
Handel uitstallings	R717.00		R756.52	R870.00	Retail exhibition's
Onthale (Huur sluit gebruik van kombuis in)	R703.00		R739.13	R850.00	Receptions (Rent includes use of kitchen)
Addisionele dag vir voorbereiding van saal	R280.00		R295.65	R340.00	Additional day for preparation of the hall
Huur van breekgoed per dosyn	R9.00		R17.39	R20.00	Rent of crockery per dozen
ANDER SALE			OTHER HALSS		
ALGEMENE GEBRUIK			GENERAL USE		
Deposito (Terugbetaalbaar)	R965.00		R1 020.00		Deposit (Refundable)
Weeksdae	R968.00		R1 017.39	R1 170.00	Weekdays
Vrydae en Saterdag	R1 122.00		R1 182.61	R1 360.00	Friday and Saturdays
Addisionele dag vir voorbereiding van saal	R214.00		R226.09	R260.00	Additional day for preparation of the hall
Huur van breekgoed per dosyn	R9.00		R17.39	R20.00	Rent of crockery per dozen
GODSDIENSTIGE, OPVOEDKUNDIGE, LIEFDADIGHEIDSORGANISASIES, SPORTLIGGAME EN KULTUURAADE			RELIGIUS, EDUCATIONAL, CHARITIES, SPORT ASSOCIATIONS AND CULTURE EVENTS		
Deposito (Terugbetaalbaar)	R305.00		R330.00		Deposit (Refundable)
Alle dae	R261.00		R278.26	R320.00	All days
Eksterne gebruikers	R326.00		R347.83	R400.00	External users
Addisionele dag vir voorbereiding van saal	R214.00		R226.09	R260.00	Additional day for preparation of the hall
Huur van breekgoed per dosyn	R9.00		R17.39	R20.00	Rent of crockery per dozen
"MULTIPURPOSE CENTRE" - RAILTON (THUSONG):			MULTIPURPOSE CENTRE - RAILTON (THUSONG):		
ALGEMENE GEBRUIK			GENERAL USE		
Deposito (Terugbetaalbaar)	R535.00		R1 350.00		Deposit (Refundable)
Weeksdae	R482.00		R1 373.91	R1 580.00	Weekdays
Vrydae en Saterdag	R535.00		R1 573.91	R1 810.00	Friday and Saturdays
Addisionele dag vir voorbereiding van saal	R214.00		R295.65	R340.00	Additional day for preparation of the hall
Huur van kombuis	R320.00		R339.13	R390.00	Rental of kitchen
Huur van breekgoed per dosyn	R9.00		R17.39	R20.00	Rental of crockery per dozen
GODSDIENSTIGE, OPVOEDKUNDIGE, LIEFDADIGHEIDSORGANISASIES, SPORTLIGGAME EN KULTUURAADE			RELIGIUS, EDUCATIONAL, CHARITIES, SPORT ASSOCIATIONS AND CULTURE EVENTS		
Deposito (Terugbetaalbaar)	R407.00		R430.00		Deposit (Refundable)
Alle dae	R247.00		R260.87	R300.00	All days
Eksterne gebruikers	R268.00		R286.96	R330.00	External users
Addisionele dag vir voorbereiding van saal	R214.00		R226.09	R260.00	Additional day for preparation of the hall
Huur van kombuis	R320.00		R339.13	R390.00	Rental of kitchen
Huur van breekgoed per dosyn	R9.00		R17.39	R20.00	Rental of crockery per dozen
HUUR VAN KANTOORRUIME - PER M²			RENT OF OFFICE SPACE - PER M²		
	R150.00		R165.22	R190.00	

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
ALLE GEMEENSKAPSALE GRATIS BESKIKBAAR VIR WYKSVERGADERINGS EENKEER PER KWARTAAL			ALLE COMMUNITY HALLS ARE AVAILABLE FOR FREE FOR WARDMEETINGS ONCE PER TERM		
KLUBHUISE EN SPORT FASILITEITE			CLUB HOUSES AND SPORT FACILITIES		
KLUBHUIS HUUR PER JAAR:					CLUBHOUSE RENTAL PER YEAR:
Rugby Klub	R570.00		R600.00	R690.00	Rugby Club
Rolbal Klub	R570.00		R600.00	R690.00	Bowling Club
Duiwe Klub	R175.00		R191.30	R220.00	Pigeon Club
Netbal Klub	R290.00		R313.04	R360.00	Netball Club
Gholfbaan	R290.00		R313.04	R360.00	Golf Course
Muurbal Klub	R290.00		R313.04	R360.00	Squash Club
Tennis Klub	R290.00		R313.04	R360.00	Tennis Club
Jukskei Klub	R290.00		R313.04	R360.00	Jukskei Club
(Fooie betaalbaar jaarliks teen 28 Julie)					(Fees payable by the 28th July each year)
SPORT KLUBHUIS:					SPORT CLUB HOUSE
Per geleentheid	R 200.00		R217.39	R250.00	Per event
STADSBEPLANNINGFOOIE:			TOWNPLANNING:		
TARIEF PER TIPE AANSOEK			TARIFF PER APPLICATION		
Hersonering van grond (Art15(2)(a))	R5 425.00		R5 700.00	R6 555.00	Rezoning of land (Art15(2)(a))
Permanente afwyking (Art 15(2)(b))	R3 452.00		R3 500.00	R4 025.00	Permanent departure (Art15(2)(b))
Permanente afwyking t.o.v. syboulyne en sygrensmure(Art 15(2)(b))	R2 466.00		R2 500.00	R2 875.00	Permanent departure for side building lines and side boundary walls (Art15(2)(b))
Tydlike afwyking (Art15(2)(c))	R4 439.00		R4 500.00	R5 175.00	Temporary Departure
'n onderverdeling van grond en servituut/ huurgedied (Art 15(2)(d)): Skep van 1 addisionele erf	R3 946.00		R4 100.00	R4 715.00	Subdivision of land and servitude / rental area (Art15(2)(d)): creation of 1 additional erf
'n onderverdeling van grond en servituut/ huurgedied (Art 15(2)(d)): 2 - 5 erwe	R5 425.00		R5 600.00	R6 440.00	Subdivision of land and servitude / rental area (Art15(2)(d)): 2 - 5 erven
'n onderverdeling van grond en servituut/ huurgedied (Art 15(2)(d)): 6 - 10 erwe	R6 411.00		R6 700.00	R7 705.00	Subdivision of land and servitude / rental area (Art15(2)(d)): 6 - 10 plots
'n onderverdeling van grond en servituut/ huurgedied (Art 15(2)(d)): 11 en meer erwe:					Subdivision of land and servitude / rental area (Art15(2)(d)): 11 or more erven:
Basis Fooi	R7 397.00		R7 700.00	R8 855.00	Basic Charge
Plus: Per Erf (meer as 11 erwe)	R148.00		R160.00	R184.00	Plus: In addition, per erf (more than 11)
Konsolidasie van erwe (Art 15(2) (e))	R2 466.00		R2 500.00	R2 875.00	Consolidation of erven (Art 15(2) (e))
Opheffing, opskorting en wysiging van titelaktes voorwaardes (Art 15(2) (f))	R5 425.00		R5 700.00	R6 555.00	Removal, suspension and amendment of title deed conditions (Art 15(2) (f))
Toestemming wat volgens die soneringskema vereis word (Art 15(2) (g))	R2 466.00		R2 600.00	R2 990.00	Permission required in accordance with zoning scheme (Art 15(2) (g))
Wysiging van 'n TOP, wysiging of verwydering van voorwaardes, ten opsigte van bestaande goedkeuring (Art 15(2) (h)).	R2 466.00		R2 600.00	R2 990.00	Amendment of a SDP, amendment or removal of conditions, with regards to an existing approval (Art 15(2) (h)).
Verlenging van die geldigheidsydperk van 'n goedkeuring (Art 15(2) (i))	R2 466.00		R2 600.00	R2 990.00	Extension of a validity period of approval (Art 15(2) (i))
Goedkeuring van 'n oorleg sone (Art 15(2) (j))	R5 425.00		R5 700.00	R6 555.00	Approval of an overlay zone (Art 15(2) (j))
Wysiging of kansellasië van 'n goedgekeurde onderverdelingsplan of 'n algemene plan of LG diagram (Art 15(2) (k))	R3 157.00		R3 300.00	R3 795.00	Amendment or cancellation of an approved sub-division plan or a general plan or SG diagram (Art 15(2) (k))
Toestemming vereis volgens 'n voorwaarde(s) van goedkeuring (Art 15(2) (l))	R642.00		R740.00	R851.00	Approval required based on a condition(s) of approval (Art 15(2) (l))
Bepaling van 'n sonering (Art 15(2) (m))	R1 480.00		R1 600.00	R1 840.00	Determination of a zoning (Art 15(2) (m))
Sluiting van 'n openbare plek of gedeelte daarvan (Art 15(2)(n))	R1 480.00		R1 600.00	R1 840.00	Closing of public place or part thereof (Art 15(2)(n))
Vergunningsgebruik i.t.v. soneringskema (Art 15(2) (o))	R4 439.00		R4 500.00	R5 175.00	Consent use in terms of zoning scheme (Art 15(2) (o))
Vergunningsgebruik ('n huiswinkel en tweede wooneenhede op gesubsidieerde behuising erwe (Art15(2)(o))	R1 480.00		R1 500.00	R1 725.00	Consent use (house shop and second dwelling on subsidised housing erven (Art15(2)(o))
Om 'n huiseienaars vereniging te ontbind (Art 15(2) (p))	R642.00		R700.00	R805.00	Dissolving of Homeowners Association (Art 15(2) (p))
Om 'n versuim deur 'n huis eienaarsvereniging reg te stel (Art 15(2) (q))	R1 184.00		R1 300.00	R1 495.00	Neglect to correct Homeowner's Association (Art 15(2) q))
Toestemming vir die herstel van gebou wat deel uitmaak van 'n nie-konformerende gebruik. (Art 15(2) (r))	R1 184.00		R1 300.00	R1 495.00	Permission for the maintenance of a building which forms part of a non-conforming use (Art 15(2) (r))
Vrystelling van onderverdeling en konsolidering (Art 24 (1))	R1 085.00		R1 100.00	R1 265.00	Exemption of sub-division and consolidation (Art 24 (1))

TARIEF	2023/2024	Tarief Kode/ Tariff Code	2024/2025	BTW Ingesluit VAT Included	TARIFF
Opstel van kennisgewing, aflewering per hand, geregistreerde pos, databoodskappe					Compilation of notice, delivery by hand, registered mail, data messages
Basiese Fooi	R247.00		R260.87	R300.00	Basic Fee
Plus: Koste per registreerde brief		(SAPD Tarief / SAPO Tariff)			Plus: Cost per registered letter
Kennisgewing in plaaslike koerant(e), ter plaatse kennisgewing, munisipale webwerf	R1 120.00		R1 120.00	R1 288.00	Publications in local newspaper(s), placement of notice on municipal website
Kennisgewing in Provinsiale Koerant	R1 263.00		R1 300.00	R1 495.00	Notice in Provincial Newspaper
Soneringertifikaat	R296.00		R311.30	R358.00	Zoning certificate
Appel aansoek (R1800,00 terugbetaalbaar indien aansoek suksesvol is)	R2 792.00		R3 000.00	R3 450.00	Appeal application (R1800,00 refundable should application be successful)
50% korting vir dagsorg / nasorg, ECD aansoeke					50% rebate on Chreche and ECD applications
SMOUS STAANPLEKKE:			HAWKERS STANDS:		
DAGSTAANPLEKKE			DAY STANDS		
Persone woonagtig buite munisipale gebied	R440.00		R469.57	R540.00	Non- Residents of municipal area
Persone woonagtig binne munisipale gebied	R120.00		R130.43	R150.00	Residents of municipal area
JAARSTAANPLEKKE			ANNUAL STANDS		
Adisionele tarief vir byvoeging tot bovermelde tarief vir staanplekke waar elektrisiteit beskikbaar is	R230.00		R243.48	R280.00	Additional tariff for stands with electricity in addition to the annual fee as set out above
VERSTREKKING VAN INLIGTING AAN PUBLIEK:			PROVISION OF INFORMATION TO THE PUBLIC:		
DIE VERSTREKKING VAN INLIGTING AAN DIE PUBLIEK GESKIED OOREENKOMSTIG TARIFFBEPALINGS SOOS WEERGEGEE IN : Goewerment Kennisgewing No. 187 van 15 Februarie 2002			THE PROVISION OF INFORMATION TO THE PUBLIC WILL TAKE PLACE IN ACCORDANCE TO THE TARIFFS SET OUT IN THE: Government Gazette No. 187 of 15 February 2002		
KOPIE VAN GIDS			COPY OF GUIDE		
Per A4 fotokopie of gedeelte daarvan	R0.70		R0.70	R0.80	Per A4 photocopy or part thereof
TOEGANG TOT INLIGTING IN TERME VAN ARTIKEL 7(1) VIR PUBLIEKE INSTELLINGS:			ACCESS TO INFORMATION IN TERMS OF ARTICLE 7(1) FOR PUBLIC INSTITUTIONS:		
Fooi vir kopie van handleiding per A4 bladsy	R0.60		R0.60	R0.69	Fee for copy of manual per A4 page
Per A4 fotokopie of gedeelte daarvan	R0.60		R0.60	R0.69	Per A4 photocopy or part thereof
Per gedrukte A4 rekenaar bladsy	R0.40		R0.40	R0.46	Per printed A4 computer sheet
Per kompak disket (disket voorsien deur aanvrager)	R40.00		R40.00	R46.00	Per disk (disk provided by requestee)
Transkripsie van fotobeeld (Per A4 bladsy of gedeelte daarvan)	R22.00		R22.00	R25.30	Transcription of images (Per A4 page or part thereof)
Kopie van fotobeeld (Per kopie)	R60.00		R60.00	R69.00	Copy of Images (Per copy)
Kopie van audio opname (Opname disket voorsien deur aanvrager)	R12.00		R12.00	R13.80	Copy of audio recording (disk provided by requestee)
Transkripsie van audio opname (Per A4 bladsy of gedeelte daarvan)	R17.00		R17.00	R19.55	Transcription of audio recording (Per A4 page or part thereof)
Versoek fooi betaalbaar per versoek (Reg 7(2))	R35.00		R35.00	R40.25	Requestee per request (Reg 7(2))
TOEGANG TOT INLIGTING IN TERME VAN ARTIKEL 7(3) VIR PUBLIEKE INSTELLINGS :			ACCESS TO INFORMATION IN TERMS OF ARTICLE 7(3) FOR PUBLIC INSTITUTIONS		
Fooi vir kopie van handleiding per A4 bladsy	R0.60		R0.60	R0.69	Fee for copy of manual per A4 page
Per A4 fotokopie of gedeelte daarvan	R0.60		R0.60	R0.69	Per A4 photocopy or part thereof
Per gedrukte A4 rekenaar bladsy	R0.40		R0.40	R0.46	Per printed A4 computer sheet
Per kompak disket (disket voorsien deur aanvrager)	R40.00		R40.00	R46.00	Per disk (disk provided by requestee)
Transkripsie van fotobeeld (Per A4 bladsy of gedeelte daarvan)	R22.00		R22.00	R25.30	Transcription of images (Per A4 page or part thereof)
Kopie van fotobeeld (Per kopie)	R60.00		R60.00	R69.00	Copy of Images (Per copy)
Kopie van audio opname (Opname disket voorsien deur aanvrager)	R12.00		R12.00	R13.80	Copy of audio recording (disk provided by requestee)
Transkripsie van audio opname (Per A4 bladsy of gedeelte daarvan)	R17.00		R17.00	R19.55	Transcription of audio recording (Per A4 page or part thereof)
Versoek fooi betaalbaar per versoek	R35.00		R35.00	R40.25	Requestee per request (Reg 7(2))
Soek fooi per uur (Soektogte meer as een uur)	R15.00		R15.00	R17.25	Search fee per hour (Search more than one hour)
TOEGANG TOT INLIGTING VIR PRIVATE INSTELLINGS :			R0.00 ACCESS TO INFORMATION FOR PRIVATE INSTITUTIONS		
Fooi vir kopie van handleiding per A4 bladsy	R1.10		R1.10	R1.27	Fee for copy of manual per A4 page
Per A4 fotokopie of gedeelte daarvan	R1.10		R1.10	R1.27	Per A4 photocopy or part thereof
Per gedrukte A4 rekenaar bladsy	R0.75		R0.75	R0.86	Per printed A4 computer sheet
Per kompak disket (Disket voorsien deur aanvrager)	R70.00		R70.00	R80.50	Per disk (disk provided by requestee)
Transkripsie van fotobeeld (Per A4 bladsy of gedeelte daarvan)	R40.00		R40.00	R46.00	Transcription of images (Per A4 page or part thereof)
Kopie van fotobeeld (Per kopie)	R60.00		R60.00	R69.00	Copy of Images (Per copy)
Kopie van audio opname (Opname disket voorsien deur aanvrager)	R30.00		R30.00	R34.50	Copy of audio recording (disk provided by requestee)
Transkripsie van audio opname (Per A4 bladsy of gedeelte daarvan)	R20.00		R20.00	R23.00	Transcription of audio recording (Per A4 page or part thereof)
Versoek fooi betaalbaar per versoek	R50.00		R50.00	R57.50	Requestee per request (Reg 7(2))
Toegang fooi betaalbaar :			R0.00 Access fee payable:		
Per A4 bladsy	R1.10		R1.10	R1.27	Per A4 page
Per A4 rekenaar bladsy	R0.75		R0.75	R0.86	Per A4 computer page
Per kompak disket	R70.00		R70.00	R80.50	Per disk
Per transkripsie van fotobeeld	R40.00		R40.00	R46.00	Per transcription of images

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Per kopie van fotobeeld	R60.00		R60.00	R69.00	Per copy of images
Per oudio transkripsie (A4 bladsy)	R20.00		R20.00	R23.00	Per audio transcription (A4 page)
Per kopie van oudio rekord	R30.00		R30.00	R34.50	Per copy of audio record
Soek fooi per uur (soektogte meer as een uur)	R30.00		R30.00	R34.50	Search fee per hour (Search of more than one hour)
LED :					
LED :					
VERSTREKKING VAN INLIGTING:			PROVISION OF INFORMATION:		
SOSIO-EKONOMIESE PROFIEL :			SOCIO-ECONOMIC PROFILE:		
Afskrif van profiel	R1 047.83		R1 104.35	R1 270.00	Copy of profile
CD	R526.09		R556.52	R640.00	CD
ADVERTENSIE TEKENS:					
ADVERTISEMENT SIGNS:					
Spasies of straat naamborde eenmalig	R1 144.43		R1 208.70	R1 390.00	Space on street name signs once off
Advertensieteken fooi	R372.17		R391.30	R450.00	Advertisement application fee
VERTOON VAN PLAKKATE:					
DISPLAY OF POSTERS:					
VERKIESINGSPLAKKATE:					
ELECTION POSTERS:					
Terugbetaalbare deposito indien alle plakkate verwyder is	R5 680.00		R5 965.22	R6 860.00	Refundable deposit should all posters be removed
(By versuim word kostes verhaal van deposito, per plakkaat)					(Non-compliance will result in a cost recovery from the deposit, per poster)
ALGEMENE PLAKKATE :					
GENERAL POSTERS:					
Terugbetaalbare deposito indien alle plakkate verwyder is	R800.00		R840.00		Refundable deposit should all posters be removed
(By versuim word kostes verhaal van deposito per plakkaat)	R93.04		R104.35	R120.00	(Non-compliance will result in a cost recovery from the deposit)
Fooi vir vertoon van plakkate (per plakkaat)	R13.96		R17.39	R20.00	Fee for display of poster (per poster)
BANIERE (Maksimum 2 weke):					
BANNERS (Maximum 2 weeks):					
Opsit van baniere vir kerk en welsynsorganisasies (per week)	R535.00		R565.22	R650.00	Erection of banners for churches and non-profit organisations (per week)
Opsit van baniere vir ander doeleindes (per week)	R830.00		R878.26	R1 010.00	Erection of banners for other purposes (per week)
BUITELUG ADVERTERING EN TEKENS VERORDENING:					
BY-LAW ON OUTDOOR ADVERTISING AND SIGNAGE:					
Kategorie 1 : Te Koop / Verhuur Borde (Residensiële Eiendomme) - 0,24m² (450x600). Borde per agentskap, per eiendom - jaarlikse fooi vir elke agentskap vir hierdie kategorie teken (maks 3 per eiendom, per agentskap).	R1 702.00		R1 791.30	R2 060.00	Category 1 : For Sale / To Let Signs (Residential Properties) - 0,24m² (450x600). Boards per agency, per property - annual fee for each agency for this category sign (max of 3 per property, per agency).
Kategorie 2 : Te Koop / Verhuur Borde (Residensiële Eiendomme) - tot 0,96 m² (800x1200). Borde per agentskap, per eiendom - jaarlikse fooi vir elke agentskap vir hierdie teken (maks 1 per eiendom, per agentskap).	R3 403.00		R3 573.91	R4 110.00	Category 2 : For Sale / To Let Signs (Residential Properties) - up to 0,96m² (800x1200). Boards per agency, per property - annual fee for each agency for this category sign (max of 1 per property, per agency).
Kategorie 3(1): Ontwikkelings bord (Enkel Residensiële Eiendomme) - tot 1,92m² (1200x1600). Per ontwikkelings geleentheid, vanaf begin tot voltooiing (1 per eiendom) - dit mag 'n agentskap bord (of 'n aparte agentskap bord) insluit.	R3 630.00		R3 817.39	R4 390.00	Category 3(1): Development Board (Single Residential Properties) - up to 1,92m² (1200x1600). Per development opportunity, from inception to completion (1 per property) - it may include an agency board (or a separate agency board).
Kategorie 3(2): Ontwikkelings bord (Groep / Meenthuis Eiendomme) - tot 2,88 m² (1200x2400). Per ontwikkelings geleentheid, vanaf die begin tot voltooiing (2 per eiendom) - dit mag 'n agentskap bord (of 'n aparte agentskap bord) insluit.	R3 970.00		R3 970.00	R4 565.50	Category 3(2): Development Board (Group / Townhouse Properties)- up to 2,88m² (1200x2400). Per development opportunity, from inception to completion (2 per property) - it may include an agency board (or a separate agency board).
Kategorie 3(3): Ontwikkelings bord - aansoek om vrystelling met spesiale nie-standaard dimensies. Per ontwikkelings geleentheid, van begin tot voltooiing (2 per eiendom).	R5 671.00		R5 671.00	R6 521.65	Category 3(3): Development Board - application for exemption with special non-standard dimensions. Per development opportunity, from inception to completion (2 per property).
Kategorie 4(1): Bemaking / Verkoopbord (Nywerheid en Kommersiële gebied - binne stedelike rand) - tot 2,88 m² (1200 x 2400). Per ontwikkelings geleentheid, vanaf aanvang tot voltooiing.	R3 970.00		R4 173.91	R4 800.00	Category 4(1): Marketing / Sales Board (Industrial and Commercial area - inside urban edge) - up to 2,88m² (1200x2400). Per development opportunity, from inception to completion.
Kategorie 4(2): Bemaking / Verkoop / Ontwikkelings bord (Nywerheid, Landelik, Landbou area - buite stedelike rand) - tot 8,64 m² (2400x3600). Per ontwikkelings geleentheid, vanaf aanvang tot voltooiing.	R5 104.00		R5 365.22	R6 170.00	Category 4(2): Marketing / Sales / Development Board (Industrial, Rural, Agricultural area - outside urban edge) - up to 8,64m² (2400x3600). Per development opportunity, from inception to completion.

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Kategorie 4(3): Bemarking / Verkoop / Ontwikkelings bord (Kommersiële gebied - binne stedelike rand) - tot 2,88 m² (1200 x 2400). Per ontwikkelings geleentheid, vanaf aanvang tot voltooiing.	R3 970.00		R4 173.91	R4 800.00	Category 4(3): Marketing / Sales / Development Board (Commercial area - inside urban edge) - up to 2,88m² (1200x2400). Per development opportunity, from inception to completion.
Kategorie 4(4): Bemarking / Verkoop / Ontwikkelings bord - aansoek om vrystelling met spesiale nie-standaard dimensies. Per ontwikkelings geleentheid, vanaf aanvang tot voltooiing.	R5 671.00		R5 956.52	R6 850.00	Category 4(4): Marketing / Sales / Development Board - application for exemption with special nonstandard dimensions. Per development opportunity, from inception to completion.
Kategorie 5 : Reklameborde (spesiale voorstelle / aansoeke - buite stedelike rand) - nie meer as 23,04 m² (2400x9600). Per geleentheid.	R5 671.00		R5 956.52	R6 850.00	Category 5 : Billboards (special proposals / applications - outside urban edge) - not exceeding 23,04m² (2400x9600). Per opportunity.
ADDISIONELE TARIEWE:			ADDITIONAL TARIFFS:		
HUUR VAN MOBILE TOILETTE PER DAG / GEDEELTE VAN DAG	R395.00		R417.39	R480.00	RENTAL MOBILE TOILETS PER DAY / PART OF DAY
ONDERSTEUNINGSDIENSTE - VERKEER					SUPPORT SERVICES - TRAFFIC DEPARTMENT
Begeleidingsdienste (begrafnisse ensv.)	R220.00		R234.78	R270.00	Escourting (funerals etc.)
Begeleidingsdienste per geleentheid (per uur): Maandae - Saterdag	R285.00		R304.35	R350.00	Escourting per event (per hour): Monday - Saturday
Begeleidingsdienste per geleentheid (per uur): Sondag	R405.00		R426.09	R490.00	Escourting (funerals etc.): Sunday
GEBRUIKSREG			WAYLEAVE		
Deposito (Word verbeur indien infrastruktuur nie na oorspronklike vlak herstel is nie)	R28 500.00		R30 000.00		Deposit (Forfeit if infrastructure is not repaired to original state)
Herstelkoste	Koste / Cost plus 20%				Repair Cost
Nie-terugbetaalbare aansoekfooi	R45 370.00		R47 643.48	R54 790.00	Non-Refundable application fee
Maandelikse huur	Per ooreenkoms / Per agreement				Monthly rental
UITROEP VAN BYSTAND PERSONEEL					CALL OUT OF STANDBY PERSONNEL
Uitroep fooi bereken teen werklike ure x tarief / uur	R137.00		R147.83	R170.00	Call out fee calculated on actual hours x tariff / hour
BOOT LISENSIEFOOI STRUKTUUR:			BOAT LICENCE FEE STRUCTURE:		
ONTSPANNINGSTARIEWE:			RECREATIONAL TARIFFS :		
Basis fooi per jaar vir bote tussen 1 - 15 perdekras	R39.13		R40.87	R47.00	Basic fee per year for boats 1 - 15 horsepower drive
Basis fooi per jaar per boot gebruik vir ontspanning	R191.30		R201.74	R232.00	Basic fee per year for boats used for recreation
Foai per perdekras (1 - 15)	R2.26		R2.38	R2.74	Fee per horsepower drive (1 - 15)
Foai per perdekras (16 - 39)	R3.35		R3.52	R4.05	Fee per horsepower drive (16 - 39)
Foai per perdekras (40 - 69)	R4.30		R4.54	R5.22	Fee per horsepower drive (40 - 69)
Foai per perdekras (70 - 99)	R5.09		R5.37	R6.17	Fee per horsepower drive (70 - 99)
Foai per perdekras (100 - 129)	R5.52		R5.82	R6.69	Fee per horsepower drive (100 - 129)
Foai per perdekras (130 - 169)	R5.96		R6.28	R7.22	Fee per horsepower drive (130 - 169)
Foai per perdekras (170 - 199)	R6.70		R7.06	R8.12	Fee per horsepower drive (130 - 169)
Foai per perdekras (200+)	R7.09		R7.47	R8.59	Fee per horsepower drive (200 +)
Foai per dag permit vir bote en "Vessels"	R139.13		R143.48	R165.00	Fee for day permit for boats and vessels (Per day)
Oornagfooi vir seebote en "vessels" (Per Jaar)	R220.00		R201.74	R232.00	Transit fee for seagoing boats and vessels (Per year)
KOMMERSIËLE TARIEWE			COMMERCIAL TARIFFS :		
0 - 3 Meter	R386.96		R406.96	R468.00	0 - 3 Meter
3.1 - 5 Meter	R543.48		R573.04	R659.00	3.1 - 5 Meter
5.1 - 7 Meter	R1 521.74		R1 605.22	R1 846.00	5.1 - 7 Meter
7 Meter plus	R4 956.52		R5 226.09	R6 010.00	7 Meter plus
Huisboot	R4 956.52		R5 226.09	R6 010.00	Houseboat
Vervangings fooi					Replacement fees
Registrasie plakkers	R117.39		R123.48	R142.00	Registration Decals
Lisensieskyf	R68.70		R72.17	R83.00	Licence Disc
Passasiers plakker	R40.87		R42.61	R49.00	Passenger Decal
BTW IS BETAALBAAR OP ALLE FOOIE			VAT IS PAYABLE ON ALL FEES		



ANNEXURE C

DRAFT POLICIES FOR PUBLIC PARTICIPATION



ASSET MANAGEMENT POLICY

Approval by Council XX May 2024

Draft Policy Public Participation

Implementation date 1 July 2024

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1. INTRODUCTION

This Policy for the management of assets has been designed to assist management and officials of the Swellendam Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Heritage 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.

Non-compliance with this policy will result in the following of disciplinary procedures in terms of the Human Resource policy and procedures of the 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;
- Sufficient 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 of this policy is:

- The Constitution of the Republic of South Africa; 1996;
- Local Government: Municipal Systems Act; 2000;
- Local Government: Municipal Finance Management Act; 2003;
- Municipal Asset Transfer Regulation No. 878 of 2008;
- Generally Recognised Accounting Practice (GRAP); and
- Interpretations of the standards of GRAP issued by the Accounting Standards Board (IGRAP 1-17);
- Supply Chain Management Regulations No. 868 of 2005;

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 21 – Impairment of Non-Cash Generating Assets;
- GRAP 26 - Impairment of Cash Generating Assets;
- GRAP 27 - Agriculture
- GRAP 31 - Intangible Assets;
- GRAP 100 - Discontinued Operations; and
- GRAP 103 – Heritage Assets.

Other relevant accounting standards:

- GRAP 12 - Inventory; and
- GRAP 11 – Construction Contracts.

5. DEFINITIONS

An attempt has been made to use definitions in terms of legislation, accounting standards and other guidance on asset management. Should any uncertainty occur regarding a certain definition, the definition must be referred to in terms of the original relevant legislation or accounting standard.

“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 in charge of the administration and accounting responsibilities in terms of Section 60 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

“Active market” is a market where all the following circumstances must be present:

- The assets which are traded in the market are homogenous;
- A willing buyer and willing seller normally exists at any given time;
- and
- Prices are available to the public.

“Agricultural activity” is the management by a municipality of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

“Agricultural produce” is the harvested product of the entity's biological assets.

“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 Manager” is any official to whom the responsibility has been delegated and who needs to account for the control, use, physical and financial management of the Municipality's assets, in terms of the municipality's standards, policies and procedures and relevant guidelines.

“Asset register” is the recording of the information on each asset which supports the effective financial and technical management of the assets and which complies with 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.

“Capital asset” –

- (a) Any immovable asset such as land, property or buildings; or
- (b) Any movable asset that can be used continuously or repeatedly for more than one year in the production of supply of goods or services, for rental to others or for administration purposes, and from which future economic or social benefit can be derived, such as plant, machinery and equipment.

“Carrying amount” is the amount at which an asset is included in the financial statements after deducting any accumulated depreciation and accumulated impairment losses thereon from the recorded value thereof.

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

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

“Commercial service” means a service other than a municipal service:

- (a) Provided by a private sector party or organ of state to or for a municipality or municipal entity on a commercial basis; and
- (b) Purchased by a municipality or municipal entity through the 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.

“Control of an asset” arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

“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” for the calculation of depreciation is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

“Disposal” in relation to capital assets, includes-

- (a) The deconstruction, demolition or destruction, of the capital assets; or
- (b) Any other process that leads to a loss of ownership of capital assets, excluding transfer of ownership

“Disposal Management System” means the system envisioned in regulation 40 of the Municipal Supply Chain Management Regulations, published in General Notice Nr. 868 of 2005.

“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 assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

“Historical Cost” means the original purchase price or the cost of acquisition of capital assets at the time of acquiring the asset.

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

“Impairment loss” of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

“Impairment loss” of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

“Improvement / Rehabilitation” is an improvement or change to an existing asset to increase its original service potential, for example useful lifetime, capacity, quality and/or functionality.

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

“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.

“Intangible assets” are identifiable non-monetary assets without physical substance.

“Manager” means each senior manager and each municipal official exercising financial management responsibilities.

“Municipal valuation” means the official valuation of an immovable property as reflected in the Municipality’s valuation roll.

“Municipality” means the Swellendam Municipality.

“Organ of state” means:

- (a) a national department of national public entity;
- (b) a provincial department of provincial public entity;
- (c) a municipality or municipal entity; or
- (d) any other organ of state within the meaning assigned to ‘organ of state’ in section 239 of the Constitution.

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

“Property, plant and equipment” (PPE) means tangible assets that:

- (a) 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
- (b) are expected to have a useful life extending for more than one financial year.

“Net Realisable Value” means estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution **“Recoverable amount”** is the higher of a cash-generating asset's net selling price and its value in use.

“Recoverable service amount” is the higher of a non-cash-generating asset's fair value minus the cost to sell and its value in use.

“Remaining useful life” of a depreciable PPE asset is the time remaining until an asset ceases to provide required standard of performance or economic usefulness.

“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 utilise, control and manage” means the right to use, control and manage the capital asset for a period of longer than one calendar month, without giving up ownership of the asset. In other words, where the granting of such a right does not lead to the transfer or permanent disposal of the asset, for example when a right is obtained through a rental contract, rental or rental agreement.

“Service Provider” –

- (a) with regards to a municipal service, means a private sector party or organ of state appointed by the municipality, in terms of Section 8 of the MSA, to perform a municipal service accordance with the Act; or
- (b) with regards to a commercial service, means a private sector party or organ of state appointed by the municipality or municipal entity in terms of the supply chain management policy to perform a commercial service to or for the municipality as an independent contractor.

“Supply Chain Management Policy” means the supply chain management policy of the municipality or municipal entity as required 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” means with regards to a capital assets or sub-assets the transfer of ownership as a result of sales and other transactions.

“Useful life” – is or:

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

6. BACKGROUND

The utilization and management of property, plant and equipment, investment property, heritage assets, 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, heritage assets and agricultural assets. The requirements of these 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 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 other officials comply with this policy.

Chief Financial Officer

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the Municipality's assets are safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions to others 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 are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

Senior Manager

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.
- The assets under their control must be properly safeguarded and maintained to the required level and that risk management systems must exist and be maintained.
- 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 purchase of assets complies with all municipal policies and procedures.
- All moveable property, plant and equipment is duly processed and identified and inspected as being in order before it is received into their stewardship.
- All moveable assets received into their stewardship are appropriately safeguarded against inappropriate use or loss. This will include control over the physical access to these assets and regular stock takes to ensure that no losses have occurred. Any known losses should be immediately reported to the Chief Financial Officer.
- Assets are appropriately utilized for the purpose for which the municipality acquired them.

The senior managers may delegate or otherwise assign responsibility for performing these functions to others but they will remain accountable for ensuring that these activities are performed.

9. FINANCIAL MANAGEMENT

The Chief Financial Officer is accountable to ensure the Manager receives all reasonable assistance, guidance and explanation to enable them to achieve their planning requirements.

Approval to Acquire Property Plant and equipment

Expenditure can only be incurred on a capital project if:

- The funds have been appropriated in the capital budget,
- The project, including the total cost and funding sources, has been approved by Council,
- The Chief Financial Officer confirms that funding is available for that specific project,
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed; and
- It complies with the supply chain management policy.

Approval for the acquisition of assets will occur in terms of the Municipality's delegations and powers and payment for such assets shall be made in terms of the Municipality's financial policies and regulations.

Funding of capital projects

Within the municipality's on-going financial, legislative and administrative capacity, the Chief Financial Officer will establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the integrated development plan. The acquisition of assets will not be funded over a period longer than the useful life of that asset.

Funding source types can include the following:

- External loans;
- Government grants;
- Public contributions and donations;
- Finance leases; and
- Surplus cash.

Disposal of Assets

In terms of Section 14 of the MFMA the municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of an asset needed to provide the minimum level of basic municipal services, unless such asset is obsolete or surplus to requirements or beyond a state of good repair or being replaced and provided that the delivery of the minimum level of basic municipal services is not compromised as a result of the disposal of the asset.

The municipality may transfer ownership or otherwise dispose of an asset other than one contemplated, 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 asset and the economic and community value to be received in exchange for the asset.

The decision by the Municipal Council that a specific asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset had been sold, transferred or otherwise disposed of.

The disposal of an item of property, plant or equipment must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management

and the Supply Chain Management Policy of the municipality and the Asset Transfer Regulations.

The transfer of assets to another municipality, municipal entity, national or provincial organ of state in circumstances and in respect of categories of asset approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework, are excluded from these provisions.

Every departmental head shall report to the Chief Financial Officer on 30 April of each financial year on any fixed assets which she/he 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 submit a recommendation to the Council on the fixed assets to be written off.

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.

Once assets are alienated, the Chief Financial Officer shall in terms of GRAP adjust the asset register for the current year and shall, for the ensuing year, delete the asset from the accounting records and the asset register.

If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

All assets earmarked for write-off must be sold by either way of:

- Written price quotations;
- A competitive bidding process;
- Auction; or
- At market related prices.

Loss, theft, destruction or impairment of assets

Every Senior Manager shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the department in

question is promptly reported in writing to the Chief Financial Officer and in cases of suspected theft or malicious damage, also to the South African Police Services.

10. INTERNAL CONTROLS

Asset Register

The Chief Financial Officer will establish and maintain the Register containing key financial data on each item of Property, Plant or Equipment, Investment Property, Intangible Assets and Heritage Assets that satisfies the criterion for recognition.

The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of GRAP and any other accounting requirements which may be prescribed.

The details in the asset register must, as far as possible, include:

- A unique identification number;
- GIS identification number in the case of infrastructure;
- A short but meaningful description of the each asset;
- Date of acquisition of the date that the asset was ready for use;
- Location of the asset;
- The responsible manager and department(s) or vote(s) within which the asset will be used;
- The title deed number, in the case of fixed property;
- The erf number, in the case of fixed property;
- The measurement basis of the asset (Cost or Fair Value);
- The original useful life of the asset;
- The revised useful life of the asset;
- The residual value of the asset;
- The revised residual value of the asset;
- The historical cost or revalued amount or fair value, where no cost is available;
- The accumulated depreciation to date;
- Depreciation charged for the current financial year;
- The carrying value of the asset;
- Impairment losses incurred during the financial year (and the reversal of such losses, where applicable);
- Increases or decreases resulting from revaluations (if relevant);
- Source of finance;
- Condition of the asset;
- Date and value of disposal;

- Selling price.

All Senior managers 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.

Identification of fixed assets

The Municipal Manager shall ensure that the Municipality maintains a fixed asset identification system.

The identification system shall –

- be determined by the Municipal Manager, in consultation with the Chief Financial Officer and departmental heads;
- comply with any legal prescriptions;
- take into account any recommendations of the Auditor-General as indicated in the Municipality's audit report(s); and
- be decided upon within the context of the Municipality's available budgetary and human resources.

Every departmental head shall ensure that the asset identification system approved for the Municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

An asset shall be recorded in the assets register. 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. The fact that an asset has been fully depreciated shall not in itself be a reason for deleting it from the register.

Controls relating to the asset register should be sufficient to provide Senior Managers with an accurate, reliable and up-to-date account of assets under their control, in line with the standards specified by the Chief Financial Officer and as required by relevant legislative and other requirements.

These controls must include:

- Details of the physical management;
- The recording of all acquisitions, assignments, transfers, losses and disposals of assets;
- Regular stock-takes; and
- Systems audits to confirm the accuracy of the records.

The Chief Financial Officer must establish a system to ensure that each moveable asset bears a unique identification number/ barcode which shall be recorded in the asset register.

Senior managers must ensure that the asset identification system approved for use by the municipality is scrupulously applied to all assets controlled or used by the department in question.

11. PHYSICAL CONTROLS AND MANAGEMENT

Responsibilities of the Asset Control Section

The BTO section will undertake an annual stock take of assets as part of the annual reporting process.

The date of acquisition

- The date of acquisition of assets is deemed to be the time when legal title and control passes to the municipality.
- This may vary for different categories of assets but will usually be the point of time when an asset is brought into use or when final payment for that item is approved.

Verification of Assets

Every Senior manager, assisted by BTO shall at least annually undertake a complete physical verification of all assets under his control.

The results of such verification shall be reported to the Chief Financial Officer in the format as required by the Chief Financial Officer.

The annual verification should be conducted with the verification report reaching the Chief Financial Officer by not later than 31 August.

Insurance of assets

The Municipal Manager shall ensure that all movable assets should at least be covered against fire and theft and municipal buildings and infrastructure assets should as far as possible be covered against fire and allied perils.

The Municipal Manager shall, taking into account the budgetary resources of the Municipality, recommend to the Council, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of fixed asset, which shall be –

- The carrying value; or
- The replacement value.

12. CLASSIFICATION, AGGREGATIONS & COMPONENTS

Classification of assets

Any asset recognized as an asset under this policy will be classified according to nationally recognized categories.

These categories have been specified by the Accounting Standards Board.

All assets should be classified under the following headings in the Asset Register:

12.1 Property, plant and equipment

- Infrastructure assets (assets which are part of a network of similar assets);
- Community assets (resources contributing to the general well-being of the community);
- Computer equipment;
- Furniture and Office Equipment;
- Machinery and Equipment;
- Transport Assets ;
- Information and communication infrastructure; and
- Other assets (which include land and buildings and ordinary operational resources).

12.2 Investment property

12.3 Intangible assets

12.4 Heritage assets

12.5 Capital finance lease assets

13. ACCOUNTING TREATMENT OF ASSETS

Recognition of Assets

An item of property, plant or equipment will be recognized as an asset when:

- It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality;
- The cost of the asset to the municipality can be measured reliably;
- The municipality has control over the asset; and
- The asset is expected to be used during more than one financial year.

Initial Measurement

An item of property, plant or equipment that qualifies for recognition as an asset should be initially measured at its “cost of acquisition”.

The “cost of acquisition” usually includes the following:

- Cost price;
- Delivery costs;
- Installation costs;
- Professional fees for architects and engineers;
- Site development costs;
- Contractor fees;
- Import duties;
- Non-refundable taxes (Ex VAT on passenger vehicles).

PPE, intangible assets, heritage assets and investment property that qualify for recognition shall be capitalised at cost. Interest on deferred payments will be expensed. Biological assets that qualify for recognition shall be capitalised at fair value less cost to sell.

Donations or exchanges

Where an item of property plant or equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the asset register.

Carrying amount of assets

Subsequent to initial recognition as an asset, an item of property, plant or equipment should be carried at its cost of acquisition less any accumulated depreciation and accumulated impairments.

The only exceptions to this rule shall be investment assets as well as heritage assets.

Measurement after recognition

Measurement after recognition shall be on the following basis:

- PPE: cost model;
- Heritage assets: cost model;
- Investment property: cost model; and
- Intangible assets: cost model.

Depreciation

All assets, except land, assets under construction and heritage assets, shall be depreciated – or in the case of intangible assets, amortised. All intangible assets, other than intangibles with an indefinite useful life, shall be amortised over their remaining useful lives.

Depreciation and amortisation are defined as the monetary quantification by which PPE and Intangible Assets are used in the provision of economic benefits or service delivery.

The depreciable amount of an item of property, plant or equipment should be allocated on a systematic basis over its useful life.

The depreciable amount of an asset is determined after deducting the residual value of the asset. In practice, the residual value of an asset is often insignificant and, therefore, is immaterial in the calculation of the depreciable amount.

When the benchmark treatment is adopted and the residual value is likely to be significant, the residual value is estimated at the date of acquisition. The estimate is based on the residual value prevailing at the date of the estimate for similar property assets that have reached the end of their useful lives and have operated under conditions similar to those under which the property asset will be used.

The depreciation charge for each period will be recognized as an expense against the budget of the relevant Manager.

The depreciation method used shall reflect the pattern in which the assets' future economic benefits or service potential are expected to erode the value of the asset.

A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include

- the straight-line method;
- the diminishing balance method; and
- the units of production method.

Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change.

The diminishing balance method results in a decreasing charge over the useful life.

The units of production method results in a charge based on the expected use or output.

The method of depreciation / amortisation is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.

The preferred depreciation method will be the straight-line method unless otherwise agreed to in writing by the Chief Financial Officer.

Depreciation shall initially be calculated from the day the asset is available for use.

Each Senior manager, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

Initial determination of useful life

Each Manager needs to determine the useful life of a particular item or class of asset through the development of a strategic asset management plan. The determination of useful life should be developed as part of any pre-acquisition planning that would consider, inter alia, the following factors:

- The program that will optimize the expected long term costs of owning that asset;
- Economic obsolescence because it is too expensive to maintain;
- Functional obsolescence because it no longer meets the municipality's needs,
- Technological obsolescence;
- Social obsolescence due to changing demographics; and
- Legal obsolescence due to statutory constraints.

A schedule of useful lives is included as an annexure. These should be used as a guide only because asset lives experienced may greatly vary from those recommended lives.

In the case of an item of PPE or Intangible Asset which is not listed in this annexure, the relevant head of department in consultation with the Chief Financial Officer shall determine a useful operating life and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

Spares purchased specifically for a particular asset or class of assets at the time of the initial acquisition and which would become redundant if that asset or class was retired or use of that asset or class was discontinued, must be considered to form part of the historical cost of that asset or class. The depreciable amount of such spares must be allocated over the useful life of the asset or class.

Review of useful life and residual value

Only the Chief Financial Officer in consultation with the responsible Manager may amend the useful operating life or the residual value assigned to any asset.

The Chief Financial Officer shall amend the useful operating life or the residual value assigned to any asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

If the value of an asset item of PPE has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be written off from the date 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 fixed asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE or intangible asset in question.

The useful life and the residual value of an item of property, plant or equipment must be reviewed annually and if these revised expectations are significantly different from previous estimates, then the depreciation charge for the current and future periods must be adjusted and the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

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 be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

Review of depreciation method

The depreciation method applicable to a class of asset must be reviewed annually, and if there has been a significant change in the expected pattern of economic benefits or potential service delivery from those assets, the method must be changed to reflect the changed pattern.

When such a change in depreciation method is necessary the change must be reflected as a change in the accounting estimate and the depreciation charge for the current and future periods should be adjusted.

Subsequent expenditure on assets

Subsequent expenditure relating to an item of property, plant or equipment that has already been capitalised must be added to the carrying amount of the asset when such expenditure will increase the useful life of the asset or increase the efficiency of the asset or reduce the cost of operating the asset and resulting in financial or service delivery benefits.

All other expenditure must be recognized as an expense in the period in which it occurred.

Before allowing the capitalization of subsequent expenditure, the Chief Financial Officer must be satisfied that this expenditure will significantly:

- Increase the life of that asset beyond that stated in the asset register, or
- Increase the quality of service provided by that asset beyond the existing level of service, or
- Increase the quantity of services that asset can provide, or
- Reduce the future assessed costs of maintaining that asset.

Expenditure that is proposed to be capitalized must also conform to recognition criteria for assets and should also be appropriately included in the approved capital budget.

Impairment Losses

The carrying amount of an item or a group of identical items of Property, Plant and Equipment, Intangible Assets and Investment Property should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

The recoverable amount is the amount that the municipality expects to recover from the future use of the asset including its residual value on disposal. 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 a non-distributable reserve.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to 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 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; and
- 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 be considered when informing the CFO:

- 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. An example of this is land that is purchased at market value and is to be utilized for subsidized housing developments.
- 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.

Subsequent increase in recoverable amount

A subsequent increase in the recoverable amount of an asset, previously impaired due to a decline in the carrying amount, should be written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

The amount written back should be reduced by the amount that would have been recognized as depreciation had the write-down or write-off not occurred.

Accounting treatment on Disposal

An asset should be eliminated from the Asset Register on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected from its existence.

Gains or losses arising from the retirement or disposal of an asset should be determined as the difference between the actual or estimated net disposal

proceeds and the carrying amount of the asset, and should be recognized as revenue or expense in the financial records.

Reinstatement, maintenance and other expenses

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalised. Such expenses may include but need not be limited to import duties, forward cover costs, transportation, installation, assembly and communication costs.

The following matrix will assist in distinguishing capital expenditure from maintenance expenditure: -

CAPITAL EXPENDITURE	MAINTENANCE
• Acquiring a new asset • Replacing an existing asset • Enhancing an existing asset so that its use is expanded • Further developing an existing asset so that its original useful life is extended	• Restoring an asset so that it can continue to be used for its intended purposes • Maintaining an asset so that it can be used for the period for which it was initially intended

Assets held under leases

Finance leases are leases, which in effect transfer all risks and rewards associated with the ownership of an asset from the lessor to the lessee. Assets held under finance leases are capitalized by the municipality and reflected as such in the Asset Register. These assets shall be recognised at the lower of the fair value of the leased property or, the net present value of the minimum

lease payments, each determined at the inception of the lease.. The asset is then depreciated over its expected useful life.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due. Assets held under operating leases are not accounted for in the asset register.

Investment Property

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's financial statements.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment assets shall be recorded in a separate section of the assets register in the same manner as other assets.

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment

property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Assets treated as inventory

Any land or buildings owned or acquired by the municipality with the intention of reselling 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 reselling 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 financial statements.

Such inventories must be recorded in a separate section of the assets register in the same manner as assets.

Heritage Assets

Heritage assets shall be accounted for in terms of GRAP 103 and shall not be classified separately for purposes of preparing the municipality's financial statements.

Heritage assets shall be recorded in a separate section of the assets register in the same manner as other assets.

Heritage assets shall not be depreciated.

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 asset register without an indication of the costs or fair value concerned.

For financial statements purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

14. MAINTENANCE

Maintenance Plans

Every Senior Manager shall ensure that a maintenance plan in respect of new infrastructure assets with a value of R500 000 or more is prepared as part of the annual budget preparation process.

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 Senior Manager controlling or using the infrastructure asset in question, shall annually report to Municipal Manager, 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 asset concerned.

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 assets attain their maximum useful operating lives

15. SAFEKEEPING OF ASSETS

Every departmental head shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by her/his department. In discharging this responsibility, every departmental head shall adhere to any written directives issued by the Municipal Manager to the department in question, or generally to all departments, in regard to the control of or safekeeping of the Municipality's fixed assets

16. LOSS, DAMAGE AND DESTRUCTION OF ASSETS

Every departmental head shall ensure that any incident of loss, suspected theft, destruction or material impairment of any fixed asset controlled or used by her/his department is promptly reported in writing to the Municipal Manager, the Chief Financial Officer, the Internal Auditor and in cases of suspected theft or malicious damage also to the South African Police Service.

The Municipal Manager may, upon receipt of a report in terms of paragraph 29.1, appoint a person, which may be an official of the Municipality or another person –

- to investigate the circumstances of the loss, suspected theft, destruction or impairment of the asset concerned;
- to form and express an opinion with regard to the matter; and
- to submit a written report and recommendations to her/him with regard to the matter, within a period determined by the Municipal Manager.

The Municipal Manager shall take such action as she/he may deem appropriate, which may include disciplinary action, upon receipt of a report in terms of the paragraph above.

17. SHORT TITLE

This policy will be named the Asset Management Policy of the **Swellendam Municipality**.

18. REVIEW PROCESSES

The Asset Management Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

19. IMPLEMENTATION

This Policy will be implemented annually on the 1 July of each year.

APPENDIX A**SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS**

Intangible assets	Software	5 - 10
Investment property	Land	0
Investment property	Buildings	100
Property Plant and Equipment		
Infrastructure assets	Electrical Infrastructure -In-use -LV Networks	30 - 60
Infrastructure assets	Electrical Infrastructure -In-use -MV Networks	45 - 61
Infrastructure assets	Electrical Infrastructure -In-use -MV Substations -Cost	20 - 60
Infrastructure assets	Roads Infrastructure	15 - 80
Infrastructure assets	Sanitation Infrastructure	12 - 100
Infrastructure assets	Solid Waste Infrastructure	15 - 52
Infrastructure assets	Storm water Infrastructure	25 - 100
Infrastructure assets	Water Supply Infrastructure -Dams and Weirs	30 - 100
Infrastructure assets	Water Supply Infrastructure -Distribution	0 - 100
Infrastructure assets	Supply Infrastructure -Pump Stations	12 - 80
Infrastructure assets	Water Supply Infrastructure -Reservoirs	15 - 80
Infrastructure assets	Water Supply Infrastructure -Water Treatment Works (WTV)	8 - 80
Infrastructure assets	Water Supply Infrastructure - Bulk Mains	60 - 80
Leased Assets	Furniture and office equipment	3 - 8
Community Assets		0 - 100
Libraries		0 - 100
Other Assets		0 - 100
Computer Equipment		3 - 26
Furniture and Office Equipment		4 - 35
Information and Communication Infrastructure		17 - 24
Machinery and Equipment		2 - 30
Transport Assets		9 - 40



BAD DEBT WRITE OFF POLICY

Approved by Council on XX May 2024
Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. DEFINITIONS

1.1 For this policy the following definitions are applicable:

“Accounting Officer” means the Municipal Manager appointed;

“Act” means the Prescription Act, 1969 (Act No. 68 of 1969);

“Council” means the council of the Swellendam Municipality;

“Debt” means an amount owing to the Swellendam Municipality;

“Debtor” means a person who owes the Municipality money for services rendered;

“First time” means from the 2013 / 2014 financial year and onwards;

“Municipality” means the Swellendam Municipality;

“POPIA” means Protection of Personal Information Act Implementation Plan.

2. PURPOSE OF POLICY

2.1 Section 96 of the Local Government: Municipal Systems Act, 32 Of 2000, provides that a municipality must collect all money that is due and payable to it, subject to the provisions of that Act and other applicable legislation.

2.2 It is recognized, however, that circumstances may arise which make the recovery of certain debts impossible, impractical, or financially unfeasible and that such debts may have to be written off.

2.3 The purpose of this policy is to provide a framework for:

- (a) limiting the circumstances contemplated in 2.2;
- (b) determining, when such circumstances have arisen, whether to write off any debts; and
- (c) the procedures for writing off such debts.

3. STEPS TO BE TAKEN BEFORE WRITING OFF DEBT

Before consideration is given for the write-off of any debt the following steps should be taken:

3.1 CREDIT CONTROL AND DEBT COLLECTION POLICY ACTIONS

All the applicable actions as contained in the Credit Control and Debt Collection Policy of the Municipality should have been executed and implemented.

3.2 ESTATE NOTICES MONITORING

Estate notices in the Government Gazette must be checked regularly (on a two-monthly basis) to enable the municipality to institute claims against insolvent and deceased estates of persons owing money to the Municipality.

3.3 TRACING OF DEBTORS

The tracing of debtors will be subject to POPIA if the debtor's address is not known. All reasonable steps must be taken to trace the debtor. The tracing of debtors will be done subject to a reasonable effort to trace the debtor which will include, but is not limited to, the following:

- (a) Utilising all the information available (such as vehicle registration number, school attended by children, etc.) to locate the debtor;
- (b) Utilising the telephone directory for the last town or city in which the debtor lived to locate the debtor and/or his/her relatives; and
- (c) Contacting the following institutions or persons to locate the debtor:
 - The Vehicle Registration Authorities;
 - The Department of Home Affairs; and
 - Officials and/or colleagues at the debtor's last place of employment.

The Accounting Officer shall consider all other economically viable avenues for debt recovery, including the use of tracing agents, factoring of debts, recourse against sureties, guarantors or lessees, etc.

3.4 PREVENTION OF PRESCRIPTION OF DEBT

Prevention

Proceedings out of the appropriate court having for the recovery of debt must be commenced as soon as is appropriate to prevent prescription of the debt. A summons process for payment of the debt must be successfully concluded as soon as possible to prevent the prescription of the debt in terms of the Prescription Act.

Prescription Act, 1969 (Act No. 68 of 1969)

Section 10 (1) of the Prescription Act provides that a debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant law applies in respect of the prescription of such debt. The Municipality cannot legally enforce payment of a debt once the debt has prescribed, but the period of prescription is interrupted: -

- (a) By the service on the debtor of any process whereby the creditor claims payment of the debt (Section 15 of the act). "Process" means a Summons or Notice of Motion, which must actually be served on the debtor and not simply issued by the court, and does NOT include a registered letter of demand;
- (b) the debtor acknowledges liability, whether expressly or tacitly (Section 14); payment of a portion of the debt can constitute a tacit acknowledgment of liability.

The completion of the prescription may also be delayed in certain circumstances (Section 13 of the act).

In terms of Section 11 of the Prescription Act, 1969 (Act 68 of 1969), the periods of prescription of debts are as follows:

- (a) Thirty years in respect of -
- (b) any debt secured by a mortgage bond;
- (c) any judgment debt;
- (d) any debt in respect of any taxation imposed or levied by or under any law; and

- (e) any debt owed to the State in respect of any share of the profits, royalties or any similar consideration payable in respect of the right to mine minerals or other substances;
- (f) Fifteen years in respect of any debt owed to the State and arising out of an advance or loan of money or a sale or lease of land by the State to the debtor unless a longer period applies in respect of the debt in question in terms of paragraph (a) above;
- (g) Six years in respect of a debt arising from a bill of exchange or other negotiable instrument or a notaries contract, unless a longer period applies in respect of the debt in question in terms of paragraph (a) or (b) above;
- (h) Three years in respect of all other debts, save where an Act of Parliament provides otherwise.

3.5 GENERAL

Should all the above efforts prove to be unsuccessful and the debtor cannot be traced or it would be uneconomical to take the matter any further, only then must a submission be made requesting the write-off of the debt. This submission must detail all steps taken and the Municipality must maintain audit trails in such instances and document the reasons for the abandonment of the actions or claims in respect of the debt.

4. WRITE OFF DEBTS OWING TO THE MUNICIPALITY

4.1 GENERAL CONDITIONS

The Municipality will consider debts for write-off in the following general circumstances:

- (a) When debts have prescribed, as contemplated in paragraph 3.4 above;
- (b) When debts have not been recovered from the deceased, where their estates have been finalized, and recovery of the debts from the heirs is not possible;
- (c) When debts are owed by debtors who cannot be traced, notwithstanding compliance with the provisions in paragraph 3.3 above;

- (d) When no source documentation is available to substantiate or prove the claims, provided that the Accounting Officer must have satisfied him/herself that all reasonable steps have been taken to locate the source documents;
- (e) When the debtor has emigrated without paying the debts, leaving no assets available for attachment and the debtors' whereabouts are unknown;
- (f) When it is not economical to pursue the debt further.

Unless affordable arrangements can be made with tracing agents or attorneys, the costs associated with the tracing of a debtor and subsequent legal costs occasioned thereby could exceed the amount claimed. It would therefore not be in the Municipality's interest to attempt recovery of debts where the prospects of recovery are remote, and where the possibility exists that the costs associated with recovery may exceed the debt.

4.2 SPECIFIC CONDITIONS

The Municipality will consider debts for write-off in the following specific circumstances:

- (a) Debt associated with ownership of property (Rates accounts)

Debt raised by Council for the services rendered to registered owners of the property/land, i.e., Assessment rates, refuse removal, Sewerage, Availability fees for Electricity and Water, will not be written-off except when the property is disposed of in the liquidation process and the proceeds do not cover the outstanding debt, the balance can then be written-off as irrecoverable.

- (b) Debt associated with ownership of property in the absence of a registered estate

On the death of the owner, where no last will or testament exist, no estate has been registered and/or findings of an investigation indicate that the estate is insolvent, all outstanding rates and service charges on the property, up to the date of the death of the owner, should be written off. The write-off in instances like this is subject to the following conditions being complied with:

- (i) a certified copy of the death certificate of the owner be obtained;
- (ii) a sworn affidavit regarding the insolvency is obtained.

Should the new owner not qualify to be registered as an Indigent, in terms of the Council's Indigent Policy, the outstanding rates and service charges for the period from the death of the previous owner till the date of the new service application remain payable by the new owner and cannot be written off.

Should the new owner qualify to be registered as an Indigent, in terms of the Council's Indigent Policy, the outstanding rates and service charges for the period from the death of the previous owner till the date of the new service application can be written off.

(c) Metered Services Debt

Debt owed to Council due to consumed metered services, i.e. Water and Electricity consumption will be regarded as irrecoverable in the following instances:

- (i) If the debt has prescribed;
- (ii) In circumstances contemplated in 4.1 (a) to (f) above.

(d) Sundry Debt

Debt owed to Council arising from auxiliary services rendered by Council will be regarded as irrecoverable in the following instances:

- (i) If the debt has prescribed;
- (ii) In circumstances contemplated in 4.1 (a) to (f) above.

(e) Indigent Household Debt

Debt owed to Council by an Indigent Household, when registering for the first time in terms of the official Indigent Policy, shall be written off as a once-off concession, subject to a thorough audit investigation and certification to the effect that the household is a bona fide indigent as stipulated in the Indigent Policy.

Debt owed by the deceased estate of the breadwinner of a registered indigent household shall be written off up to the date of the death of the owner.

The write-off in instances like this is subject to the following conditions being complied with:

- (i) a certified copy of the death certificate of the owner be obtained;
- (ii) a sworn affidavit regarding the indigence is obtained.

Should the new owner not qualify to be registered as an Indigent, in terms of the Council's Indigent Policy, the outstanding rates and service charges for the period from the death of the previous owner till the date of the new service application remain payable by the new owner and cannot be written off.

Should the new owner qualify to be registered as an Indigent, in terms of the Council's Indigent Policy, the outstanding rates and service charges for the period from the death of the previous owner till the date of the new service application can be written off in instances where the next of kin/new owner present proof that the property transfer fees have been paid and the service contract is signed in his/her name.

(f) Special cases

The allocation of RDP houses by the Directorate Housing and Development has in some instances resulted in debt raised for the property in the name of the person allocated the house, but who never took occupation due to one of the following reasons:

- (i) Occupation took up by illegal occupants;
- (ii) Failure to inform the rightful owner about the allocation;
- (iii) Alteration of allocation not effected in Council records.

In the above-mentioned cases, there will never be a need to implement the Credit Control and Debt Collection Policy; therefore, a write-off should take place immediately when the directorate involved in the allocation of property issues a memorandum that confirms the above. Furthermore, the write-off should be affected and later reported to Council for ratification purposes.

(g) Nula Bona and non-registered estates

On the death of the owner, where no estate has been registered the outstanding rates and service charges on the property, will be written off on a Rand for Rand basis to a maximum of 50%. The write-off in instances like this is subject to the following conditions being complied with:

- (i) A person/occupant/immediate family member must be identified who will be responsible for the account whilst the estate is finalized.
- (ii) On the death of the owner, the person/occupant/immediate family member responsible for the account may registered for indigent support subject to the requirements of the indigent policy.
- (iii) The estate must be registered in the court by the responsible person and council may assist with councils legal advisor's.
- (iv) The person or occupant or immediate family member responsible for the account and estate must settle the remaining amount or acceptable arrangements must be made.
- (v) Should the responsible person fail to adhere to the arrangements the debt will be reversed into the account.
- (vi) The 50% write off will only occur if the conditions are met.
- (vii) False information and non-compliance will lead to full recovery of the outstanding amount and total disconnection of services.

4.3 FINAL ACTION

Whenever all the legal avenues, procedures, and steps listed above have been exhausted, the arrear amounts should be classified as irrecoverable and should be written off by the person to whom the authority to do so has been delegated under the Municipality's system of delegations.

Immediately after 30 June each year, or more regularly if requested by Council, the Accounting Officer must present to the Council a report listing the following:

- (a) For noting – details of the debts that were written off during the year ending 30 June under delegated authority, together with the reasons for the write-offs; and
- (b) For consideration – details of any debt, not included under (a) above, which is believed to be irrecoverable, together with the reasons for this conclusion. The council shall then approve the write-off of such arrears, if it is satisfied with the reasons provided.

5 DELEGATED AUTHORITY

The Chief Finance Officer is given delegated authority to write-off debt under the following circumstances:

- (a) the debt amounts to three thousand rands (R 3 000.00) or less; and

- (b) all reasonable steps have been taken to recover the debt as stipulated under paragraph 3 above; and
- (c) the debt is considered to be irrecoverable in terms of any one of the conditions stipulated in paragraph 4 above;
- (d) to write off interest where applicable arrangements have been made.

In such cases, the reason for each write-off be listed in the report against each item, and audit trails for each write-off must be kept for control purposes.

The Municipal Manager is given authority to write-off debt on a clearance certificate if the debt cannot be recovered through the issuing of the certificate.

6 CREDIT BUREAU LISTING

Debtors whose debts are written off due to any of the following reasons must be listed with the Credit Bureaus:

- (a) Untraceable;
- (b) Prescription;
- (c) Insolvent;
- (d) Emigration.

7 BAD DEBTS RECOVERED

The approval of the Council for the write-off of any debt does not mean that actions to recover the money will be terminated, however, further actions will be instituted depending on the costs involved and if the debt is recovered it will be recorded in the financial records of Council as recovered.

8 SHORT TITLE

This policy is called the Bad Debt Write-Off Policy of the Swellendam Municipality.



BANKING, CASH MANAGEMENT AND INVESTMENT POLICY

Approval by Council on 31 May 2024

Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. **OBJECTIVE AND SCOPE OF POLICY**

- 1.1. The council and staff of the municipality have an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- 1.2. The municipality, therefore, has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community regarding such investments.
- 1.3. This policy is intended to provide a framework for ensuring the proper management and investment of its cash resources to ensure:
 - 1.3.1. That the net current asset requirements of the municipality are effectively managed;
 - 1.3.2. That sufficient cash resources are available to finance the capital and operating budgets of the municipality;
 - 1.3.3. That the highest possible return on investments is gained without unnecessary risk, during periods when excess funds are not immediately required;
 - 1.3.4. That in so doing, the primary aim of preserving and ensuring the safety of deposits is promoted;
 - 1.3.5. That there is effective control over the management of bank accounts
 - 1.3.6. That investments are diversified.
- 1.4. This policy shall apply to the management of all of the cash resources of the Municipality and all investments made by it.

2. LEGAL PROVISIONS

2.1 The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of:

2.1.1 The Local Government: Municipal Finance Management Act No. 56 of 2003 ("the MFMA") and

2.1.2 Any Regulations made thereunder, including, in particular, the Municipal Investment Regulations published under GN R308 in Government Gazette 27431 of 1 April 2005 ("the Investment Regulations").

3. PRINCIPLES OF SOUND CASH MANAGEMENT

3.1 To promote sound cash management, the Municipality shall adhere to the following principles:

3.1.1 It shall collect revenue when it is due and bank it promptly;

3.1.2 It shall make payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the creditor's normal terms for account payments;

3.1.3 It shall avoid pre-payment for goods or services (i.e. payments in advance of the receipt of goods or services) unless required by the contractual arrangements with the supplier;

3.1.4 It shall accept discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;

- 3.1.5 It shall and pursue apply its debt collection policy to ensure that amounts receivable by the municipality are collected and banked promptly;
- 3.1.6 It shall accurately forecast its cash flow requirements;
- 3.1.7 It shall synchronize the inflow and outflow of cash;
- 3.1.8 It shall recognize the time value of money by economically, efficiently and effectively managing cash;
- 3.1.9 It shall take any other action as may promote the efficient utilisation of cash resources, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under-utilised assets; and
- 3.1.10 It shall avoid bank overdrafts.

4. CASH COLLECTION

- 4.1. All monies due to the municipality must be collected as soon as possible, either on or immediately after the due date, and banked daily to the credit of the Municipality's primary bank account.
- 4.2. The Municipality shall endeavour to apply its Credit Control and Debt Collection Policy rigorously to promote the collection of money due to it. This includes charging interest and recovering other costs when appropriate and setting target dates when these are payable.

5. RECEIPT OF PAYMENTS

- 5.1. The receipt of all monies collected by the council shall be acknowledged forthwith by the issue of a numbered official receipt, as provided in this section.

5.2. When money is received over the counter:

5.2.1. Every payment received by a cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and

5.2.2. Every receipt form which is cancelled will be reattached in the correct place, in the receipt book. Where computer-generated receipts are used, the original receipt must be filed for audit purposes.

5.3. When money is received by Post:

5.3.1. The Registry Clerk shall record all payment remittances as and when received in the cheque register in the presence of a witness;

5.3.2. Post-dated cheques received in the council's mail must also be recorded in the post-dated cheque register, which shall be regarded as the register of remittances received by post;

5.3.3. The cheque register together with all remittances received must be sent to a designated official in the finance section;

5.3.4. The designated official on receipt of the cheque register together with the remittances will code all remittances and submit it to the cashier for receipting;

5.3.5. The cashier will receipt all remittances and issue official receipts to the designated official;

5.3.6. The designated official will record all receipts in the cheque register and return the same to the registry. The registry clerk must ensure that all receipts are recorded in the cheque register;

5.3.7. A separate register for post-dated cheques will be maintained by the Cashier and all post-dated cheques must be stored safely in the registry strong room; and

5.3.8. The Cashier will ensure that all post-dated cheques, which become due, are promptly receipted and recorded in the post-dated cheque register.

5.4. When money is received by electronic transfer, such transfers must be recorded and receipts must be issued on receipt of the bank statement.

6. PAYMENTS TO CREDITORS

6.1 The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality be paid within 30 days of the invoice or statement received subject to that the relevant department has authorised that the work has been completed as satisfactory and or goods were received.

6.2 This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made, but shall, in any event, be subject to the provisions of Section 65 of the MFMA.

6.3 Notwithstanding 6.1, in the case of small, and micro enterprises , where such a policy may cause financial hardship to the contractor, the registered enterprises with SCM will be paid weekly subject to the following:

6.3.1. if the amount to be paid and the invoice for the goods or service in question is received by the municipality by no later than 12 noon of the Thursday of the week in which the goods are delivered or the services rendered.

6.4. The Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than

such extended due date, except if he or she determines that there are financial incentives for the municipality to do so.

- 6.5. Special payments to creditors (that is to say, payments made in circumstances not contemplated elsewhere in this section 6) shall only be made with the express approval of the municipal manager, who shall be satisfied that there are compelling reasons for making such payments.
- 6.6. Credit statements must be reconciled monthly.
- 6.7. Payments must be made only on receipt of an official order excluding ad hoc payments, certified goods received note and official company invoice.
- 6.8. All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 6.9. The chief financial officer shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, and subject to 6.10 and municipal delegations determine the rules and procedures relating to the authorisation of electronic payments and bank mandates.
- 6.10. Only the Municipal Manager or the Chief Financial Officer, or any other senior official of the Municipality acting on the written authority of the Municipal Manager, may withdraw money or authorize the withdrawal of money from any of the Municipality's bank accounts, and shall do so only for the purposes prescribed in Section 11 of the MFMA.
- 6.11. All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules

and procedures as are determined from time to time by the chief financial officer.

- 6.12. The maximum amount and nature of petty disbursements, shall be generally determined from time to time by the chief financial officer, subject, however, to the provisions of the Municipality's Supply Chain Management Policy.
- 6.13. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 6.14. The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- 6.15. Payments to creditors shall in any event be made in accordance with the provisions of the MFMA, and in particular, with Section 65 thereof.

7. MANAGEMENT OF INVENTORY

- 7.1. The chief financial officer shall be responsible for the proper administration of all stores.
- 7.2. If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned.
- 7.3. No sub-store may be established without the prior written consent of the chief financial officer.

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- 7.4. Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.
- 7.5. A stock register, reflecting the undermentioned detail must be kept and updated daily:
- 7.5.1. Item description;
 - 7.5.2. Stores code number;
 - 7.5.3. Transaction date;
 - 7.5.4. On goods received –
 - 7.5.4.1. Goods delivery note number;
 - 7.5.4.2. Number of items received; and
 - 7.5.4.3. Value of items received.
 - 7.5.5. On goods issued-
 - 7.5.5.1. Requisition number; and
 - 7.5.5.2. Number of items issued.
 - 7.5.6. Balance of items in stock.
- 7.6. Stock counts must be affected monthly and an annual report reflecting stock shortage and surpluses must be submitted to council as at 30 June of each financial year. All surpluses and shortages must be explained by the Manager SCM.
- 7.7. Manager SCM shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.
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8. CONTRACT MANAGEMENT

Subject to the provisions of the Municipality's Supply Chain Management Policy:

- 8.1. All buying contracts shall be administered by the chief financial officer or delegate and all payments relating to such contracts shall be authorised by the chief financial officer or delegate or the head of department concerned; and
- 8.2. All other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorised by such head of department. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects before being submitted to the chief financial officer for payment.

9. CASH FLOW PROJECTIONS

- 9.1. The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis, or more frequently, if considered necessary.
- 9.2. Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality.
- 9.3. The operating requirements must include provisions for:
 - 9.3.1. Monthly salary and allowances payments;
 - 9.3.2. Bulk purchases of electricity and water;
 - 9.3.3. Interest on long term loans;
 - 9.3.4. Maintenance of assets;

9.3.5. General expenditure (payments to current creditors); and

9.3.6. Expected daily and monthly incomes.

9.4. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when (if applicable) either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, in good time and in the format required by the Chief Financial Officer.

9.5. The Chief Financial Officer shall report to the executive committee or the executive mayor, as the case may be, on a monthly basis (section 71) and to ordinary council meetings per quarter (section 52) the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date.

9.6. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

10. INVESTMENT ETHICS

10.1. The accounting officer is responsible to approved the investments of surplus funds before any investment is made, and to confirm the investments made.

10.2 The Chief Financial Officer shall be responsible for the administration of investing the surplus revenues of the municipality and shall manage such investments in compliance with any policy directives formulated by the

council and prescriptions made by the Minister of Finance, including, in particular, the Investment Regulations.

- 10.3. In making such investments the Chief Financial Officer shall at all times have only the best interests of the municipality in mind, and shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.
- 10.4. No official or councillor of the Municipality may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the Municipality has made or may potentially make an investment.

11. INVESTMENT PRINCIPLES

- 11.1. When money is available for investment, it shall be invested in accordance with the provisions contained in this policy.
- 11.2. After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must determine the best manner in which to invest it. As rates vary according to money market perceptions, quotations must be requested telephonically or by e-mail, within term limitations, and these must be set out on a schedule.
- 11.3. In order to limit exposure, where large sums of money are available for investment, the Chief Financial Officer shall ensure that:
- 11.3.1. they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality.

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- 11.3.2. As far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered.
- 11.4. Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. It can be accepted as a general rule that the larger the return, the greater the risk.
- 11.5. When investments are placed with smaller registered institutions, the Chief Financial Officer shall ensure that the Municipality is not exposed to undue risk, and shall ensure that the creditworthiness and performance of the institution are satisfactory. Information from which the creditworthiness of financial institutions can be determined must be obtained and analysed at least annually
- 11.6. The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 11.7. Money kept in current accounts should be kept at minimum levels, as it may be more beneficially invested in other accounts such as call deposits.
- 11.8. If the Chief Financial Officer invests with financial institutions, he or she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions - as approved by the Reserve Bank, from time to time.
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12. CREDIT RATINGS

Investments may be made only with institutions having minimum credit ratings as follows:

12.1. [A]

13. PERMITTED INVESTMENTS

The Municipality may invest funds only in investment types permitted under Regulation 6 of the Investment Regulations.

14. APPROVED INSTITUTIONS

Subject to the provisions of paragraph 12 above and to Regulation 10 of the Investment Regulations, the Municipality may make investments with the following institutions, and no others:

14.1. [A]

15. CALL DEPOSITS AND FIXED DEPOSITS

15.1. Before making any call or 32 days deposits, the chief financial officer, shall obtain quotations from at least three institutions. For investments in the excess of 32 days deposits the Municipal Manager will improve the investment.

15.2. Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations telephonically or by e-mail, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered

by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth) or have an e-mail as evidence.

15.3. Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

15.4. Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the Municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

16. RESTRICTION ON TERM OF INVESTMENTS

No investment with a term exceeding 32 days shall be made without the prior approval of the accounting officer according to section 60(2) of the Municipal Systems Act.

17. CESSION OF INVESTMENTS

The cession of any investment of the Municipality as security shall be subject to the provisions of Section 48 of the MFMA.

18. SUPPLY CHAIN MANAGEMENT POLICY

The Municipality shall comply with its Supply Chain Management Policy to the extent that it is applicable to the implementation of any aspect of this policy.

19. CONTROL OVER INVESTMENTS

- 19.1. The Chief Financial Officer shall ensure that proper records are kept of all investments made by the Municipality.
- 19.2. Such records shall include an investment register in which the following information shall be recorded:
- 19.2.1. Name of institution
 - 19.2.2. Capital invested
 - 19.2.3. Date invested
 - 19.2.4. Interest rate
 - 19.2.5. Maturation date
 - 19.2.6. Interest received
 - 19.2.7. Capital repaid; and
 - 19.2.8. Balance invested.
- 19.3. The investment register and accounting records must be reconciled on a monthly basis.
- 19.4. The investment register must be examined on a fortnightly basis to identify investments falling due within the next two weeks.
- 19.5. The Chief Financial Officer must ensure that interest, correctly calculated, is received on due date.
- 19.6. Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:
- 19.6.1. Fixed deposit letter or investment certificate
 - 19.6.2. Receipt for capital invested,
 - 19.6.3. Copy of electronic
 - 19.6.4. Interest rate quoted.

20. REPORTS

The Municipal Manager shall ensure that reports are submitted to the Mayor as required under Regulation 9 of the Investment Regulations.

21. BANKING ARRANGEMENTS

21.1. The Municipal Manager is responsible for the management of the Municipality's bank accounts, but may delegate this function to the Chief Financial Officer.

21.2. The Municipal Manager and Chief Financial Officer or any other delegated manager are authorised at all times to approve electronic transfers and any other documentation associated with the management of such accounts.

21.3. The Municipal Manager is authorised to appoint, in consultation with the Chief Financial Officer, two or more additional signatories in respect of such accounts, and to amend such appointments from time to time.

21.4. All bank accounts and investments must be in the name of the municipality.

21.5. In compliance with the requirements of good governance, the municipal manager shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following:

21.5.1. the administration of the external finance fund and of the asset financing reserve (if these accounts are legally permissible);

21.5.2. trust funds; and

21.5.3. the municipality's self-insurance reserve (if legally permissible).

- 21.6. In determining the number of additional accounts to be maintained, the Municipal Manager, in consultation with the Chief Financial Officer, shall have regard to the likely number of transactions affecting each of the accounts referred to.
- 21.7. The selection of the Municipality's Bankers shall be carried out in accordance with the Municipality's Supply Chain Management Policy.

22. RAISING OF DEBT

- 22.1. The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the MFMA and only with the prior approval of the council.
- 22.2. The raising of debt shall be governed by the municipality's borrowing policy.

23. RELATED POLICIES

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

- 23.1. The Credit Control and Debt Collection Policy;
- 23.2. The Indigent Management Policy;
- 23.3. The Supply Chain Management Policy;
- 23.4. The Budgeting Process Policy;
- 23.5. The Borrowing Policy;

24. INVESTMENT COMMITTEE

The accounting officer may appoint an investment committee to assist him with oversight on investments. The terms of reference of the committee must be authorised by the municipal manager.

26. RESPONSIBILITY FOR IMPLEMENTATION

The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer as may be required to enable the Chief Financial Officer to perform such duties as are imposed on him or her in terms of this policy, and may delegate such other powers as he or she may deem fit to any staff member of the Municipality

25. REVIEW OF POLICY

This policy is to be reviewed annually.



BORROWING POLICY

Approved by Council on 31 May 2024
Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. DEFINITIONS

In this policy, unless the context indicates otherwise –

- 1.1 "**Authorised official**" means an employee of the Municipality responsible for carrying out any duty or function, or exercising any power in terms of this policy and includes employees delegated to carry out or exercise such duties, functions or powers;
- 1.2 "**Council**" means the Municipal Council of the Municipality;
- 1.3 "**Financing agreement**" means any loan agreement, lease, installment, purchase arrangement under which the Municipality undertakes to repay a long-term debt over a period of time;
- 1.4 "**Lender**" means a juristic person who provides debt finance to the Municipality;
- 1.5 "**Long term debt**" means debt repayable by the Municipality over a period exceeding one (1) year;
- 1.6 "**MFMA**" means Municipal Finance Management Act No.56, 2003.
- 1.7 "**Municipality**" means the Swellendam Municipality;
- 1.8 "**Municipal debt**" means:
 - (a) A monetary liability or obligation on a Municipality by -
 - i. a financing agreement, note, debenture, bond, or overdraft; and
 - ii. the issuance of municipal debt instruments; and
 - (b) A contingent liability such as that created by guaranteeing a monetary liability or obligation of another.
- 1.9 "**Security**" means any mechanism intended to secure the interest of a lender or investor and includes any of the mechanisms mentioned;

1.10 "Short term debt" means debt that is repayable over a period not exceeding one (1) year;

1.11 "Sinking fund" means a fund established where provision is made to accumulate sufficient funds to repay the capital on a municipal bond issue at the end of the loan period as a lump sum which is termed a 'bullet' payment;

2. PURPOSE

2.1 To establish a borrowing framework policy for the Municipality and set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds.

3. OBJECTIVES OF THE POLICY

3.1 Swellendam Municipality's aimed at gaining the lowest interest rate on any external borrowings, short-term as well as long-term, but still the credit exposure risk in mind. The effectiveness of this policy is to ensure that the cash management program makes provision for the repayment of interest and redemption on the external borrowings.

3.2 It is the responsibility of the council as a trustee of the community's revenue to ensure that the best repayment interest rates on external borrowings are obtained through a fair and transparent tender process and to ensure compliance with all legislation and Council policies governing borrowings of funds.

4. SCOPE

4.1 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 authorised borrowings.

4.2 Risk Management

The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to

ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure.

4.3 Cost of Borrowings

The borrowings should be structured to obtain the lowest interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation.

4.4 Prudence

Borrowings shall be made with care, skill, prudence and diligence.

5. PRINCIPLES

5.1 The guiding principles in Chapter 6, sections 45 to 51, of the MFMA in terms of short-term and long-term debt must be adhered to facilitate the administration of the council's borrowings.

5.2 Section 46 of the MFMA should be read in conjunction with Section 19 of the MFMA.

5.3 MFMA Circular 71 stipulates the following guidelines regarding borrowing:

5.3.1 **Capital Cost (Interest paid and redemption) as a % of Total Operating Expenditure**

Formula: Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100

Criteria: 6% - 8%

5.3.2 **Debt (Total Borrowings) / Revenue**

Formula: (Overdraft + Current Finance Lease Obligation + Non-Finance Lease Obligation + Short Term Borrowings + Long Term Borrowings) / Total Operating Revenue

Criteria: Maximum 45%

6. DELEGATIONS OF AUTHORITY

- 6.1 The relevant legislation in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.
- 6.2 Local Government Municipal Regulations and Debt Disclosure, Regulation 492, published under Government Gazette 29966, 15 June 2007.
- 6.3 Council is the only body that can approve external borrowing as a budget item. The Bid Adjudication committee appoints the tender to the successful bidder and thereafter Council will delegate to the Municipal Manager of the municipality to enter into a contract with the successful bidder and the signing thereof.

7. NOMINEE ACCOUNT

- 7.1 All monies disbursements as a result of the borrowing must be placed into the primary bank account of the municipality and this account must be reported to the National and Provincial Treasury and the Auditor general in terms of section 9 (a) and (b) of the MFMA.

8. REGISTERED FINANCIAL INSTITUTIONS

- 8.1 When borrowing needs to be done it should be required from the borrowing institutions to state whether they have registered in terms of the bank act of 1990 and/or any other applicable legislation.

9. GENERAL BORROWING PRACTICE

9.1 GENERAL

- 9.1.1 Borrowings shall be done at an institution offering the most favorable repayment interest rates on the amount to be borrowed over a specific period.

- 9.1.2 Institutions shall be advised that in submitting their tenders they must offer their best interest rates for the repayment of the interest and redemption on the borrowings. Council has the right to take on a loan in full or just part thereof.
- 9.1.3 After submission of the tender, no discussion or negotiation will be entered into until such time the tender is awarded to the successful bidder.
- 9.1.4 Certificates of balances on the outstanding amounts on the loans must be acquired and the end of the financial year.

9.2 TYPES OF LOANS AND FINANCING

9.2.1 Annuity loans

Annuity loans are straightforward and uncomplicated. The loan amount, interest rate and repayment period offered by the Financial Institution are fixed. The calculation of the installment payable on an annuity/fixed redemption basis is simple and straightforward. Normally with an annuity loan, the installment of the loan will be repaid in equal six monthly installments over the term of the loan. The capital portion of the installment will increase over the duration of the loan, and conversely, the interest amount charged will decrease over the loan period. Where the interest rate offered by the Financial Institution is on a variable basis, an interest rate swap (IRS) should be taken out. An IRS agreement will need to be signed with the party agreeing to accept the variable rate and in turn, offer the fixed rate to the Municipality. An Interest Rate Swap Agreement must comply with the terms set out by the International Swap Dealers Association (ISDA). The fixing of debt repayments is an important consideration in meeting the financial requirements of the Municipality, that of annually producing a balanced budget. There are from time to time various options offered by Financial Institutions which need to be treated on their merits and which could invariably result in slightly lower interest rates being offered.

9.2.2 Bullet payment redemption

In this instance, the total capital is usually repaid at the end of the term and interest on the total amount borrowed is paid annually or semi-annually. The interest rate can be fixed and the interest payable is known for the duration of the loan. Cash has to be set aside to repay the capital at the end of the term. The lender could require security in the form of an investment (sinking fund).

9.2.3 Bonds

A Bond is an instrument used by Government and Parastatals such as Telkom, Eskom, Transnet, Corporates and Municipalities to raise loan capital on the open market. Bondholders have the right to interest, usually paid on a semi-annual basis, and the repayment of the capital amount reflected on the stock certificate held on the maturity date. The coupon, maturity, principal value and market value are intrinsic features of a Bond. The most critical variable factor in determining Bond rates is the expected long-term trend in inflation, to provide a return that equals inflation plus a risk premium. The higher the risk attached to a borrower, the higher will be the risk premium investors will demand. During its tenure, the Bond will trade on the Bond market at prevailing interest levels. The price of a Bond trading at any given time on the market is a function of prevailing interest rates. Bond prices move inversely to movements in interest rates.

9.2.4 Use of Internal Funds

The Municipality from time to time will use certain of its surplus funds to fund its Capital Program. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail. The use of internal funds impacts negatively on surplus cash for return and should be within limits to reduce the impact on fixed cost coverage.

9.3 OTHER CONSIDERATIONS

9.3.1 The Municipality has by the judicious use of surplus funds and external

long-term debt implemented its Integrated Development Plan, which has facilitated the much-needed service delivery program.

Factors to be considered when borrowing:

- (a) The type and extent of benefits to be obtained from the borrowing;
- (b) The length of time the benefits will be received;
- (c) The beneficiaries of the acquisition or development;
- (d) The impact of interest and redemption payments on both current and forecasted property tax and services revenue;
- (e) The current and future capacity of the property tax base and rendering of services to pay for borrowings and the rate of growth of the property tax base and services;
- (f) Likely movements in interest rates for variable rate borrowings;
- (g) Other current and projected sources of funds;
- (h) Competing demands for funds; and
- (i) Timing of money market interest rate movements and the long-term rates on the interest rate curve.

9.3.2 The Municipality will, in general, seek to limit its dependence on borrowings to minimise future revenue committed to debt servicing and redemption charges. The Municipality may only borrow funds, in terms of the Municipal Finance Management Act, for the purpose of acquiring assets, improving facilities or infrastructure to provide service delivery.

9.3.3 Swellendam Municipality may incur long-term debt only for the purpose of Capital expenditure on infrastructure, property, plant or equipment to be used for the purpose of achieving the objects of Local Government as set out in section 152 of the Constitution.

9.3.4 The use of external loans should be limited to financing infrastructure where a return can be realised from tariffs to service the debt, with long-term benefits to the community as a whole, where indirect revenue streams are subject to financial affordability.

9.3.5 The current gearing for external loans should not exceed the 40% mark (total outstanding debt ÷ total operating revenue less conditional grants). However, if investment in infrastructure is needed to stimulate

economic development with clear benefits for the community as a whole over the short and medium-term, then the gearing ratio may exceed the 40% mark provided that interest and redemption to service external loans shall not exceed 20% of total operating expenditure or subject to financial affordability.

9.4 CONTROL AND MONITORING BORROWINGS

- 9.4.1 A proper record must be kept and maintained of all the borrowings made, indicating at least the Institution, Borrowing amount, Interest rate, Start date, Closing date, Redemption amount, Interest amount and the purpose of the borrowing.
- 9.4.2 Repayment schedules received from the borrowing institutions must be checked to verify the correctness of the repayments. Repayment of Interest and redemption must be done in time to avoid penalty interest.

10. REFINANCING DEBT

- 10.1 Section 46 of the Municipal Finance Management Act provides that the Swellendam Municipality may refinance existing long-term debt if such refinancing is in accordance with the framework as prescribed by the Municipal Finance Management Act. The Municipality may borrow money for the purpose of refinancing existing long term debt, provided the existing long term debt was lawfully incurred and the refinancing will not extend the term of the debt beyond the useful life of the infrastructure, property, plant, or equipment for which the money was originally borrowed.
- 10.2 Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the financial feasibility assessment. No loans will be prematurely redeemed unless there is a financial benefit to the Municipality.

11. DEBT REPAYMENT PERIOD

- 11.1 Whilst the period for which loan debt may be received will vary from time to time according to the needs of the various Lenders, presently

the typical debt repayment period for loans is fifteen years, though not closely matching the underlying asset lives serviced by the loans.

- 11.2 Cognisance is taken of the useful lives of the underlying assets to be financed by the debt, and careful consideration is taken of the interest rates on the interest yield curve. Should it be established that it is cost-effective to borrow the funds on a shorter duration (as opposed to the life of the asset) as indicated by the interest yield curve, the loan will be negotiated to optimise the most favourable and cost-effective benefit to the Municipality.

12. SECURITY

- 12.1 In terms of section 48 of the Municipal Finance Management Act, the Municipality may provide security for any of its debt obligations, including the giving of a lien, pledging, mortgaging or ceding an asset, or giving any other form of collateral. It may cede as security any category of revenue or rights of future revenue. Some Lenders may require the Municipality to agree to restrictions on debt that the Municipality may incur in the future until the secured debt is settled.

13. SHORT TERM DEBT

- 13.1 The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.
- 13.2 The municipal council may approve an individual transaction or a credit facility for a line of credit or overdraft facility.
- 13.3 The Municipality must pay off the short-term debt within the same financial year and may not renew or refinance its short-term debt if it will have the effect of extending the short-term debt into a new financial year.

14. DISCLOSURE

- 14.1 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.

15. GUARANTEES

- 15.1 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 authorised 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.

16. APPROVAL OF LOANS BY THE MUNICIPALITY

- 16.1 Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days before the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt.
- 16.2 A copy of the information statement submitted to Council at least 21 days before the meeting to approve the loan agreement must contain

particulars of –

- (a) the essential repayment terms, including the anticipated debt repayment schedule; and
- (b) the anticipated total cost in connection with such debt over the repayment period.

17. PROVISION FOR REDEMPTION OF LOANS

- 17.1 Swellendam Municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan. These sinking funds may also be invested directly with the Lender's Bank. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

18. NON-REPAYMENT OR NON-SERVICING OF LOAN

- 18.1 Swellendam Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favourable costs of borrowing.
- 18.2 Failure to pay any loan installment, even by one day, and even if only through an administrative oversight, will have severe repercussions, and may jeopardise the Municipality's credit rating.
- 18.3 In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.
- 18.4 Any failure by the Municipality to make payments on its loan needs to be reported to the Accounting Officer and the Executive Mayor.

19. PROHIBITED BORROWING PRACTICES

- 19.1 No commission is payable to an officer or board member, or spouse to, business partner or immediate relative of an officer or board member by an institution, investors, or financiers, for any reference made by

them.

- 19.2 Any commission, fee, or other compensation paid to any person by an institution must be disclosed by means of a certificate to the municipality by the institution. Any quotation/tender to the municipality given by an institution must be net of fees, commissions, or rewards, but also need to include commissions, rewards or costs, that will be paid in respect of the debt.
- 19.3 No debt may be made otherwise than in the name of the municipality.
- 19.4 No person, including officers and council members, may interfere or attempt to interfere in the management of fault attributed by the Accounting Officer or persons delegated by the Accounting Officer.
- 19.5 Swellendam Municipality shall not borrow for investment purposes, with the sole purpose of investing to earn a return.
- 19.6 A Municipality may only incur debt if the debt is dominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.
- 19.7 No debt shall be made for expenses not related to the functions and powers of the municipality.

20. SUBMISSION OF DOCUMENTS

- 20.1 When entering into a 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.
- (a) audited financial statements for the preceding three (3) financial years with audited outcomes;
 - (b) approved annual budget;
 - (c) the municipal integrated development plan; and
 - (d) repayment schedules pertaining to existing short-term or long-term debt.

21. NOTIFICATION TO NATIONAL TREASURY

21.1 The following information must be provided to National Treasury with respect to a long-term debt proposal:

- (a) A copy of the information statement required by section 46(3)(a)(i), containing particulars of the proposed borrowing (debt) instrument:
 - the name of the municipality;
 - where the municipality is located;
 - particulars of the proposed debt;
 - amount of proposed debt;
 - purposes for which the debt is to be incurred;
 - particulars of any security to be provided.
- (b) If not already incorporated in the information statement, the following information is provided separately, MFMA (46)(3)(b)(i) and (ii):
 - amount of debt to be raised through borrowing
 - or other means;
 - issue date;
 - purposes for which the borrowing (debt) is to be incurred;
 - interest rate(s) applicable (state whether fixed or variable etc.);
 - planned start and end date (term of instrument);
 - the detailed repayment schedule for the duration of the borrowing (debt) (showing dates and all payments of principal and interest etc.);
 - final maturity date;
 - the total estimated cost of the borrowing (debt)
 - over the repayment period;
 - type of instrument;
 - debt amortization terms;
 - security to be provided and provide details;
 - source of loan funds.
- (c) A schedule of consultation undertaken, including, MFMA 46(3)(a)(i) and (ii):
 - date(s) when the information statement was made public; and
 - details of meetings, media adverts and other methods used to consult on the proposed long-term borrowing (debt);

- (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, MFMA 46(6), 17(2), 19
- (e) If the borrowing (debt) is for the purpose of refinancing existing long-term borrowing (debt), the following information must be provided, MFMA 46(5):
- description of the asset(s) for which the original loan was required;
 - the useful remaining life of the asset(s)
 - the net present value of the asset(s), including the discount rate used and any assumptions in the calculations;
 - the net present value of projected future payment before refinancing, including the discount rate and assumptions used; and
 - the net present value of projected future payments after refinancing, including the discount rate and assumptions used.
- (f) A copy of the council/board of directors' resolution approving the borrowing (debt) instrument should be forwarded to the National and relevant Provincial Treasury once approved.

22. REPORTING

- 22.1 In terms of section 71 of the MFMA, the Municipality must report on all loans at least once a month to the Mayor and Provincial Treasury.
- 22.2 The Accounting Officer must within 10 working days after the end of each quarter furnish the Mayor, National and Provincial Treasury with a report setting out the detail of each debt portfolio.
- 22.3 The Accounting Officer must annually measure and report to Council on the performance of its debt in terms of the gearing objectives of this policy

23. SHORT TITLE

- 23.1 This policy shall be called the Borrowing Policy of the Swellendam Local Municipality.



BUDGET IMPLEMENTATION AND MANAGEMENT POLICY

Approved by Council on XX May 2024

Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. DEFINITIONS

- 1.1 **"Accounting Officer"** means a person appointed in terms of section 54A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) read with section 60 of the MFMA; and includes any person: -
- (a) acting in such a position; and
 - (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
- 1.2 **"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 the municipality in terms of section 214(1) (c) of the Constitution;
 - (c) an allocation of money to the municipality in terms of a provincial budget; or
 - (d) any other allocation of money to the municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;
- 1.3 **"Annual Division of Revenue Act"** means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;
- 1.4 **"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;
- 1.5 **"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;
- 1.6 **"Budget-related Policy"** means a policy of the municipality affecting or affected by the annual budget of the municipality, including:
- (a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

- (b) the rates policy which the municipality must adopt in terms of section 3 of the municipal property rates Act;
- (c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
- (d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;
- (e) a borrowing policy which must comply with Chapter 6 of the Act;
- (f) a funding and reserves policy;
- (g) a policy related to the long-term financial plan;
- (h) the supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act -
 - (i) any policies dealing with the management and disposal of assets;
 - (j) any policies dealing with infrastructure investment and capital projects, including –
 - (i) the policy governing the planning and approval of capital projects; and
 - (ii) the policy on developer contributions for property developments;
- (k) the indigents policy of the municipality;
- (l) any policies related to the provision of free basic services;
- (m) any policies related to budget implementation and monitoring including:
 - (i) a policy dealing with the shifting of funds within votes;
 - (ii) a policy dealing with unforeseen and unavoidable expenditure; and
 - (iii) policies dealing with management and oversight;
- (n) any policies related to managing electricity and water including:
 - (i) a policy related to the management of losses; and
 - (ii) a policy to promote conservation and efficiency;

- (o) any policies related to personnel including policies on overtime, vacancies, and temporary staff;
 - (p) any policies dealing with municipal entities, including:
 - (i) the service delivery agreement; and
 - (ii) the dividend preference of the municipality; and
 - (q) any other budget-related or financial management policies of the municipality.
- 1.7 **"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;
- 1.8 **"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;
- 1.9 **"Capital Budget"** means the approved budget for capital items in a given fiscal period. Capital items are assets with a life expectancy of more than one financial year such as property, plant and equipment. The cost of which is normally written off over several fiscal periods;
- 1.10 **"Chief Financial Officer"** means a person designated in terms of section 80(2) (a) of the MFMA;
- 1.11 **"Council"** means the municipal council of this municipality referred to in section 18 of the Municipal Structures Act;
- 1.12 **"Councillor"** means a member of council;
- 1.13 **"Creditor"**, means a person to whom money is owed by the municipality;
- 1.14 **"Current year"** means the financial year, which has already commenced, but not yet ended;
- 1.15 **"Delegation"** means the power to perform a function or duty which is given to office bearer, councillor, or staff members either in terms of Sect 59 of the MSA or Sect 79 of the MFMA;
- 1.16 **"Executive Mayor"** means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

- 1.17 **"Generally recognised accounting practice"** means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;
- 1.18 **"Financial recovery plan"** means a plan prepared in terms of section 141 of the MFMA;
- 1.19 **"Financial statements"**, means statements consisting of at least:
- (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;
- 1.20 **"Financial year"** means twelve months commencing on 1st July and ending on 30th June each year;
- 1.21 **"Financing agreement"** includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which the municipality undertakes to repay a long-term debt over a period of time;
- 1.22 **"Fruitless and wasteful expenditure"** means expenditure that was made in vain and would have been avoided had reasonable care been exercised;
- 1.23 **"Investment"** in relation to funds of the municipality, means:
- (a) the placing on deposit of funds of the municipality with a financial institution; or
 - (b) the acquisition of assets with funds of the municipality not immediately required, with the primary aim of preserving those funds;
- 1.24 **"Irregular expenditure"** means:
- (a) expenditure incurred by the 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 the 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 the 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 the 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 the municipality which falls within the definition of "unauthorised expenditure";

- 1.25 **"Lender"** means a person who provides debt finance to the municipality;
- 1.26 **"Local community"** has the meaning assigned to it in section 1 of the Municipal Systems Act;
- 1.27 **"Long-term debt"** means debt repayable over a period exceeding one year;
- 1.28 **"MFMA"** means the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003);
- 1.29 **"Municipal council"** or "council" means the council of the municipality referred to in section 18 of the Municipal Structures Act;
- 1.30 **"Municipal debt instrument"** means any note, bond, debenture or other evidence of indebtedness issued by the municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;
- 1.31 **"Municipal entity"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);
- 1.32 **"Municipality"** means:
 - (a) when referred to as a corporate body, means the municipality as described in section 2 of the Municipal Systems Act; or
 - (b) when referred to as a geographic area, means the municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

- 1.33 **"Municipal service"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);
- 1.34 **"Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- 1.35 **"Municipal Systems Act"** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- 1.36 **"Municipal tariff"** means a tariff for services which the municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;
- 1.37 **"Municipal tax"** means property rates or other taxes, levies or duties that the municipality may impose;
- 1.38 **"National Treasury"** means the National Treasury established by section 5 of the Public Finance Management Act;
- 1.39 **"Official"** means:
- (a) an employee of the municipality or municipal entity;
 - (b) a person seconded to the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
 - (c) a person contracted by the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;
- 1.40 **"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;
- 1.41 **"Past financial year"** means the financial year preceding the current year;

- 1.42 **"Quarter"** means any of the following periods in a financial year:
- (a) 1 July to 30 September refers to as the 1st quarter;
 - (b) 1 October to 31 December refer to as the 2nd quarter;
 - (c) 1 January to 31 March refers to as the 3rd quarter; or
 - (d) 1 April to 30 June referred to as the 4th quarter;
- 1.43 **"Ring Fenced"** means an exclusive combination of line items grouped for specific purposes for instance salaries and wages.
- 1.44 **"Service delivery and budget implementation plan"** means a detailed plan approved by the executive mayor of the municipality, in terms of section 53(l) (c) (ii) of the MFMA, for implementing the municipality's delivery of municipal services and which 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;
- 1.45 **"Short-term debt"** means debt repayable over a period not exceeding one year;
- 1.46 **"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;
- 1.47 **"Virement"** means the process of transferring an approved budget allocation from one vote to another, with the approval of the Municipal Manager. To enable senior managers to amend budgets in the light of experience or to reflect anticipated changes;
- 1.48 **"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.
- 1.49 **"Vote holder"** means the senior manager to which the vote is assigned.

2. ABBREVIATIONS

- 2.1 “**CFO**” is the Chief Financial Officer
- 2.2 “**CM**” is the Council Minute/'s
- 2.3 “**IDP**” is the Integrated Development Plan
- 2.4 “**MFMA**” is the Municipal Finance Management Act, Act No. 56 of 2003
- 2.5 “**MSA**” is the Municipal Systems Act, Act No.32 of 2000
- 2.6 “**MTREF**” is the Medium-term revenue and expenditure framework
- 2.7 “**SDBIP**” is the Municipal service delivery and budget implementation plan

3. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, 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 Section 16(2) of the MFMA, 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, 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 municipal budget must take into account the government's macro-economic and fiscal policy fundamentals.

It is therefore imperative that the process followed should be as consultative and inclusive as possible.

4. **OBJECTIVE**

The objective of the budget policy is to set out a framework for this municipality to deal with:

- (a) The preparation of an MTREF budget;
- (b) The shifting or virement of funds and budget allocations;
- (c) The introduction of adjustment budgets;
- (d) Unforeseen and unavoidable expenditure;
- (e) Irregular expenditure;
- (f) Fruitless and wasteful expenditure; and
- (g) To establish and maintain procedures to ensure adherence to the municipality's IDP review and budget processes.

5. **BUDGETING PRINCIPLES**

- 5.1 The municipality shall not budget for a cash deficit and should ensure that revenue projections in the budget are realistic taking into account actual collection levels.
- 5.2 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.
- 5.3 The municipality shall prepare a three-year budget (MTREF budget) and Council shall approve the budget.
- 5.4 The MTREF budget must at all times be within the framework of the approved municipal Integrated Development Plan (IDP).
- 5.5 Capital budget:
 - 5.5.1 Only expenditure that meets the definition of a capital budget as per section 1 of this policy shall be included in the capital budget.
 - 5.5.2 The capital budget shall distinguish between renewal, upgrading and new assets.

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

5.5.4 Before approving a capital project, Council **must** consider:

- (a) the projected cost of the project overall the ensuing financial years until the project becomes operational; and
- (b) future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on the operating budget.

5.5.5 Before approving the capital budget, the council **shall** consider:

- (a) the impact on the present and future operating budgets of the municipality concerning finance charges to be incurred on external loans;
- (b) depreciation of fixed assets;
- (c) maintenance of fixed assets, and
- (d) any other ordinary operational expenses associated with any item on such capital budget.

5.5.6 The capital expenditure shall be funded from the following sources:

- (a) Revenue or Surplus

Any financing activity from this source must be included in the cash budget to raise sufficient cash for the expenditure. For the commencement of expenditure on an item financed from this source the full amount of physical cash must be ring-fenced or set aside from normal operating funds.

- (b) New borrowings (External loans)

External loans can be raised only if it is linked to the financing of an asset. A capital item to be financed from an external loan can only be included in the budget if the loan has been secured or it can be reasonably assumed as being secured. The loan redemption period should not exceed the estimated life span of the asset. 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.

(c) Capital Replacement Reserve (CRR)

The council shall establish a CRR to finance capital projects and the acquisition of assets. Such reserve shall be established from the following sources of revenue:

- (i) appropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
- (ii) interest on the investments of the CRR appropriated in terms of the investments policy;
- (iii) interest earned on investments of unutilised grants;
- (iv) VAT claimed back on grants and subsidies; and
- (v) proceeds on the sale of assets.

Before any asset can be financed from the CRR the physical cash must be available within the reserve, this fund must be cash-backed. If there is insufficient cash available to fund the CRR reserve then the reserve must be adjusted to equal the available cash.

Surplus cash may be determined at the financial year end by the CFO to be contributed to the capital replacement reserve subject to approval by the municipal manager.

(d) 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 the operating and must be budgeted for as such.

Capital expenditure must be budgeted for in the capital budget.

Grant funding must be cash backed at all times and should be secured before spending can take place.

All unutilized grants received must be ring-fenced and cash-backed through an investment or the municipal bank account.

5.6 Operational budget:

5.6.1 The municipality shall budget in each annual and adjustments budget for the contribution to:

- (a) provision for accrued leave entitlements equal to 100% of the accrued leave;
- (b) continued employee benefits as at 30 June of each financial year;
- (c) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages;
- (d) provision for the obsolescence and deterioration of stock per its store's management policy;
- (e) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;
- (f) At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance where practical.

5.6.2 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.

5.6.3 The impact of such increases shall be assessed based on a fair sample of randomly selected accounts

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

- (a) depreciation charges;
- (b) repairs and maintenance expenses;
- (c) interest payable on external borrowings; and
- (d) other operating expenses.

5.6.5 The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes as income forgone.

6. BUDGET PREPARATION PROCESS

6.1 FORMULATION OF THE BUDGET

The Accounting Officer with the assistance of the Chief Financial Officer, Manager (Reporting) and the IDP Official shall prepare and draft the IDP & Budget process plan with timetables for the municipality including municipal entities for the ensuing financial year.

The Executive Mayor shall table the IDP & Budget process plan to Council not later than August of each year for approval, together with the draft resolutions and budget-related policies.

The IDP and Budget process plan shall indicate the key deadlines for the review of the IDP as well as the preparation of the MTREF budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act, Municipal Budget and Reporting regulations, the District Municipality IDP Framework as well as the guidelines set by the National Treasury.

The Chief Financial Officer and senior managers undertake the technical preparation of the budget. The budget must be in the prescribed format as required by National Treasury and must be divided into capital and operating budget.

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 figures for the current year and the three prior year's actual outcomes.

6.2 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. This must all be spelled out in the process plan.

6.3 APPROVAL OF THE BUDGET

The council shall consider the Annual Budget for approval not later than 31 May for the ensuing financial year. The council resolution must contain budget policies and performance measures to be adopted.

Should the Council 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.

The budget tabled to Council for approval shall include the following supporting documents:

- 6.3.1 draft resolutions approving the budget;
- 6.3.2 levying property rates, other taxes and tariffs for the financial year concerned;
- 6.3.3 measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- 6.3.4 the projected cash flows for the financial year by revenue sources and expenditure votes;
- 6.3.5 any proposed amendments to the IDP;
- 6.3.6 any proposed amendments to the budget-related policies;
- 6.3.7 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;
- 6.3.8 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;
- 6.3.9 particulars of the municipality's investments; and
- 6.3.10 various information regarding municipal entities under the shared or sole control of the municipality

6.4 PUBLICATION OF THE BUDGET

- 6.4.1 Within 10 working days after the draft annual budget has been tabled, the Director of Corporate services must post the budget and other budget-

related documentation onto the municipal website so that it is accessible to the public.

6.4.2 The Chief Financial Officer must within 10 working days after the draft annual budget is tabled:

- (a) 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; and
- (b) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

6.4.3 Once Council have approved the budget the Chief Financial Officer must within 10 working days:

- (a) 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, and
- (b) ensure that a newspaper advertisement is placed that the budget has been approved and is available at the Municipal offices.

6.5 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The Executive Mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by the Council.

The SDBIP shall include the following components:

- 6.5.1 Monthly projections of revenue to be collected for each source;
- 6.5.2 Monthly projections of expenditure (operating and capital) and revenue for each vote;
- 6.5.3 Quarterly projections of service delivery targets and performance indicators for each vote;
- 6.5.4 Ward information for expenditure and service delivery; and
- 6.5.5 Detailed capital works plan broken down by ward over three years.

7. **FUNDING OF BUDGET**

The budget must be funded in terms of the Council's approved funding and reserves policy.

8. **UNSPENT FUNDS AND ROLLOVER OF BUDGET**

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, excluding in the following instances:

- (a) Funds relating to capital expenditure; or
- (b) Unspent grant (if the conditions for such grant funding allow that).

Conditions of the grant fund shall be taken into account in applying for such rollover of funds.

No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year.

No unspent operating budget shall be rolled over to the next budget year

Application for rollover of unspent conditional grants funds must be forwarded to the budget office by the latest 10 July of each year. Only these applications will be considered for inclusion in an adjustment budget. The adoption by Council will take place not later than 25th August.

9. **BUDGET TRANSFERS AND VIREMENTS**

9.1 OBJECTIVE

The objective of this section is to allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure, or savings as they arise to accelerate service delivery in a financially responsible manner.

9.2 FINANCIAL RESPONSIBILITIES

Strict budgetary control must be maintained throughout the financial year so that potential overspends and/or income under-recovery within individual vote is identified at the earliest possible opportunity.

The Accounting Officer has a statutory duty to ensure an effective system of financial control, specifically to ensure compliance with Section 15 of the MFMA, is in place. The budget transfer and virement process are one of these controls.

It is the responsibility of each senior manager and/or head of a department/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 section 78.

9.3 VIREMENT AND BUDGET TRANSFER PROCEDURES

- 9.3.1 All virement/transfer requests must be completed on the appropriate documentation and forwarded to the official responsible to process the virement/transfer.
- 9.3.2 All virements must be signed by the initiator, the vote holder, the Chief Financial Officer and Municipal Manager.
- 9.3.3 All budget transfers must be signed by the initiator, the vote holder, the CFO and Municipal Manager per the delegation framework.
- 9.3.4 All capital transfers more than 40 percent of the project require the approval of the Council subject to the delegation framework.
- 9.3.5 All documentation must be compiled and approved in line with the delegations as per section 79 of the MFMA before any expenditure can be committed or incurred.
- 9.3.6 All documentation is filed and safeguarded by the Budget and Reporting Office, to monitor any future budgetary movements and to track how the funding shifts. Changes are then reported during each Section 71 report as mentioned below.

9.4 VIREMENT RESTRICTIONS

A virement should only be allowed within an mSCOA function and/or its sub-functions, except for the following cases:

- 9.4.1 A Project extending over/ incorporating more than one mSCOA function or sub-function, then savings in the budgetary allocation in a function or sub-function may be applied across the functions and/ or sub-functions directly linked to the same Project and Funding Source.
- 9.4.2 Where the Finance and Administrative function or sub-function is directly linked to another Function or sub-function, then savings in the linked function/ sub-function may be applied in the Finance and Administrative function or vice versa. Therefore, virement between Rates Services and Trading Services and across Trading Service is not allowed.
- 9.4.3 Virements should not be permitted to the revenue side of the budget.
- 9.4.4 Virements between functions should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes).
- 9.4.5 Virements from the capital budget to the operating budget should not be permitted, Operational funds to the Capital Budget may be done, but only via an Adjustment budget.
- 9.4.6 Virements towards personnel expenditure should not be permitted, except where:
 - (a) temporary/ contracted (budget for as contracted services in terms of the mSCOA Classification) staff status has changed to permanent staff, or
 - (b) the budget savings resulted from Outsourced Services within the same function in terms of a Council delegated authority.
 - (c) Approval from the CFO between line items in the ring-fenced group within the budget framework.
- 9.4.7 Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT except if approved by the Municipal Manager in collaboration with the CFO.

- 9.4.8 Virements should not result in adding 'new' projects to the Capital Budget.
- 9.4.9 Virements of conditional grant funds for purposes outside of that specified in the relevant conditional grant framework must not be permitted.
- 9.4.10 There should be prudent limits on the amount of funds that may be moved between a function and its sub-functions. Virements may not exceed a maximum annual limit of 40% except if approved by the Municipal Manager in collaboration with the CFO.
- 9.4.11 No virement may take place without consent and the approval of the CFO and Municipal Manager per delegation framework.
- 9.4.12 A virement may not create a new policy, significantly vary current policy or alter the approved outcomes/outputs as approved in the IDP for the current or subsequent years.
- 9.4.13 No virement may commit the municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year.
- 9.4.14 An approved virement does not give expenditure authority and all expenditure resulting from approved virements are still subject to the supply chain management policy of the Council as periodically reviewed.
- 9.4.15 Virements to correct mSCOA segmentation is subject to the approval of the Chief Finance Officer. No limit is applicable to these virements.

9.5 DELEGATIONS

The accounting officer may sub-delegates its delegation to the director of financial services to made budget virements to the amount of R200 000.00.

9.6 BUDGET TRANSFER RESTRICTIONS

- 9.6.1 No funds may be transferred between line items within the same vote without the approval of the vote holder's authorization.
- 9.6.2 No funds may be transferred from or to the following line items:
- (a) Operating revenue - all line items

- (b) Operating expenditure - interest on external borrowing and all non-cash items.
- 9.6.3 Funds may only be transferred between line items in the ring-fenced group of employee-related costs if approved by the CFO.
- 9.6.4 Transfers in capital budget allocations are only permitted within specified action plans to a maximum of 40%, and not across funding sources except if approved by Municipal Manager.
- 9.6.5 Transfers in capital budget for emergency purposes, must be fully motivated and can be across functions, subject to the CFO and Municipal Manager approval, subject to that the original projects will still be implemented.
- 9.6.6 An approved transfer does not give expenditure authority and all expenditure resulting from approved transfers must still be subject to the supply chain management policy of the Council as periodically reviewed.
- 9.6.7 Transfers may not be made between Expenditure and Income
- 9.6.8 No transfers are allowed in terms of income line items.
- 9.6.9 No transfers are allowed from the capital budget to the operating budget.
- 9.6.10 Transfers of conditional grant funds to a purpose outside than specified in the relevant conditional grant framework are not permitted.
- 9.6.11 All virements made during the financial year which was not approved in the adjustment budget must be submitted to Council for oversight after the finalization of the financial year-end.

10. **ADJUSTMENT BUDGETS**

The council may revise its annual budget through 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.

Section 28 (2) of the MFMA determines when an adjustment must be done and when it may be prepared.

The Accounting Officer must promptly prepare an adjustment budget if a material under-collection of revenues arises or is apparent.

The Accounting Officer shall prepare an adjustment budget and appropriate additional revenues, which have become available but only to revise or accelerate spending programs already budgeted for or any areas of critical importance identified by Council.

The Council may in an adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.

An adjustments budget:

- (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
- (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
- (f) may correct any errors in the annual budget; and
- (g) may provide for any other expenditure within a prescribed framework."

The CFO shall ensure that an adjustments budget:

- (a) Comply with the requirements of the National Treasury;
- (b) Reflect the budget priorities determined by the Executive Mayor
- (c) Are aligned with the IDP;

- (d) Comply with all budget-related policies; and
- (e) Shall make recommendations to the Executive Mayor on the revision of the IDP and the budget-related policies where these are needed.

An adjustments budget must contain all of the following:

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

Any un-appropriate surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget, but maybe appropriated to the municipality's capital replacement reserve if cash-backed.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan compiled in terms of section 141 of the MFMA

Unauthorised expenses may be authorised in an adjustments budget.

The table below is a summary of the types of adjustments budgets that may be approved in terms of the Municipal Budget and Reporting Regulations (MBRR), 2009. The first option is to do a virement if there is a need to move budgeted amounts. If the movement in budgeted amount is not allowable via a virement, as per the policy above, then the municipality is required to produce an adjustments budget that must be tabled and approved at a Council meeting.

Types of adjustments budget	Timeframes	Sections of MFMA and MBRR
Downwards adjustment due to under-collection of revenue	Any time	S. 28(2)(a)
Main adjustments budget	Once a year – between tabling of the mid-year assessment and 28 February	S. 28(2)(b, d & f) Reg. 23(1&2)
Additional funds from national / provincial government	60 days after the approval of the relevant national / provincial adjustments budget	S.28(2)(b) Reg. 23(3)
Unforeseen and unavoidable expenditure	Within 60 days of expenditure being incurred	S. 28(2)l, 29(3) & 32 Reg. 23(4), 71 & 72
Roll-over of municipal funds	Before 25 August	S. 28 l , Reg. 23(5)
Authorisation of unauthorized expenditure	In main adjustments budget After the tabling of the annual report for that year (7 months after the financial year end)	S. 28(g), 32, 127(2) Reg. 23(6)

11. UNFORESEEN AND UNAVOIDABLE EXPENDITURE

Before the Executive Mayor considers any authorization of unforeseeable and unavoidable expenditure in terms of Section 29 of the MFMA, the Accounting Officer will ensure that a report is prepared consisting of all the relevant information for the Executive Mayor to make an informed discussion.

The Executive Mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA only if:

- (a) the expenditure could not have been foreseen at the time the annual budget of the municipality was passed; and
- (b) the delay that will be caused pending approval of an adjustments budget by the municipal council in terms of section 28(2)(c) of the Act to authorise the expenditure may –
 - (i) result in significant financial loss for the municipality;
 - (ii) cause disruption or suspension, or a serious threat to the continuation, of a basic municipal service;

- (iii) lead to loss of life or serious injury or significant damage to property; or
- (iv) obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

The Executive Mayor may not authorise expenditure in terms of section 29 of the Act if the expenditure -

was considered by the Council, but not approved in the annual budget or an adjustments budget; or

(a) is required for-

- (i) price increases of goods or services during the financial year;
- (ii) new municipal services or functions during the financial year;
- (iii) the extension of existing municipal services or functions during the financial year;
- (iv) the appointment of personnel during the financial year; or
- (v) allocating discretionary appropriations to any vote during the financial year; or
- (vi) would contravene any existing council policy; or
- (vii) is intended to ratify irregular or fruitless and wasteful expenditure.

(b) The authorized amount may not exceed 4% of the approved own revenue included in the annual budget.

The authorisation must be reported by the Executive Mayor to the next Council meeting.

The Accounting Officer must ensure the preparation of an adjustment budget to include the expenses within 30 days.

The Executive Mayor must ensure that Council passes the adjustments budget within sixty days after the expenses were incurred.

12. BUDGET IMPLEMENTATION

12.1 MONITORING

The Accounting Officer, with the assistance of the CFO and other senior managers, is responsible for the implementation of the budget and must take reasonable steps to ensure that:

- (a) Funds are spent per the approved budget;
- (b) Expenses are reduced if expected revenues are less than projected; and
- (c) Revenues and expenses are properly monitored.

The Accounting Officer, with the assistance of the CFO, must prepare any adjustment budgets when such budget is necessary and submit them to the Executive Mayor for consideration and tabling to Council.

The Accounting Officer, with the assistance of the CFO, must ensure that the municipality has and maintains an effective system of expenditure control to assist with budget control. Budget control must be performed on the lowest level of the budget, as well as the starting activity of an expense.

The Accounting Officer, with the assistance of the CFO, must ensure that the municipality has and maintains effective systems of:

- (a) Revenue collection; and
- (b) Debtor management.

The assumptions on which the revenue forecasts were based must be monitored on at least a monthly basis.

The Accounting Officer, with the assistance of the CFO and other senior managers, 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 – Section 71 report

The Accounting Officer, with the assistance of the CFO, 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 terms of section 71 of the MFMA and the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

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

12.2.2 Quarterly Reports – Section 52 report

The Accounting officer, with the assistance of the CFO, must assist the Executive Mayor; in his/her duties in terms of section 52(d) of the MFMA to 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 – Section 72 report

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 (SDBIP).

The Accounting Officer must then submit a report in terms of section 72 of the MFMA 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.

The Accounting Officer may in such a report make recommendations, after considering the recommendation of the CFO, to prepare an adjustment budget.

13. **CONCLUSION**

The following documents must be placed and maintained on the municipality's official website:

- (a) Annual and adjustments budgets and all budget-related documents;
- (b) All budget-related policies;
- (c) Integrated Development Plan;
- (d) Annual report;
- (e) All performance agreements;
- (f) All service delivery agreements;
- (g) All long-term borrowing contracts; and

All quarterly and mid-year reports are submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

14. **SHORT TITLE**

This policy is called the Budget Implementation and Monitoring Policy.



COST CONTAINMENT POLICY

Approved by Council on XXX May 2024
Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. DEFINITIONS

“*consultant*” means a professional person, individual partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.

“*cost containment*” the measures implemented to curtail spending in terms of this policy.

“*municipality*” Swellendam Municipality

2. PURPOSE

The purpose of the policy is to regulate spending and to implement cost containment measures at Swellendam Municipality.

3. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- 3.1 To ensure that the resources of the municipality are used effectively, efficiently and economically;
- 3.2 To implement cost containment measures.

4. SCOPE OF THE POLICY

This policy will apply to all:

- 4.1 Councilors'; and
- 4.2 Municipal employees.

5. LEGISLATIVE FRAMEWORK

This policy must be read in conjunction with the -

- 5.1 The Municipal Finance Management Act, Circular 82, published on 7 December 2016;
- 5.2 Municipal Cost Containment Regulations, 2018; and

5.3 Travelling and subsistence policy.

6. POLICY PRINCIPLES

6.1 This policy will apply to the procurement of the following goods and/or services:

- (i) Use of consultants
- (ii) Vehicles used for political office-bearers
- (iii) Travel and subsistence
- (iv) Domestic accommodation
- (v) Credit cards
- (vi) Sponsorships, events and catering
- (vii) Communication
- (viii) Conferences, meetings and study tours
- (ix) Any other related expenditure items

7. USE OF CONSULTANTS

- 7.1 Consultants may only be appointed after an assessment of the needs and requirements has been conducted to support the requirement of the use of consultants.
- 7.2 The assessment referred to in 7.1 must confirm that the municipality does not have requisite skills or resources in its full time employ to perform the function that the consultant will carry out.
- 7.3 When consultants are appointed the following should be included in the Service Level Agreements:
- (i) Consultants should be appointed on a time and cost basis that has specific start and end dates or as per the Engineering Council of South Africa professional remuneration scales for projects.
 - (ii) Consultants should be appointed on an output-specific basis, specifying deliverables and the associated remuneration;
 - (iii) Ensure that cost ceilings are included by specifying the contract price, and whether the contract price is inclusive or exclusive of travel and subsistence disbursements; and
 - (iv) All engagements with consultants should be undertaken in accordance with the municipality's supply chain management policy.
- 7.4 Consultancy reduction plans should be developed.
- 7.5 All contracts with consultants must include a retention fee or a penalty clause for poor performance.

- 7.6 The specifications and performance of the service provider must be used as a monitoring tool for the work that is to be undertaken and performance must be appropriately recorded and monitored.

8. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

- 8.1 The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed seven hundred thousand rand (R700 000) or 70% of the total annual remuneration package for the different grades, whichever is greater.
- 8.2 The procurement of vehicles must be undertaken using the national government transversal contract mechanism.
- 8.3 If any other procurement process is used, the cost may not exceed the threshold set out in 8.1.
- 8.4 Before deciding on another procurement process as in 8.2, the chief financial officer must provide the council with information relating to the following criteria that must be considered:
- (i) Status of current vehicles
 - (ii) Affordability
 - (iii) Extent of service delivery
 - (iv) Terrain for effective usage of vehicle
 - (v) Any other policy of council
- 8.5 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometers.
- 8.6 Notwithstanding 8.5, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometers only in instances where the vehicle experiences serious mechanical problems and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

9. TRAVEL & SUBSISTENCE

- 9.1 An accounting officer:
- (i) May only approve the purchase of economy class tickets for officials where the flying time for a flight is five (5) hours or less; and
 - (ii) For flights that exceed five (5) hours of flying time, may purchase business class tickets *only* for accounting officers, and persons reporting directly to

accounting officers.

- 9.2 Notwithstanding 9.1, an accounting officer may approve the purchase business class tickets for officials with disabilities.
- 9.3 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.
- 9.4 Officials of the municipality must:
- (i) Utilize the municipal fleet, where viable, before incurring costs to hire vehicles;
 - (ii) Make use of a shuttle service if the cost of such a service provider is lower than:
 - the cost of hiring a vehicle;
 - the cost of kilometers claimable by the employee; and
 - the cost of parking.
 - (iii) not hire vehicles from a category higher than Group B; and
 - (iv) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.
- 9.5 The municipality must use the negotiated rates for flights and accommodation as communicated by National Treasury, from time to time, or any other cheaper flight or accommodation that is available.

10. DOMESTIC ACCOMMODATION

- 10.1 An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by National Treasury, from time to time, and the travel and subsistence policy of the municipality.

11. CREDIT CARDS

- 11.1 An accounting officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office-bearer.
- 11.2 Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials and public office bearers must use their personal credit cards or cash, and will request reimbursement from the municipality in terms of the travel and subsistence policy and petty cash policy.

12. SPONSORSHIPS, EVENTS & CATERING

- 12.1 The municipality may not incur catering expenses for meetings that are only attended by persons in the employ of the municipality, unless prior written approval is obtained from the accounting officer.
- 12.2 Catering expenses may be incurred by the accounting officer for the following, if they exceed five (5) hours:
- (i) Hosting of meetings;
 - (ii) Conferences;
 - (iii) Workshops;
 - (iv) Courses;
 - (v) Forums;
 - (vi) Recruitment interviews; and
 - (vii) Council proceedings
- 12.3 Entertainment allowances of officials may not exceed two thousand rand (R2 000,00) per person per financial year, unless otherwise approved by the accounting officer.
- 12.4 Expenses may not be incurred on alcoholic beverages.
- 12.5 Social functions and events, team building exercises, year-end functions, sporting events, budget speech dinners and other functions that have a social element must not be financed from the municipal budget or by any supplier or sponsors.
- 12.6 Expenditure may not be incurred on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials.
- 12.7 Expenditure may be incurred to host farewell functions in recognition of officials who retire after serving the municipality for ten (10) or more years, or retire on grounds of ill health, the expenditure should not exceed the limits of the petty cash usage as per the petty cash policy of the municipality.

13. COMMUNICATION

- 13.1 All municipal related events may as far as possible, be advertised on the municipal website, instead of advertising in magazines or newspapers.
- 13.2 Publications such as internal newsletters may be designed internally and be published quarterly in an electronic media format and on the municipal website/intranet. Just confirm if done by service provider.
- 13.3 Newspapers and other related publications for the use of officials must be

discontinued on the expiry of existing contracts or supply orders.

- 13.4 The acquisition of mobile communication services may be done by using the transversal term contracts that have been arranged by the National Treasury.
- 13.5 The allowances to officials for private calls and data costs are limited to an amount determined by the cellphone and data allowances policy.

14. CONFERENCES, MEETINGS & STUDY TOURS

- 14.1 Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- 14.2 The benchmark costs may not exceed an amount determined by National Treasury.
- 14.3 When considering applications from officials to conferences or events within and outside the borders of South Africa, the accounting officer must take the following into account:
- (i) The officials role and responsibilities and the anticipated benefits of the conference or event;
 - (ii) Whether the conference or event will address the relevant concerns of the municipality;
 - (iii) The appropriate number of officials to attend the conference or event, not exceeding three officials; and
 - (iv) Availability of funds to meet expenses related to the conference or event.
- 14.4 The amount referred to in 14.2 above excludes costs related to travel, accommodation and related expenses, but includes:
- (i) Conference or event registration expenses; and
 - (ii) Any other expense incurred in relation to the conference or event.
- 14.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- 14.6 Attendance of conferences will be limited to one (1) per annum with a maximum of two (2) delegates per department. The municipal manager may approve subject to available funds and importance more than one conference per annum.
- 14.7 Meetings and planning sessions that entail the use of municipal funds must, as far as practically possible, be held in-house.

- 14.8 Municipal offices and facilities must be utilized for conferences, meetings and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.
- 14.9 The municipality must take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

15. OTHER RELATED EXPENDITURE ITEMS

- 15.1 All commodities, services and products covered by a transversal contract by the National Treasury must be procured through that transversal contract before approaching the market, in order to benefit from savings and lower prices or rates that have already been negotiated.
- 15.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during the election periods.
- 15.3 Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998

16. ENFORCEMENT PROCEDURES

- 16.1 Failure to implement or comply with this policy may result in any official of the municipality or political office bearer that has authorized or incurred any expenditure contrary to those stipulated herein being held liable for financial misconduct as set out in Chapter 15 of the MFMA.

17. DISCLOSURES OF COST CONTAINMENT MEASURES

- 17.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.
- 17.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings, on the implementation of the cost containment measures must be submitted to the municipal council for review and resolution. The municipal council can refer such reports to an appropriate council committee for further recommendations and actions.
- 17.3 Such reports must be copied to the National Treasury and relevant provincial treasuries within seven calendar days after the report is submitted to municipal

council.

18. IMPLEMENTATION & REVIEW PROCESS

18.1 This policy will be reviewed at least annually or when required by way of a council resolution, or when an update is issued by National Treasury.

19. CONSEQUENCES FOR NON-ADHERENCE TO THE COST CONTAINMENT MEASURES

19.1 Any person must report an allegation of non-compliance to the cost containment policy to the accounting officer of the municipality.

19.2 The accounting officer must investigate the allegations and if frivolous, speculative or unfounded, terminate the investigations.

19.3 If the accounting officer determines the allegations are founded, a full investigation must be conducted by the disciplinary board.

19.4 After completion of a full investigation, the disciplinary board must compile a report on the investigations and submit a report to the accounting officer on:

- (i) Findings and recommendations; and/or
- (ii) Whether disciplinary steps should be taken against the alleged transgressor.

19.5 The accounting officer must table the report with recommendations to the municipal council.

19.6 Subject to the outcome of the council decision the accounting officer must implement the recommendations.

20. SHORT TITLE

20.1 This policy shall be called the Cost Containment Policy of the Swellendam Municipality.



CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

Adopted by Council on xx May 2024

Draft Policy for Public Participation

Implemented on 1 July 2024

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1. TITLE

- 1.1. Swellendam Municipality Customer Care, Credit Control and Debt Collection Policy.

2. DEFINITIONS

In this Policy any word or expression to which a meaning has been assigned in the Systems Act or MFMA has that meaning, unless the context indicates otherwise-

- 2.1. "Account" means an account rendered specifying charges for municipal services provided by the Municipality, or any authorized and contracted service provider, and which account may include assessment rates levies.
- 2.2. "Accounting Officer" means the Municipal Manager appointed in terms of Section 60 of the Municipal Finance Management Act.
- 2.3. "Annual Budget" shall mean the budget approved by the municipal council for any particular financial year and shall include any adjustments to such budget.
- 2.4. "Annually" means once every financial year.
- 2.5. "Arrangement" means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to.
- 2.6. "Arrears" means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.
- 2.7. "Authorized Representative" means a person or instance legally appointed by the Municipality to act or to fulfill a duty on its behalf.
- 2.8. "Availability charge" means where properties are not connected to the municipal infrastructure but can reasonably be connected to the service.

- 2.9. "Billing Date" means the date upon which the monthly statement is generated and debited to the customer's account.
- 2.10. "Business and Commercial Property" means:
- (i) Property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity.
 - (ii) Property on which the administration of the business of private or public entities take place.
- 2.11. "Bylaw" shall mean legislation passed by the council of the Municipality, and which shall be binding on the Municipality and on the persons and institutions to which it applies.
- 2.12. "Calendar year" shall mean 12 consecutive months of a financial year(s).
- 2.13. "Chief Financial Officer" means the person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.
- 2.14. "Consolidated Account" means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Municipality.
- 2.15. "Council" means the Council of the Swellendam Municipality.
- 2.16. "Councillor" shall mean a member of the Council of the Municipality.
- 2.17. "Credit Control" means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.
- 2.18. "Customer" means the occupier of any premises to which the Municipality has agreed to supply or is supplying municipal services, or if no occupier can be identified or located, then the owner of the premises and includes any customer of the Municipality.

- 2.19. "Day/Days" means calendar days, inclusive of Saturdays, Sundays, and public holidays.
- 2.20. "Debt Collectors" means an external person, agent or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein.
- 2.21. "Defaulter" means any person who owes arrears to the Municipality.
- 2.22. "Delivery Date" shall mean the date on which the periodic account is delivered to the customer or 3 days after the date the account was posted, whichever is the first.
- 2.23. "Indigent Customer" means the qualifying beneficiaries as identified by the Free Basic Services and Indigent Support Policy of the municipality.
- 2.24. "Indigent Policy" means the Free Basic Services and Indigent Support Policy adopted by the Council of the municipality.
- 2.25. "Integrated Development Plan" shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act, 2000 (Act 32 of 2000).
- 2.26. "Interest" means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the Municipality's primary bank account, plus one percent or such other percentage as may be determined by Council from time to time.
- 2.27. "Month" means one of twelve months of a calendar year.
- 2.28. "Monthly Average Consumption" means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding twelve months.
- 2.29. "Municipality" or "Municipal Area" shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal

Demarcation Act No. 27 of 1998 as the municipal area pertaining to the Municipality.

- 2.30. "The Municipality" means the Swellendam Municipality.
- 2.31. "Municipal Council" or "Council" shall mean the municipal council of Swellendam Municipality as referred to in Section 157(1) of the Constitution.
- 2.32. "Municipal Pay Point" means any municipal office in the area of jurisdiction of the Municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.
- 2.33. "Municipal Manager" means the Municipal Manager of the Swellendam Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.
- 2.34. "Municipal Services" means services provided either by the Municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement.
- 2.35. "Owner" in relation to immovable property means the person as defined by section 1 of the Local Government Municipal Property Rates Act, 2004 (Act 6 of 2004) in whose name the property is registered in terms of the Deeds Registry Act, 1937 (Act 47 of 1937).
- 2.36. "Person" means a natural and juristic person, including any department of state, statutory bodies, or foreign embassies.
- 2.37. "POPIA" means the Protection of Personal Information Act, 2013 (Act 4 of 2013).
- 2.38. "Premises" or "Property" means any portion of land, the external surface boundaries of which are delineated on:

- (i) A general plan or diagram registered in terms of the Land Survey Act, 1927 (Act of 1927) or in terms of the Deeds Registry Act, 1937 (Act 47 of 1937); or
- (ii) A sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986); and
- (iii) Which is situated within the area of jurisdiction of the Municipality.

2.39. "Prescribed" means prescribed by this Policy and where applicable by Council or the Municipal Manager.

2.40. "Prescribed debt" means debt that becomes extinguished by prescription in terms of the Prescription Act, 1969 (Act 68 of 1969).

2.41. "Property" means immovable property registered under a separate title in terms of the provisions of the Deeds Registries Act, 1937 (Act 47 of 1937) in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person and includes unregistered land if the right of ownership can be determined.

2.42. "Rebate" in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 (Act 6 of 2004) on the amount of the rate payable on the property.

2.43. "Reduction" in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount.

2.44. "Responsible Person" means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.

2.45. "Residential property" means improved property that:

- (i) Is included in the valuation roll in terms of section 48(2)(b) of the Property Act as residential in respect of which the primary use or permitted use is for residential purposes (60% or more), including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes.
- (ii) Is a unit registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986), used predominantly for residential purposes, and includes any adjoining or adjacent development property registered in the name of the same owner and used together with such residential property as if it were one property. This use must indicate that the two properties cannot be dealt with as separate viable economic units and can only function as if they are one entity. Any such grouping shall be regarded as one residential property for rate rebate and valuation rebate purposes.
- (iii) Is owned by a share-block company and is used predominantly for residential purposes.
- (iv) Is an old age home used predominantly for residential purposes.
- (v) Is a block of flats used predominantly for residential purposes.
- (vi) Is a hostel used predominantly for residential purposes.
- (vii) Is a residence used for residential purposes situated on a property used for or related educational purposes.
- (viii) Is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act.
- (ix) Retirement schemes and life right schemes used predominantly for residential purposes.

- 2.46. "Residential Unit" means an interconnected suite of rooms which does not include more than one kitchen, designed for the occupation, and use by a single family and which may be part of a residential property containing two or more residential units, attached, or detached, registered in the name of the same owner, and used together with such residential property as if it were one property.
- 2.47. "Service Charges" means the fees levied by the municipality in terms of its Tariff Policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest, or surcharges levied or imposed in terms of this Policy.
- 2.48. "Service Delivery Agreement" means an agreement between the municipality and an institution or persons mentioned in section 76(b) of the Systems Act.
- 2.49. "Sundry Customer Accounts" means accounts raised for miscellaneous charges for services provided by the municipality or charges that were raised against a person because of an action by a person, and were raised in terms of the Council's policies, bylaws, and decisions.
- 2.50. "Systems Act" means the Local Government: Municipal System Act, 2000 (Act 32 of 2000).
- 2.51. "Tariff" means the scale of rates, taxes, duties, levies, or other fees which may be imposed by the municipality in respect of immovable property and/ or for municipal services provided.
- 2.52. "Tariff Policy" means a Tariff Policy adopted by the Council in terms of Section 74 of the Systems Act.
- 2.53. "User" means the owner or occupier of a property in respect of which municipal services are being rendered.
- 2.54. "Vacant Property" – means any land without any improvements thereon.

3. PURPOSE

- 3.1. The policy provides for the following:
 - 3.1.1. Customer care.
 - 3.1.2. Credit control.
 - 3.1.3. Debt collection.
 - 3.1.4. Issuing of certificates and clearances.
 - 3.1.5. Incentives and rebates.
 - 3.1.6. Management and internal control procedures.
 - 3.1.7. Monitoring and reporting procedures.

4. SCOPE

- 4.1. This policy applies to all past, present, and future customers of the Swellendam Municipality and all contract arrangements, customers and debtors of the municipality.

5. LEGAL FRAMEWORK

- 5.1. Section 96(b) of the Systems Act, obliges the municipality to collect all money that is due and payable to it, subject to the provisions of relevant legislation.
- 5.2. Section 62(1)(f)(iii) of the MFMA determines that a municipality must have and implement appropriate Credit Control and Debt Collection mechanisms and section 64(2)(g) determines that the municipality must ensure that interest is charged on arrears on a monthly basis, except where Council has granted exemptions in accordance with its budget-related policies and within the prescribed framework.

6. PRINCIPLES

- 6.1. This Customer Care, Credit Control and Debt Collection Policy and its implementation will be aligned to the principles stipulated in section 6.1 to section 6.12 of the Revenue Bylaw.
- 6.2. The Executive Mayor must report the Customer Care, Credit Control and Debt Collection performance results, regularly and efficiently to Council.

7. OBJECTIVES

- 7.1. The objectives of this Policy are to:
 - 7.1.1. Provide a framework within which the municipality can exercise its executive and legislative authority with regard to credit control and debt collection.
 - 7.1.2. Ensure that all monies due and payable to the municipality are levied and collected in an financially sustainable manner.
 - 7.1.3. Provide a framework for customer care.
 - 7.1.4. Describe credit control measures and sequence of events.
 - 7.1.5. Outline debt collection and credit control procedures and mechanisms.
 - 7.1.6. Set realistic targets for credit control and debt collection.

8. ROLES AND RESPONSIBILITIES

8.1. Council

- 8.1.1. The Council must:
 - (i) Ensure that all money which is owed and payable to the Council is collected.

- (ii) For this purpose, adopt, maintain, and implement a Customer Care, Credit Control and Debt Collection policy.
- (iii) Monitor and supervise the implementation and enforcement of the Council's Customer Care, Credit Control and Debt Collection policy.
- (iv) Where necessary, evaluate or adapt the policy and any applicable decrees, or the implementation of the policy to improve the efficiency of its mechanisms, processes and procedures for debt collection.
- (v) Keep a record of such policy, which any person may obtain or perusal.

8.2. Administration

8.2.1. The administration must:

- (i) Implement and enforce the Council's Customer Care, Credit Control and Debt Collection policy and any applicable regulations.
- (ii) Initiate effective administrative mechanisms, processes, and procedures to collect any money that is owed and payable to the Council, in accordance with this Customer Care, Credit Control and Debt Collection policy and such decrees.
- (iii) Report the required information on a regular basis at a meeting to Council or an appropriate committee of Council.

8.3. Customers

- ### **8.3.1. The owners and/or occupants of premises must allow access to such premises to an authorized representative of the municipality to read, inspect, install or repair any meter or services connection point, or to disconnect, stop or limit the provision of any.**

9. CUSTOMER CARE

9.1. Customer Care Objective

9.1.1 The objective of this part is to focus on the customer's need in a responsible and pro-active way to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received and the Municipality and where applicable, the service provider.

9.2. Metering

9.2.1 The municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all measurable services.

9.2.2 All meters will be read monthly, as far as possible except pre-paid meters. If the meter is not read monthly, the consumption will be estimated in terms of Council's operational procedures.

9.2.3 Customers must:

- (i) Safeguard and maintain service meters in a readable condition.
- (ii) Notify the municipality when services are no longer required at a particular service delivery point.
- (iii) Maintain credit and pre-payment meters.
- (iv) Supply the municipality with accurate information with regard to the supply of services or applications for indigent cases.

9.2.4 Customers are entitled to request verification of meter readings at the prescribed tariff.

9.2.5 Customers are entitled to request testing of meters for accuracy within reason, at the prescribed tariff. If the test reveals the meter to register outside the norm as prescribed by the Trade Metrology Act, 1973 , the charges paid

will be refunded, the meter will be replaced and the customer's account will be adjusted accordingly, subject to a maximum period of 3 months.

9.2.6 Customers will be informed of meter replacement.

9.2.7 Customers must give notice of at least 48 hours to the municipality should a final reading or discontinuation of service be required.

9.2.8 If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption where practical.

9.3. Accounts and billing

9.3.1 The municipality will as far as possible render to its customers on the billing system an understandable and accurate statement, which will consolidate all service costs and subsidies granted in terms of this Policy for that property.

9.3.2 Accounts will be produced in accordance with the meter reading cycle and billed according to the accounting month at the applicable tariff for the month and not the reading dates of the meter. The due dates will be linked to the statement date.

9.3.3 The monthly consolidated account can include all charges as provided for in the Municipal Tariff Policy.

9.3.4 Accounts will be rendered monthly in cycles of approximately 30 days.

- 9.3.5 It is the customer's responsibility to ensure that his/her contact details and all other required details are correct. Customers may request an account by e-mail.
- 9.3.6 Accounts are delivered monthly. It is the customer's responsibility to enquire from the municipality should an account not be received to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.
- 9.3.7 Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied.
- 9.3.8 Settlement or due dates will be as indicated on the statement and are normally as follows:
- (i) Monthly accounts are payable before or on the 28th day, or the first working day thereafter should it fall on a weekend or public holiday, of the month following the month of the statement of the account.
 - (ii) Accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis; alternatively, they may sign a debit order for deduction of the monthly account off their bank account.
 - (iii) Staff arrears will be dealt with in accordance with Schedule 2(10) of the Systems Act and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period.

- (iv) In accordance with Schedule 1 (12A) of the Systems Act, a Councillor of the Municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.

9.3.9 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.

9.3.10 Where any payment made to the municipality or its authorised representative by negotiable instrument is later dis-honoured by a bank, the municipality or its authorised agent:

- (i) May recover the average bank charges incurred relating to dis-honoured negotiable instruments, together with an administration fee, against the account of the customer.
- (ii) Shall regard such an event as a default on payment and services may be discontinued should a valid payment by cash or electronic fund transfer not be made by the date provided by the authorised official.
- (iii) May insist on cash, debit order or electronic fund transfer payments for all future accounts.

9.3.11 The municipality must issue a duplicate account or any acceptable alternative to a customer on request.

9.3.12 All contracts for service delivery with tenants will be phased out over a period of time and all new service contracts will only be with the owners of the property.

9.3.13 When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.

9.4. Payment facilities and methods

9.4.1 The municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.

9.4.2 A debtor does not have the right to indicate that the payment is for a specific portion of the account. The municipality will allocate a payment between service debts in accordance with the following priorities:

- (i) Property Rates Level 1
- (ii) Sundry Levies and Sewerage Level 2
- (iii) Refuse Level 3
- (iv) Rent Level 4
- (v) Water Level 5
- (vi) Electricity Level 6

9.4.3 The municipality may, with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement.

9.4.4 The municipality will endeavour to appoint a variety of agents for the receipt and transfer of payments to the municipality. The customer will acknowledge in the customer agreement that the use of customer agents in the transmission of payments to the municipality is at the risk of the customer, including the time lapse for transfer of the payment.

9.5. Customer assistance programmes

9.5.1 Water leakages:

- (i) If the leakage is on the customer's side of the meter, the customer will be responsible for payment of the full account.

- (ii) A customer will qualify for a water leakage discount upon application within 10 days after the leak has been identified/repaired or in the discretion of the Chief Financial Officer.
- (iii) The customer will only qualify once in a cycle of 12 months for a discount.
- (iv) Suitable proof of repair and costs has been submitted containing the following information:
 - (a) Date of the repair.
 - (b) Confirmation that the leak was under the surface and or not easily detectable.
 - (c) Certification that the material in which the leak occurred was of acceptable standard or an affidavit from the SA police if the water leakage was repaired by the customer subject to the Chief Financial Officer approval.
- (v) Discount for household usage will be calculated over the period the leak was present and will be equal to the consumption above the normal consumption of the customer at the rebate tariff applicable. All the usage calculating due to the leak will be charged on the second block of the water tariff.
- (vi) It is the responsibility of the customer to control and monitor his/her consumption.

9.5.2 Rate rebates:

- (i) The municipal Council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's Property Rates Policy and Bylaws.

- (ii) Rate rebates will be subject to certain criteria as determined by Council from time to time.

9.5.3 Arrangements for settlements:

- (i) Customers whose municipal accounts become in arrears may enter into an arrangement for settlement of the arrears with the municipality. Such customers will be requested to complete a new application form.
- (ii) If required, customers with arrears must agree to the conversion to a pre-payment electricity meter. If and when implemented, the cost of which, and the arrears total, will be paid off either by adding the debt to the arrears bill and repaying it over the agreed period.
- (iii) In the case of the customer who is not a natural person, an organ of state, a local authority, a public company or a public corporation, the major shareholder or member will be obligated to guarantee the debt of the customer.
- (iv) Council reserves the right to raise the deposit/security requirement of debtors who seek arrangements and/or other stipulations it may deem necessary.

9.6. Subsidy for poor households and indigent households

- 9.6.1 A basic level of services will be provided to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by the municipality from time to time through the Free Basic Services and Indigent Support Policy.

9.7. Additional subsidy categories

- 9.7.1 Subject to an equitable share contribution received from National Treasury, Council may provide, free of charge to a customer, basic services as determined from time to time.
- 9.7.2 Rebates on property rates may be granted to categories of properties or owners in accordance to Council's Property Rates Policy.

9.8. Customer categories

- 9.8.1 Customers will be categorised according to specific classifications based on amongst others the type of entity, applicable tariffs, and risk levels of the provision of services.
- 9.8.2 Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

9.9. Incentives

- 9.9.1 The Chief Financial Officer is delegated to waive interest on arrear accounts on condition that full payment of the arrear's capital amount is received in one payment in accordance with council's delegation framework.
- 9.9.2 The above delegation may be sub delegated to the manager revenue to the amount of R1,000.

9.10. Enquiries, appeals and service complaints

- 9.10.1 If a customer is convinced that his/her account is inaccurate, he/she can lodge a query, together with supporting documentation and proof, with the municipality before due date for investigation of this account, and where necessary the relevant alterations.

9.10.2 In the interim the debtor must pay an average based on previous consumption where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the municipality before payment due date until the matter is resolved.

9.10.3 In relation to enquiries, the following applies:

- (i) Any aggrieved person may address a grievance or query regarding charges for municipal services to the Chief Financial Officer in writing or may visit any customer care office provided by the Municipality.
- (ii) Every customer has the right to ask and to be provided with a clear explanation as to the services being charged and a breakdown of all amounts shown on their account.
- (iii) The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution.
- (iv) The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account. An interim payment similar to an average account must be paid by the due date pending finalisation of the enquiry.
- (v) The municipality will respond to all inquiries from customers in writing within 30 days from the lodging of the enquiry.

9.10.4 In relation to disputes, the following applies:

- (i) Any alleged dispute which does not meet the definition of dispute, as defined in this policy, will be regarded by the Municipal Manager as a query and the person will be informed in writing thereof.

- (ii) In order for a dispute to be registered with the municipality, the following procedures must be followed by the consumer:
 - (a) The dispute must be submitted in writing and signed by the disputant as correct. The document must then immediately be lodged with the relevant Municipal Managers' Office of the municipality.
 - (b) No dispute will be registered verbally whether in person or telephonically.
 - (c) The consumer must furnish full personal particulars including all account numbers held with the municipality, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the municipality.
 - (d) The full nature of the dispute including the specific amount involved, account details, and the relevant periods pertaining to that specific amount under dispute, must be described in the correspondence referred to above.
- (iii) The onus shall rest with the consumer to ensure that he/she receives a written acknowledgement of the receipt of the dispute, from the Municipal Managers Office of the municipality.
- (iv) Any amount not in dispute shall be subject to the requirement of this policy.
- (v) The Municipal Manager's decision on disputes shall be final.
- (vi) Where appropriate the municipality shall immediately implement appropriate debt collection and credit control measures provided for in this policy, after the consumer in question has been provided with the outcome of the dispute.

9.10.5 Should a consumer not be satisfied with the outcome of the dispute, a consumer may lodge an appeal in terms of section 14 of the Revenue Bylaw.

10. CREDIT CONTROL

10.1. Applications

10.1.1. A customer who requires the provision of municipal services must apply for the service from the municipality. The application must be made on the prescribed form.

10.1.2. The application for the provision of municipal services must be made by the registered owner of immovable property only.

10.1.3. The municipality will not entertain an application for the provision of municipal services by a tenant of a property, or any other person who is not the owner of the property. The only exception will be:

- (i) Individuals and Businesses with lease agreements to lease properties from the municipality.
- (ii) Government Departments.
- (iii) Body Corporates who take the responsibility for the payment of basic water, basic sewer and refuse removal services on behalf of the individual sectional title owners.
- (iv) Approved Indigent Customers for the purposes of registering and allocating the applicable subsidy to qualified indigent customers who will be allowed to open an account in the name of the lessee of the property.

10.1.4. In case of existing arrangements where tenants have existing accounts, written permission of the owner may be requested from the owner by the Municipality. If the tenant is guilty of non-payment the owner, where

permission has been granted, as a last resort is liable for the outstanding debt, except where the property concerned is owned by the Municipality.

10.1.5. An agent may with a proxy open an account in the name of the owner.

10.1.6. By completing the prescribed application form for the provision of municipal services and paying the prescribed deposit, the consumer of services enters into an agreement with the municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.

10.1.7. The agreement with the municipality makes provision for the following:

- (i) An undertaking by the property owner that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date on an attorney/ client basis.
- (ii) An acknowledgement by the property owner that accounts will become due and payable by the due date notwithstanding the fact that the property owner did not receive the account.
- (iii) That the onus will be on the property owner to ensure that he or she is in possession of an account before the due date.
- (iv) An undertaking by the municipality that it shall do everything in its power to deliver accounts timeously.

10.1.8. The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.

- 10.1.9. The municipality may refuse to supply services to an applicant should such applicant owe monies to the municipality regarding a previous period when he/she was rendered services by the municipality until such debt has been settled in full. Should the applicant prove to the Chief Financial Officer that he/she is unable to pay, the application will be dealt with in terms of Council's Free Basic Services and Indigent Support Policy.
- 10.1.10. The municipality will read the meters within the period stipulated in the agreement after notification of a change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 10.1.11. Existing consumers of services may be required to sign new agreements in the following instances:
- (i) Any change of service profile.
 - (ii) With any instruction given or actual disconnection or restriction of services or legal action taken.
 - (iii) Any form of tampering with service networks or meters.
 - (iv) As determined by the Municipal Manager from time to time.

10.2. Screening, Securities and Deposits

- 10.2.1. Every customer must, on application for the provision of municipal services pay a deposit to the municipality prior to the provision of any municipal services. The amount of which shall be annually determined by Council and is contained in the tariff schedules issued annually.
- 10.2.2. No interest will be paid on any deposit held by Council.
- 10.2.3. Existing customers moving to a new address are required to pay the prescribed customer deposit, as contained in the prescribed annual list of

tariffs, on application for the provision of municipal services at the new address.

10.2.4. The customer deposit paid on application for the provision of municipal services may be reviewed annually and may be increased or decreased upon written notice to customers.

10.2.5. On termination of the supply of services the amount of the deposit less any payment due to the municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.

10.3. Exceptional arrangements in the opening of new accounts

10.3.1. The following arrangements will apply in exceptional cases in relation to RDP Houses:

- (i) If the occupier or beneficiary after numerous attempts by the municipality to get them to come and open an account failed, an account will be open on behalf of the beneficiary or occupier by a municipal official by completing the new application form, attach proof occupancy or happy letter or beneficiary proof, attach any documented proof of attempt to contact the owner, occupier to come and open an account if there is any.
- (ii) The details of beneficiaries or occupants having been provided by a legitimate authority like the Department of Human Settlement, Councillor or any relevant legitimate government institution or stakeholder, will suffice.
- (iii) A municipal official will also create an account on the system under the occupier or beneficiary name, raise the deposit, link all the relevant service charges, and bill the account on monthly basis.

10.3.2. The following arrangements will apply in exceptional cases in relation to the sale and transfer of properties:

- (i) If the property has been sold and transferred to the new owner as per the deeds records and the previous owner came to complete the termination of service form and the new owner failed to come and complete the new application form to open an account under his or her name.
- (ii) A municipal official will complete a new application form on behalf of the owner, attach proof of ownership from the Deeds Office, attach any documented proof of attempt to contact the owner to come and open an account if there is any.
- (iii) A municipal official will create an account on the system under the name of the new owner, raise a relevant deposit, link all the relevant services charges, and bill the account on a monthly basis.

10.4. Terminations and Final Accounts

10.4.1. It is the responsibility of the consumer to notify the municipality when municipal services are no longer required due to the sale of the property or other reasons.

10.4.2. Failure to comply with the provision above renders the consumer liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when Council becomes aware of such vacation.

10.4.3. A customer may terminate an agreement for the supply of municipal services by giving at least 21 (twenty- one) days' written notice to the municipality of such termination.

10.4.4. The municipality may terminate an agreement for the supply of municipal services by giving at least 21 (twenty-one) days' written notice to a customer where the premises have been vacated by the customer concerned and no arrangement for the continuation of the agreement has been made with the municipality provided that, in the event of the customer concerned not being the registered owner of the premise, a copy of the aforesaid notice shall also be served on such registered owner.

10.4.5. A customer shall remain liable for all arrears and applicable charges that are payable for municipal services rendered prior to the termination of an agreement.

10.4.6. Upon receipt of a customer's application for the termination of municipal services, the municipality shall:

- (i) Take final readings in respect of metered municipal services.
- (ii) Prepare and render a final account.
- (iii) Appropriate the customer deposit for the reduction or settlement of any outstanding amount owed by the customer.
- (iv) Return the customer deposit to the customer if no amount is owed to the municipality.

10.5. Metering

10.5.1. The Municipality may introduce various metering equipment and may encourage customers to convert to a system that is preferred by the Council when Council considers this to be beneficial to its functioning and operations as contemplated in section 9.2 above.

10.5.2. The following applies to the reading of meters:

- (i) Meters are read in cycles of approximately 30 days.

- (ii) If for any reason the meters cannot be read, the municipality will render an account based on estimated consumption. The estimate will be based on the average of the previous 3 months' consumption.
- (iii) The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
- (iv) The customer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.
- (v) Customers can, for reasons of non-accessibility to their properties by meter readers, provide the municipality with monthly meter readings for billing purposes, provided that an audit reading can be obtained by the municipality once every six months and provided that a final reading can be obtained should the customer vacate the property.
- (vi) If any basic charge or calculation error is discovered in respect of any account rendered to a customer (whether in favour of the Council or customer), the following will apply:
 - (a) The error shall be corrected in the subsequent account.
 - (b) Where the discovery is made, any such correction in terms of accounts billed monthly may apply in respect of an account from the date on which the error on the account was discovered.
 - (c) The correction shall be based on the tariffs applicable during the period.
- (vii) When an adjustment is made to the consumption registered on a meter, such adjustment will be done according to the conditions stipulated in the Revenue Bylaw and Tariff Policy.

- (iv) When a customer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made by the municipality and the final account rendered accordingly.

10.5.3. The following applies to prepayment metering:

- (i) Prepayment services are purchased at prepayment vending points for consumption after the date of purchase.
- (ii) The basic levy outstanding for six months plus, on the pre-payment system on 30 June and 31 December each year, will be billed in the following months on the Municipal Financial System and the normal credit control measures will apply.
- (iii) Customers may elect to have the daily/basic charge levied on their monthly municipal account instead of paying it as part of the prepaid purchases by completing the application form and submitting it to the municipality before the 15th of the month. All applications received by the 15th will be processed with the following billing cycle.
- (iv) The municipality may load an auxiliary on the "pre-payment" system in order to allocate a portion (60%) of the rendered amount to the customer's arrear account for other services.
- (v) On request of the customer, copies of the previous prepayment meter vouchers will be produced. Lost vouchers will not be replaced under any circumstances.
- (vi) Credits remaining in the prepayment meter will not be refunded when a premise is vacated by a customer or in case of purchasing against a wrong account.

- (vii) The municipality shall not be liable for the reinstatement of credit in a prepayment meter due to tampering with, or the incorrect use or abuse of prepayment meters.
- (viii) The municipality may appoint vendors for the sale of prepaid electricity but does not guarantee the continued operation of any vendor.
- (ix) The municipality may apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the customer.

10.6. Estimated consumption

10.6.1. The municipality may levy an estimate of the average consumption of services for any relevant period, in the instances detailed below. An estimated consumption shall apply until an actual meter reading is obtained:

- (i) No meter reading could be obtained in respect of the period concerned.
- (ii) Meter malfunctions giving an incorrect reading. If such irregularities are found to be legitimate, the municipality will then charge an average consumption amount as defined in this policy instead of the “metered” consumption.

10.7. Payment

10.7.1. All accounts rendered by the municipality are due and payable on the due date.

10.7.2. All payments, whether made by cash, stop order, electronic payments or payments made through duly authorised agents must be receipted by the municipality by the close of business on the due date.

- 10.7.3. Accounts rendered by the municipality can be paid at any municipal cashier office and any other pay point as determined by the Municipal Manager from time to time.
- 10.7.4. The payment methods and facilities supported by the municipality can be used to make payments on accounts.
- 10.7.5. Payments received in respect of service charges will be allocated as follows on the account of the customer as per 9.4.2 above
- 10.7.6. Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account.
- 10.7.7. An official receipt issued by the municipality or its duly authorised agent will be the only proof of payments made.

10.8. Interest on arrears

- 10.8.1. Account balances which remain unpaid 30-days after the due date of the month when the account becomes payable shall attract interest irrespective of the reason for non-payment.
- 10.8.2. Interest on arrear debt shall, be calculated for each month, or part thereof, for which such payment remains unpaid.
- 10.8.3. Interest will be charged from the due date of the month following the month in which the account becomes payable.
- 10.8.4. In case of outstanding debt owed by residential households, no further interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of instalment thereof, provided the instalments are paid in full by the due dates thereof.
- 10.8.5. The interest rate is charged at a prime rate charged as determined by the Reserve Bank.

10.9. Limitation, disconnection, or discontinuation of services

10.9.1. An account rendered to a customer by the Municipality shall be paid by the due date.

10.9.2. If the customer fails to pay any account after the expiry of the due date then, (within a period of fourteen (14) days):

- (i) The municipality may limit, disconnect, or discontinue the supply of electricity to the immovable property in question, provided that a dispute as contemplated in Section 102(2) of the Systems Act, had not been declared.
- (ii) The Chief Financial Officer or any duly authorised person may instruct attorneys to recover the outstanding amounts owed.

10.9.3. The Municipality may also restrict or terminate the supply of municipal services to any premises whenever a user of services:

- (i) Fails to comply with a condition of supply determined by the municipality.
- (ii) Fails to repair onsite damage after being advised to do so and having been given reasonable notice to comply.
- (iii) Obstructs the efficient supply of any municipal services to another customer.
- (iv) Supplies such municipal service to a customer who is not entitled thereto or permits such services to continue.
- (v) Causes a situation which in the opinion of the municipality is dangerous or a contravention of relevant legislation.

(vi) Is placed under provisional sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act.

(vii) If an administration order is granted in terms of section 74 of the Magistrate Court Act in respect of such user.

(viii) Is placed under debt review, or debt counselling, or debt re-arrangement in terms of the National Credit Act.

10.9.4. The limitation, disconnection, or discontinuation of the supply of services shall be affected in the manner that is customarily used or by taking such reasonable and lawful steps as may be necessary.

10.9.5. Any disbursements or charges incurred or raised in respect of the limitation, disconnection, or discontinuation of the supply of water shall be paid by the customer.

10.9.6. If a customer unlawfully reconnects or attempts to reconnect a supply of electricity or water that has been limited, disconnected, or discontinued, then:

(i) The municipality may disconnect or discontinue the supply entirely by removing the service connection from the premises.

(ii) Any disbursements, penalties, or reconnection charges, together with any outstanding amounts owed in respect of rates or municipal services, must be paid in full before a reconnection can be made.

10.9.7. In the case of a customer where the supply of services has been limited, disconnected or discontinued at least twice during the preceding period of twelve (12) months, the municipality may review the amount of the customer deposit required from such customer.

10.9.8. The municipality must provide an owner of a property in its jurisdiction with copies of any agreement entered into with the occupier of the property for the payment of an outstanding account if the owner requests such agreement in writing from the municipality.

10.9.9. The municipality may, in accordance with the provision of section 102 of the Systems Act:

- (i) Consolidate any separate accounts of a consumer liable for payments in terms of the Bylaws of the municipality.
- (ii) Credit a payment by such a person against any account of that consumer.

10.10. Reconnection

10.10.1. The municipality shall reconnect and/or restore full levels of supply of any of the restricted or discontinued services only after the full amount outstanding is paid or an arrangement has been made including the costs of such disconnection and reconnection or acceptable arrangements having been made for payment of such outstanding amounts in terms of this Policy, or any other condition(s) of this Policy have been complied with.

10.10.2. Only an authorised official shall authorise the reconnection of services or reinstatement of service delivery after satisfactory payment and/or arrangement for payment has been made according to this Policy.

10.11. Refunds

10.11.1. Requests for refunds and payment- transfers must be made to the municipality in writing.

- 10.11.2. A request for refund form should be completed and lodged at a Customer Care Counter of the municipality, together with the following documentation:
- (i) Certified copy of the account holder's Identity Document.
 - (ii) Proof of consumer banking details letter from bank.
 - (iii) Copy of proof of payments.
 - (iv) A copy of a consumer statement to be attached by the relevant municipal official to the refund documents for easy reference.
- 10.11.3. Only credit amounts appearing on an account will be refunded, subject to the municipality's right to set-off credit balances against any other debt due by the consumer. The municipality's right to offset any debt against any credit paid by a consumer, as provided for in this policy, is subject to the provisions of the Insolvency Act.
- 10.11.4. Refunds will only be made payable to the registered consumer.
- 10.11.5. Any incorrect payment made on an account by a third party will be refunded to such third party, only after the third party has submitted proof of the incorrect payment and subject to any law or policy of the municipality.
- 10.11.6. Where an incorrect account has been paid by a claimant who is also an account holder with the municipality, the claimant is to provide proof of the correct account details and such a payment is to be re-allocated to the correct consumer account.
- 10.11.7. The municipality reserves the right to periodically determine a bottom threshold for when it is entitled to decline to issue a refund where the cost and administrative burden of issuing the refund is out of balance with the

amount to be refunded. The present bottom threshold at the point of the approval of this policy is R30.

- 10.11.8. The municipality will use the prescribed method when paying a refund to an account holder.
- 10.11.9. Any arrears on any account of the account holder requesting or entitled to a refund may be set off against any credit balance due to that account holder on any of his accounts before the refund is affected.
- 10.11.10. There is an obligation on all account holders to ensure that their contact details on the municipality's system are always correct and updated.
- 10.11.11. The municipality shall be entitled to write back or appropriate any unclaimed money arising from a credit balance of an account holder account, if such amount is not claimed by the account holder within a period of three years from the date when it became due to him/her.
- 10.11.12. Deceased Estates and Insolvent Estates:
 - (i) In case of an Estate late the nominated person/appointed executor. In a case where the registered consumer is unable to claim a refund due to reasons beyond his/her control, a Power of Attorney may be solicited in order to process such a refund.
 - (ii) Refunds will only be made payable to the deceased estate's bank account upon the request of the duly appointed executor or executrix and supply proof of such bank accounts of bank confirmation letters.
 - (iii) In instances where an estate is wound up in terms of section 18 (3) of the Administration of Estates Act, 1965 (Act 66 of 1965), then the completed Request for Refund form must be supported by the written directives of the Master of the High Court.

10.11.13. Insolvent Estates including any entity In Liquidation: Refunds will only be made payable to:

- (i) An insolvent estate's bank account or an entity in liquidation's bank account upon the request of the duly appointed trustee or liquidator.
- (ii) To an unrehabilitated insolvent at the request of, or with the support of, the unrehabilitated insolvent's trustee (notwithstanding anything to the contrary contained herein, to a duly authorised nominee at the written request of the trustee or liquidator.

11. DEBT CONTROL

11.1. Letter of demand

11.1.1. A letter of demand will be sent to every owner or consumer who is in arrears with his account with the municipality.

11.2. Hand-over to debt collectors/agents

11.2.1. Debts which have been outstanding for more than 60 days from due date may be handed over to debt collectors appointed by the municipality for the purposes of collecting such debt.

11.2.2. The relevant debt collectors must ensure that the stipulations contained in the National Credit Act with respect to incidental credit are duly complied with.

11.2.3. If the debt collectors are unsuccessful in collecting the debt within 90 days of same being handed over, the debt may be handed over to attorneys for legal action.

11.2.4. Only the Chief Financial Officer or duly appointed official may hand over debts to attorneys for collection, and the Chief Financial Officer shall hand such debts over to attorneys for collection if they have not been collected

by debt collectors within the aforementioned period of ninety (90) days, unless the Chief Financial Officer is of the opinion that it shall not be cost effective to do so.

11.2.5. If the Chief Financial Officer is of the opinion that it is appropriate to do so (such as in cases of urgency), he or she may hand over debts for collection to attorneys at any time prior to the expiration of any of the periods referred to above and without first handing them to debt collectors.

11.2.6. The process of collecting debt by debt collectors includes:

- (i) The phoning of customers.
- (ii) Sending an 'sms' to customers.
- (iii) Sending out demand letters.
- (iv) Making arrangements with customers to pay off debt in terms of the Council's Customer Care, Customer Care, Credit Control and Debt Collection Policy.
- (v) Making follow-up contact with customers on unpaid arrangements.

11.3. Hand-over to attorneys

11.3.1. Debt that could not be collected by the debt collectors and debt that requires urgent legal attention may be handed over to attorneys for legal collection.

11.3.2. The following types of debt will not be handed over to attorneys:

- (i) Debt of approved indigent customers that has not yet been written off by the council.
- (ii) Debt that is being paid off as per an arrangement with the customer.

- (iii) Debt that has not been subject to internal credit control actions for at least two months.

11.3.3. The process of legal collection includes:

- (i) Final demands for payment to customers.
- (ii) Emolument attachment orders on customer's salaries.
- (iii) Summons issued for debt to be paid.
- (iv) Default judgment be obtained against the customer.
- (v) The attachment of moveable properties and sale in execution of moveable property.
- (vi) The attachment of immoveable property and the sale of immoveable property.

11.4. Other debt collection methods

11.4.1. The debt collection methods mentioned in this Policy are not an exhaustive list of methods that can be applied to collect debts and any other methods that can be initiated will be implemented with the approval of Council.

11.5. Costs related to debt collection

11.5.1. Any costs, which include collection costs, charges, disbursements, and legal costs relating to any of the debt collection methods applied to collect the debt will be debited to the account of the defaulting customer.

11.5.2. Nothing contained in this Policy prevents the municipality from taking any other steps for the recovery of debt in terms of any relevant legislation, or any other procedure in any court of competent jurisdiction.

11.6. Outstanding debt of Councillors and staff

- 11.6.1. All existing staff and Councillors who have not entered into an agreement to pay arrears must do so within thirty days of the approval of this Policy by Council.
- 11.6.2. All staff joining the municipality must within thirty days sign an agreement to pay arrears.
- 11.6.3. The repayment period for both Councillors and staff is not to exceed twelve 24 months.
- 11.6.4. All agreements with Councillors must not exceed the expiry date of the term of office.

11.7. Debt payment arrangements by Customers

- 11.7.1. One of the key objectives of debt collection is to encourage customers to start paying their monthly accounts in full. In addition, it is also necessary to ensure that arrear debt is addressed. The current average balances on customer accounts necessitate that innovative ideas be implemented to encourage customers to pay off their arrears. At the same time, it is also of utmost importance that regular payers are not discouraged through the implementation of any possible incentives.
- 11.7.2. The main aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.
- 11.7.3. A customer may enter into a written agreement with the municipality to repay any outstanding and due amount to the municipality under the following conditions:
 - (i) The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly instalments.

- (ii) The current monthly amount must be paid in full.
- (iii) The written agreement has to be signed on behalf of the municipality by a duly authorised officer.
- (iv) The agreement will be compliant with the requirements of the National Credit Act where applicable.

11.7.4. To determine monthly instalments a comprehensive statement of assets and liabilities of the customer must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the customer, considering that payment of the monthly current account is a prerequisite for concluding an arrangement.

11.7.5. The municipality may from time to time introduce incentive schemes to improve the debt collection rate.

11.7.6. A customer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time.

11.7.7. During the time of the debt collection process, but before the debt is handed over to the attorneys a customer may enter into an arrangement to payoff arrear debt, which will be made an order of court by agreement in terms of the Rules of the Court.

11.7.8. The municipality will entertain only one arrangement with a customer to pay off arrear debt. Failure to abide by the arrangement will result in that:

- (i) The arrangement shall be terminated with immediate effect.
- (ii) The outstanding balance shall immediately become due and payable.

11.7.9. The customer by signing the arrangement agreement to pay off arrear debt acknowledges the following:

- (i) The debt is owed to the municipality.
- (ii) That on default of the arrangement agreement, interest on arrears will be charged on the amount due, service supply will be disconnected to the property of the customer, or the customer will be blocked from the purchase of services on the prepayment system, and legal proceedings will be instituted to collect the debt.
- (iii) That the customer will be liable for all costs, which includes legal costs on an attorney client basis incurred to collect the debt.

11.8. Extension of time for payment

11.8.1. Arrangements are permissible for debtors who experience difficulties in paying their accounts. Any other request for extension which will be handled on merit of the individual cases.

11.8.2. Procedures for extension of payment:

- (i) The Chief Financial Officer or his delegate is authorized to enter into agreements with the debtors with arrears accounts or grant such debtors extensions for payment.
- (ii) The terms applicable for the settlement of arrear debt as well as any upfront payments will be determined by the Chief Financial Officer.
- (iii) The arrangement must be in writing and may be in the form of an Acknowledgment of debt.
- (iv) One copy of the arrangement must be handed to the Customer.

11.9. Administration orders

- 11.9.1. On notification that an order for administration in terms of section 74 of the Magistrates Court Act order has been granted, Council will manage the debt that is part of the administration order separately to the current account.
- 11.9.2. On notification that an order for review of debt, in terms of section 86(7)(c) of the National Credit Act, has been granted, Council will manage the debt that is part of the review order separately to the current account.
- 11.9.3. The customer will be responsible for the payment of the current monthly account and if the customer defaults on the payment of the account, debt collection action will be implemented.

11.10 Debt write-off

- 11.9.4. Debt write-off will occur as per the municipal Debt Write-off and Impairment Policy.

12. CERTIFICATES AND CLEARANCES

12.1. Services clearance certificates when properties are transferred

- 12.1.1. The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Systems Act, which is lodged with the municipality in the prescribed manner.
- 12.1.2. A certificate will be issued subject to the requirement that all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates, and other municipal taxes, levies, and duties during the two years preceding the date of application for the certificate have been fully paid.

12.1.3. Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid by the owner before the transfer of the property can be affected. In the case of a sequestrated estate, all debt outstanding two years prior to the date of sequestration must be paid before a certificate will be issued.

12.1.4. If the owner refuses to pay the debt which is older than two years (excluding a sequestrated estate) then the Municipality will apply to a competent Court for an order in the following terms:

- (i) In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale before the mortgage debt is settled.
- (ii) In the case where there is no judgment debt, for an order staying transfer of the property pending the finalization of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.

12.1.5. The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Systems Act only endures until the property has been transferred and in terms of Section 118(1) of the Act the new owner of the property cannot be held liable for the debt that became due before a transfer of a residential property took place.

12.1.6. Rates Clearance Certificates

- (i) Will only be issued if all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates, and other municipal taxes, levies, and duties during the two years preceding the date of application for the certificate have been fully paid.
- (ii) Will be valid for up to 120 days from the date of issue.

- (iii) Will not be extended.
- (iv) If it expires a new application for clearance must be made.
- (v) The Municipal Manager may require the purchaser to apply for all services at the property as part of the application for clearance.
- (vi) Prior to any refund of advanced payment collections, the latter will be used to offset any debt accumulated against the property of any tenant debt and any seller's debts. Any refund, in respect of any credit remaining after registration of transfer, has been registered in the Deeds Office, shall be refunded to the seller, subject to any other conditions under any other clause contained in this Policy.
- (vii) All debt is deemed to be collectible by the municipality despite a Clearance Certificate issued in terms of section 118 (1)(b) of the Systems Act, and remains a charge against the property which the municipality will collect by attaching the property.

12.2. Tender certificates

- 12.2.1. A person or an institution reacting to a tender published by the municipality or wishing to enter into a contract to either provide services or goods to the municipality must produce a certificate, on the prescribed form, which states that regular payment of rates and services accounts are maintained and that the account is currently up to date.
- 12.2.2. A person who fails to provide such a certificate shall be disqualified from the tendering process.
- 12.2.3. To this end, copies of the following documents will be required:
 - (i) Copies of all municipal accounts of the bidder/ service provider concerned.

- (ii) Copy of the arrangement agreed in terms of this Policy and the municipality will retain the discretion of whether to exempt the person from compliance.

12.2.4. Where payments are due to a service provider / contractor in respect of goods or services provided to the municipality, the municipality may offset such payment against any arrear amount owing to the municipality as provided for in the contract between the service provider/ contractor and the municipality.

13. INCENTIVES AND REBATES

13.1. To encourage prompt payment and/or to reward regular payers the municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders, subject to budgetary considerations and prescribed consultation.

13.2. If introduced such an incentive scheme will be reflected in the operating budget as an additional expenditure.

13.3. Eligibility criteria for incentives are the following:

13.3.1 All account holders except to any state department or State-Owned Entity (SOE).

13.3.2 Account holder must not have been in arrears more than 120 days as date of application.

13.3.3 Duly completed application for participation in the scheme must be received and approved by the municipality.

13.4. An account holder may apply to the municipality, in the prescribed form, for any rebate or reversal of interest on an account.

13.5. Rebates and/or interest on outstanding debt can be reversed when:

13.5.1. An account holder would like some relief from interest in order to facilitate the final settlement of all outstanding debt on his account.

13.5.2. Before embarking on litigation to recover outstanding debt.

13.5.3. The mechanism is used as a tool to persuade the account holder to settle his outstanding debt in full.

13.5.4. In the course of litigation, the reversal of interest is used as a negotiating point for the settlement of the matter in court.

13.5.5. In instances where errors with billing have occurred and outstanding arrears should not have accrued interest in the first place.

14. MISCELLANEOUS MATTERS

14.1. Proof of address

14.1.1. Proof of address documents will only be provided to the legal account holder of a property situated within the municipal area.

14.1.2. No proof of address will be provided to:

- (i) Spouses of account holder.
- (ii) Children of account holder.
- (iii) Parents of account holder.
- (iv) Any other person/institution.

14.1.3. Proof of address to any person other than the rightful owner should be obtained from the SAPS by affidavit.

14.1.4. A black and white signed and stamped statement will be provided by the municipality as proof of address.

14.2. Prima facie evidence

14.2.1. A certificate endorsed by the municipality, reflecting the amount due and payable to the municipality, shall upon mere production thereof be accepted by any court of law as prima facie evidence of the indebtedness reflected therein.

14.3. Notices

14.3.1. A notice or document issued by the municipality in terms of this Policy shall be deemed to be duly issued if signed by a duly authorised representative of the municipality.

14.3.2. If a notice is to be served on a person in terms of this Policy, then such service shall be affected by:

- (i) Delivering the notice to him or her personally, or his or her duly authorized agent.
- (ii) Delivering the notice at his or her residence or place of employment, to a person apparently not less than 16 (sixteen) years of age, and apparently residing or employed there.
- (iii) If he or she has nominated an address for legal purposes, delivering the notice to such an address.
- (iv) Registered or certified post addressed to his or her last known address.
- (v) In the case of a body corporate, delivering it to the registered office or the business premises of such a body corporate.

- (vi) If service cannot be affected in terms of the foregoing subsections, by affixing it to the principal door of entry to the premises or displaying it in a conspicuous place on the property to which it relates.

14.4. Fraud, offences and penalties

- 14.4.1. The municipality reserves the right to monitor the service network for signs of tampering or irregularities.
- 14.4.2. No person may 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.
- 14.4.3. Where prima facie evidence exists of a consumer or any person having contravened this Policy, the municipality has the right to disconnect the supply immediately and without prior notice to the account holder, and the account holder is liable for all fees and charges levied by the municipality for such disconnection.
- 14.4.4. The Revenue Bylaw, section 15, shall apply to any persons guilty of the following offences:
 - (i) Fails to give the access required by a duly authorized representative of the municipality in terms of this Policy.
 - (ii) Obstructs or hinders a duly authorised representative of the municipality in the exercise of his or her powers or performance of functions or duties in terms of this Policy
 - (iii) Unlawfully uses or interferes with municipal equipment or the consumption of services supplied to any customer.

- (iv) Tamper with or breaks any seal on a meter or on any equipment belonging to the municipality or causes a meter not to register properly the service used.
- (v) Fails, or refuses, to give a duly authorised representative of the municipality such information as he or she may reasonably require for the purpose of exercising or performing his or her powers or functions in terms of this Policy, or gives such representative false or misleading information, knowing it to be false or misleading.
- (vi) Contravenes, or fails to comply with, a provision of this Policy.

14.4.5. Additional to the penalties invoked as per section 15 of the Revenue Bylaw, where an account holder or any person has tampered with the equipment, the municipality has the right to:

- (i) Recover from the account holder the full cost of his estimated consumption.
- (ii) Where a meter has been tampered with, the cost of repairing or replacing an existing meter with another one will be charged to the account of the respective consumer.
- (iii) In addition, levy the consumer's account with all municipal charges related to the property, and thereafter suspend the services. The full outstanding fine on the account shall immediately be payable before services will be restored.
- (iv) Where there has been unauthorised consumption of services, remove the connection, the cost of which shall be levied against the account of the consumer, and a criminal case will be opened with the South African Police Services.

- (v) In instances where services have been disconnected due to meter tampering and/or unauthorised consumption of services, the consumer concerned shall be required to follow the necessary processes in terms of applying for municipal services and ensuring that the applicable deposit and connection fees are paid to the municipality.

14.5. Entry and inspection

14.5.1. For any purpose related to the implementation or enforcement of this Policy, and at all reasonable times, or in an emergency, a duly authorised representative of the municipality may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary:

- (i) With regard to the installation or repair of any meter or service connection or reticulation.
- (ii) So as to limit, discontinue, disconnect, or reconnect the provision of any service.

14.5.2. If the municipality considers it necessary that work be performed to enable the authorised representative to perform a function referred to above properly and effectively, then it may:

- (i) By written notice require the owner or occupier of the premises, at his or her own expense, to do specific work within a specified period.
- (ii) If, in its reasonable opinion, the situation is a matter of urgency, then the municipality may do such work, or cause it to be done, at the expense of the owner or occupier, and without written notice.

14.5.3. If the work is carried out for the sole purpose of establishing whether a contravention of this Policy has been committed, and no such

contravention has taken place, then the municipality shall bear the expense connected therewith, together with the expense of restoring the premises to its former condition.

15. MANAGEMENT AND INTERNAL CONTROL

15.1 The Municipal Manager, assisted by the Chief Financial Officer, must take all reasonable steps to ensure:

15.1.1 That the municipality's customer care, credit control and debt collection is managed effectively and economically in terms of the prescribed Policy framework.

15.1.2 That the municipality has and maintains a management, accounting and information system that accounts for all customer care, credit control and debt collection activities.

15.1.3 That the municipality has and maintains a system of internal control over its customer care, credit control and debt collection.

15.1.4 That criminal proceeding are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of the MFMA or this Policy.

15.1.5 To prevent losses arising from fraud, misrepresentations, error, conflict of interest, or imprudent action, a system of internal controls governs the administration and management of customer care, credit control, and debt collection.

15.2 Controls deemed most important include:

- (i) Control of collusion, separation of duties.
- (ii) Clear delegation of duties.

- (iii) Written confirmation of telephonic transactions.
- (iv) Documentation of transactions and arrangements.
- (v) Code of ethics and standards.
- (vi) Strict adherence to the policy.
- (vii) Procedures manuals.
- (viii) Electronic Funds Transfer limits and a detailed procedure manual for the system.
- (ix) Regular reporting to management.

16. MONITORING AND REPORTING

- 16.1 The Policy must at all-time be transparent and accountable in respect of customer care, credit control, and debt collection.
- 16.2 The Municipal Manager must submit, as prescribed, to the Council a report describing the management of this Policy.
- 16.3 The report must include significant and relevant matters, and be presented in a balanced ^[1]_{SEP} and understandable manner.
- 16.4 The report should be:
 - (i) Transparent.
 - (ii) Reflect accountability.
 - (iii) Objective.
 - (iv) Comprehensive.

17. REVIEW

- 17.1 The Customer Care, Credit Control, and Debt Collection policy shall be reviewed annually in accordance with Section 21(1) (b) (ii) of MFMA.

18. DOCUMENT DEFINITION

Effective Date	1st July 2023
Related Legislation	1. Administration of Estates Act, 1965 (Act 66 of 1965). 2. Deeds Registries Act, 1937 (Act 47 of 1937). 3. Insolvency Act 1936 (Act 24 of 1936). 4. Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004). 5. Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). 6. Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998). 7. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). 8. Magistrate court Act, 1944 (Act 32 of 1944). 9. Municipal Property Rates Act, 2004. 10. National Credit Act, 2005 (Act No. 34 of 2005). 11. Protection of Personal Information Act, 2013 (Act 4 of 2013). 12. Prescription Act, 1969 (Act 68 of 1969). 13. Sectional Titles Act, 1986 (Act 95 of 1986) 14. Water Services Act 1997 (Act 108 of 1997).
Related Policies, Procedures, Guidelines, Standards, By-laws, Frameworks	1. Revenue Bylaw 2. Properties Bylaw 3. Tariff Policy 4. Free Basic Services and Indigent Policy 5. Debt Write-off and Impairment Policy 6. GRAP 2: Cash flow statements 7. GRAP 9: Revenue from exchange transactions 8. GRAP 23: Revenue for non-exchange transactions 9. GRAP 104: Financial instruments 10. GRAP 108: Statutory receivables 11. GRAP 109: Accounting by Principles and Agents

Replaces/ Repeals	Repeal the Municipal Customer Care, Customer Care, Credit Control and Debt Collection Policy of 2022
Department responsible	Budget and Treasury Office (BTO)
Unit responsible	Revenue Unit
Applies to	Swellendam Municipality consumers
Key Words	Customer Care, Credit Control and Debt Collection Policy
Status	Approved
Approval Date	May 2023
Version	1



FUNDING AND RESERVES POLICY

Approved by Council on XX May 2024
Draft Policy for Public Participation

Implementation Date 1 July 2024

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PART 1: PREAMBLE

- 1.1. **WHEREAS** section 8(1) of the Municipal Budget and Reporting Regulations prescribes that a Municipality must have a Funding and Reserve Policy; and
- 1.2. **WHEREAS** section 168(1) of the MFMA allows the Minister, acting with the concurrence of the Cabinet member responsible for local government, to make regulations or guidelines applicable to municipalities and municipal entities; and
- 1.3. **WHEREAS** the MFMA aims to modernise budget and financial management practices by placing local government finances on a sustainable footing in order to maximize the capacity of municipalities to deliver services to all residents, customers, users and investors; and
- 1.4. **WHEREAS** the aforementioned provides for a Municipal Funding and Reserve Policy; and
- 1.5. **NOW THEREFORE** the Swellendam Municipal Council adopts the Municipal Funding and Reserve Policy as set out in this document.

PART 2: PURPOSE

2. This policy aims to ensure that Swellendam Municipality has sufficient and cost-effective cash funding in order to achieve its objectives through the implementation of its operating and capital budgets and to provide a measure for protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities by creating certain reserves.

PART 3: ALIGNMENT WITH THE MUNICIPALITIES' STRATEGIC GOALS AND OBJECTIVES

3. This Policy supports the following municipal strategic directions drawn from the Integrated Development Plan [IDP] and Strategic Development Business and Implementation Plan [SDBIP]:
 - 3.1. **IDP:** "To facilitate economic development and integration of communities by utilising the resources of Council to increase the participation of local people in the mainstream economy and improve their livelihoods without compromising the financial viability of the municipality."
 - 3.2. **SDBIP:** "To manage municipal resources in such a way that it improves the sustainability of the municipal assets and that financial planning and budget linkages can be optimised for improved service delivery and development"

PART 4: CONTEXT, PRINCIPLES, VALUES AND ISSUES

- 4.1. Section 195 (1) of the Constitution requires that Public administration must be governed by the democratic values and principles enshrined in the Constitution, including, amongst others, the following principles:
 - a) A high standard of professional ethics must be promoted and maintained.
 - b) Efficient, economic and effective use of resources must be promoted.
 - c) Public administration must be development-oriented.
 - d) Services must be provided impartially, fairly, equitably and without bias.

- e) People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- f) Public administration must be accountable.
- g) Transparency must be fostered by providing the public with timely, accessible and accurate information.

4.2. The principles guiding this Funding and Reserve Policy are derived from the above and will therefore endeavour to promote:

- a) Affordability;
- b) Financial stability;
- c) Equity; and
- d) Efficacy.

4.3. Each functionary in the budgeting and accounting process must do so with care and judgement, 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.

4.4. A budget which is not cash-funded or where any of the indicators as listed in this document are negative, will not be passed unless acceptable reasons can be provided.

4.5. This policy sets out the assumptions and methodology for estimating the following:

- a) Projected billings, collections and all direct revenues;
- b) The provision for revenue that will not be collected;
- c) The funds the Municipality can expect to receive from investments;

- d) The proceeds the Municipality can expect to receive from the transfer or disposal of assets;
- e) The Municipality's borrowing requirements; and
- f) The funds to be set aside in reserves.

PART 5: SCOPE OF APPLICATION

- 5. The Funding and Reserve Policy is applicable to Swellendam Municipality.

PART 6: MAINTENANCE

- 6.1. This Funding and Reserves Policy is the only policy for the Municipality and replaces any past policies in this regard.
- 6.2. Given the changing nature of the regulatory, control and operational environment of the Municipality, this Policy will be regularly reviewed and updated on an ongoing basis.
- 6.3. Any revision of the policy must be approved by the Municipal Council.
- 6.4. Whenever the Minister of Finance, 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.
- 6.5. When developing or amending this Policy, the Accounting Officer must ensure that the policy:
 - a) Is consistent with the most recent actual billings and collection trends;
 - b) Takes into account the credit rating of the municipality, the financial position of the municipality, the cost of borrowing and the capacity to repay debt;

- c) Takes into account all the budget-related policies of the municipality, particularly recent amendments to any of those policies;
- d) Takes account of any statutory requirements to set aside funds in reserves; and
- e) Takes account of the transfer and disposal of assets.

6.6. For clarification of any matter contained in this Policy, queries may be addressed the CFO

PART 7: IMPLEMENTATION

- 7.1. This Policy is effective from the date of approval by the Council.
- 7.2. The Policy active before this one is repealed in its totality.
- 7.3. It is the responsibility of the various Line Department Managers to bring the content of this Policy to the attention of all parties concerned.
- 7.4. Enquiries on this Policy may be solicited from the Office of the CFO.

PART 8: GOVERNANCE AND REGULATORY REQUIREMENTS

- 8.1. Funding and reserves in terms of this Policy shall comply with the:
 - a) Constitution of the Republic of South Africa, 1996 as amended;
 - b) Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), sections 18, 19 and 168 [MFMA];
 - c) Local Government: Municipal Budget and Reporting Regulations, 2008 – section 8; and

- d) Any other applicable legislation, regulations and policies that may govern funding and reserves and that are not in contradiction with the primary legislation referred to above.

8.2. **MFMA:**

a) Section 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.

b) Section 19:

- 1. A municipality may spend money on a capital project only if-
 - a. The money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget
 - b. The project including the total cost, has been approved by the council
 - c. Section 33 has been complied with, to the extent that that section may be applicable to the project.
 - d. The sources of funding have been considered, are available and have not been committed for other purposes.

c) Section 168:

1. The Minister, acting with the concurrence of the Cabinet member responsible for local government, may make regulations or guidelines applicable to municipalities and municipal entities, regarding—
 - a. financial management and internal control;
2. A regulation or guideline in terms of this section may—
 - a. differentiate between different—
 - i. kinds of municipalities, which may, for the purposes of this section, be defined either in relation to categories, types or budgetary size of municipalities or in any other manner;
 - ii. categories of municipal entities;
 - iii. categories of accounting officers; or
 - iv. categories of officials; or
 - b. be limited in its application to a particular—
 - i. kind of municipality, which may, for the purposes of this section, be defined either in relation to a category, type or budgetary size of municipality or in any other manner;
 - ii. category of municipal entities;
 - iii. category of accounting officers; or iv. category of officials.
3. No guidelines issued in terms of subsection (1) are binding on—
 - a. a municipality unless adopted by its council; or
 - b. a municipal entity unless adopted by the council of the entity's parent municipality.

8.3. Municipal Budget and Reporting Regulations:

- a) Section 8:
 1. Each Municipality must have a funding and reserve policy which must set out the assumption and methodology for estimating –
 - a. Projected billings and collections
 - b. The provision for revenue that will not be collected

- c. The funds the municipality can expect to receive from municipal entities
 - d. The proceeds the municipality can expect to receive from municipal entities
 - e. The proceeds the municipality can expect to receive from the transfer or disposal of assets
 - f. The municipality's borrowing requirements; and
 - g. The funds to be set aside in reserves
2. When developing or amending the funding reserves policy of the municipality, the municipal manager must ensure that the policy –
- a. Is consistent with the most recent actual billings and collection trends
 - b. Takes into account the credit rating of the municipality, the financial position of the municipality, the cost of borrowing and the capacity to repay debt
 - c. Takes into account all the budget-related policies of the municipality, particularly recent amendments to any of those policies;
 - d. Takes account of any statutory requirements to set aside funds in reserves; and
 - e. Takes account of the transfer and disposal of assets

PART 9: FUNDING OF THE ANNUAL BUDGET

- 9.1. The annual budget may only be funded from:
- a) Realistic anticipated revenues to be collected;
 - b) Cash-backed accumulated funds from previous years surpluses and reserves not committed for any other purpose; and
 - c) Borrowed funds but only for the capital budget.
 - d) Government grants, equitable share and subsidies.

9.2. Realistic anticipated revenue projections must take into account:

- a) Projected revenue for the current year based on collection levels to date; and
- b) Actual revenue collected in previous financial years.

9.3. Spending on a capital project may only be commenced once:-

- a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget
- b) the funding sources have been considered, are available and have not been committed for other purposes.
- c) council has considered and approved:
 - i. The projected cost covering all financial years until the project is operational;
 - ii. The future operational costs and revenue on the project, including municipal tax and tariff implications.

9.4. In determining whether the budget is actually cash funded and in addition ensuring long - term financial stability, the Municipality will use analytical processes, including those specified by National Treasury from time to time.

PART 10: DEBT MANAGEMENT AND IMPAIRMENT

10.1 Debt must be managed in terms of the Municipality's Credit Control and Debt Management Policy, together with any requirements of this policy.

- 10.2 Provision for revenue that will not be collected is made against the expenditure item debt impairment and is based on actual collection levels;

PART 11: CASH MANAGEMENT

11. Cash must be managed in terms of the Municipality's Cash Management and Investment Policy.

PART 12: FUNDING THE OPERATING BUDGET

- 12.1. The operating budget provides funding to departments for their medium term expenditure.
- 12.2. The municipality categorizes services rendered according to its revenue generating capabilities as follows:
- a) Trading services: services that generate predetermined surpluses that can be used to fund other services rendered by the Municipality
 - b) Economic services: Services that should at least break even, but do not necessarily generate any surpluses to fund other services rendered
 - c) Rates and General: Services that are funded by property rates, government grants or surpluses generated by the trading services.
- 12.3 Provision for Bad Debt and Depreciation, although non-cash items, are not to be used to balance operating shortfalls.
- 12.4 Operating budgets are financed from the following main sources of revenue:
- a) Property rates;
 - b) Service charges;

- c) Government grants, equitable share and subsidies;
- d) Other sundry revenue, such as fines, interest received, etc.; and
- e) Cash back accumulated surpluses from previous years not committed for any other purposes.

12.5. Guiding principles to apply when compiling the operating budget:

- a) The annual budget must be cash funded: 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 subsidies must be in accordance with the amounts promulgated in the Annual Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities;
- e) Revenue from public contributions, donations or any other grants may only be included in the budget if there is acceptable documentation that guarantees the funds such as:
 - i. A signed service level agreement; or
 - ii. A contract or written confirmation; or
 - iii. Any other legally binding document.
- f) Property Rates are levied according to the Municipal Property Rates Act and the Municipal Property

Rates Policy;

- g) Property Rates rebates and reductions are budgeted either as revenue foregone or as a grant as per a MFMA Budget Circular;
- h) Projected revenue for service charges must be realistic and based on current and past trends considering the following factors:
 - i. Metered services comprising of electricity and water;
 - ii. Refuse removal services; and
 - iii. Sewerage services.
- i) Rebates, exemptions or reductions for service charges are budgeted either as revenue foregone or as a grant depending on the conditions thereof;
- j) Other projected revenue is charged in terms of approved sundry tariffs and fines considering the past trends and expected growth for each category;
- k) Provision for revenue that will not be collected is made against the expenditure item debt impairment and is based on actual collection levels;
- l) Transfers from the accumulated surplus to fund operating expenditure will only be allowed for specific once-off projects and with no recurring operating expenditure;
- m) Interest received from actual long-term and or short-term investments is based on the amount reasonably expected to be earned on cash amounts available;
- n) Depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17;

- o) Detailed salary budget must be compiled on an annual basis;
- p) Sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels as maintenance budgets are normally lower than the recommended levels;
- q) Individual expenditure line items are to be revised each year when compiling the budget to ensure proper control over operating expenditure.

PART 13: FUNDING THE CAPITAL BUDGET

13.1. The capital budget provides funding for the Municipality's capital program based on the needs and objectives as identified by the community through the Integrated Development Plan.

13.2. The capital budget also provides for the eradication of infrastructure backlogs, renewal and upgrading of existing infrastructure, new developments and enlargement of bulk infrastructure.

13.3. Provision will be limited to the availability of sources of funding and affordability.

13.4. Funding sources:

- a) Own Contributions: Must primarily be funded from the Capital Replacement Reserve;
 - (i) May also be funded from surplus cash; and
 - (ii) The allocations of the funding sources from own contributions are determined during the budget process.
- b) Grants:
 - i. From the National and Provincial Revenue Funds has become common practice, especially in order to extend service delivery to previously disadvantaged areas;

- ii. Care should be taken that unusual grant funding does not place an unreasonable burden on residents for future maintenance costs which may be higher than the ability to pay;
 - iii. The Accounting Officer must evaluate annually the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council;
 - iv. Depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets.
- c) External Loans:
- i. May only be raised in accordance with the municipal Borrowing Policy;
 - ii. The Accounting Officer must put measures in place to ensure that no unspent portions of loans are utilized for operating purposes;
 - iii. Difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

PART 14: FUNDING COMPLIANCE MEASUREMENT

- 14.1. The annual budget must comply with the requirements of the MFMA and this policy.
- 14.2. The indicators set out in 14.4 – 14.19 must be used as part of the budget process and be submitted with the budget. 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.

14.3. 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 within acceptable levels.

14.4. Cash and Cash Equivalents and Investments:

- a) Positive Cash and Cash equivalent positions should be maintained throughout the year.
- b) 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.

14.5. Cash plus Investments less Application of Funds:

- a) The Municipal cash position should be sufficient to include:
 - i. Unspent conditional grants;
 - ii. Unspent conditional public contributions
 - iii. Unspent borrowings;
 - iv. VAT due to SARS;
 - v. Secured investments;
 - vi. The cash position of statutory funds such as the Housing Development Fund;
 - vii. Other working capital requirements; and
 - viii. The cash position must be sufficient to back reserves as approved by the municipality and those portions of provisions as indicated elsewhere in this policy.

14.6. Monthly Average Payment Covered by Cash and Cash Equivalents:

a) Shows the level of risk should the municipality experience financial stress.

14.7. Surplus/Deficit Excluding Depreciation Offsets:

a) To ensure a balanced budget but excluding depreciation charges, the depreciation charges may be offset against the net surplus/deficit.

b) Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

14.8. Property Rates/Service Charge Revenue Percentage Increase less Macro Inflation Target:

a) 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 are realistically calculated.

14.9. Cash Collection percentage rate:

a) To establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

b) Collection rate must be based on past en present experience.

c) Not permissible to project a collection rate higher than the current rate.

d) Any improvements in collection rates during the financial year must be appropriated in an Adjustments Budget.

14.10. Debt Impairment Expense as a Percentage of Billable Revenue:

a) Provides information whether the contribution to the provision for impairment of receivables is adequate.

14.11. Capital Payments as a percentage of Capital Expenditure:

- a) Provides information as to the timing for payments on capital projects and utilizing allowed payment terms.

14.12. Borrowing as a percentage of Capital Expenditure:

- a) Provides information as to the compliance with the MFMA in determining borrowing needs.

14.13 Grants Revenue as a percentage of Grants Available:

- a) 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 separate report attached to the MFMA section 71 report.

14.14. Consumer Debtors Change:

- a) To determine whether budgeted reductions in outstanding debtors are realistic.
- b) An unacceptable high increase in either current- or non- current debtors' balances should be investigated and acted upon.

14.15. Repairs and Maintenance Expenditure Level:

- a) Property, Plant and Equipment should be maintained properly, in order to ensure sustainable service delivery.
- b) Sufficient resources should be allocated to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.
- c) If maintenance requirements become expensive, a capital strategy should be implemented or reviewed.
- d) Maintenance budget should be between 4 % and 8 % of the value of the assets.

14.16. Asset Renewal/Rehabilitation Expenditure Level:

- a) Supports the indicator for repairs and maintenance.
- b) The Accounting Officer must indicate as part of the capital budget, 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.

14.17. Financial Performance Budget:

- a) A number of in line items influence the net result of the financial performance budget.
- b) Includes capital grant revenue, depreciation charges including those funded from grants and public contributions, unamortized discounts and gains/losses on the disposal of Property, Plant and Equipment.

14.18. Financial Position Budget:

- a) Provides an overall view of the projected financial position over the periods of the Medium Term Expenditure Framework, including movements in inventory and payables.

14.19. 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.

PART 15: RESERVES

- 15.1. Ensure that funding is readily available for future development and the timeous replacement of infrastructure responsible for service delivery.
- 15.2. It is prudent for the Municipality to create cash-backed reserves at all time.
- 15.3. All reserves are ring-fenced as internal reserves within the accumulated surplus, except for provisions allowed by the General Recognized Accounting Practice.

15.4 Cash Funded Reserves:

- a) Capital Replacement Reserve (CRR):
- i. Only to be utilized for future capital expenditure from own funds and may not be used for maintenance or other operating expenditure.
 - ii. Must be cash-backed
 - iii. Council shall establish a CRR for the purpose of :
 - Financing capital projects, and
 - the acquisition of assets.
 - iv. The CRR shall be established from the following sources of revenue:
 - unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes,
 - interest on the investment of CRR, appropriated in terms of the investment policy,
 - additional amounts appropriated as contributions at year end.
 - vi. Before any asset can be financed from the CRR the financing must be available within the reserve and be available as this fund must be cashed backed.
 - vii. If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash and approved by the municipal manager.

c) **Other Statutory reserves:**

- i. May be necessary to create reserves prescribed by law, such as the Housing Development Fund.
- ii. The Accounting Officer must create such reserves according to the directives in the relevant laws

d) **Non-cash Funded Reserves:**

- i. If required, the Accounting Officer must create a non-cash funded reserves prescribed by GRAP, such as the Revaluation Reserve.

15.5. Accounting for Reserves:

a) Revaluation Reserve:

- i. Must be done in accordance with the requirements of GRAP 17.

b) Other Reserves:

- i. Must be processed through the Statement of Financial Performance. The required transfer to or from the reserve must be processed in the Statement of Nett Assets to or from the accumulated surplus.
- ii. No transaction may be directly appropriated against these reserves.

PART 16: PROVISIONS

16.1. Must be revised annually (treated as current liabilities).

16.2. The Municipality should have the following provisions:

- a) Leave provisions;
- b) Landfill rehabilitation provisions;

- c) Long-service awards; and
- d) Post-employment medical care benefit.
- e) Bad debt

PART 17: OTHER ITEMS TO BE CASH BACKED

- 17.1. Donations, public contributions and unspent conditional grants are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the relevant funding agreement.
- 17.2. Consumer deposits may serve as partial security for future payments of an account. These are considered liabilities as the deposit is utilised on the account once the service is terminated.

PART 18: DEFINITIONS

Accounting Officer/AO (MFMA) “-

- (a) in relation to a municipality means the municipal official referred to in section 60; or...
- (b) in relation to a municipal entity, means the official of the entity referred to in section 93, and includes a person acting as the accounting officer;”

Allocation (MFMA) – “means—

- (a) a municipality’s share of the local government’s equitable share referred to in section 214(1)(a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality,

otherwise than in compliance with a commercial or other business transaction;"

Auditor-General – means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person—

- (a) acting as Auditor-General;
- (b) acting in terms of a delegation by the Auditor-General; or
- (c) designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General;"

Budget-related policy – “means a policy of a municipality affecting or affected by the annual budget of the municipality, including—

- (a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
- (c) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;"

Category – “in relation to municipalities, means a category A, B or C municipality referred to in section 155(1) of the Constitution;"

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

Debt – “means—

- (a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or
- (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;"

Financial year – “The 12 month period between 1 July and 30 June.” Means a year ending on 30 June

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;"

Minister – “means the Cabinet member responsible for finance;"

Month – “means one of the 12 months of a calendar year;"

Municipal council or council – “means the council of a municipality referred to in section 18 of the Municipal Structures Act;"

Municipal entity – “has the meaning assigned to it in section 1 of the Municipal Systems Act;"

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);"

Municipal manager – “means a person appointed in terms of section 82(1)(a) or (b) of the Municipal Structures Act;"

MFMA: - The Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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 – “in relation to a municipality or municipal entity, 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;"

Parent municipality – “has the meaning assigned to it in section 1 of the Municipal Systems Act;"

Prescribe – “means prescribe by regulation in terms of section 168;"

Security – “means any mechanism intended to secure the interest of a lender or investor, and includes any of the mechanisms mentioned in section 48(2);"



INDIGENT SUPPORT POLICY

Approved By Council On xx May 2024

Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. PREAMBLE

Whereas the Municipality receives an equitable share contribution from the National Treasury annually;

And whereas the National Department of Provincial and Local Government has issued guidelines regarding indigent support;

And whereas the Municipality wishes to give access to basic services for all of its communities;

Now therefore the Municipal Council of Swellendam Municipality adopts an Indigent Policy as set out in this document.

2. DEFINITIONS

In this policy, unless the context indicates otherwise:

“child-headed household” means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

“household” means a registered owner or tenant and his or her spouse and or partner regardless of the number of people living on the property;

“IDP” means the approved integrated development Plan of the municipality;

“indigent” means any household, earning a combined gross income, as determined by this policy in terms of Clause 8.1;

“Indigent management system” means a management system applied by Swellendam Municipality for the management of the register of indigent households;

“indigent register” means the database, which has to be updated monthly, designed to contain all the inputted data contained within the completed indigent application forms which contain the following key information:

- Indigent customer details
- Socio-economic details

- Skills details

In addition, the indigent register can provide reports relating to, but not limited to the following;

- Indigent application exceptions
- Skills reporting required for LED/exit strategy
- Socio-economic reporting

“municipality” means the Swellendam Municipality established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorised agent or any employee acting in connection with this policy by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

“official” means any official in the employ of the municipality or agent or service provider appointed by the municipality;

“poor” means any household, earning a combined gross income, as determined by this policy in terms of Clause 8.1;

“premises” includes any piece of land, the external surface boundaries of which are delineated on –

- A general plan or diagram registered in terms of the Land Survey Act, 1997, (Act no. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act no. 47 of 1937);
- A general plan registered in terms of the Sectional Titles Act, 1986 (Act no. 95 of 1986) and situated within the jurisdiction of the municipality;

“chief financial officer” means an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for ensuring that the Indigent Support Policy of the municipality is implemented.

3. INTRODUCTION

- 3.1. The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the Municipality have access to at least the

minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.

- 3.2. Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
- 3.3. The Constitution recognises Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform its basic function of providing essential services to the community within its boundaries.
- 3.4. The key purpose of an Indigent Policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary, the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the Indigent Policy should remain intact.
- 3.5. To achieve this purpose, it is important to set a fair threshold level and then to provide a fair subsidy of tariffs.
- 3.6. The customer, to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Swellendam Municipality.
- 3.7. The Indigent Policy be developed within the framework of the municipality's approved IDP and related policies as well as the Local Economic Development Strategy and Poverty Alleviation Program of the municipality.

4. OBJECTIVES OF POLICY

The objectives of this Policy are to:-

- 4.1 Provide a framework within which the Municipality can exercise its executive and legislative authority about the implementation of financial aid to indigent households in respect of their municipal account;
- 4.2 Determine the criteria for qualification of indigent and poor households;
- 4.3 Ensure that the criteria are applied correctly and fairly to all applicants;
- 4.4 Allow the Municipality to conduct in-house visits to the premises of applicants to verify the actual status of the household;
- 4.5 Allow the Municipality to maintain of names and addresses of account holders receiving subsidies.

5 LEGISLATIVE FRAMEWORK

This Policy is designed and implemented within the framework of the following legislation:

- 5.1 The Constitution of the RSA, 1996;
- 5.2 Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003;
- 5.3 The Local Government Municipal Finance Management Act 2003, Act no 56 of 2003;
- 5.4 The Promotion of Administrative Justice Act, 2000, Act no 3 of 2000;
- 5.5 The Promotion of Access to Information Act, 2000, Act no 2 of 2000; and
- 5.6 The Local Government Municipal Property Rates Act, 2004, Act no 6 of 2004.

6 SOCIAL, ECONOMIC AND DEMOGRAPHIC STATISTICS

- 6.1 The municipality has a population of 47 114 with an unemployment rate of 11.4% and a youth unemployment rate of 15%.
- 6.2 The number of households in the municipality is 15 477 which constitutes an average household size of 3. The average growth rate is 2.6%.
- 6.3 Households with access to electricity, 95.4%, and 94.8% of households have access to piped water either in their dwelling or in yards. Flush toilets connected to sewerage are 96% with weekly refuse removal at 82.5%

7 TARGETING OF INDIGENT HOUSEHOLDS

- 7.1 The effective targeting of indigent households and the implementation of this Policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief Swellendam Municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.
- 7.2 Against the background of such socio-economic analysis, the Municipality must, within its financial and institutional capacity, decide which targeting approach or option should be applied.
- 7.3 For the 2024/2025 financial year, the Municipality will use household income as the targeting approach for the registration of indigent customers.

8 TARGETED APPROACH

Cognisance must be taken of the following when Indigent applications are processed:

- 8.1 Indigent approval is based on the person meeting the criteria required for an indigent application.
- 8.2 All applicants must complete an official application form, which is to be submitted together with the required supporting documents. The application information will be scrutinized and confirmed by the Municipality before being approved.
- 8.3 Should the applicant be found to be providing false or fraudulent information in the application, the following will happen:
 - 8.3.1 The indigent benefit will be cancelled;
 - 8.3.2 All previous discounts for the current financial year will be reversed; and
 - 8.3.3 The household may not apply to be registered as an indigent household for the next financial year.
- 8.4 Consumers must re-apply for the indigent subsidy every twelve months. The indigent status of a consumer remains valid for a twelve (12) month period unless the municipality is otherwise informed.
- 8.5 Should a property, through inheritance, auction, or donation, change ownership, the new occupier and or owner must provide support documentation and evidence to apply for indigent support within 6 months after the change of ownership. The new occupier and or owner must submit an official Indigent application form if he or she believes they meet the Indigent criteria.
- 8.6 The applicant must be the full-time occupant and may not own any other property within the Republic of South Africa, except in cases where the second property is a vacant dwelling. Indigent support will only be provided for the primary property which the occupant occupied.
- 8.7 Should a property be occupied by a person who qualifies for indigence relief, in circumstances where the owner cannot be traced, or contacted or where the property was erroneously registered in an owner's name

according to the Municipality, the client may qualify for indigent support and the arrear debt may be written off.

- 8.8 Where the criteria for qualification set above for indigent relief is not met, but special circumstances exist, such applications will be submitted to the Chief Finance Officer who will have the discretion, to consider the application and make a recommendation for an interim period of 4 months to allow the customer to correct the non-compliance. If the customer fails, the indigent support will be cancelled and the full services will be levied backdated from interim approval.
- 8.9 Should a customer application be rejected, the customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

9 CATEGORIES OF PROPERTIES

The following services will be subsidized through the Indigent Support Applications:

- 9.1 Property Rates;
- 9.2 Water Fixed and Consumption Charge;
- 9.3 Electricity Fixed and Consumption Charge;
- 9.4 Sewerage fixed charge;
- 9.5 Refuse Fixed charge;
- 9.6 Any Flat rate for water, sewerage and refuse removal services;
- 9.7 Any Infrastructure or additional levy is excluded;
- 9.8 Installation of pre-paid electricity meters costs where a conventional meter is converted to pre-paid.

10 QUALIFICATION CRITERIA

The qualification criteria for indigent support shall be determined by the Municipality from time to time, provided that until the Swellendam Municipality determines otherwise, the following criteria shall apply:

- 10.1 The applicant must be a resident within the Swellendam Municipal area;

- 10.2 The applicant must have a valid South African identity document;
- 10.3 The applicant must be the full-time occupant and may not own any other property within the Republic of South Africa, except in cases where the second property is a vacant dwelling and not occupied;
- 10.4 The applicant's property must only be used for residential purposes;
- 10.5 The total monthly gross income of the registered owner/tenant and his/her spouse or life companion is not more than an amount as determined by Council from time to time.
- 10.6 The total monthly gross income in par 10.5 excludes social grants received for children and disability grants.
- 10.7 A tenant may apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership-related charges such as rates.
- 10.8 The surviving spouse or dependents of a deceased estate may apply for assistance.
- 10.9 Child-headed households confirmed by social services may apply for assistance.
- 10.10 The Municipality recognises the following categories of indigent support:
 - 10.10.1 Category A - Support to qualifying households where the combined total gross income of the registered owner/ tenant and his/her spouse or life companion is equal or less to the minimum amount as determined by the National Treasury for state old age grant from time to time ie 2 x State Social Grant or 2 x State old age grant over 75 or combination of the two.

Electricity capacity is limited to 20 Amp.

- 10.10.2 Category B - Support to qualifying households where the combined total gross income of the registered owner/ tenant and his/her spouse or life companion is within the extended amount as determined by the National Treasury for state old age grant from time to time ie 4 x State Social Grant or 4 x State old age grant over 75 or combination of the two.

Electricity capacity is limited to 30 Amp.

- 10.10.3 Category C - Support to qualifying pensioners age 60 and older, where the combined total gross income of the registered owner/ tenant and his/her spouse or life companion is within the extended amount based on the National Treasury for state old age grant from

time to time ie 5 x State Social Grant or 5 x State old age grant over 75 or combination of the two.

11 EXTEND OF INDIGENT SUPPORT

- 11.1 The extent of indigent support will be determined during the compilation of the annual budget. The subsidy for indigent consumers is contained in the tariff list.
- 11.2 The source of funding of the indigence subsidy is that portion of the Equitable Share contribution received from the National Treasury.
- 11.3 The subsidy will only be credited to the qualifying customer's accounts until the amount provided on the budget has been exhausted.
- 11.4 If a customer's consumption or use of a municipal service is more than the subsidised service, the customer will be obliged to pay for such excess consumption.
- 11.5 Subsidized services may not be accumulated if or when not utilized in full.
- 11.6 A customer can only receive support for one qualifying category.
- 11.7 The extent provided per category of Indigent Support is:
- 11.7.1 Category A – This category of customers will receive the following support per month where applicable per tariff structure:
- (i) Free electricity of 50 kWh per month;
 - (ii) Free water of 6kl per month;
 - (iii) 100% rebate for flat rate where water is supplied through standpipes per month;
 - (iv) 100% rebate of the basic levy for water for one service point per month;
 - (v) 100% rebate for a flat rate for chemical toilet charge per month;
 - (vi) 100% rebate for the basic levy for sewerage for one service point per month;
 - (vii) 100% rebate of the basic levy for refuse for one service point per month;
 - (viii) 100% subsidy of the monthly assessment rates up to a valuation of R750 000 which includes the amount in section 17(i)(h) of the Municipal Property Rates Act (act 6 of 2004)
 - (ix) 100% subsidy for the installation of a Prepaid meter when converted from a conventional meter;
 - (x) Outstanding debt of successful applicants may be written off (once) against the council's provision for bad debt.
- 11.7.2 Category B – This category of customers will receive the following support per month where applicable per tariff structure:
- (xi) Free electricity of 20 kWh per month;

- (xii) Free water of 6kl per month;
- (xiii) 50% rebate for a flat rate where water is supplied through standpipes per month;
- (xiv) 50% rebate of the basic levy for water for one service point per month;
- (xv) 50% rebate for a flat rate for chemical toilet charge per month;
- (xvi) 50% rebate for the basic levy for sewerage for one service point per month;
- (xvii) 50% rebate of the basic levy for refuse for one service point per month;
- (xviii) 100 subsidy of the monthly assessment rates up to a valuation of R375 000 which includes the amount in section 17(i)(h) of the Municipal Property Rates Act (act 6 of 2004)
- (xix) 50% subsidy for the installation of a Prepaid meter when converted from a conventional meter;
- (xx) Outstanding debt of successful applicants may be written off (once) against the council's provision for bad debt.

11.7.3 Category C – This category of customers will receive the following support per month where applicable per tariff structure:

- (xxi) 25% rebate for a flat rate where water is supplied through standpipes per month;
- (xxii) 25% rebate of the basic levy for water for one service point per month;
- (xxiii) 25% rebate for a flat rate for chemical toilet charge per month;
- (xxiv) 25% rebate for the basic levy for sewerage for one service point per month;
- (xxv) 25% rebate of the basic levy for refuse for one service point per month;
- (xxvi) 100% subsidy of the monthly assessment rates up to a valuation of R750 000 which includes the amount in section 17(i)(h) of the Municipal Property Rates Act (act 6 of 2004)

12 COMMUNICATION

- 12.1 The Municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this Policy and its implementation.
- 12.2 Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as services provided.

13 INSTITUTIONAL ARRANGEMENTS

- 13.1 The municipality has designated staff per allocated timeframes in all the municipal Client Service Area Offices, who are familiar with the municipal by-laws and the government legislative framework that are in line with the Indigent Support Policy.
- 13.2 The indigent registration process is being facilitated collectively with the relevant stakeholders.

14 APPLICATION AND REGISTRATION PROCESS

- 14.1 An applicant applying for indigent support must complete a formal indigent application form approved by the municipality.
- 14.2 Such forms will be available at approved registration points provided by the Municipality.
- 14.3 Applications for the indigent subsidy must be accompanied by the following documentation:
 - 14.3.1 Latest copy of Municipal Account;
 - 14.3.2 Proof of the identity of the account holder;
 - 14.3.3 Proof of the income of the applicant on the property; i.e. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund, (UIF) card or a certificate that confirms registration as “looking for employment”; or
 - 14.3.4 Bank Statement and statements for any other investments, for the last three months, certified by the bank and/or financial institution and an affidavit from the applicant that no other bank accounts or investments exist;
 - 14.3.5 If the applicant is a tenant, written proof must be provided that the owner does not foresee any problem if the tenant applies for an indigent subsidy.
 - 14.3.6 If the applicant is not the holder of any bank account, an affidavit from the applicant that no bank account exists.

15 ASSESSMENT & SCREENING OF APPLICANTS

- 15.1 Upon registration of an application, all information will be captured and verified by the Indigent Section in terms of the procedures vested in the municipal indigent policy and the National indigent guidelines provided by the National Department of Cooperative Government and Traditional Affairs.
- 15.2 The municipality may, when deemed necessary, conduct audits to verify applications for information furnished or possible changes in the status of applicants.

16 APPROVAL / DECLINE PROCESS

- 16.1 Once the application forms have been captured on the municipal indigent register and verification has been completed the Indigent section will make a decision based on the information captured and verified. It shall be dealt with in terms of the municipal indigent policy guideline.
- 16.2 The applicant will be informed of the outcome of the application process.
- 16.3 The applicant will have the right to appeal. An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may appeal in terms of section 62 of the Municipal System Act 32 of 2000.
- 16.4 Indigent applications will be approved for a period of twelve months whereafter the customer must apply again to ensure the indigent status did not change.

17 TERMINATION OF INDIGENT SUPPORT

- 17.1 Indigent Support will be terminated under the following circumstances:

- 17.1.1 Upon the death of the registered indigent customer for that particular property;
- 17.1.2 Upon sale of the property in respect of which support is granted;
- 17.1.3 When an approved indigent consumer fails to comply with any of the conditions relevant to the receipt of indigent relief, such person will forfeit his or her status as a registered indigent with immediate effect and will thereafter be treated as an ordinary accountholder.
- 17.1.4 If a registered indigent is found to have provided false or fraudulent information to the municipality regarding any material condition for registration as an indigent, such person will immediately be removed from the indigent register.
- 17.1.5 Any customer who made any illegal connection regarding the services provided by the municipality shall automatically without notice be de-registered as an indigent customer from the date on which the municipality or its authorised agent became aware that such information is false; and
- 17.1.6 Shall be held liable for the payment of all services received in addition to any other legal actions the municipality or its authorised agent may take against such customer;
- 17.1.7 Shall for a period of twelve (12) months not be allowed to register as an indigent customer whatever the circumstances he/she may have to endure in future;
- 17.1.8 An indigent customer must immediately request de-registration by the municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meets the qualifications to register as an indigent.
- 17.1.9 An indigent customer shall automatically be de-registered if an application is not renewed or if such application is not approved.
- 17.1.10 An indigent customer may at any time request de-registration.

18 DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

- 18.1 The Chief Financial Officer will be responsible to compile and administer the database for households registered in terms of this Policy.
- 18.2 Registration will take place continuously and in accordance with the programme of quarterly targeted audits and reviews. The Municipality may decide to launch special registration campaigns from time to time.

19 MONITORING AND REPORTING

- 19.1 The Chief Financial Officer must report monthly via the office of the Municipal Manager to the Finance Portfolio committee on the implementation of the Indigent Policy:
- 19.1.1 Number of indigent households applications received;
 - 19.1.2 Amount of subsidy allocated per benefit category;
 - 19.1.3 Amount of debt accumulating and debt recovery information (number of customer enquiries, default arrangements, growth or diminishing of arrear debtors, ideally divided into wards, domestic, state, institutional and other such divisions);
 - 19.1.4 Changes in the registered status of indigents.

20 CAPACITY BUILDING

- 20.1 The municipality must ensure that all officials are appropriately capacitated in Free Basic Services in terms of the following key areas:
- 20.1.1 Database management
 - 20.1.2 Demand and revenue management; and
 - 20.1.3 Policy and by-law implementation.

21 MISCONDUCT BY OFFICIALS

- 21.1 Any official of the municipality commits an act of misconduct if he/she deliberately or negligently:
- 21.1.1 contravenes a provision of this policy;
 - 21.1.2 fails to comply with a duty imposed by a provision of this policy;
 - 21.1.3 makes or permits, or instructs another official of the municipality to make an unauthorised, irregular or fruitless and wasteful expenditure; or
 - 21.1.4 provides incorrect or misleading information in any document or report relating to any activity in terms of this policy.
- 21.2 The municipality must:
- 21.2.1 investigate allegations of misconduct or suspected misconduct against an official of the municipality unless such allegations or suspicion are speculative or unfounded; and

21.2.2 if the investigation warrants such a step, institute disciplinary proceedings against the official in accordance with systems and procedures referred to in Section 67 of the Municipal Systems Act, read with Schedule 2 of that Act.

22 OFFENCES AND PENALTIES

22.1 Any person who:

22.1.1 knowingly provides false or misleading information in an application for indigent support; or

22.1.2 fails to notify the municipality of change in status to the extent that the income threshold determined annually is exceeded; or

22.1.3 interferes with or obstructs an official of the municipality in the execution of his/her duties performed in terms of this policy; or

22.1.4 interferes with any measuring- or restrictive device provided by the municipality in terms of the Indigent Support Policy;

22.2 Commits an offence and upon conviction shall be liable to a fine or imprisonment, or either such fine or imprisonment or both such fine and such imprisonment;

22.3 In the case of a continuing offence:

22.3.1 an additional fine or an additional period of imprisonment; or

22.3.2 such additional imprisonment without the option of a fine; or

22.3.3 both such additional fines and imprisonment

22.3.4 for each day on which such offence is continued

22.2.3 a further amount equal to any costs and expenses found by the court to have been incurred by the municipality as result of such contravention or failure.

23 AUTHENTICATION AND SERVICE OF NOTICES

23.1 Any notice or other document that is served on a person is regarded as duly served:

23.1.1 when it has been delivered to that person personally; or

23.1.2 when it has been left at that person's place of residence or business in the Republic with a person over the age of 16 years; or

- 23.1.3 when it has been posted by registered or certified mail to that person's last known residential or address in the Republic and an acknowledgement of the posting thereof, from the postal service, is obtained; or
- 23.1.4 if that person's address in the Republic is unknown, when it has been served on that person's agent or representative in the Republic in the manner provided by paragraphs 23.1.1, 23.1.2 and 23.1.3;
- 23.1.5 if that person's address, agent or representative in the Republic is unknown, when it has been posted in a conspicuous place on the land or business premises to which it relates; or
- 23.1.6 in the event of a body corporate, when it has been delivered at the registered office of the business premises of such body corporate; or
- 23.2 Service of a copy is deemed to be service of the original when any notice or other document is served on the owner, occupier, holder of any property or holder of any right in any property, it is sufficient if that person is described in the notice, or other document, as the owner, occupier, holder of the property or holder of the right in question, and it is not necessary to name that person.

24 SHORT TITLE AND COMMENCEMENT

- 24.1 This policy is known as the Indigent Support Policy which is implemented on the 1 July every year.
- 24.2 The policy must be reviewed on an annual basis.



PETTY CASH POLICY

Approved xx May 2024
Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. DEFINITIONS

In this policy, unless the context indicates otherwise -

- 1.1 **“Accounting Officer”** means the person appointed by the council in terms of section 82 of Act 117 of 1998, also known as the Municipal Manager, and defined in terms of section 60 of Act 56 of 2003 (MFMA).
- 1.2 **“Advances”** means a relatively small amount of cash, made available by the Petty Cash Officer on request, to buy miscellaneous small items.
- 1.3 **“Chief Financial Officer”** means the person designated in terms of section 80(2) (a) of Act 56 of 2003 (MFMA), and includes any person acting in that position or to whom authority is delegated.
- 1.4 **“Petty Cash”** means a relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.
- 1.5 **“Petty Cash Float”** means the total sum of Petty Cash which has been granted to a Petty Cash Officer.
- 1.6 **“Petty Cash Officer”** means an employee, made responsible for the day-to-day operating of the Petty Cash Float.
- 1.7 **“Reconciliation”** means the process of comparing information, for example, cash spent, compared with the relevant documentation and receipts.

2. INTRODUCTION

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner. Therefore, the Swellendam Municipality adopts the following petty cash policy.

3. LEGISLATIVE FRAMEWORK

Municipal Finance Management Act 56 of 2003
Municipal Supply Chain Management Regulations, 2005

4. OBJECTIVE

Compliance with the regulatory framework in terms of the relevant legislation is required.

5. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are:

5.1 Accounting Officer (Municipal Manager)-

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

The accounting officer must 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 delegates authority to the Chief Financial Officer to manage the petty cash in terms of this policy.

6. PETTY CASH POLICY

- 6.1 The use of a petty cash float is limited to R500 and is strictly confined to individual cash purchases. The amount may be increased to R2000 subject to authorization by the Chief Financial Officer;
- 6.2 The expenditure with regard to petty cash purchases shall not be deliberately split into more than one transaction to avoid the said limit;
- 6.3 A petty cash float may not be used for any of the following:
- a) the cashing of cheques;
 - b) loans to any person whatsoever;
 - c) payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason, unless authorized by the Chief Financial Officer;
 - d) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;
 - e) any purchase violating the true meaning of petty cash transactions, or petty cash purchases from a trading creditor that does exist on the Swellendam municipal financial system will be regarded as a deviation from the accepted accounting practices in the use of Petty Cash and shall constitute a serious offense under the Disciplinary Code unless authorized by the Chief Financial Officer;
- 6.4 The Chief Finance Officer is delegated to determine the number and amount of petty cash floats based on operational requirements. The use of such floats is restricted to the purpose for which they were established.
- 6.5 The Accounting Officer, or delegated official, may conduct internal audits to evaluate compliance with this policy.

7. ESTABLISHING AND OPERATING A PETTY CASH FLOAT

- 7.1 To establish a new petty cash float or increase an existing advance, a written application must be made to the Chief Financial Officer by the relevant Director.
- 7.2 A request for the establishment of an advance will indicate the position of a senior administrative employee to be held responsible for the control over the petty cash float within the relevant department.
- 7.3 The senior administrative employee mentioned under 7.2 will be responsible for the security and leave the arrangement in place to ensure safe custody of funds in the office.
- 7.4 The minimal security arrangement that will be acceptable is that the float will be kept in a locked box which will be kept in a locked filing cabinet or safe.

- 7.5 When an advance is approved, the Accountant: Expenditure will advise the relevant Department accordingly and request that the senior administrative employee mentioned under 7.2 collect the advance.

8. SECURITY OF PETTY CASH AND DOCUMENTATION

- 8.1 The cash on hand and used petty cash vouchers are to be kept in a locked box for which there should be two keys. One key is to be retained by the petty cash officer (on their person) normally responsible for the petty cash and the other to be kept senior administrative employee mentioned under 7.2 in a sealed envelope in the office safe or other secure places, to be used only in an emergency.
- 8.2 The locked petty cash box must be kept in a secure place when not in use and should be removed and returned by the responsible staff member only. At no stage should staff other than the responsible administrative/clerical staff member have access to the storage place of the petty cash box.
- 8.3 Under no circumstance are keys to be left in the lock to the petty cash box, cabinet, or safe.
- 8.4 If the responsible Petty Cash Officer is either going on leave or is leaving the Municipality's employment, the petty cash float is to be reconciled and signed by the departing- as well as replacement staff members, to indicate their agreement as to its balance.

9 DISBURSEMENT OF PETTY CASH

- 9.1 Petty cash stationery is available from the Expenditure Section (Financial Services). The form consists of two parts:
- a. Cash Purchase Claim page
 - b. Cash Purchase Record page
 - c. Receipt for a cash advance (Only when appropriate, refer to paragraph on Advances).
- 9.2 All details entered on the Cash Purchase Claim must appear on the Cash Purchase record page.
- 9.3 The Cash Purchase Claim must be completed as follows:
- a. Description and cost of the goods/services purchased
 - b. purchaser's signature
 - c. correct vote number with an adequate budget to be charged
 - d. signature of the Officer in Charge of Petty Cash.
- 9.4 Original receipts and other valid documentation as required must be attached as proof of payment, with the signature of an appropriate financial

delegate on this documentation. The receipt and invoice must be in a formal business format.

- 9.5 A financial delegate cannot authorise a cash purchase claim where she or he is the purchaser.

10 PETTY CASH ADVANCES TO STAFF MEMBERS

- 10.1 If it is necessary to make an initial advance to a staff member, a receipt for a cash advance must be completed. The receipt for the cash advance Form must be completed as follows:

- a. description and estimated cost of the goods/services purchased;
- b. purchaser's signature;
- c. correct vote number with an adequate budget to be charged;
- d. Signature of the Petty Cash Officer.

- 10.2 On completion of the purchase, the recording-, documentation- and authorization requirements are stated in the paragraph.

- 10.3 All advances will be accounted for within 24 hours, by submitting original receipts and other applicable documentation required, attached as proof of payment (with the approval signature on the documentation). Where this cannot be achieved, the buyer will be liable to pay back the advance without any delay or if not possible, alternatively be for the immediate recovery from the individual's salary.

- 10.4 No more than one advance will be made to any one individual at a time.

11 OUT-OF-POCKET PAYMENTS

- 11.1 Where a staff member has made a purchase from their funds and seeks reimbursement from the petty cash, supporting documentation must be provided to substantiate the claim.
- 11.2 The responsibility to ensure that the purchase will be per all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s).
- 11.3 The recording, documentation and authorization requirements will be as stated in paragraphs 9.1.

12. REIMBURSEMENT OF PETTY CASH

- 12.1 A petty cash float is operated on the basis that expenditure from the float is periodically reimbursed. Such reimbursement requires-

- a. returning the cash level of the petty cash float to its original level, and;
 - b. charging the expenditure which has been made to the correct expenditure vote.
- 12.2 Accordingly, at any point of time, the sum of the cash on hand, i.e. remaining unspent, plus the cash advances for un-finalised purchases, plus the completed cash purchase claim forms, updated on the Summary Cash Purchase Claim form, shall equal the level of the petty cash advanced to a Department.
- 12.3 Completed Cash Purchase Claim forms, with attached cash register slips, etc., must be submitted to the Expenditure Section for reimbursement after the Summary Claim Cover Page and attached documentation have been authorised by a financial delegate.
- 12.4 Reimbursement of claims where supporting documentation as prescribed in this policy is absent/missing will be declined.
- 12.5 The prescribed Summary Cash Purchase Claim form as well as other relevant forms attached to it must be completed in full.
- 12.6 The most recently completed Cash Purchase Claim form must record the reconciliation of the petty cash float. The Accountant: Expenditure will decline reimbursement of claims where this is not supplied.
- 12.7 A petty cash float must never be reimbursed with funds derived from any other source whatsoever.

13 SHORTAGES

- 13.1 Any shortages in respect of a petty cash float must be reimbursed immediately by the responsible petty cash officer.
- 13.2 Where a petty cash float is stolen the incident must be reported promptly to the Chief Financial Officer in the required format, after a case has been lodged at the South African Police Services.

14 PROCEDURE WHERE A PETTY CASH FLOAT IS REPAID/CANCELLED

- 14.1 When an advance is no longer required, a departmental memorandum must be submitted, signed by the Manager of the relevant Department, to the Accountant: Expenditure, with the balance of cash on hand and completed and authorized Cash Purchase Claim forms. The most recently

completed Cash Purchase Claim form will record the reconciliation of the petty cash float.

14.2 The Cashier will issue a receipt to the person delivering the cash.

15. SHORT TITLE

15.1 This policy shall be called the Petty Cash Policy of the Swellendam Local Municipality.



RATES POLICY

Approved By Council On xx May 2024
Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. DEFINITIONS

- 1.1 **"Act"** means the Local Government: Municipal Property Rates Act, 2004 (Act No.6 of 2004);
- 1.2 **"Agricultural property"**, in relation to the use of a property, means property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for eco-tourism or the trading in or hunting of game;
- 1.3 **"Bona fide farmers"** means genuine or real farmers whose dominant income is generated from farming;
- 1.4 **"Business Property"** means property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity.
- 1.5 **"Category" –**
- (a) in relation to property, means a category of property determined in terms of section 8 of the Act;
 - (b) in relation to owners of the property, means a category of owners determined in terms of section 15 (2) of the Act;
- 1.6 **"Ecotourism property"** means agricultural property used for the purpose of eco-tourism;
- 1.7 **"Exclusion"** in relation to a municipality's rating power, means a restriction of that power as provided for in section 17 of the Act;
- 1.8 **"Game farming"** means agricultural property on which the trading in - or the hunting of game takes place;
- 1.9 **"Household income"** means the gross sum of all monthly income earned by the registered owner and spouse permanently residing at the address.
- 1.10 **"Income tax act"** means the Income Tax Act, 1962 (Act 58 of 1962)
- 1.11 **"Indigent person"** means a person whose household income does not exceed the minimum household income as predetermined by the council;
- 1.12 **"Industrial property"** means a branch of trade or manufacturing, production, assembling, or processing of finished or practically finished products from raw materials or fabricated parts. This includes grain silos, factories and any office or other accommodation on the same property, the use of which is incidental to the use of such a property;
- 1.13 **"Land reform beneficiary"** in relation to a property, means a person who – acquired the property through the Provincial Land and Assistance Act, 1993 (Act 126/1993); the Restitution of Land Rights Act, 1994 (act 22/1994); holds the property subject to the Communal Property Associations Act, 1996 (Act 28 of 1996); or holds or acquires the property in terms of such other land tenure enacted after this Act has taken effect;

- 1.14 **"Land tenure right" means** a land tenure right as defined in section 1 of the Communal Land Rights Act, 2004 (Act no. 11 of 2004)
- 1.15 **"Local community"**, in relation to a municipality:
- (a) means that body of persons comprising:
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;
 - (iii) any civic organisations and non-governmental, private sector, or labour organisations or bodies which are involved in local affairs within the municipality; and
 - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;
 - (b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons.
- 1.16 **"Local municipality"** means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;
- 1.17 **"Market value"**, in relation to a property, means the value of the property determined under section 46 of the Act;
- 1.18 **"MEC for Local Government" means** the member of the Executive Council of a province who is responsible for local government in that province;
- 1.19 **"Mining" means** a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).
- 1.20 **"Multiple use properties"** in relation to a property, means a property that cannot be assigned to a single category due to the different uses of such a property in which event the property will be valued based on the apportionment of uses in accordance with the applicable category of property in terms of this policy;
- 1.21 **"Municipality"** means the municipal council for the municipal area of Swellendam
- 1.22 **"Municipal Properties"** refers to a property that is registered in the name of the municipality and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without the cost of a rental agent;
- 1.23 **"Municipal Systems Act"** means the Local Government: Municipal Systems Act, 2000 (Act 32 /2000);
- 1.24 **"Newly rateable property"** means any rateable property on which property rates were not levied by 30 June 2005 excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date;
- 1.25 **"Office bearer"**, in relation to places of public worship, means the primary person who officiates at services at that place of worship;

- 1.26 **“Official residence”**, in relation to places of public worship, means: -
- (a) a portion of the property used for residential purposes; or
 - (b) one residential property, if the residential property is not located on the same property as the place of worship;
 - (c) Registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office-bearer;
- 1.27 **“Occupier”**, in relation to a property, means a person in actual occupation of a property whether or not that person has a right to occupy the property;
- 1.28 **“Owner”** means:
- (a) in relation to property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
 - (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
 - (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - (i) a trustee, in the case of a property in a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property, in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property, in an insolvent estate or liquidation;
 - (iv) a judicial manager, in the case of a property, in the estate of a person under judicial management;
 - (v) a curator, in the case of a property, in the estate of a person under curatorship;
 - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
 - (viii) buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- 1.28 **“permitted use”**, in relation to a property, means the limited purposes for which the property may be used in terms of –
- a) any restrictions imposed by –
 - (i) a condition of title;
 - (ii) a provision of a town planning or land use scheme; or

- (iii) any legislation applicable to any specific property or properties; or any alleviation of any such restrictions;

- 1.29 **“Person”** includes an organ of the state;
- 1.30 **“Place of Public Worship”**, means property used primarily for the purposes of the congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education, is the primary instructive medium: Provided that the property is:-
- (a) registered in the name of a religious community;
 - (b) registered in the name of a trust established for the sole benefit of a religious community; or
 - (c) subject to land tenure right;
- 1.31 **“Interest”** means the standard rate of interest, charged on accounts which are not paid by the specified due date, calculated at the prime rate.
- 1.32 **“Protected area”** means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management Protected Areas Act, 2003.
- 1.33 **“Public Benefits Organisation”** means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.
- 1.34 **“Public Service Infrastructure”** means publicly controlled infrastructure of the following kinds:
- (a) national, provincial, or other public roads on which goods, services, or labour move across a municipal boundary;
 - (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water supply reservoirs, water treatment plants, or water pumps forming part of a water or sewer scheme serving the public;
 - (c) power stations, power substations, or power lines forming part of an electricity scheme serving the public.
 - (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
 - (e) railway lines forming part of a national railway system;
 - (f) communication towers, masts, exchanges, or lines forming part of a communications system serving the public;
 - (g) runways or aprons at national or provincial airports;
 - (h) breakwater, sea walls, channels. Basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
 - (i) any other publicly controlled infrastructure as may be prescribed; or
 - (j) a right registered against the immovable property in connection with infrastructure mentioned in paragraphs (a) to (i)
- 1.35 **“Public service purposes”**, in relation to the use of a property, means property owned and used by an organ of state as—

- (a) Hospitals or clinics;
- (b) Schools, pre-schools, early childhood development centres, or further education and training colleges;
- (c) National and provincial libraries and archives;
- (d) Police stations
- (e) Correctional facilities; or
- (f) Courts of law
- (g) But excludes property contemplated in the definition of "public service infrastructure";

- 1.36 **"Rate"** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;
- 1.37 **"Rateable property"** means property on which a municipality may in terms of section 2 of the Act levy; a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;
- 1.38 **"Ratio"**, in relation to section 19 of the Act, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non- residential properties;
- 1.39 **"Rebate"**, in relation to a rate payable on a property, means a discount on the amount the rates payable on the property;
- 1.40 **"Reduction"**, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount;
- 1.41 **"Residential Property"** means a property included in a valuation roll in terms of section 48(2)(b) of the Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the Act.
- 1.42 **"Sectional titles Act"** means the Sectional Titles Act, 1986 (Act 95/1986);
- 1.43 **"Sectional title unit"** means a unit defined in section 1 of the Sectional Titles Act;
- 1.45 **"Vacant Land"** means all undeveloped land on which no immovable improvements have been erected excluding farm properties not used for any purposes as contemplated in section 8(2)(e) of the MPRA

2. LEGISLATIVE CONTEXT

- 2.1 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 the property.
- 2.2 In terms of Section 4(1)(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia. rates on the property.

- 2.3 In terms of Section 62(1)(f)(ii) of Local Government: Municipal Finance Management Act, 2003 (No. 6 of 2003) the Municipal Manager must ensure that the municipality has implemented a rates policy.
- 2.4 In terms of the Local Government: Municipal Property Rates Act, 2004 (No.6 of 2004) 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.
- 2.5 This Policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No.6 of 2004), which specifically provides that a Municipal must adopt a Rates Policy.
- 2.6 In terms of section 5(1) of the act, the municipality must annually during its budget process review its Rates Policy and if necessary amend the policy. The amended policy must accompany the annual budget when it is tabled and follow a process of community participation through the budget process.
- 2.7 In terms of Section 8(1) of the MPRA, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3).

3. OBJECTIVES

- 3.1 In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:
- (a) The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
 - (b) There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
 - (c) Revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices and;
 - (d) Municipalities must exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

- 3.2 In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act No. 6 of 2004 including any regulations promulgated in terms of the said Act.
- 3.3 The objectives of this policy are also to ensure that:
- (a) all ratepayers within a specific category are treated equal and reasonable;
 - (b) all rates levied are affordable; in dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, or rebates;
 - (c) rates are levied per the market value of the property as determined through a valuation;
 - (d) the rate will be based on the value of all rateable property in that category and the amount required by the municipality to balance the operational budget, taking into account the surplus obtained from the trading- and economic services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time;
 - (e) income derived from rates will be used to finance community- and subsidised services only;
 - (f) to optimally safeguard the income base of the municipality through exemptions, reductions and rebates that are reasonable and affordable taking into account the poor/indigent ratepayers.
- 3.4 To minimize major shocks to certain ratepayers the market values in the new valuation roll or tariffs determined by Council may be phased-in over the entire periods as stipulated in the Rates Act to adhere to the legal requirements of the Property Rates Act (Act 6/2004).

4. PURPOSE OF THE POLICY

The purposes of the policy are to:

- 4.1 Comply with the provisions section 3 of the Act.
- 4.2 Determine criteria to be applied for-
- (a) the levying of differential rates for different categories of properties;
 - (b) exemptions;
 - (c) grants and rebates; and
 - (d) rate increases.
- 4.3 Determine or provide criteria for the determination of: -
- (a) categories of properties for the purpose of levying different rates; and
 - (b) categories of owners of properties for the purpose of the granting of exemptions, rebates and reductions.
- 4.4 Determine how the municipality's powers must be exercised in relation to multi-purpose properties.
- 4.5 Identify and provide reasons for
- (a) exemptions, rebates and reductions;
 - (b) exclusions; and

(c) rates on properties that must be phased in.

4.6 Take into account the effect of rates on the poor.

4.7 Take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax exemptions because of those activities, in the case of property owned and used by such organisations for those activities.

4.8 Take into account the effect of rates on public service infrastructure.

4.9 Determine measures to promote local economic and social development.

4.10 Identify all rateable property that is not rated.

5. POLICY PRINCIPLES

5.1 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.

5.2 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.

5.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation.

5.4 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, reduction, or rebates.

(c) Sustainability

Rating of a property will be implemented in a way that:

- i) it supports sustainable local government by providing a stable a buoyant revenue source within the discretionary control of the municipality; and
- ii) support 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, rebate reduction and phasing-in of rates as approved by the municipality from time to time.

6. SCOPE OF THE POLICY

This policy document guides the annual setting (or revision) of property rates.

It does not make specific property rate 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.

7. 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.

8. CATEGORIES OF PROPERTY

- 8.1 Criteria for determining categories of properties to levy different rates and to grant exemptions will be according to:
- (a) the use of the property;
 - (b) the permitted use of the property;
- 8.2 The municipal valuator of the Swellendam Municipality will be responsible for the categorising of the properties and the maintenance thereof, and any change in the actual use of the property may result in the change of categories.
- 8.3 Categories of property for the municipality include-
- (a) Resident properties;
 - (b) Industrial properties;
 - (c) Business and commercial properties;
 - (d) Agricultural properties;
 - (e) Mining properties;
 - (f) Municipal properties;
 - (g) Properties owned by an organ of state and used for public service purposes;
 - (h) Public service infrastructure properties;
 - (i) Properties owned by public benefit organisations and used for specified public benefit activities;
 - (j) Properties used for multiple purposes, subject to section 10;
 - (k) Vacant land
 - (l) Protected Areas

- (m) Place of worship

9. CATEGORIES OF OWNERS

- 9.1 Criteria for determining categories of owners of properties, to grant exemptions, rebates and reductions will be according to the-
- (a) indigent status of the owner of a property;
 - (b) income level of the owner and/or household on a property;
 - (c) income level of owners of a property who are pensioners or dependant on social grants;
 - (d) 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;
 - (e) owners of residential properties with a market value below a determined threshold;
 - (f) owners of agricultural properties who are bona fide farmers; and
 - (g) availability of services funded by rates for a property.

10. PROPERTIES USED FOR MULTIPLE PURPOSES

- 10.1 Properties used for multiple purposes may be categorized as follows for rating purpose:
- (a) by apportioning the market value of a property to the different purposes for which the property is used as determined in item 8 (categories of properties) above
 - (b) Applying the relevant cent amount in the rand to the corresponding apportioned market value.
- 10.2 If the market value of the property can be apportioned, each portion must be categorized according to its individual use as determined in item 8 and /or 9 above. If the market value of the property cannot be apportioned to its various use purpose, then such property must be categorized in terms of the dominant use of the property.

11. CLASSIFICATION OF SERVICES AND EXPENDITURE

The Chief Financial Officer shall, subject to the guidelines provided by the Legislation and the Executive Mayor, provide for the classification of services as outlined in the Municipality's annual budget into trading and economic services.

12. LEVYING OF RATES

- 12.1 In terms of section 7 of the MPRA the Municipality must, subject to subsection 2, levy rates on all rateable property in its area. The municipality will not levy property rates on-
- (a) Properties of which the municipality is the owner;
 - (b) Public Service Infrastructure owned by a municipality entity;

- (c) Leased Municipal Properties with a nominal value and/or portions of commonage property where it is not practical to levy property rates.

12.2 Resolution for levying rates

The municipality will follow the process as set out in the Act in notifying the public of any decisions made by Council.

12.3 Liability for rates by property owners:

- (a) Rates levied by a municipality on a property must be paid by the owner of the property, subject to section 9 of the Municipal Systems Act.
- (b) Joint owners are jointly and severally liable for the amount due for rates on that property.
- (c) In a case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act (Act 70 of 1970) the municipality may consider the following options for determining the liability for rates: If the joint owners are all available, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities.
- (d) Where the joint owners have a written agreement that a specific joint owner is liable for all the rates, the municipality will hold such a joint owner liable in respect of all the rates. A certified copy of the agreement must be submitted to the municipality.
- (e) Where there is no agreement, the municipality will hold any one of the joint owners responsible for the whole property or hold any joint owner only liable for his undivided share:
 - (i) If the joint owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property or a significantly larger portion the municipality will hold that joint owner liable for the total rates bill.
 - (ii) If the traceable joint owner is only using or occupying a small portion of the entire property, the municipality will hold that joint owner only responsible for his own undivided share in that property.

12.4 Method and time of payment:

- (a) The municipality will recover the rate levied in periodic installments of equal amounts in twelve months. The monthly installment is payable on or before the day determined by the Council for payment of services, following the month in which it has been levied. Interest will be charged at prime interest rate for any late payments received.
- (b) Annual Payment Arrangements

By prior arrangement with the municipality the rate may be paid in a single amount before 30 September of the year, it is levied in, however, the

application must be submitted before 31 May before the financial year of implementation of the arrangement.

13. OWNERSHIP

- 13.1 Properties, which vest in the Municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the Municipality. Until such time, rates levied will be for the account of the developer.

14. CLEARANCE CERTIFICATE

- 14.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of the certificate in connection with the property are paid, by withholding a clearance certificate in terms of Section 118 of the Municipal Systems Act as well as recent court cases.
- 14.2 If the full amount cannot be paid upon application by the owner, a guarantee from the conveyer may be accepted for payment on date of registration.
- 14.3 When debt has been written off as irrecoverable it will not be recovered again when a clearance certificate on a property is issued.
- 14.4 All separate debts owed to this municipality by a debtor shall be deemed to be consolidated and will be applied as such with the request for rates clearance.
- 14.5 The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the owner or conveyer.
- 14.6 All payments will be allocated to the subject property.
- 14.7 No interest shall be paid by the Municipality to the registered seller in respect of these payments which are deemed to be due.
- 14.8 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount has been paid.
- 14.9 The rates clearance certificate validation period is 60 days and the amount due for payment is calculated as follows:
- Rates clearance figures issued will include 3 (three) months advance collections plus all current outstanding debt on the property
 - Rates Clearance figures will be valid until 30 June of a financial year, if monies are paid in full until such date. However, should attorneys request to extend the certificate for 120 days beyond this date, and this extension of time surpasses the date of 30 June the full new year's rates or estimated rates become payable in full.
- 14.10 All amounts that are due must be paid in full before the issuing of any clearance certificate in terms of Section 118, of the Systems Act; and
- 14.11 The Municipality will not be responsible for the apportionment of rates and/or services due or paid in respect of any rates clearances and registrations.

15. LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEME

- 16.1 A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme.

16. DIFFERENT RATING AND RATIOS

- 16.1 Different ratings among the various property categories may be done by way of setting different cent amounts in the rand for each property category and/or by way of reductions and rebates.
- 16.2 Differential rating amongst the various property categories will be done by way of setting different cents in the Rand for each property category and levied according to the market value of their properties.
- 16.3 The following rates ratios will apply in determining the cent in the rand in line with the regulations published in terms of the act:

Categories	The ratio in relation to residential properties.
Residential Property	1:1
Agricultural Property	1:0.25
Industrial Property	1:1.15
Business and Commercial Properties	1:1.15
Mining Properties	1:1.15
Properties owned by an organ of state and used for public service purposes;	1:1.15
Public Service Infrastructure	1:0.00
Properties owned by public benefit organisations and used for specified public benefit activities;	1:0.25
Vacant Land	1:5

17. EXEMPTIONS AND REDUCTIONS

- 17.1 A municipality may not levy the following impremissible rates in terms of sections 16 (1) and 17 (1) of the Act:
- (a) Rates that would prejudice national economic policies.
 - (b) that would prejudice economic activities across boundaries
 - (c) Rates that would prejudice national mobility of goods, services, capital, or labour
 - (d) On the first 30% of the market value of public service infrastructure
 - (e) On any part of the seashore as defined in the Seashore Act
 - (f) On any part of the territorial waters of the Republic in terms of the Marine Zones Act (15/1994)
 - (g) On any island of which the state is the owner including the Prince Edward Islands
 - (h) On a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act no 57 of 2003), or of a national botanical garden within the meaning of the National Environment Management: Biodiversity Act of 2004(Act no 10 of 2004) which are

not developed or used for commercial, business or residential agricultural purposes.

- (i) On mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)
- (j) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of deeds or upon the alienation of the property by the land reform beneficiary or his or her heirs, dependents or spouse.
- (k) On the first R15, 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes.
- (l) On 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 is, officiates at services at that place of worship. (The exclusion lapses if not used for the purposes as indicated above)

17.2 The following categories of properties are in addition fully or partially exempted from rates:

a) Residential Properties

Owners of residential property qualifying for indigent support in terms of the Council's Indigent Policy will be exempted from paying property rates on an amount as annually determined by the council during the budget process.

This is an important part of the council's Indigent Policy and is aimed primarily at alleviating poverty.

b) Public Service Infrastructure

Public service infrastructure (as defined in the Act) will be 100% exempted from paying property tax on the market value of the property.

c) Cemeteries and crematoriums

All burial facilities registered in the names of private persons and operated not for gain are exempted from paying rates.

d) Museums

All properties to which the provisions of the National Heritage Resources Act, 1999 (Act 25 of 1999) apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 (Act 119 of 1998) are exempted from paying rates.

e) 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 (Act 58 of 1962):

i) Charitable institutions

Property belonging to not-for-gain institutions or organizations that perform charitable work and is registered as such are exempt from paying rates.

ii) Sporting bodies

Property used by an organization whose sole purpose is to use the property for sporting purposes on a non-professional basis is exempt from paying rates.

iii) Cultural institutions

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969, or the Cultural Institutions Act, 1989 (Act 66 of 1989) are exempt from paying rates.

iv) Libraries, art galleries and botanical gardens

Registered in the name of private persons, open to the public and not operated for gain are exempt from paying rates.

v) 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 are exempt from paying rates.

18. GRANTING OF REBATES

18.1 Categories of properties and or owners:

(a) Business, Commercial and Industrial properties

The municipality may grant rebates to enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy.

The following criteria will apply:

- i) Job creation in the municipal area;
- ii) The social uplifting of the local community; and
- iii) Creation of infrastructure for the benefit of the community

Rebates will be granted on application subject to:

- i) A business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;

- ii) A continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives;
 - iii) An assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
 - iv) A Council resolution.
- (c) Malagas, Malagas Holiday Area, Infanta, Infanta Park, Riverine, Rietkuil and Oorkant Rivier in Suurbraak

A rebate annually determined by Council during its budget process may apply to Malagas, Malagas Holiday Resort Area, Infanta, Infanta Park, Riverine, Rietkuil and Oorkant die Rivier in Suurbraak. In these areas, there is limited municipal infrastructure and limited services are rendered. When the municipality is in a position to render services in one of the mentioned areas it will no longer qualify for a rebate.

(d) Retired and Disabled Persons Rebate

Retired and disabled persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:

- i) Occupy the property as his/ her normal residence;
- ii) Be at least 60 years of age or retired due to medical reasons or in receipt of a disability pension.
- iii) Receive a total monthly income from all sources (including income of spouses of the owner) not exceeding the amount annually set by Council not be the owner of more than one property; and provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

Method of application

Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must (where applicable) be accompanied by:

- i) A certified copy of the identity document or any other proof of the owner's age which is acceptable to the municipality;
- ii) an affidavit from the owner;
- iii) if the owner is a disabled person proof of a disability pension must be supplied; and
- iv) if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- v) These applications must reach the municipality before the end of May preceding the start of the new municipal financial year for which relief is sought.

- vi) The Municipality retains the right to refuse rebates if the details supplied in the application form are incomplete, incorrect, or false or is received after the date set in (v) above.

19. REDUCTIONS

- 19.1 A reduction in the municipal valuation as contemplated in section 15(1) (b) of Act will be granted where the value of a property is affected by-
 - (a) a disaster within the meaning of Disaster Management Act, 2002 (Act No.57 of 2002); or
 - (b) any other serious adverse social or economic conditions
- 19.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.
- 19.3 All categories of owners can apply for a reduction in the rates payable as described above.
- 19.4 The reduction will only be granted as per Council resolution.

20. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES

- 20.1 During the budget process, the Chief Financial Officer must inform the council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- 20.2 Provisions must be made in the operating budget for the full: –
 - (a) potential income associated with property rates; and
 - (b) the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- 20.3 Projections regarding revenue foregone for a financial year in relation to exemptions, rebates, reductions, exclusions, phasing in, etc. must be reflected in the council's annual budget for that year.
- 20.4 A list of all exemptions, rebates, reductions, exclusions, phasing in, etc. must be tabled before the council.

21. SPECIAL RATING AREA

- 21.1 The municipality may by council resolution and in terms of the applicable by-law determine an area within its boundaries as a special rating area to raise funds for improving or upgrading that area, and differentiate between categories of the property when levying an additional rate
- 21.2 Before determining a special rating area, the municipality must consult the local community on the proposed boundaries of the area, the proposed improvement or upgrading of the area and obtain the consent of the majority of the ratepayers in that proposed special rating area.

21.3 The municipality must determine the boundaries and indicate how the area is to be improved or upgraded by the funds derived from the additional rate. Establish a separate accounting and record-keeping system regarding the revenue generated by the special rate and the improvement or upgrading of the area.

21.4 The municipality may establish a committee composed of persons representing the community to act as a consultative and advisory forum. Representivity, including gender, must be taken into account when such a committee is established.

22. RATES INCREASES

22.1 The municipality will consider increasing rates annually during the budget process.

22.2 Rate increases will be used to finance the increase in operating costs of the municipal budget.

22.3 All increases in property rates will be communicated to the local.

23. REGISTER OF PROPERTIES

25.1 The Chief Financial Officer must draw up and maintain a register of properties as contemplated in section 23 of the Act.

24. NOTIFICATION OF RATES

24.1 The municipality will give notice of all rates approved at the annual budget meeting at least 30 days before the date that the rates become effective. Accounts delivered after 30 days notice will be based on the new rates.

24.2 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 provided for that purpose.

25. FREQUENCY OF VALUATIONS

25.1 The municipality shall prepare a new valuation roll every 5 (five) years and a supplementary valuation roll annually.

26. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

26.1 A municipality intending to levy a rate on a property must cause a general valuation to be made of all properties in the municipality and must prepare a valuation roll of all properties in terms of such valuation. All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act.

27. DATE OF VALUATION

- 27.1 For the purposes of a general valuation, a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.
- 27.2 The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

28. COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS

- 28.1 A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years. Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

29. GENERAL BASIS OF VALUATION

- 31.1 The market value of a property is the amount the property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer.

30. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

- 32.1 When valuing a property that is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

31. SUPPLEMENTARY VALUATIONS

- 31.1 A municipality must regularly, but at least once a year, update its valuation roll by causing –
- (a) a supplementary valuation roll to be prepared, if section 78 of the act applies; or
 - (b) the valuation roll to be amended, if section 79 of the act applies.
- 31.2 The supplementary valuations shall be submitted to the Municipal Manager for approval of the levying of rates on such property(ies) in accordance with such valuation.
- 31.3 Any valuations performed shall be included in the next Supplementary Valuation prepared by the municipal valuer without any amendments to the valuation and any objections to such valuation may only be lodged once such Supplementary Valuation is made public in terms of section 49 of the Act.
- 31.4 If a property has been transferred to a new owner and a supplementary valuation took place, the previous owner, as well as the new owner, will jointly and separately be held responsible for settling the supplementary rates account.

32. REGULAR REVIEW OF RATES POLICY

The rates policy must be reviewed on an annual basis during the Budget period to ensure that it complies with the Municipality's strategic objectives and with legislation.

33. SHORT TITLE

This policy is the Property Rates Policy of the Swellendam Municipality.



RESTRICTED SUPPLIER POLICY

Approved 30 May 2024
Draft Policy for Public Participation
Implementation Date 1 July 2024

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1. DEFINITIONS

"appeal authority" shall mean an independent and impartial person appointed by the accounting officer in terms of section 57 of the supply chain management policy.

"applicant" shall mean a department or managerate with the Swellendam Municipality who lodged the complaint. **"Complainant"** shall have a corresponding meaning.

"award" shall mean the acceptance of a bid or proposal.

"restricting" shall mean the act of disqualifying a person or an entity from participating in the procurement process of Swellendam Municipality.

"restricting authority" shall mean the person/s or committee/s that have delegated authority to blacklist or restrict a tenderer/supplier/contractor.

"restricting period" shall mean the period for which the tenderer is barred from participating in the procuring processes.

"contract period" shall mean the duration of the contract as set out in the contract.

"delisting" shall mean removal of a person/entity, after the period of blacklisting expires.

"eligibility documents" shall mean:

- Tax clearance and municipal fee declarations and certificates certifying that the bidder has no undisputed commitments for municipal fees due to any municipality or overdue for a period of 30 days or more.
- Declarations by tenderers certifying the correctness of information and certifying validity of authority to act (Regulation 14 of the Preferential Policy Framework Act 5 of 2000).
- Certificates declaring details of private or business interests in terms of Regulation 46(e) of the Supply Chain Management Regulations.
- CIDB certificates, (Construction Industry and Development Board accreditation certificates).
- Proof of registration of a company, close corporation, co-operative or any other document requiring formal registration.
- Any partnership agreement or agreement of joint venture, memorandum of articles of a company, association agreement or any other agreement establishing a business entity.
- Statement setting out details of work undertaken in the government/ public sector/organs of state in the past five (5) years, including particulars of persons who assessed the work and who can be contacted to verify completion/non completion of the contract.

- Audited financial statements where applicable, or books of account.
- Or any other document prescribed by law or specifically requested by Swellendam Municipality.

“Directors” shall mean a person appointed as manager directly accountable to the municipal manager.

“fronting” shall mean companies with no black economic empowerment (BEE) status illegally claiming to be headed by previously disadvantaged individuals and claim false BEE credentials in order to win tender contracts.

“irregular practice” shall include, but not be limited to:

- (i) fronting;
- (ii) misrepresentation on eligibility documents or application forms or any other returnable document which contains information which will have a material bearing on the award;
- (iii) attempt to bribe/bribing an official by monetary or non-monetary inducements or attempt to influence an official directly or indirectly involved with the procurement process, in order to:
 - a tender
 - retain a tender
 - withdraw from a tender
- (iv) deliberately omitting information, or misrepresenting information which would have a bearing on the award of a tender;
- (v) committing of fraud or extortion in relation to the bidding process;
- (vi) obtaining information on the contents of other bids in the same tender which one would not ordinarily be entitled to in terms of the Promotion of Access to Information Act (PAIA) No. 2 of 2000, which information is in the possession and under the control of the municipality;
- (vii) collusive tendering;
- (viii) restrictive horizontal and vertical practices as defined by the Competition Act;
- (ix) committing an exclusionary act as defined by the Competition Act; and
- (x) any other activity which is not specifically set out in this definition, but constitutes an unlawful or unfair/improper business practice.

“municipality” shall mean Swellendam Municipality or any municipal entities, whichever is applicable.

“non-performance” shall mean default on a contract in the public/ government sector by willfully or negligently:

- (i) failing to perform at all;
- (ii) failing to complete work timeously without good reason;
- (iii) delivering defective performance, i.e. poor workmanship or substandard materials;
- (iv) being in breach of a material term of the contract;
- (v) failing to achieve a specified participation goal as set out in the tender

- documents; and
- (vi) despite being given written notice to remedy non-performance.

“Manager” shall mean all managers who are responsible for managing the respective votes of the municipality and to whom powers and duties for this purpose have been delegated in terms of section 79 of the Local Government : Municipal Finance Management Act, Act 56 of 2003 and any other senior officials designated by the accounting officer.

“Service Provider” shall mean any person, business, company, trust etc who do business with the Swellendam Municipality through a procurement process.

2. PURPOSE

The municipality is committed in terms of its procurement policies to acquire the best goods and services for the council while also supporting small businesses, local economic development and previously disadvantaged service deliverers.

In order that these objectives are achieved, the standard of the goods and services delivered and the method of doing business must be of an acceptable standard.

This policy shall govern the restricting of defaulters at the following stages:

- (i) registration on the municipality's database;
- (ii) during the bidding process, that is, from the advertisement, until the award; and
- (iii) after the award of contracts, that is, during the contract period or roll out.

3. OBJECTIVES

- 3.1 To prevent the municipality from doing business with persons, business, organizations or entities who abuse the supply chain management system by committing a corrupt, fraudulent, unfair or irregular practice/s.
- 3.2 To prevent the municipality from doing business with individual persons, business, organizations or entities who default on any contract, performance willfully or negligently.
- 3.3 To develop a uniform criteria and a fair process for barring such persons, tenderers and business entities who engage in 3.1 and/or above.
- 3.4 To discourage persons who are blacklisted from re-entering the procurement arena by setting up new business entities and by using existing business entities to tender for public sphere work, during the restriction period.

4. POLICY STATEMENT

A service provider who is blacklisted by Swellendam Municipality or who has already been included on the National Treasury's register of tender defaulters shall not be allowed to participate in the bidding for work offered by the municipality during the period of disqualification.

5. APPLICABILITY TO FIRMS / PARTNERSHIPS / INDIVIDUALS

- 5.1 Any restriction imposed on any business entity by Swellendam Municipality will, at the discretion of the municipality, also be applicable to any partner, director, manager or other person who wholly or partly exercises or exercised or may exercise control over the enterprise.
- 5.2 Whilst such persons are blacklisted, such persons may re-organize themselves into new entities, however such new entities will be precluded from tendering for work put out to tender by Swellendam Municipality.
- 5.3 The onus is on the contractor who is so blacklisted to advise his business associates and/or partners that he has been blacklisted.
- 5.4 As concerns existing business entities, example holding companies and subsidiaries of which the blacklisted entity/person is a member, shareholder, associate, and the restriction committee may at its discretion depending on the level of complicity of the blacklisted person/entity in the current restriction application blacklist such entities.

6. GROUNDS FOR RESTRICTION

- 6.1 Committing an irregular practice/s as defined above.
- 6.2 Failing to achieve a specified goal as is stipulated in the tender document in terms of regulation 15(1) of the preferential procurement regulations.
- 6.3 Committing of any offence as set out in section 12 and 13 of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004.
- 6.4 Persistent non-performance as defined above.
- 6.5 A conviction in respect of a related criminal activity, by a competent court of law, for which the sentence is a term of imprisonment of not less than six (6) months.

7. PROCEDURES

7.1 Application

- 7.1.1 The complainant must apply on prescribed forms to be collected from the supply chain unit or any other department duly authorized by the accounting officer.
- 7.1.2 The application form shall make provision for reasons for the application, which if not stated shall render the application null and void and shall not be considered.
- 7.1.3 The applicant's application shall be signed by the relevant director.
- 7.1.4 In the case of applications for restriction pertaining to construction or works, where non-performance is claimed, (excluding failure to achieve specified goals) the application is to be accompanied by proof:
 - that the contractor has been advised in writing of his non-performance and had been given an opportunity to remedy the non-performance, a certificate from a consultant registered engineer, or an internal report from a suitably qualified official confirming the non-performance and failure to remedy.
 - in addition, a final demand must be issued by accounting officer or any duly authorized official requesting the contractor to perform not later than fourteen (14) days from the date of the notice.
 - in the case of applications in respect of contracts other than contracts mentioned above and failure to achieve specified goals a copy of all notices served on the supplier/contractor to perform must be attached to the application.

7.2 Notification

- 7.2.1 The completed application form shall be lodged with the supply chain management unit or any duly authorized department by the accounting officer.
- 7.2.2 Supply chain management unit or any duly authorized department shall send out a notification to the person or entity against whom the application is made.
- 7.2.3 The notice shall be sent by registered post or delivery by hand to the person/entity concerned.
- 7.2.4 The notice shall set out:

- (a) The basis of the claim, together with all supporting documents.
- (b) The time period within which the respondent is to respond, by furnishing reasons why he/she/it should not be blacklisted.
- (c) The place for the delivery of the response.

7.3 Response

The respondent shall be expected in his response to indicate whether or not he admits or denies the allegations and the reasons for denial, if applicable and why the sanction should not be imposed.

The restriction committee shall make its determination based on the application and response. Should either the complainant or the respondent wish to give oral evidence then this must be indicated in writing with the filing of the application and response, respectively.

7.4 Notification of date

7.4.1 The supply chain unit shall upon receipt of the response then advise the respondent and the complainant of a date for consideration of the matter.

7.4.2 This notice shall:

- (a) Advise both parties of the date for consideration by the restriction committee which shall be a date not less than twenty (20) calendar days from the date of the notice.
- (b) The respondent may submit a statement setting out the basis of any denial and any supporting documents and, should he/she/it wish to present evidence in person, that he/she/it is to advise so that suitable arrangements may be made.

7.4.3 If the respondent does not respond to the first notice despite proper notification, he/she shall be deemed to have no objection and the restriction authority may proceed with the consideration and finalization of the matter.

7.4.4 Any documentation received from the respondent shall be made available to the applicant, who may file a written response thereto. A copy of which shall be made available to the respondent.

7.5 The hearing

7.5.1 The restriction authority shall on the basis of application, together with all other papers filed impose an appropriate sanction.

7.5.2 The restriction authority shall not be precluded from calling for oral evidence on issues of clarity or dispute of fact.

7.5.3 The restriction authority shall allow the respondent to make oral representations where he has exercised the right to do so, in advance.

7.5.4 The restriction authority shall make a decision on the facts before it, and issue an order within ten (10) working days after the conclusion of the hearing.

7.6 Notification of decision and order

7.6.1 The supply chain unit or any duly authorized department shall advise the parties of the decision in writing within ten (10) working days of the decision being made, by enclosing in the notice, a copy of the order.

7.6.2 The order shall contain the following information:

- (a) The decision.
- (b) The effective date of the sanction, the date of the expiration of the sanction and the date of commencement of the tenderer into the public tender arena, which will be the next working day, if the expiry falls on weekend or South African public holiday.

7.6.3 The decision notice shall enclose the order and set out the following:

- (a) The reasons for the decision.
- (b) The right of appeal against the decision and/or sanction.

7.6.4 The mayoral committee to receive regular reports as soon as there are incidents of restriction.

7.7 Appeal

An appeal against the restriction committee's decision shall lie with a competent court of law.

7.8 Effect of the decision

A contractor is restricted from the effective date as set out in the order referred to in 7.5.4. This means that no department within the municipality may award a contract to such person/entity from the effective date to the expiry of the period set out in the order.

8. PUBLICATION

The supply chain unit or any duly authorized department shall advise the National Treasury of the decision of the restriction authority within ten (10) working days of any restrictions, period of restriction, reasons and the date of commencement of the restriction that it imposes against the respondent.

The supply chain unit or any duly authorized department shall publicize the findings of the restriction authority on its website.

9. UPLIFTING OF SANCTION

- 9.1 The accounting officer based on good reasons may amend or uplift any restriction which is imposed on the contractor by the restriction authority.
- 9.2 Application for the uplifting of the restriction must be made by the respondent.
- 9.3 Such reasons for amendment or upliftment must be furnished to National Treasury within ten (10) working days of the amendment or upliftment.
- 9.4 An application for uplifting may only be made after the respondent has been suspended for at least a year from the effective date of the decision where the sanction is for three (3) or more years.
- 9.5 Furthermore if an application is refused, the applicant shall be precluded from bringing a further application for a period of six (6) months from such refusal after obtaining a legal opinion on this course of action.

10. ONUS

The onus shall rest with the tenderer to ensure that he/she is removed from the defaulters list / Swellendam Municipality's website once the period of restriction has expired.

11. SANCTIONS

- 11.1 If the restriction authority is satisfied that there are grounds to blacklist, the restriction authority must decide on the restriction period based on the merits of each matter. The restriction authority shall take into account, inter alias, the following:
 - the seriousness of the offence;
 - previous similar conduct in bidding processes in other municipalities and Swellendam Municipality when imposing the sanction;
 - the hardship/inconvenience that has been occasioned by the tender/contractor's conduct;
 - other remedies which the municipality has/may invoke; and/or
 - the financial logs by the municipality.
- 11.2 The municipality shall not be precluded from invoking its conventional remedies in law.

12. COMPOSITION OF RESTRICTION COMMITTEE AND THE APPOINTMENT OF MEMBERS

The restriction committee shall be established by Swellendam Municipality to consider applications for the restricting of tenderers and contractors who wish to do business with the municipality / are already doing business with the municipality.

The restriction committee shall be appointed by the accounting officer of the municipality, in collaboration with the council.

12.1 Criteria for appointment

The restriction committee must consist of at least the following disciplines:

- (i) Director responsible for the application
- (ii) Manager responsible for supply chain management;
- (iii) Manager responsible for legal and administration;
- (iv) legal expert;
- (v) any other manager as delegated by the municipal manager.

The chairperson will be appointed by the municipal manager.

12.2 Quorum

There shall be at least four (4) persons in attendance for the full duration of the meeting.

A duly convened committee at which a quorum is present shall have all the powers vested in them by this policy.

12.3 Secondment

For the purpose of continuity and not to delay meetings, the accounting officer may also appoint secundi to temporarily replace members that are absent from meetings due to illness, leave, etc. The accounting officer will also decide whether or not such secondment will have the same powers than members.

12.4 Duties and powers of the various office bearers

12.4.1 Chairperson

- has a casting vote as well as a deliberate vote;
- retains all his/her rights as a member;
- may adjourn a meeting;
- may rule on points of order which will be final; and
- may withdraw any proposal or other matters under discussion before it is put to the vote; and convene extraordinary committee meetings on request.

The chairperson shall –

- maintain order during a meeting and ensure that business is conducted in an orderly manner;
- before opening a meeting, ensure that it is properly constituted;
- protect the rights of every member;
- vacate his seat to the vice chairperson, should he/she wish to partake in a discussion in a partial manner;
- regulate participation in discussions;
- deal with items in sequence of the agenda;
- ensure that members know exactly what they are required to vote on;
- ensure that only one member holds the floor at any one time;
- provide guidance by directing the meeting, but shall not dominate;
- conduct meetings in a formal manner; and
- formulate the decisions to be minuted clearly and sign and approve the minutes after they have been verified for correctness.

12.4.2 Admin

The secretariat shall –

-
- in conjunction with the chairperson compile an agenda and determine dates of meetings;
- give notice of proposed meetings to committee members;
- process and distribute all submissions/reports together with the agenda to committee members at least three working days before the actual meeting takes place;
- minute all decision taken at meetings;
- adhere strictly to the stipulations of the National Archives of South Africa Act, No. 43 of 1996 and accompanying directives;
- ensure that the proceedings at meetings are recorded mechanically;
- give written feedback of all decisions taken by the committee;
- be responsible for all the administrative tasks of the committee; and
- furnish copies of minutes required.

12.4.3 Members

Members of the committee shall –

- be fully conversant with the powers and limitations of the committee as well as all directives pertaining to restriction, including the relevant sections of the SCM regulations, Preferential Procurement Policy Framework Act and accompanying regulations, all directives and circulars issued by National Treasury as well as the delegated powers issued by the accounting officer and at all times act in accordance with above-mentioned legislation, regulations and procedures;
- apply their mind to matters at hand in order to take meaningful and accountable decisions and in the event of doubt or uncertainty, to propose that matters be referred back for clarification;

- in advance, furnish a written apology should he/she not be able to attend a meeting;
- strive to be punctual for meetings and stay for the duration of a meeting;
- prepare properly for each meeting by studying the agenda and submission/reports;
- be familiar with meetings procedures in order to make a contribution in the correct manner; and
- refrain from repetition and duplication of contributions by other members.

Members have the right to –

- have advance knowledge of the agenda;
- submit proposals and participate in proceedings;
- vote; and
- have a dissenting voice, as well as the member's reasons therefore, recorded.

12.4.4 Co-opted members/advisors

Co-opted members/advisors have the same powers and duties as members but excluding the right to vote on any matter under discussion.

13. MEETING PROCEDURES

13.1 Notice of meetings

- The agenda/committee pack of a meeting serves as the program of the meeting, the agenda/committee pack shall be made available to members at least three (3) working days before the actual meeting.
- To fully consider the committee pack prepared for members in advance.
- To fully understand Swellendam Municipality's procurement processes and the legislation and policy dealing with municipal procurement.
- To apply themselves with diligence to the matter at hand.
- To pronounce on the matter, having had regard to the merits of the matter, by either restricting the tenderer/contractor and imposing upon him an appropriate sanction, or by dismissing the application.
- To prepare an order duly signed by the committee chair.

13.2 In order to afford members the opportunity to prepare for the meeting, the

agenda shall be made available to members at least three working days before the actual meeting.

13.3 Submissions / reports to the committee

All submissions/reports to the committee must be in writing.

13.4 Minutes

13.4.1 The minutes will be the written record reflecting in a brief, clear and impartial manner the decisions of the committee. The signed minutes will serve as proof of the decisions of the committee.

13.4.2 Should a member wish to have a specific matter other than a decision recorded, it must be specifically requested. A member's reasons for dissenting voice must also be recorded.

13.4.3 Proceedings are also recorded mechanically to enable the secretary to prepare verbatim reports when required by a court of law.

13.5 Register

13.5.1 Members shall sign a register at each meeting, serving as attendance register as well as an undertaking to confidentiality of that meeting.

13.5.2 This register will also provide for the declaration of interest. Any interest which may infringe, or might reasonably be deemed to infringe on member's impartiality in any matter relevant to their duties, must be recorded.

13.5.3 Members must declare and record all gifts and invitations accepted to social events received from suppliers in the register.

13.6 Chairperson

13.6.1 Each meeting will be presided over by the chairperson. In the absence of the chairperson, the municipal manager must appoint a temporary chairperson, in which case he/she will occupy the chair for the whole meeting, even if the chairperson should arrive during the course of the meeting.

14. PRESCRIBED FORMS

Attached as annexures to the restriction policy are the prescribed forms which must be used in the restriction procedures:

14.1 Restriction application forms (Annexure A)

14.2 Notification forms:

▪ Notice of non-performance (Annexure B)

	▪ Notice of final demand by accounting officer	(Annexure C)
	▪ Notice of bidder of application to blacklist	(Annexure D)
	▪ Notice of the decision	(Annexure E)
14.3	Restriction by appeal authority	(Annexure F)

15. REVIEW

This policy will be revised annually to ensure it complies with changes in applicable legislation and regulation.

16. SHORT TITLE

This policy shall be called the Restriction Policy of the Swellendam Municipality.

ANNEXURE A
RESTRICTION APPLICATION FORM

APPLICATION

Name of the department and cluster making application

Name of and capacity of official making the statement on behalf of the department

How is the official in 2.2 above involved in this contract/tender on which this application is based?

DETAILS OF CONTRACT / TENDER

Is the tender/contract for supply of goods/service or a construction/works contract?

goods/services ☐ construction/works (please indicate with a 'x')



Name of department which is the owner of the tender/contract and the tender/contract number and description

When did the tender/contract commence?

Is the tender/contract complete? If not, at what stage is the contract currently?

If the contract was terminated, when was the contract terminated, for what reasons and by whom was contract terminated?

If the contract has been terminated, the applicant is to attach copies of all notices which have been served on the contractor, placing him in breach/advising of termination and calling on the contractor to perform

What process was followed to remedy the contract/tender? Attach proof of documentation (written letter of non-compliance, final document notices served)?

REASONS FOR APPLICATION

The applicant is to state the basis of this application, and to attach a statement in support of thereof. The statement is to set out in detail all particulars of the basis of the claim, as this will be used as evidence on which the restriction committee will make its decision.

In the case of non-performance, a certificate from a registered engineer (in works contracts), or suitably qualified person (in contracts other than works contracts) confirming the non- performance is to be

accompanied by the statement, referred to above.

All supporting documentation, such as the tender/contract/ performance or progress reports, notices served, other relevant correspondence should be attached to the application.

GENERAL (to be filled in by all applicants)

Is the conduct of the tenderer/contractor, an offence?

If so, in terms of what legislation. Has a report been made to the South African Police or has municipal prosecution been instituted If yes, state the CAS. Number/case number. If not, is it likely that a report will be made in the future?

Have any other remedies been invoked against the contractor? Example, penalties or damages claimed. Details to be provided.

Does the contractor have any other contracts running concurrently with the municipality? Ps state.

Does the applicant wish to make oral representations at the hearing, or can the restriction committee make its findings on the statement in 4.1 above?

DOMICILLIUM OF RESPONDENT (Person/s / bidder / contractor against whom this application is made)

If the Domicillium of the respondent is known state the address for the purposes of serving notification in terms of the restriction guidelines.

Signature of applicant

Name of Signatory in Print

Signed at: Date of Application:

ANNEXURE B
NOTICE 1

The name of contractor and details

By Registered Post / Hand Delivery Date of Notice (this is extremely important)
Sir

NOTICE OF NON-PERFORMANCE / BREACH OF CONTRACT NO:

You are hereby notified that you have failed to perform this contract satisfactorily in that you have not
at all/timeously/according to an acceptable standard (*delete whichever is not applicable).

You are hereby requested to regularize your non-performance/breach within fourteen (14) days from the date of this letter, by doing

failing which the municipality shall have the right to cancel this contract, institute a claim for damages, and invoke any other remedy that the municipality may have in terms of the contract, and in law.

Be further advised that should you fail to remedy the breach above, an application may be made by this department to bar you from tendering for future contracts with the municipality.

Yours faithfully

MUNICIPAL MANAGER

If hand delivered, make provision for signatures of persons receiving

ANNEXURE C
NOTICE 2

Details of Contractor, as in Notice 1

By Registered Post / Hand Delivery

Date (impt*)

Sirs

FINAL NOTIFICATION OF NON-PERFORMANCE / BREACH OF CONTRACT
NO.

We refer to notice dated (date of Notice 1), attach copy for ease of reference).

We have been advised that despite the aforesaid notice, you have failed/refused* (*delete which is not applicable) to comply with the notice.

You are hereby advised that this notification demands, that you perform as set out in the attached notice within the time period stipulated in this notice (state the date, it must be calculated as fourteen (14) calendar days), failing which the department shall despite any remedies the municipality may have set out in the notification dated (first notice) make application to blacklist/restrict you from applying for any work within the government sector.

Yours faithfully

MUNICIPAL MANAGER

ANNEXURE D
NOTICE 3

Notification to Contractor

Contractor's details

Date By Registered Post / Hand Delivery

Sirs

NOTIFICATION OF APPLICATION FOR RESTRICTION

Kindly take note that an Application has be made against you on date at
..... (venue) for the consideration of restriction of:

..... (name of the company) The basis of the allegations
against you are:

The likely sanction which will be imposed is restricting/restriction of the person/entity for a period of not
more than ten (10) years.

You are advised that you may oppose this application

You are required to file your objections by no later than (date,
being not more than fourteen (14) days) from date hereof, failing which it shall be presumed that you
have no objections and the application shall be finalized *in absentia*.

Should you wish to give evidence orally, kindly indicate this in your response.

Yours faithfully

MUNICIPAL MANAGER

ANNEXURE E
NOTICE 4

Contractor's details

Date of Notice

Sirs

NOTIFICATION OF THE DECISION OF RESTRICTION COMMITTEE

You are advised that the Restriction Committee at its sitting on (date of consideration) made the following decision against (contractor).

Decision:

You are further advised that you are entitled to appeal the decision in a court of law.

Yours faithfully

MUNICIPAL MANAGER

ANNEXURE F

RESTRICTION ORDER

At its sitting on the RESTRICTION COMMITTEE ordered

that (COMPANY) be blacklisted.

Period of restriction:

Effective date :

Date of expiry :

Dated at Swellendam this 2012.

SIGNED
CHAIRPERSON OF RESTRICTION COMMITTEE

Dated at Swellendam this

Swellendam Municipality application form for restriction/restriction of tenderers/contractors



Revenue Bylaw

Adopted by Council on xx May 2024

Draft Policy for Public Participation

Implemented from 1 July 2024

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1. TITLE

1.1. Swellendam Municipality Revenue Bylaw.

2. DEFINITIONS

In this Bylaw any word or expression to which a meaning has been assigned in the Systems Act or MFMA has that meaning, unless the context indicates otherwise-

- 2.1. "Account" means an account rendered specifying charges for municipal services provided by the municipality, or any authorized and contracted service provider, and which account may include assessment rates levies.
- 2.2. "Accounting Officer" means the Accounting officer appointed in terms of Section 60 of the MFMA.
- 2.3. "Annual Budget" shall mean the budget approved by the municipal council for any particular financial year and shall include any adjustments to such budget.
- 2.4. "Annually" means once every financial year.
- 2.5. "Arrangement" means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to.
- 2.6. "Arrears" means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.
- 2.7. "Authorised Representative" means a person or instance legally appointed by the Municipality to act or to fulfill a duty on its behalf.
- 2.8. "Availability charge" means where properties are not connected to the municipal infrastructure but can reasonably be connected to the service.

- 2.9. "Billing Date" means the date upon which the monthly statement is generated and debited to the customer's account.
- 2.10. "Business and Commercial Property" means –
- 2.10.1. Property used for the activity of buying, selling, or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity.
- 2.10.2. Property on which the administration of the business of private or public entities takes place.
- 2.11. "Bylaw" shall mean legislation passed by the council of the Municipality, and which shall be binding on the municipality and on the persons and institutions to which it applies.
- 2.12. "Calendar year" shall mean 12 consecutive months of a financial year(s).
- 2.13. "Chief Financial Officer" means the person appointed as the Chief Financial Officer of the municipality, or his or her nominee.
- 2.14. "Consolidated Account" means an account that is a consolidation of any separate accounts of a person who is liable for payment to the municipality.
- 2.15. "Council" means the Council of the municipality.
- 2.16. "Councillor" shall mean a member of the Council of the municipality.
- 2.17. "Credit Control" means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.
- 2.18. "Customer" means the owner of any premises to which the municipality has agreed to supply or is supplying municipal services.

- 2.19. "Day/Days" means calendar days, inclusive of Saturdays, Sundays and public holidays.
- 2.20. "Debt Collectors" means an external person, agent or entity appointed by the Municipality to collect monies due and payable to the municipality, subject to the conditions contained herein.
- 2.21. "Defaulter" means any person who owes arrears to the municipality.
- 2.22. "Delivery Date" shall mean the date on which the periodic account is delivered to the customer or 3 days after the date the account was posted, whichever is the first.
- 2.23. "Development contributions", means a once-off charge on application imposed by the municipality on all application for infrastructure capacity allocation:
- 2.23.1. For a developer on a property.
 - 2.23.2. For the access to a higher capacity allocation due to a rezoning application.
 - 2.23.3. For the access to a higher capacity allocation due to a demand for a higher capacity allocation due to the increase in business, industrial and/or any other activity.
 - 2.23.4. For the accommodation of a second dwelling.
 - 2.23.5. As a condition of approval of a land use and development application to cover the cost of municipal engineering services required as a result of an intensification of land use.
- 2.24. "Indigent Customer" means the qualifying beneficiaries as identified by the Free Basic Services and Indigent Support Policy of the municipality.
- 2.25. "Indigent Policy" means the Free Basic Services and Indigent Support Policy adopted by the Council of the municipality.

- 2.26. "Integrated Development Plan" shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act, 2000 (Act 32 of 2000).
- 2.27. "Interest" means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the Municipality's primary bank account, plus one percent or such other percentage as may be determined by Council from time to time.
- 2.28. "Month" means one of twelve months of a calendar year.
- 2.29. "Monthly Average Consumption" means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.
- 2.30. "MFMA" means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003).
- 2.31. "Municipality" or "Municipal Area" shall, where appropriate, means the geographic area, determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998) as the municipal area pertaining to the municipality.
- 2.32. "The Municipality" means the Swellendam Municipality.
- 2.33. "Municipal Council" or "Council" shall mean the municipal council of Swellendam Municipality as referred to in Section 157(1) of the Constitution.
- 2.34. "Municipal Pay Point" means any municipal office in the jurisdiction of the municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.
- 2.35. "Municipal Manager" means the accounting officer of the municipality or his or her nominee acting in terms of power delegated to him or her by the said accounting officer with the concurrence of the Council.

- 2.36. "Municipal Services" means services provided either by the municipality or by an external agent on behalf of the municipality in terms of a service delivery agreement.
- 2.37. "Municipal Tariff" shall mean a tariff for all amounts due in connection with a property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties.
- 2.38. "National Credit Act" means the National Credit Act, 2005 (Act 34 of 2005).
- 2.39. "Owner" in relation to immovable property means the person as defined by section 1 of the Local Government Municipal Property Rates Act, 2004 (Act 6 of 2004) in whose name the property is registered in terms of the Deeds Registry Act, 1937 (Act No. 47 of 1937).
- 2.40. "Person" means a natural and juristic person, including any department of state, statutory bodies, or foreign embassies.
- 2.41. "Prescribed" means prescribed by this Bylaw and relevant legislation and where applicable by Council or the accounting officer.
- 2.42. "Prescribed debt" means debt that becomes extinguished by prescription in terms of the Prescription Act.
- 2.43. "Prescription Act" means the Prescription Act, 1969 (Act 68 of 1969).
- 2.44. "Property" means immovable property registered under a separate title in terms of the provisions of the Deeds Registries Act, 1937 (Act 47 of 1937) in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person and includes unregistered land if the right of ownership can be determined.

- 2.45. "Rebate" in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 (Act 6 of 2004) on the amount of the rate payable on the property.
- 2.46. "Reduction" in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount.
- 2.47. "Responsible Person" means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.
- 2.48. "Residential property" means improved property that:
- 2.48.1. Is included in the valuation roll in terms of section 48(2)(b) of the Property Act as residential in respect of which the primary use or permitted use is for residential purposes (60% or more), including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes.
- 2.48.2. Is a unit registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986), used predominantly for residential purposes, and includes any adjoining or adjacent development property registered in the name of the same owner and used together with such residential property as if it were one property. This use must indicate that the two properties cannot be dealt with as separate viable economic units and can only function as if they are one entity. Any such grouping shall be regarded as one residential property for rate rebate and valuation rebate purposes.

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- 2.48.3. Is owned by a share-block company and is used predominantly for residential purposes.
- 2.48.4. Is an old age home used predominantly for residential purposes.
- 2.48.5. Is a block of flats used predominantly for residential purposes.
- 2.48.6. Is a hostel used predominantly for residential purposes.
- 2.48.7. Is a residence used for residential purposes situated on a property used for or related educational purposes.
- 2.48.8. Is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act.
- 2.48.9. Retirement schemes and life right schemes used predominantly for residential purposes.
- 2.49. "Residential Unit" means an interconnected suite of rooms which does not include more than one kitchen, designed for the occupation, and use by a single family and which may be part of a residential property containing two or more residential units, attached, or detached, registered in the name of the same owner, and used together with such residential property as if it were one property.
- 2.50. "Service Charges" means the fees levied by the municipality in terms of its Tariff Policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest, or surcharges levied or imposed in terms of this Policy.
- 2.51. "Service Delivery Agreement" means an agreement between the municipality and an institution or persons mentioned in section 76(b) of the Systems Act.

- 2.52. "Sundry Customer Accounts" means accounts raised for miscellaneous charges for services provided by the municipality or charges that were raised against a person because of an action by a person, and were raised in terms of the Council's policies, bylaws, and decisions.
- 2.53. "Systems Act" means the Local Government: Municipal System Act, 2000 (Act no 32 of 2000).
- 2.54. "Tariff" means the scale of rates, taxes, duties, levies, or other fees which may be imposed by the municipality in respect of immovable property and/ or for municipal services provided.
- 2.55. "Tariff Policy" means a Tariff Policy adopted by the Council in terms of Section 74 of the Systems Act.
- 2.56. "User" means the owner or occupier of a property in respect of which municipal services are being rendered.
- 2.57. "Vacant Property" – means any land without any improvements thereon.

3. OBJECTIVE

- 3.1. The objectives of this Bylaw are to regulate the principles governing the following municipal revenue matters, including the adoption and implementation of related policies and procedures:
- 3.1.1. Customer care, credit control and debt collection management.
- 3.1.2. Tariff management.
- 3.1.3. Free basic services and indigent support management.
- 3.1.4. Funding and reserve management.
- 3.1.5. Debt write-off and impairment management.

3.1.6. Development contributions.

3.1.7. Sale of immovable assets.

3.1.8. Special rating areas.

4. APPLICATION

4.1. This Bylaw applies to all past, present, and future customers of the Swellendam Municipality and all contract arrangements, customers, and debtors of the municipality.

5. LEGAL FRAMEWORK

5.1. The Council of the municipality in adopting this Revenue Bylaw recognises its responsibilities as set out the Systems Act and the MFMA, whereas:

5.1.1. Section 4 of the Systems Act prescribes that the municipality has the right to charge fees for services and impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies, and duties.

5.1.2. Section 96(b) of the Systems Act obliges the municipality to collect all money that is due and payable to it, subject to the provisions of all applicable legislation.

5.1.3. Section 62(1)(f) of MFMA determines that the municipality must have and implement appropriate tariffs, rates, credit control, and debt collection mechanisms and policies.

5.1.4. Section 64 of the MFMA determines that the municipality will manage its revenue and ensure that reasonable steps are taken to appropriately collect, calculate and account for revenue inclusive of the charging of interest on arrears.

- 5.2. Any accounting matters related to municipal revenue must comply with the relevant Generally Recognised Accounting Practice (GRAP) Standards, promulgated from time to time in terms of the MFMA.

6. CUSTOMER CARE, CREDIT CONTROL, AND DEBT COLLECTION MANAGEMENT

- 6.1. Section 96(b) of the Systems Act, obliges the municipality to collect all money that is due and payable to it, subject to the provisions of relevant legislation.
- 6.2. Section 62(1)(f)(iii) of the MFMA determines that a municipality must have and implement appropriate Credit Control and Debt Collection mechanisms.
- 6.3. Section 64(2)(g) of the MFMA determines that the municipality must ensure that interest is charged on arrears on a monthly basis, except where Council has granted exemptions in accordance with its budget-related policies and within the prescribed framework.
- 6.4. In the adoption and implementation of its Customer Care, Credit Control, and Debt Collection Policy the municipality will apply the following principles:
- 6.4.1. The administrative integrity of the municipality will be maintained at all costs meaning that democratically elected Councillors are responsible for the adoption of the policy, while the accounting officer must execute the policy.
- 6.4.2. All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines.
- 6.4.3. A copy of the application forms and conditions of services must be handed to every customer. On request, extracts of the Customer care, credit control, and debt collection Policy and Bylaw are available to every customer at such fees as may be prescribed.
- 6.4.4. Billing is to be accurate, timeous, and understandable.

- 6.4.5. The customer is entitled to:
- 6.4.6. Reasonable access to pay points.
- 6.4.7. A variety of reliable payment methods.
- 6.4.8. An efficient, effective, and reasonable response to appeals.
- 6.4.9. Should suffer no disadvantage during the processing of such an appeal.
- 6.4.10. It shall be the duty of all customers to ensure that they have the correct information regarding all due amounts.
- 6.4.11. Debt collection actions will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt, including the cost of collection, is recovered.
- 6.4.12. Enforcement of payment must be prompt, consistent and effective within the relevant prescripts and the municipality may use the services of debt collectors where found feasible.
- 6.4.13. The municipality will suspend services should it not be able to enter a property for more than 3 months due to restriction of access by the occupier and refusal to provide relevant usage information.
- 6.4.14. The collection process must be cost-effective.
- 6.5. A customer may enter into a written agreement with the municipality to repay any outstanding and due amount to the municipality under the following conditions:
 - 6.5.1. The outstanding balance, costs, and any interest thereon shall be paid in regular and consecutive monthly instalments.
 - 6.5.2. The current monthly amount must be paid in full.

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- 6.5.3. The written agreement must be signed on behalf of the municipality by a duly delegated official.
- 6.5.4. The agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.
- 6.6. Unauthorised consumption, illegal connection, the tampering with or theft of meters, service supply equipment, and the reticulation network, and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 6.7. No person may 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. The relevant municipal policies will define what will constitute offences, required remedies, and penalties.
- 6.8. Where financially feasible, to encourage prompt payment and/or to reward regular payers the municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders, subject to prescribed budgetary considerations.
- 6.9. Rebates and/or interest on outstanding debt can be reversed when:
- 6.9.1. An account holder would like some relief from interest to facilitate the final settlement of all outstanding debt on his account.
- 6.9.2. Before embarking on litigation to recover outstanding debt.
- 6.9.3. The mechanism is used as a tool to persuade the account holder to settle his outstanding debt in full.

- 6.9.4. During litigation, the reversal of interest is used as a negotiating point for the settlement of the matter in court.
- 6.9.5. In instances where errors with billing have occurred and outstanding arrears should not have accrued interest in the first place.
- 6.10. The municipality has the discretion to write off debt if the debt is regarded as irrecoverable. Debts written off will be managed in accordance with the municipal Debt Write-off and Impairment Policy.
- 6.11. If the level of indebtedness in a particular ward or part of the municipality exceeds the level of the acceptable norm as determined in the municipality's budget guidelines, the supervisory authority (Executive Mayor) must, without delay, advise the Councillor of that ward or part.
- 6.12. For any purpose related to the implementation or enforcement of this Bylaw, and at all reasonable times, or in an emergency, a duly authorised representative of the municipality may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary:
- 6.12.1. Regarding the installation or repair of any meter or service connection or reticulation.
- 6.12.2. To limit, discontinue, disconnect, or reconnect the provision of any service.
- 6.13. The municipal Customer care, credit control, and debt collection Policy must at least provide for the following and matters related thereto:
- 6.13.1. Customer care.
- 6.13.2. Credit control.
- 6.13.3. Debt collection.

6.13.4. Issuing of certificates and clearances.

6.13.5. Incentives and rebates.

6.13.6. Management and internal control.

6.13.7. Monitoring and reporting.

7. TARIFF MANAGEMENT

7.1. Sections 4, 4(2)(d) and 74 of the Systems Act prescribe that the municipality has the right to charge fees for services and impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties, has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner and require the Municipal Council to adopt a tariff policy.

7.2. The following are the guiding principles in adopting and implementing the municipal Tariff Policy:

7.2.1. Ensure that tariffs are applied uniformly and fairly throughout the region.

7.2.2. An annual budget must be approved together with the adoption of resolutions as may be necessary for setting any municipal tariffs or rates for the budget year.

7.2.3. The Council of the municipality, within its financial and administrative capacity and having regard to practical considerations, must:

(a) Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner.

(b) Consult the local community about:

(i) The level, quality, range, and impact of municipal services provided by the municipality, either directly or through another service provider; and

(ii) The available options for service delivery.

7.2.4. Poor households must have access to at least basic services through:

(a) Tariffs that cover only operating and maintenance costs.

(b) Special tariffs or life-line tariffs for low levels of use or consumption of services or for basic levels of service.

(c) Any other direct or indirect method of subsidisation of tariffs for poor households.

7.2.5. Tariffs must be charged according to the following services categories:

7.2.5.1. Major services, such as:

(a) Electricity.

(b) Water.

(c) Wastewater (sewerage).

(d) Waste management.

7.2.5.2. Minor services as defined in the municipal Tariff Schedules issued annually in terms of the municipal Tariff Policy.

7.2.6. Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, and replacement costs, and interest charges.

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- 7.2.7. Tariffs must be set at levels that facilitate the financial sustainability of the service, considering subsidisation from sources other than the service concerned.
 - 7.2.8. Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.
 - 7.2.9. Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users.
 - 7.2.10. The economical, efficient, and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged.
 - 7.2.11. The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.
 - 7.2.12. Tariffs must recover the expenses associated with the rendering of services.
 - 7.2.13. Tariffs will be set to recover operating expenses as well as to provide for capital requirements including renewal, maintenance, and replacement and revenue in financing excess of current operating expenses will be appropriated to a cash-backed capital reserve fund.
 - 7.2.14. The municipality may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas, and other matters when it sets tariffs if the differentiation does not amount to unfair discrimination. It should be reasonable and shall be fully disclosed in each annual budget.
 - 7.2.15. Tariff management must be transparent, and cross-subsidisation between categories of customers or users shall be evident to all customers or users of the service in question.

- 7.2.16. Tariffs shall be easily explainable and understood by all customers.
- 7.2.17. The municipality must render its services cost-effectively to ensure the best possible cost of service delivery.
- 7.2.18. Tariffs will be measured and calculated as per the municipal Tariff Policy.
- 7.2.19. In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. If a service is metered but cannot be read the customer is charged for an estimated consumption.
- 7.2.20. The municipality may impose a penalty on the existing tariff structure or measures of discouraging service demand to prohibit exorbitant use in appropriate circumstances to encourage efficient and effective use of resources.
- 7.2.21. A property used for multiple purposes must, for purpose of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the municipality cannot readily make an apportionment in relation to the services concerned and the categories of users, whether such use is lawful or not.
- 7.2.22. Development contributions to finance new developments and subdivisions will be required from all developers as per the municipal Development Contributions Policy.
- 7.2.23. Tariffs are levied monthly unless otherwise prescribed.
- 7.2.24. Municipal tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

- 7.2.25. In instances of changed or unforeseen circumstances, the municipality may implement a new tariff during a financial year, subject to the prescribed consultation and approval processes
- 7.2.26. Tariffs must be set at a level that facilitates the sustainability of services by ensuring that:
- (a) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
 - (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels, and making surpluses on major services.
 - (c) Provision will be made in appropriate circumstances for a surcharge on a tariff, which may be relevant, but not limited to, instances of a national disaster, periods of droughts when a restriction of usage is required, or infrastructure backlogs and major breakdowns.
- 7.2.27. VAT is included in all tariffs, where applicable and prescribed, and will be added to these tariffs when applicable.
- 7.2.28. To provide the municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. Deposits may be reviewed annually with due regard to the potential financial risk associated with the amounts owing from time to time, and the municipality may introduce transitional arrangements in respect of existing users.
- 7.3. The Municipal Tariff Policy must at least provide for the following and matters related thereto:
- 7.3.1. Categories of customers.

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- 7.3.2. Sources of revenue.
 - 7.3.3. Tariff setting strategy.
 - 7.3.4. Minimum service levels.
 - 7.3.5. Credit control.
 - 7.3.6. Package of services.
 - 7.3.7. User groups.
 - 7.3.8. User patterns and trends.
 - 7.3.9. Phasing in tariffs.
 - 7.3.10. Tariff types.
 - 7.3.11. Tariff structures and methods of calculation for:
 - a) Water tariffs.
 - b) Electricity tariffs.
 - c) Wastewater (stormwater).
 - d) Solid waste and related management.
 - e) Other minor services tariffs.
 - f) Rebates.
 - g) Penalties.
 - 7.3.12. Management and internal control.
 - 7.3.13. Monitoring and reporting.

8. FREE BASIC SERVICES AND INDIGENT SUPPORT MANAGEMENT

- 8.1. The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community, and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of section 152(1)(b) and 153(b) of the Constitution.
- 8.2. The key purpose of this Free Basic Services and Indigent Support Policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary, the municipality is not financially burdened with non-payment of services.
- 8.3. The following are the guiding principles when rendering free basic services and indigent support:
- 8.3.1. Relief will be provided by the municipality to registered domestic consumers of services as defined in the municipality's Customer Care, Credit Control, and Debt Collection Policy and other related policies.
- 8.3.2. The municipality shall ensure that any relief provided is constitutional, practical, fair, equitable, and justifiable to avoid alienating any group of households.
- 8.3.3. Differentiation shall be made between those households who cannot afford to pay for basic services and those who simply do not want to pay for these services.
- 8.3.4. The municipality may review and amend the qualification for indigent support annually which may have a bearing on the continued provision of basic services.
- 8.3.5. The municipality will maintain an indigent register.

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- 8.3.6. Water-, electricity- and other municipal services management devices may be installed in the properties of qualifying indigent consumers to reduce consumption to affordable levels. This will ensure that consumers do not accumulate services debt that they will not afford to pay.
- 8.3.7. In the absence of a letter of authority, the municipality will accept a signed stamped letter by Councillors for consumers in urban areas.
- 8.3.8. Indigent support shall be based on pre-approved qualification criteria and as per the assistance procedures as laid out in the Free Basic Services and Indigent Support Policy.
- 8.4. Based on budgetary allocations and the tariffs determined by the municipality for each financial year, the municipality may grant assistance in the form of subsidies or contributions to indigent households in respect of services including, but not limited to:
- 8.4.1. Free basic services as prescribed, namely water and electricity.
- 8.4.2. Waste management.
- 8.4.3. Sanitation.
- 8.4.4. Property rates, as prescribed.
- 8.4.5. Child-headed household support.
- 8.4.6. Such additional support as specified in the Free Basic Services and Indigent Support Policy.
- 8.5. The objectives of the municipal Free Basic Services and Indigent Support Policy must aim to:

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- 8.5.1. Provide a framework within which the municipality can exercise its executive and legislative authority about the implementation of financial aid to indigent and poor households in respect of their municipal account.
- 8.5.2. Determine the criteria for the qualification of beneficiaries.
- 8.5.3. Ensure that the criteria are applied correctly and fairly to all applicants.
- 8.5.4. The municipality may conduct in-house visits to the premises of applicants to verify the actual status of the household.
- 8.6. The Free Basic Services and Indigent Support Policy must at least provide for the following and matters related thereto:
- 8.6.1. Capacity development and communication.
- 8.6.2. Targets.
- 8.6.3. Categories, such as but not limited to:
- a) Indigents.
 - b) Poor households.
 - c) Pensioners.
- 8.6.4. Qualification criteria.
- 8.6.5. Exclusions and special conditions.
- 8.6.6. Application process.
- 8.6.7. Leakages and maintenance.
- 8.6.8. Arrears.
- 8.6.9. Termination.

8.6.10. Exit strategy.

8.6.11. Indigent register.

8.6.12. Funding sources.

8.6.13. Auditing.

8.6.14. Management and internal control.

8.6.15. Monitoring and reporting.

9. FUNDING AND RESERVE MANAGEMENT

9.1. Section 8(1) of the Municipal Budget and Reporting Regulations prescribes that the municipality must have a Funding and Reserve Policy.

9.2. The municipal Funding and Reserve Policy must ensure that the municipality has sufficient and cost-effective cash funding to achieve its objectives through the implementation of its operating and capital budgets and to provide a measure for protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities by creating certain reserves.

9.3. The principles guiding the municipal Funding and Reserve Policy must endeavour to promote:

9.3.1. Affordability.

9.3.2. Financial stability.

9.3.3. Equity.

9.3.4. Efficacy.

9.3.5. A cash-funded budget with no indicators listed as being negative.

9.4. The municipal Funding and Reserve Policy must set out the assumptions and methodology for estimating the following:

9.4.1. Projected billings, collections, and all direct revenues.

9.4.2. The provision for revenue that will not be collected.

9.4.3. The funds the municipality can expect to receive from investments.

9.4.4. The proceeds the municipality can expect to receive from the transfer or disposal of assets.

9.4.5. The municipality's borrowing requirements.

9.4.6. The funds to be set aside in reserves.

9.5. The municipal Funding and Reserve Policy must at least provide for the following and matters related thereto:

9.5.1. Funding the operational budget.

9.5.2. Funding the capital budget.

9.5.3. Funding measurements.

9.5.4. Reserves.

9.5.5. Provisions.

9.5.6. Management and internal control.

9.5.7. Monitoring and reporting.

10. DEBT WRITE-OFF AND IMPAIRMENT MANAGEMENT

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- 10.1. Section 96 of the Systems Act provides that a municipality must collect all money that is due and payable to it, subject to the provisions of that Act and other applicable legislation.
- 10.2. It is recognised, however, that circumstances may arise which may make the recovery of certain debts impossible, impractical, or financially unfeasible and that such debts may have to be written off.
- 10.3. The following are the guiding principles in adopting and implementing the Municipal debt write-off and impairment Policy:
- 10.3.1. Before any debt is written off it must be proved that the debt has become irrecoverable.
- 10.3.2. To ensure that recommendations for write off are consistent and accurate, irrecoverable debt will be defined as a debt where: -
- a) The debt falls within the categories as stipulated in the Municipal debt write-off and impairment Policy.
 - b) The tracing of the debtors is unsuccessful.
 - c) All reasonable steps were taken by the officials to recover the debt.
- 10.3.3. Bad debt write-off must be considered in terms of cost-benefit when it becomes too costly to recover and the chances of collecting the debt are remote.
- 10.3.4. Time value of money is important because the older the debt becomes, the more difficult and costly it becomes to collect. It is therefore imperative that a proper system of credit control is implemented and maintained to avoid debt reaching the stage of becoming too expensive to recover.

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- 10.3.5. Differentiation must be made between those household consumers who cannot afford to pay for basic services and those who just do not want to pay for these services.
- 10.3.6. The accounting officer must provide for an annual contribution to the bad debts provision in the operating budget of the municipality.
- 10.3.7. The total provision for the impairment of debtors must be made at least at the end of the financial year.
- 10.4. Proceedings out of the appropriate court for the recovery of a debt must be commenced as soon as it is appropriate to prevent the prescription of the debt. A summons process for payment of the debt must be successfully concluded as soon as possible to prevent prescription of the debt in terms of the Prescription Act.
- 10.5. The Municipal Debt Write-off and Impairment Policy must at least provide for the following and matters related thereto:
- 10.5.1. The calculation and provision for bad debt, by addressing the following matters:
- (a) Categories of bad debt.
 - (b) Steps to be taken.
 - (c) Prescription.
 - (d) Debt impairment.
 - (e) Debt write-off.
- 10.5.2. Steps to take before debt write-off.
- 10.5.3. Prevention of prescription.

- 10.5.4. Conditions for debt write-off.
- 10.5.5. Credit bureau listing.
- 10.5.6. Bad debts recovered.
- 10.5.7. Management and internal control.
- 10.5.8. Monitoring and reporting.

11. DEVELOPMENT CONTRIBUTIONS

- 11.1. Section 49(iv) of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) allows a municipality to charge for development contributions or allowing an applicant to install any external engineering services instead of payment of the applicable development contributions, and the fair and reasonable cost of such external services may be set off against development contributions payable.
- 11.2. The objectives of a municipal Development Contributions Policies are to:
 - 11.2.1. Enable the municipality to provide capital infrastructure assets in a timely and sufficient manner to facilitate land development.
 - 11.2.2. Cover the costs of existing and new infrastructure capacity to meet the demand resulting from growth, provided this is not funded through other means.
 - 11.2.3. Complement other sources of capital finance available to municipalities to ensure financial sustainability.
- 11.3. The main principles guiding the municipal Development Contributions Policies are to ensure:

- 11.3.1. Equity and Fairness: Development charges should be reasonable, balanced and practical so as to be equitable to all stakeholders. The key function of a system of development charges is to ensure that those who benefit from new infrastructure investment, or who cause off-site impacts, pay their fair share of the associated costs.
- 11.3.2. Predictability: Development charges should be a predictable, legally certain, and reliable source of revenue to the municipality for providing the necessary infrastructure. These revenues should thus be treated as a formal commitment by the municipality to provide or upgrade the associated services and should be clearly and transparently accounted for. It would, however, be unreasonable for poor households to bear these costs, which in any event are already subsidised by national transfers. To promote predictability and coordination, particularly in low-cost housing developments, the costs associated with municipal infrastructure should still be established before subsidies are applied in a transparent manner to fund the liability.
- 11.3.3. Spatial and Economic Neutrality: A primary role of a system of development charges is to ensure the timely, sustainable financing of required urban infrastructure.
- 11.3.4. Administrative Ease and Uniformity: The determination, calculation, and operation of development charges should be administratively simple and transparent. This will necessarily detract from the accuracy of individual charges but this is a trade-off worth making. Development charges should thus only approximate actual costs. Greater national uniformity in the system of development charges will provide greater certainty to land owners, developers and investors, while improving administrative efficiencies, without compromising the ability of municipalities to respond to specific local conditions and needs.

11.4. The municipal Development Contributions Policy must at least provide for the following and matters related thereto:

11.4.1. Application.

11.4.2. Scope and extend.

11.4.3. Calculation.

11.4.4. Subsidies, exemptions, and surcharges.

11.4.5. Obligations of applicants.

11.4.6. Obligations of the municipality.

11.4.7. Management and internal control.

11.4.8. Monitoring and reporting.

12. SALE OF IMMOVABLE ASSETS

12.1. The sale of immovable assets are regulated by the MFMA, the MFMA Asset Transfer Regulations as issued by National Treasury in the Government Gazette No 31346 of 23 August 2008 and Regulation 40 of the Supply Chain Management Regulations as issued by National Treasury in the Government Gazette No 27636 of 30 May 20015.

12.2. Section 14 of the MFMA prescribes that the municipality may not alienate any capital asset required to provide a minimum level of basic municipal services and if the municipality alienate a capital asset, it requires a resolution from the council, in a meeting open to the public, confirming that the asset is not required to provide a minimum level of basic municipal services, and it has

considered the fair market value and the community value to be received in exchange for the asset.

12.3. The principles governing the sale of immovable assets are:

12.3.1. Valuation principle: Attach a value to the transfer or disposal of a municipal capital asset, to ensure that the interests of the municipality or municipal entity and of its stakeholders are not prejudiced by the transfer or disposal.

12.3.2. Continuity of service principle: Ensure the uninterrupted continuance of a municipal service when a municipal capital asset that is being used in the delivery of that service, is transferred, or disposed of, particularly when the asset is used in the provision of the minimum level of basic municipal services.

12.3.3. Risk transfer principle: Transfer the risk relating to a municipal capital asset in conjunction with the transfer of the asset.

12.3.4. Asset preservation principle: Prevent the indiscriminate or unsustainable transfer or disposal of a municipal capital asset in order not to undermine the ability of the municipality or municipal entity to render or expand municipal services in the longer term.

12.4. The municipal Sale of Immovable Asset Policy must at least provide for the following and matters related thereto:

12.4.1. Application.

12.4.2. Scope and extend.

12.4.3. Authority to dispose of immovable property.

12.4.4. Fair market value.

12.4.5. Disposal Management principles.

12.4.6. Most appropriate use.

12.4.7. Methods of disposal and awarding of rights.

12.4.8. Disposal and Letting of Immovable property for social care uses.

12.4.9. Contractual obligations.

12.4.10. Management and internal control.

12.4.11. Monitoring and reporting.

13. SPECIAL RATING AREAS

13.1. Section 22 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) provides that the municipality may determine special rating areas.

13.2. The principles governing the municipal Special Rating Area Policy are:

13.2.1. Any owner located within the area of jurisdiction of the municipality and who owns property within the proposed special rating area, may lodge an application to the Council for the determination of a special rating area.

13.2.2. All costs incurred by the applicant in respect of the establishment of a special rating area shall be for his or her own account, provided that after implementation of the implementation plan the management body.

13.3. The municipal Special Rating Area Policy must at least provide for the following and matters related thereto:

13.3.1. Application.

13.3.2. Publications

13.3.3. Decision making.

13.3.4. Financing.

- 13.3.5. Establishment, composition, powers, and duties of the management body.
- 13.3.6. Obligations of the municipality.
- 13.3.7. Amendments of approvals for a special rating area.
- 13.3.8. Extensions to a special rating area.
- 13.3.9. Dissolution of a special rating area.
- 13.3.10. Management and internal control.
- 13.3.11. Monitoring and reporting.

14. APPEAL

- 14.1. A person whose rights are affected by a decision of an official may appeal against that decision by giving written notice of the appeal and reasons to the municipality within 21 days of the date of the notification of the decision as per section 62 of the Systems Act.
- 14.2. 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.
- 14.3. When the appeal is against a decision taken by:
 - 14.3.1. A staff member other than the accounting officer, the accounting officer is the appeal authority.
 - 14.3.2. The accounting officer, the Executive Mayor is the appeal authority.
 - 14.3.3. A political structure or political officer bearer, or a Councillor, Council is the appeal authority.

- 14.4. The appeal authority must commence with an appeal within six weeks and decide the appeal within a reasonable time.

15. OFFENCES

- 16.1 Any official of the municipality commits an act of misconduct if he/she deliberately or negligently:

16.1.1 Contravenes a provision of this Bylaw or any Policy issued in terms of it.

16.1.2 Fails to comply with a duty imposed by a provision of this Bylaw or any Policy issued in terms of it.

16.1.3 Makes or permits or instructs another official of the municipality to make an unauthorised, irregular, or fruitless and wasteful expenditure.

16.1.4 Provides incorrect or misleading information in any document or report relating to any activity in terms of this Bylaw or any Policy issued in terms of it.

16.2 The municipality must:

16.2.1 Investigate allegations of misconduct or suspected misconduct against an official of the municipality unless such allegations or suspicion are speculative or unfounded; and

16.2.2 If the investigation warrants such a step, institute disciplinary proceedings against the official in accordance with systems and procedures referred to in Section 67 of the Municipal Systems Act, read with Schedule 2 of that Act.

15.1. Where prima facie evidence exists of a customer contravening this Bylaw the municipality has the right to disconnect the supply immediately and without prior notice to the account holder, and the account holder is liable for all fees and charges levied by the municipality for such disconnection and any other legal remedies available to the municipality in law.

15.2. Any person will be regarded as committing an offence if the person:

15.2.1. Knowingly provides false or misleading information in any application.

15.2.2. Interferes with or obstructs an official of the municipality in the execution of his/her duties performed in terms of this Bylaw or any Policy issued in terms of it.

15.2.3. Interferes with any measuring- or restrictive device provided by the municipality in terms of this Bylaw or any Policy issued in terms of it.

15.3. A person, when found to have committed an offence, upon conviction shall be liable to –

15.3.1. A fine or imprisonment, or either such fine or imprisonment or both such fine and such imprisonment.

15.3.2. In the case of a continuing offence:

(a) An additional fine or an additional period of imprisonment; or

(b) Such additional imprisonment without the option of a fine; or

(c) Both such additional fine and imprisonment.

15.3.3. For each day on which such offence is continued a further amount equal to any costs and expenses found by the court to have been incurred by the municipality as result of such contravention or failure.

16. INDEMNIFICATION FROM LIABILITY

16.1. Neither employees of the municipality nor any person, body, organisation, or corporation acting on behalf of the municipality is liable for any damage arising from any omission or act done in good faith in the course of his or her duties.

17. PRIMA FACIE EVIDENCE

17.1. In legal proceedings by or on behalf of the municipality, a certificate reflecting the amount due and payable to the municipality, under the hand of a delegated official of the municipality, shall upon mere production thereof be accepted by any court of law as prima facie evidence of the indebtedness.

18. MONITORING, EVALUATION, AND GENERAL REPORTING

18.1. The accounting officer must report relevant information to the Executive Mayor or Council as prescribed.

19. CONFLICT OF LAW

19.1. If there is any conflict between this Bylaw and any other bylaws or policies of the Municipality, this Bylaw will prevail.

19.2. If there is any conflict between this Bylaw and other laws of the land including the Constitution of the Republic of South Africa, the laws of the land will prevail.

20. TRANSITIONAL ARRANGEMENTS

20.1. During the period that the municipality reviews and updates all relevant policies to be aligned to this Bylaw, it is recorded that the existing policies in place will be adhered to and anything done in terms of a provision of such a policy which can be done in terms of a provision of this Bylaw, must be regarded as having been done in terms of this Bylaw.

21. AVAILABILITY OF BYLAW

21.1. A copy of this Bylaw must be included in the Municipality's Municipal Code as required in terms of section 15 of the Systems Act.

21.2. A copy of this Bylaw must be available for inspection at the offices of the municipality at all reasonable times and published on the municipal website.

21.3. A copy of this Bylaw may be obtained against payment of a prescribed fee from the municipality.

22. REPEAL OF BYLAWS

22.1. The provisions of any Bylaws of the municipality relating to revenue management by the municipality are hereby repealed insofar as they relate to matters provided for in this Bylaw.

23. SHORT TITLE AND COMMENCEMENT

23.1. This Bylaw is called the Revenue Bylaw of the Swellendam Municipality and commences on the date of publication thereof in the Provincial Gazette.

23.2. The municipality may, by notice in the Provincial Gazette, determine that any provision of this Bylaw, listed in the notice, does not apply in certain areas within its area of jurisdiction listed in the notice from a date specified in the notice.



Framework Policy for Infrastructure Procurement

Adopted by Council on xx May 2024

Draft Policy for Public Participation

Implementation 1 July 2024

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TITLE**1.1. Swellendam Municipality (SM) Infrastructure Procurement Policy.****1. DEFINITIONS**

In this Policy, any word or expression to which a meaning has been assigned in the MFMA, PPPFA and the SCM Regulations has that meaning, unless the context indicates otherwise, and in the event of a conflict, the meaning attached thereto by National Legislation shall prevail:

- 1.1. “Agent”: person or organization that is not an employee of SM that acts on the SM’s behalf in the application of this document.
- 1.2. “Authorised person”: the Municipal Manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order.
- 1.3. “Conflict of interest”: any situation in which:
 - 1.3.1. Someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
 - 1.3.2. 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
 - 1.3.3. Incompatibility or contradictory interests exist between an employee and the organization which employs that employee.
- 1.4. “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.
- 1.5. 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
- 1.6. “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.
- 1.7. “Gate”: a control point at the end of a process where a decision is required before proceeding to the next process or activity.
- 1.8. “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.
- 1.9. “Gratification”: an inducement to perform an improper act.

- 1.10. "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.
- 1.11. "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.
- 1.12. "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.
- 1.13. "Operation": combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use.
- 1.14. "Order": an instruction to provide goods, services or any combination thereof under a framework agreement.
- 1.15. "Organ of state": an organ of state as defined in section 239 of the Constitution of the Republic of South Africa.
- 1.16. "Procurement document": documentation used to initiate or conclude (or both) a contract or the issuing of an order.
- 1.17. "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).
- 1.18. "Standard": the latest edition of the Standard for Infrastructure Delivery and Procurement Management as published by National Treasury.
- 1.19. "Working day": any day of a week on which is not a Sunday, Saturday, or public holiday.
- 1.20. Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations, and firms unless the context clearly indicates otherwise.

2. INTRODUCTION

- 2.1. Municipalities have the executive authority to administer various matters assigned to them in terms of section 156 of the Constitution and by being the nearest to communities these matters mostly relate to the provision of sustainable basic

services. In rendering these basic services, municipalities are reliant on adequate, safe, and reliable infrastructure.

- 2.2. It is important to understand that the 'delivery' of services does not end with the commissioning of the infrastructure or the building, but once the infrastructure has been commissioned, the activities necessary to ensure that it continues to perform must be carried out, such as the necessary staff being appointed, and the necessary budgets being approved. 'Delivery' needs to be universally understood as embracing not just the commissioning of infrastructure and buildings, but also the management and maintenance of that infrastructure or that building for the whole of its designed life.
- 2.3. To support the municipalities in addressing the above challenges whilst ensuring a common approach to infrastructure delivery, the National Treasury commenced a process in 2012 by adopting an Infrastructure Delivery Management System [IDMS] as the chosen government-wide system for infrastructure delivery in South Africa and issued the Standard for Infrastructure Procurement and Delivery Management [SIPDM] for adaptation and adoption by municipalities.
- 2.4. Due to various implementation challenges the National Treasury reviewed the IDMS and in October 2020 issued MFMA circular 106, supported by Annexure A: Local Government Framework for Infrastructure Delivery and Procurement Management [LGFIDPM]. The LGFIDPM is an infrastructure delivery management system for municipalities to integrate an asset management strategy, and policy to guide infrastructure planning, delivery management and decision-making. The LGFIDPM introduces the initial process focusing on the project processes of infrastructure delivery management and infrastructure procurement. It also recognises the different capacities in the various categories of municipalities and therefore requests municipalities to review their institutional and capacities before adapting and adopting the proposed model. The Framework provides minimum requirements for the implementation of Infrastructure Delivery and Procurement Management through (1) Project processes for infrastructure delivery management, and (2) Infrastructure procurement gates.
- 2.5. This Policy supports the concept of procurement gates for infrastructure procurement.

3. SCOPE

- 3.1. This policy establishes the Swellendam Municipality's policy framework for infrastructure delivery and procurement management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes the following for which different prescripts apply:
- a) The storage of goods and equipment following their delivery to SM which are stored and issued to contractors or to employees;
 - b) The disposal or letting of land;
 - c) The conclusion of any form of land availability agreement;
 - d) The leasing or rental of moveable assets; and
 - e) Public private partnerships.
- 3.2. Read and applied with the SM SCM Policy and PPPFA Policy, this Policy applies additionally to all infrastructure procurement projects with an estimated value exceeding R 50m and Framework agreements.
- 3.3. For infrastructure procurement projects below this value the SCM Policy and CIDB prescripts applies.

4. BID COMMITTEE SYSTEM

- 4.1. The existing SCM bid committee system comprising of the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee shall be applied, subject to each committee having at least one relevant technical expert of infrastructure and construction matters as member.
- 4.2. Although not exceeding R50m, 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.

5. PROCUREMENT GATES

- 5.1. The following procurement activities and gates apply relevant to this Policy:

Gate	Activity	Sub-Activity (see Table 3 of the standard)	Key action	Responsible person
PG 1	Establish what is to be procured	Obtain permission to start with the procurement process	Decide to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Relevant Director

Gate	Activity	Sub-Activity (see Table 3 of the standard)	Key action	Responsible person
PG 2	Decide on procurement strategy	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 the selection of strategies so that tender offers can be solicited	Relevant Director
PG 3	Solicit tender offers	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Director
PG 4		Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Director / Budget Office
PG 5	Evaluate tender offers	Obtain authorisation to proceed with the next phase of the 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	Bid Evaluation Committee
PG 6		Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer the matter back to the evaluation committee for reconsideration or make recommendations for award	Bid Adjudication Committee
PG 7	Award contract	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Relevant Director
		Upload data in financial management and payment system	Verify data and upload the contractor's particulars and data associated with the contract or order	Contract Administrator

6. MAINTENANCE

- 6.1. Given the changing nature of the regulatory, control, and operational environment of the Municipality, this Policy will be regularly reviewed and updated on an ongoing basis.
- 6.2. For clarification of any matter contained in this Policy, please address queries to the Infrastructure Director.

7. IMPLEMENTATION

- 7.1. This Policy is effective from Council Resolution.

8. COMMENCEMENT AND REVIEW

- 8.1. This Policy shall commence on 01 July 2024 and be reviewed annually in accordance with Section 21(1)(b)(ii) of MFMA.

DOCUMENT DEFINITION

Effective Date	
Related Primary Legislation	1. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). 2. Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and the Regulations of 2022. 3. Construction Industry Development Board Act, 2000 (Act 38 of 2000). 4. Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003).
Department responsible	Infrastructure management

Unit responsible	Infrastructure management and SCM Office
Applies to	Swellendam Municipality service providers
Key Words	SM Infrastructure Procurement Policy
Status	Draft
Approval Date	
Version	1

DRAFT



Supply Chain Management Policy

Adopted by Council on ~~..30 January~~May 2024

~~A2..~~/30..~~/01..~~/2024

Implementation 1 ~~February~~July 2024

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1. DEFINITIONS

In this Policy, any word or expression to which a meaning has been assigned in the MFMA, PPPFA and the SCM Regulations has that meaning, unless the context indicates otherwise:

- 1.1. **“Adjudication points”**: means the points referred to in the Preferential Procurement Regulations, 2022 and the Preferential Procurement Policy also referred to as “evaluation points”.
- 1.2. **“Bidder”**: means any person submitting a bid.
- 1.3. **“Broad-Based Black Economic Empowerment (BBBEE) Act”**: means the Broad-Based Black Economic Empowerment Act, 53 of 2003 and Code of Good Practice thereto.
- 1.4. **“Accounting Officer”**: means the Municipal Manager as defined in Section 60 of the Municipal Finance Management Act, 56 of 2003.
- 1.5. **“Closure Date”**: means the time and day specified in the bid documents for the receipt of the bids.
- 1.6. **“Competitive Bidding Process”**: means a competitive bidding process referred to in Regulation 12(1)(d) of the Supply Chain Management Regulations.
- 1.7. **“Competitive Bid”**: means a bid in terms of a competitive bidding process.
- 1.8. **“Construction Industry Development Board (CIDB) Act”**: means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.
- 1.9. **“Consultant”**: means a person or entity providing services requiring knowledge-based expertise, and includes professional service providers.
- 1.10. **“Contract”**: means the agreement which is concluded when the Municipality accepts, in writing, a bid or quote submitted by a provider.
- 1.11. **“Long term contract”** means a contract with a duration period exceeding one year.
- 1.12. **“Contractor”**: means any person or entity whose bid or quote has been accepted by the Municipality.
- 1.13. **“Day(s)”**: means calendar days unless the context indicates otherwise.

- 1.14. **"Delegated Authority"**: means any person or committee delegated with authority by the Municipality in terms of the provisions of the Municipal Finance Management Act, 56 of 2003.
- 1.15. **"Disability"**: means, in respect of a person, a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner or in the range considered normal for a human being.
- 1.16. **"Final Award"**: in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.
- ~~1.17.~~ **"Formal Written Price Quotation"**,
- ~~1.18.1.17.~~ **"Quotation" or "Quote"**: means a formal written quotation or electronic offer to the Municipality in response to an invitation to submit an offer.
- ~~1.19.1.18.~~ **"In the service of the state"**: means:
- ~~1.19.1.18.1.~~ A member of any municipal council, any provincial legislature or the National Assembly or the National Council of Provinces;
- ~~1.19.2.1.18.2.~~ An official of any municipality or municipal entity;
- ~~1.19.3.1.18.3.~~ 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, 1 of 1999;
- ~~1.19.4.1.18.4.~~ A member of the board of directors of any municipal entity;
- ~~1.19.5.1.18.5.~~ A member of the accounting authority of any national or provincial public entity; or
- ~~1.19.6.1.18.6.~~ an employee of Parliament or a provincial legislature.
- ~~1.20.1.19.~~ **"List of accredited prospective providers"**: means the list of accredited prospective service providers which a municipality or municipal entity must keep in terms of Regulation 14 of the Supply Chain Management Regulations.
- ~~1.21.1.20.~~ **"Municipal Entity"**: means an entity as defined in Section 1 of the Municipal System Act, 32 of 2000.
- ~~1.22.1.21.~~ **"Person"** includes a natural or juristic entity.

~~1.23.1.22.~~ **~~“Preferential Procurement Policy Framework Act” (PPPFA)~~** means the Preferential Procurement Policy Framework Act, 5 of 2000.

~~1.24.1.23.~~ **“SARS”** means the South African Revenue Services.

~~1.25.1.24.~~ **“Supply Chain Management (SCM) Regulations”** means the Municipal Supply Chain Management Regulations published in Government Gazette 27636 of 30 May 2005.

~~1.26.1.25.~~ **“The Act” (MFMA)**: means the Local Government: Municipal Finance Management Act, 56 of 2003.

~~1.27.1.26.~~ **“Treasury Guidelines”**: means any guidelines on supply chain management issued by the Minister in terms of section 168 of the MFMA;

~~1.28.1.27.~~ **“Unsolicited Bid”**: means an offer submitted by any person at its own initiative without having been invited by the Municipality to do so.

~~1.29.1.28.~~ Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.

SUPPLY CHAIN MANAGEMENT FRAMEWORK AND PRINCIPLES

2. SUPPLY CHAIN MANAGEMENT POLICIES

- 2.1. The Swellendam Municipality shall in line with Section 111 of the Municipal Finance Management Act implement a supply chain management policy, that -
- (a) gives effect to:
 - (i) section 217 of the Constitution, and
 - (ii) Part 1 of chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with:
 - (i) the regulatory framework prescribed in Chapter 2 of these 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 legislations that is, and not limited to;
 - (i) The Preferential Procurement Policy Framework Act of 2000
 - (ii) The Preferential Procurement Policy Framework Regulations of 2022
 - (iii) The Broad-Based Black Economic Empowerment Act;
 - (iv) The Construction Industry Development Board Act;
 - (v) The Local Government : Municipal Systems Act;
 - (vi) The Municipal Finance Management Act;
 - (vii) The Supply Chain Management Regulations;
 - (viii) The Promotion of Administration Justice Act;
 - (ix) The promotion of Access to Information Act,
 - (e) Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- 2.2. Swellendam Municipality may not act otherwise than in accordance with its policy when:
- (a) procuring goods or services in line with the provisions of the sourcing strategy and the procurement plans;
 - (b) disposing of goods no longer needed;
 - (c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where chapter 8 of the Municipal Systems Act applies, or
 - (d) Selecting external mechanisms referred to in section 83 of that Act.
- 2.3. Unless stated otherwise, this Policy does not apply if the Swellendam Municipality contracts with another organ of state for:
- (i) The provision of goods and services to the municipality,
 - (ii) The provision of a municipal service, or assistance in provision of the municipal service, or

- (iii) The procurement of goods and services under a contract secured by other organ of state, provided that the relevant supplier has agreed to such procurement.

- ~~2.4. This Policy also does not apply to:~~
- ~~(i) Insurance and warranty claims with the Municipality's Insurer~~
 - ~~(ii) Pauper burial services to a maximum of R3 500~~
 - ~~(iii) And those prescribed by the Municipal Grant in Aid policy~~

~~2.52.4~~ The Municipal Manager shall approve the utilization of a contract secured by another organ of the state in accordance with section 32 of this Policy.

~~2.62.5~~ The municipality may utilize contracts secured by another organ of the state if the contracts are still valid and comply with the requirements of the National Treasury.

3.3 ADOPTION AND AMENDMENT OF SUPPLY CHAIN MANAGEMENT POLICIES

- 3.1. This policy shall be effective from the date on which it is adopted by Council and the Municipal Manager shall annually review the implementation of the policy and submit proposals for the amendment of the policy to the council if deems necessary.
- 3.2. This policy shall ensure that the objectives of uniformity in supply chain management processes are achieved, and the supply chain management regulations published under GN868 in Government Gazette 27636 of 30 May 2005 are complied with.
- 3.3. ~~No deviations from the supply chain management regulations published under GN868 in Government Gazette 27636 of 30 May 2005 will be allowed, in an unlikely case such deviations happen.~~ The municipal manager shall report to Provincial Treasury and National Treasury deviations from the guideline standard policy.
- 3.4. The municipal manager shall take all reasonable steps to ensure that the municipality implements a supply chain management policy in accordance with Regulation 2 of the Municipal Supply Chain Management regulations.

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4.4 DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

- 4.1. Council shall delegate the municipal manager to exercise all powers and duties to enable him to;
- (a) to discharge the supply chain management responsibilities conferred in terms of:
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) the supply chain management policy of the municipality;
 - (b) to maximize administrative and operational efficiency in the implementation of the policy;
 - (c) to enforce reasonable cost-effective measures, prevention of fraud, corruption, favoritism, unfair and irregular practices in the implementation of supply chain management policy; and
 - (d) to comply with his responsibilities in terms of section 115 and other applicable provisions of the Act.

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4.2 No delegation or sub-delegation on any supply chain management powers or duties may be made to:

- (a) A person who is not an official of the municipality; or
- (b) A committee which is not exclusively composed of officials of the municipality.

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4.3 This provision 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 regulation 26.

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5.5 SUB-DELEGATIONS

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- 5.1. The Municipal Manager may sub-delegate in terms of section 79 of the Act powers and duties delegated in terms of section 4.1.

- 5.2. Subject to the Supply Chain Management Regulation 5(2) and the Exemption Regulations of 5 May 2020, the Municipal Manager shall not delegate or sub-delegate any supply chain management powers or duties:
- (a) to a person who is not an official of the Swellendam Municipality; or
 - (b) to a committee which is not exclusively composed of officials of the Swellendam Municipality, unless in the event of a tender where other organs of state are participating.
- 5.3. A senior official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with section 5.2 must within five (5) working days of the end of each month submits ~~to the official~~ a written report to the Chief Financial Officer -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;
 - (c) the reason why the award was made to that person.
- 5.4. The powers delegated to any official of the Swellendam Municipality shall be reviewed on an annual basis and such review will form part of the annual report of supply chain management.~~is section may not be interpreted as permitting an official to whom the power to make final awards have been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in this Policy.~~
- 5.5. The register of delegation of powers, if necessary, will be updated on an annual basis including the signature specimen.
- ~~5.5. The powers delegated to any official or capacity of the Swellendam Municipality shall be reviewed on annual basis and such review will form part of the annual report of supply chain management.~~
- ~~5.6. The register of delegation of powers, if necessary, will be updated on an annual basis including the signature specimen.~~
- ~~5.7.~~ All delegated powers of acting capacity must be in writing and approved by the relevant delegated official.

- 5.8. -This ~~regulation provision~~ may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in section 25.
- 5.9. No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

~~6.6~~ OVERSIGHT ROLE OF COUNCIL OF SWELLENDAM MUNICIPALITY

- 6.1. The ~~council~~ Council of the Swellendam Municipality shall maintain oversight over the implementation of this supply chain management policy.
- 6.2. For the purposes of such oversight the Municipal Manager shall:
- (a) within 30 working days of the end of each financial year, submit a report on the implementation of this policy to the Council of the municipality;
 - (b) whenever there are serious and material problems in the implementation of the is policy, immediately submit a report to the Council.
- 6.3. The Municipal Manager shall, within 10 working days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor of the Swellendam Municipality.
- 6.4. The Swellendam Municipality shall publish and make public all the Supply Chain Management reports of the municipality in accordance with section 21A of the Municipal System Act. ~~For the purpose of~~To complying with this section, all Supply Chain Management reports shall be published on the municipal website 10 working days after the tabling and approval by Council.

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~~7.7~~ SUPPLY CHAIN MANAGEMENT UNITS

- 7.1. The Municipal Manager shall establish a Supply Chain Management unit to implement this policy.
- 7.2. The Supply Chain Management unit shall operate under the direct supervision of the Chief Financial Officer.

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8.8 TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

- 8.1. The training of officials involved in implementing a supply chain management policy shall be in accordance with any treasury guidelines on supply chain management.

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CHAPTER 2 – SUPPLY CHAIN MANAGEMENT POLICY FRAMEWORK

9.9 FORMAT OF SUPPLY CHAIN MANAGEMENT POLICY

- 9.1. The supply chain management system implemented shall ensure there is effective:

- (1) Demand management;
- (2) Acquisition management;
- (3) Logistics management;
- (4) Disposal management;
- (5) Risk management; and
- (6) Performance management.

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PART 1 – DEMAND MANAGEMENT

10.10 SYSTEM OF DEMAND MANAGEMENT

- 10.1. The Municipal Manager shall implement an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments of the municipality are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the municipality.
- 10.2. The following systems and procedures shall be implemented to achieve the demand management objectives:
- (a) Procurement plans (demand management plans) in line with the service delivery budget implementation plan (SDBIP) should be in place and approved by the Municipal Manager before the start of the new financial year or revised after the approval of the adjustment budget.

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(b) A sourcing strategy for goods and services including infrastructure must be implemented to ensure cost effectiveness and value for money.

10.3. As per the Cost Containment Regulations of 2019, the Municipality will annually review cost-containment as part of their strategic and/or annual performance planning exercises, which sets out specific measures to be taken to improve cost-efficiencies, the effectiveness of supply chain management processes and procedures, the elimination of wasteful expenditure as well as to ensure that value for money is achieved in the delivery of programmes and services.

10.4. Matters to be considered within the cost-containment plan should also include the following:

- (a) Consultants;
- (b) Catering;
- (c) Entertainment;
- (d) Alcohol;
- (e) Corporate branding;
- (f) Social functions;
- (g) Newspapers and other publications;
- (h) Telephone and cell-phones;
- (i) Advertising;
- (j) Hiring of venues;
- (k) Hosting and attending conferences;
- (l) Travel and subsistence;
- (m) Inventory management;
- (n) Water and electricity consumption;
- (o) Communication; and
- (p) Reporting requirements.

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PART 2 – ACQUISITION MANAGEMENT

11.11 SYSTEM OF ACQUISITION MANAGEMENT

- 11.1. This policy shall provide for an effective system of Acquisition management in order to ensure:
- (a) that goods and services are procured by the municipality in accordance with authorized processes only;
 - (b) that expenditure on goods and services is incurred in term of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that the bid documentations, evaluation and adjudication criteria, and a general condition of a contract, are in accordance with any applicable legislation; and
 - (e) that any adopted Treasury guidelines on acquisition management are properly ~~taken into account~~considered.
- 11.2. 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 municipal entity.
 - (c) Insurance and warranty claims with the Municipality's Insurer
 - (d) Pauper burial services to a maximum of R3 500
 - (e) And those prescribed by the Municipal Grant-in Aid policy
- 11.3. When procuring goods or services contemplated in section 110(2) of the Act the Municipality shall make public the fact in its Annual Report that it procures such goods or services otherwise than through its supply chain management system, including:
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

12.12 RANGE OF PROCUREMENT PROCESSES

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- 12.1. This policy shall, subject to section 11.2 and as per Amended Regulations of 14 December 2023, provide for the procurement of goods and services by way of:
- (a) Petty cash purchases, up to a transaction value of R 2 000 (VAT included);
 - (b) Formal written price quotations for procurements of a transaction value over R2 000 to R300 000 (VAT included); and
 - (i) a competitive bidding process for procurements above a transaction value of R300 000 (VAT included);
- 12.2. The Municipal Manager may lower, but not increase, the different threshold values specified in section 12.1 or direct that:
- (a) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - (b) a competitive bidding process be followed for any specific procurement of a transaction value lower than R300 000.
- 12.3 The procurement of goods or services may not deliberately be split into parts or items of lesser value merely to avoid complying with the requirements of this policy.
- 12.4. 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, except in instances of rates-based tenders and quotations, where it is not possible to determine the quantities upfront.

13.13 GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

- 13.1. The municipality shall not consider a written quotation or bid unless the service provider who submitted the quotation or bid:
- (a) has furnished the municipality with:
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and vat registration number, if any;
 - (b) has authorized the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

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- (c) has indicated:
- (i) whether the person is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholders is in the service of the state, or has been in the services of the state in the previous twelve months; or
 - (ii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in section 13(c)(ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14.14 LIST OF ACCREDITED PROSPECTIVE PROVIDERS

- 14.1. The municipality shall conduct business with suppliers that are registered on the National Treasury Central Suppliers Database. keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality through formal written quotations.
- 14.2. The municipality may opt to maintain its own database of local suppliers, subject to compliance with Regulation 14, namely to:
- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality through formal written quotations up to R 30 000; and
 - (b) at least once a year through newspapers commonly circulating locally, the website of the municipality and any other appropriate ways, to invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) specify the listing criteria for accredited prospective providers; and
 - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector, shall at least once a year, through local newspapers, the

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~~website or any other appropriate ways, invite prospective providers of goods and services to apply for listing as accredited prospective providers.~~

- 14.3. ~~The list contemplated in section 14(2) above, 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. The municipal manager shall disallow the listing of any prospective provider who appears on the National Treasury's database as a person prohibited from doing business with the public sector.~~
- 14.4. The list ~~must be compiled per commodity and per type of service~~ of accredited prospective providers ~~must be compiled per commodity and per type of service and must be updated at least quarterly however applications may be submitted at any time.~~

15.15 PETTY CASH PURCHASES

- 15.1. This policy stipulates the conditions for the procurement of goods by means of petty cash purchases referred to in regulation 12(1)(a), which must include conditions:
- (a) The cash petty purchase should not exceed R2 000 (Vat included) per transaction and each petty cash holder should not exceed a maximum of R2 000 petty cash expenditure per month.
 - (b) The petty cash holders must when replenishing petty cash provide a reconciliation to the Chief Financial Officer, including-
 - (i) the total amount of petty cash purchases for the period; and
 - (ii) receipts and appropriate documents for each purchase.

16.16 FORMAL WRITTEN PRICE QUOTATION

- 16.1. Formal written price quotations must be obtained from at least three different providers whose names appear on the Municipal ~~or National Treasury Central Suppliers Database as contemplated by section 14. Quotations may be obtained from providers who are not listed, provided that such providers meet the listing~~

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criteria in the supply chain management policy required by section 14(1)(b) and (c) Suppliers Database.

16.2. The written quotations must meet the following criteria;

- (i) Where practical it must be signed by the suppliers, with the exceptions of quotations received by electronic mail;
- (ii) Have both physical and postal address of the supplier, company name and registration, VAT number, if applicable;
- (iii) Costs clearly broken down (itemized bill); and
- (iv) The details of the information on the quotation must be similar to the details captured on the Municipal or National Treasury Central Suppliers DatabaseSuppliers Database.

16.3. Where it is not possible to obtain at least three quotations, the reasons must be recorded and reported to the Supply Chain Manager or Chief Financial Officer for prior approval.

~~16.3.~~16.4. The names of the potential providers and their written quotations must be recorded.

17.17PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH FORMAL WRITTEN PRICE QUOTATIONS

~~17.1~~17.4 Procurement of goods and services that 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 section 16, be advertised for at least seven (7) days on the municipal website and an official notice board of the of the municipality.

17.2. When using the list of accredited prospective providers the ~~Municipal ManagerMunicipality~~ must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis, unless differently specified during the procurement process.

17.3. The Municipal Manager shall take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused.

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17.4. The Chief Financial Officer must on a monthly basis be notified in writing of all formal written quotations accepted by an official acting in terms of a sub-delegation.

17.5. The Supply Chain Management Unit must keep proper record.

18.18COMPETITIVE BIDS

18.1. The procurement of goods or services above a transaction value of R300 000 (VAT included) shall be done by the municipality only through a competitive bidding process, subject to section 11.2 of this Policy.

18.2. No requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely to avoid complying with the requirements of the policy.

19.19PROCESS FOR COMPETITIVE BIDDING

19.1. This policy provides procedures for a competitive bidding process for each of the following stages:

- (a) the compilation of bidding documentation: providing at least for:
- (i) A standardized bid documents will be utilized when procuring goods and services for the municipality. In case of construction related projects, the CIDB standardized document will be utilized.
 - (ii) Suppliers will upon payment of a tender deposit fee, request the bid document from the Supply Chain Management Unit in the prescribed format determined by the Bid Specification Committee and approved by the Municipal Manager or delegated official. The tender deposit fee may be waived by the Municipal Manager under certain conditions.
 - (iii) The functionality evaluation criteria that will apply. Where functionality is used as criteria to evaluate bids, a minimum of two

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officials with a thorough knowledge of the subject matter will be required to do technical evaluations.

- (b) Site meetings/briefing sessions will be held only if the project necessitates such clarification and physical inspections of the site and it shall be stated on the advertisement of the bid.
- (c) Two officials from Supply Chain Management Unit shall be responsible for collecting of the bids from tender box and opening of the bids in public and where practical the prices of bids received will be announced, including the name of the bidder. All bids will be opened at 11h00 on the prescribed date.
- (d) Evaluation of bids
 - (i) Bids will be evaluated in accordance with the criteria as stipulated in the bid document.
 - (ii) Only bids as per the prescribed format will be accepted.
- (e) Contracts or bids will only be awarded to companies that complies in all respects to the applicable evaluation criteria set out on the bid documents.
- (g) Administration of contracts will be stipulated in the tender documentation.
- (h) The supply chain management unit will maintain proper records.

20.20 BID DOCUMENTATION FOR COMPETITIVE BIDS

20.1. The bid documentation for competitive bidding must take into account –

- (a) the general conditions of contract;
- (b) any adopted Treasury guidelines on bid documentation; and
- (c) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (d) the Preferential Procurement regulations of 2022 read with the municipal Preferential Procurement Policy, 2024.

20.2. The bid documentation must:

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~~(a)~~ ~~–~~ Include the evaluation and adjudication criteria, including any criteria required by other applicable legislation.

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~~20.3.(b)~~ ~~–~~ ~~C~~ompel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.

~~(c)~~ ~~–~~ ~~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.~~

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~~20.4.(d)~~ If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish:

~~(a)(i)~~ ~~–~~ If the bidder is required by law to prepare annual financial statements, their annual financial statements:

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- (aa) for the past three years; or
- (bb) since their establishment if established during the past three _____ years;

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~~(b)(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;

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~~(c)(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.

~~(d)~~ ~~(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 is expected to be transferred out of the Republic.

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~~20.5. – 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.~~

21-21 PUBLIC INVITATION FOR COMPETITIVE BIDS

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- 21.1. The public will be invited through the advertisement of the bids on the National Treasury tender e-portal, municipal website, notice boards and Construction Industry Development Board ~~li~~-tender if the bid is relating to construction works.
- 21.2. The closing date for the submission of bids may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, or 14 days in any other case, from the date on which the advertisement. All projects awarded on rates bases shall be capped below the threshold on (ten) R 10 million, unless such bid was advertised for a period as not less than 30 days.
- 21.3. This policy shall allow the Municipal manager to 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 cases. Reasons for such motivation should be recorded for audit purposes and poor planning cannot be provided as a reason for the deviation.
- 21.4. Bids submitted to the municipality must be sealed in an envelope as no bids will be accepted if it is not properly sealed.
- 21.5. Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.
- 21.6. The bids submitted by the service providers must be valid for a period of ninety (90) days and the validity period may be extended for further period ~~of 60 days~~. The following procedures and processes shall be followed in extension of the validity date:
- (a) Requests for the extension of validity dates must be extended to all service providers who submitted bids. Requests submitted to bidders must be kept for future reference.
 - (b) Service providers have consented on the extension.
 - (c) Bids will regarded as non-responsive, where price changes are offered due to the extension of the validity date.
 - (d) Service providers shall have seven (7) working days to respond to a request for the extension of the validity date.
 - (e) Every case will be treated on its own merit, however, no response from services providers does not render the tender process null and void.

22.22 PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

22.1. This policy determines the procedure for the handling, opening and recording of bids -

- (a) stipulate that bids:
 - (i) may be opened only in public at 11h00 on the day of closing; and
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
- (b) confer on any bidder or member of the public 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; and
- (c) require the Municipal manager –
 - (i) to record in a register all bids received in time as per the clock as displaced in the municipality building;
 - (ii) to make the register all bids received in time; and
 - (iii) to publish the entries in the register and the bid results on the website of the municipality.

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23.23 NEGOTIATIONS WITH PREFERRED BIDDERS

23.1. The Municipal Manager or delegated authority may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, 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 provided the rates have been adjusted by the municipal manager or delegated committee to complies with legislative requirements or to standardize prices/ rates for various service providers appointed for the very same scope of works.

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23.2. Minutes of such negotiations must be kept for record purposes.

24.24 TWO-STAGE BIDDING PROCESS

- 24.1. This policy allows a two-stage bidding process for:
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long-term nature projects with a duration period exceeding three years.
- 24.2. In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustment.
- 24.3. In the second stage final technical proposals and priced bids should be invited.

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25.25 COMMITTEE SYSTEM FOR COMPETITIVE BIDS

- 25.1. The following bid committees shall be established by the Municipal Manager;
- (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- 25.2. The Municipal Manager shall appoint the members of each committee, considering section 117 of the Act.
- 25.3. The Municipal Manager may allow for the attendance or oversight process by a neutral or independent observer when this is appropriate for ensuring fairness and promoting transparency.
- 25.4. The committee system must be consistent with sections 26, 27, 28 and any other applicable legislation.
- 25.5. The Municipal manager may apply the committee system to formal written price quotations.

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26.26 BID SPECIFICATION COMMITTEES

- 26.1. A bid specification committee shall compile the specifications for competitive bids.
- 26.2. The specifications:

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- (a) shall be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) shall take account of any accepted standards such as those issued by Standards the South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) where possible, be described in terms of performance required rather than in term 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 labeling 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 words "equivalent";
- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the supply chain management policy of the municipality or municipal entity; and
- (g) must be approved by the Municipal manager or any delegated official prior to publication of the invitation for bids.

26.3. A bid specification committee must be composed of one or more officials of the municipality or municipal entity; preferable the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

26.4 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.

~~27.27~~**BID EVALUATION COMMITTEES**

27.1. A bid evaluation committee shall:

- (a) evaluate bids in accordance with:

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- (i) the specifications for a specific procurement; and
- (ii) the points system as prescribed in terms of the Preferential Procurement Act and its Regulations and the municipal Preferential Procurement Policy;
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended whether municipal rates and taxes and 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.

27.2. A bid evaluation committee must as far as possible be composed of:

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner.

27.3. In relation to section 27.2 above, any matter deferred by an evaluation committee must be concluded by that particular committee. In exceptional cases whereby the project must be concluded by a different committee, the committee members must take into consideration matters raised by the previous committee prior to making a determination.

28.28 BID ADJUDICATION COMMITTEE

28.1. A bid adjudication committee shall:

- (a) consider the report and recommendations of the bid evaluation committee; and
- (b) either –
 - (i) depending on its delegations, make a final ward or a recommendation to the Municipal Manager to make the final award; or
 - (ii) make another recommendation to the Municipal Manager how to proceed with the relevant procurement.

28.2. A bid adjudication committee shall comprise of all Directors of the municipality which must include –

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- (i) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office and designated by the chief financial officer;
 - (ii) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (iii) a technical expert in the relevant field who is an official of the municipality has such an expert.
- 28.3. The Municipal Manager must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- 28.4. The quorum of the meeting will be formed by 50% + 1 member.
- 28.5. 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.
- 28.6. If a bid adjudication committee considers awarding a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must firstly refer the matter back to the evaluation committee for re-consideration and should it still wish to make a different award or recommendation, prior to award:
- (a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in areas; and
 - (b) notify the Municipal Manager in writing.
- 28.7. The Municipal Manager may –
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee; 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.
- 28.8. The Municipal Manager 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.

28.9. The Municipal Manager must comply with section 114 of the Act within 10 working days.

29.29 PROCUREMENT OF BANKING SERVICE

- 29.1. A contract for the provision of banking services to a municipality-
- (a) must be procured through competitive bids;
 - (b) must be consistent with sections 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- 29.2. The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- 29.3. The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

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30.30 PROCUREMENT OF IT RELATED GOODS OR SERVICES

- 30.1. The Municipal Manager is authorised to request the State Information Technology Agency (SITA) to assist the municipality with the acquisition of IT related goods or services through a competitive bidding process.
- 30.2. The parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 30.3. The municipal must notify SITA together with a motivation of the IT needs of the municipality if:
- (a) the transaction value of IT related goods or services required by the municipality in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured by the municipality entity whether for one or more years exceeds R50 million (VAT included).
- 30.4. If SITA comments on the submission and the municipality disagrees with such comments, the comments, and the reasons for rejecting or not following such comments must be submitted to the Council, the National Treasury, the relevant Provincial Treasury and the Auditor General.

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31.31 PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE

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- 31.1. The Municipal Manager may procure goods or services for the municipality 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) the municipality has no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discount or benefits for the municipality to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- 31.2. The municipality may only participate in contracts that are still valid and the term of the appointment will not exceed the original contract period or the scope of work.
- 31.3. The municipality will only give approval for participation to other organs of state for contracts that are still valid, and the approval period will not exceed the original contract period or the scope of work.
- 31.4. Request for participation in a specific contract will be acceptable only if it is addressed to the Municipal Manager. No request from the service providers will be accepted by the municipality.
- 31.5. Participation in National Treasury transversal tenders is governed by this section.

32.32 PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

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- 32.1. The policy must restrict the acquisition and storage of goods in bulk (other than water) which necessitate special safety arrangements, including gasses and fuel.
- 32.2. Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost advantages for the municipality.

33.33 PROUDLY SA CAMPAIGN AND LOCAL PRODUCTION AND CONTENT

- 33.1. The Municipal Manager must ensure compliance with the Proudly South African campaign on the procurement of goods or services.

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34.34 APPOINTMENT OF CONSULTANTS

- 34.1. The Municipal Manager may procure consulting services provided that any Treasury guidelines in respect of consulting services are considered when such procurements are made.
- 34.2. A contract for the provision of consultancy services to a municipality must be procured through competitive bids if:
- (a) the value of the contract exceeds R300 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- 34.3. In addition to any requirements prescribed by the Supply Chain Management Regulations for competitive bids, bidders must furnish the municipality with 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.
- 34.4. The Municipal Manager may establish a database of professional consultants following a competitive bidding process and the use of those professional consultants on a rotational basis.
- 34.5. The municipality must ensure that copyright in any documents and systems 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.

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35.35 DEVIATION FROM AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES

- 35.1. The Municipal Manager ~~is allowed~~ may:

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- (a) ~~to~~ dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) ~~to~~ 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.

35.2. The Municipal Manager must record the reasons for any deviations or ratification in terms of section 35.1(a) and (b) and report them to the next meeting of the Council and include as a note the annual financial statements.

35.3. Section 35.2 does not apply to the procurement of goods and services contemplated in section 11.2 of this policy.

36.36 UNSOLICITED BIDS

- 36.1. Subject to section 113 of the Act, the Municipal Manager is not obliged to consider unsolicited bids received outside a normal bidding process.
- 36.2. If the Municipal Manager decides in terms of section 113(2) of the Act to consider an unsolicited bid, it may do so 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 for, the municipality;
 - (c) the person who made the bid is the sole provider of the product or service; and

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- (d) the reasons for not going through the normal bidding processes are found to be sound.
- 36.3. If the Municipal Manager decides to consider an unsolicited bid that complies with section 36.2, the municipality must make its decision public in accordance with section 21A of the Municipal System Act, together with:
- (a) its reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits for the municipality were it to accept the unsolicited bid; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 36.4. Once the municipality has received written comments pursuant to section 36.3, it must submit such comments, including any responses from the unsolicited bidder to the National Treasury and the relevant provincial treasury for comment.
- 36.5. The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Municipal Manager, depending on its delegations.
- 36.6. A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- 36.7. When considering the matter, the adjudication committee must consider:
- (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant Provincial Treasury.
- 36.8. If any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Municipal Manager must submit to the Auditor General, the relevant provincial treasury and those recommendations.
- 36.9. Such submissions must be made within seven days after the decisions on the award of the unsolicited bid are taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of submission.

37.37 COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

37.1. Measures to combat abuse of the supply chain management system must be put in place and the Municipal Manager must;

- (a) take all reasonable steps to prevent such abuse;
- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the supply chain management 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 municipal entity, 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 municipal entity 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

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- (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;
- (g) to 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 municipal entity 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 other public sector contract during the past five years; or
 - (iii) has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act (No12 of 2004).

37.2. The Municipal Manager must inform the National Treasury and relevant Provincial Treasury in writing of any actions taken in terms of this section.

PART 3 – LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

38.38 LOGISTICS MANAGEMENT

38.1. The municipal processes must allow for an effective system of logistics management 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, and maintenance and contract administration.

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39.39 DISPOSAL MANAGEMENT

39.1. The municipal processes must provide for an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant, or obsolete assets, subject to section 14 of the Act.

39.2. The municipal processes must:

- (a) specify the ways in which assets may be disposed of, including by:

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- (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;
- (b) stipulate that:
- (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable 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;
 - (iii) in the case of the disposal, free or otherwise, 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; and
 - (iii) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person institution within or outside the Republic;
- (d) provide that:
- (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (e) ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

40.40 RISK MANAGEMENT

- 40.1. The municipal processes must provide for an effective system of risk management for the identification, consideration, and avoidance of potential risks in the supply chain management system.

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40.2. Risk management must include:

- (a) the identification of risks on a case-by- case basis;
- (b) the allocation of risks to the party best suited to manage such risks;
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

41.41 PERFORMANCE MANAGEMENT

- 41.1. The municipal processes must provide for an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes are being followed and whether the desired objectives are being achieved.

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PART 4 - OTHER MATTERS

42.42 PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER

- 42.1. The municipality, irrespective of the procurement process followed, may not make any award above R30 000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- 42.2. Before making an award to a person, a municipality will first check with SARS portal whether that person's tax matters are in order.
- 42.3. Where a supplier does not submit a tax compliance status PIN but provides a CSD number, the Municipal Manager should utilise the CSD number via its website www.csd.gov.za to access the supplier records and verify tax compliance status.

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43.43 PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

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- 43.1. This policy, irrespective of the procurement process followed, states that the municipality may not make any award to a person;
- (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 stake holder is a person in the service of the state; or
 - (c) who is an advisor or consultant contracted with the municipality or municipal entity.
- 43.2. The municipality will utilise the CSD as its sole available resource to check if directors, managers, principal shareholders are in the employment of the state.

44.44 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

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- 44.1. The notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of a state in the previous twelve months, including;
- (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

45.45 ETHICAL STANDARDS

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- 45.1. This policy establishes a code of ethical standards at section 45.2 for officials and other role players in the supply chain management system 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.
- 45.2. A municipal code of ethical standards stipulates that an official or other role player involved in the implementation of the supply chain management policy of the municipality:
- (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;
- (d) notwithstanding section 45.2(c), must declare to the Municipal Manager 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 Municipal Manager 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 of, 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 other close family member, partner or associate, has any private or business interest;
- (g) must be scrupulous in his or her use of property belonging to the municipality;
- (h) must assist the Municipal Manager in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management; and
- (i) must report to the Municipal Manager 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 section 45; or
 - (iii) any alleged breach of the code of ethical standards.

45.3. This policy provides that:

- (a) all declarations in terms of section 45.2(d) and (e) must be recorded in a register which the Municipal Manager or such official delegated to, must keep for this purpose;

- (b) determine that all declarations by the Municipal Manager must be made to the mayor of the municipality who must ensure that such declaration are recorded in the register; and
- (c) contain measures to ensure that appropriate action is taken against any official or other role player who commits a breach of the code of ethical standards.

45.4. This policy considered the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management.

45.5. A municipality hereby adopts the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management. The code of conduct is binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality.

45.6. Section 45.2(c) does not apply to gifts less than R350 in value.

~~46.46~~ INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, MUNICIPAL ENTITIES, OFFICIALS AND OTHER ROLE PLAYERS

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46.1. No person who is a provider or prospective provider of goods or services to the municipality, or recipient or prospective recipient of goods disposed of by a representative or intermediary, promise, offer or grant:

- (a) any inducement or reward to the municipality; or for or in connection with the award of a contract; or
- (b) any reward, gift, favour, or hospitality to:
 - (i) any official of the municipality; or
 - (ii) any other role player involved in the implementation of the supply chain management policy of the municipality.

46.2. The Municipal Manager must promptly report any alleged contravention of section 46.1 to the National Treasury for considering whether the offending person, and any representative or intermediary through which such 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.

46.3. Section 46.1 does not apply to gifts less than R350 in value.

47.47SPONSORSHIP

47.1. The municipal manager of Swellendam Municipality must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised. Offered or granted to the municipality, whether directly or through a representative or intermediary, by any person who is:

- (a) a provider or prospective of goods or services to the municipality; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed, of by the municipality.

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48.48OBJECTIONS AND COMPLAINTS

48.1. This policy allows persons aggrieved by decisions or actions taken by the municipality or municipal entity in the implementation of its supply chain management system, to lodge within 14 days of the decision or action a written objection or complaint to the municipality or municipal entity against the decision or action.

48.2. If a person indicated that they intend to raise an objection but fails to pay the prescribed tariff within a period of 48-hours after being informed of the payment obligation, the matter will be regarded as resolved and closed.

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**49.49RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND
QUERIES**

49.1. The Municipal Manager may establish a dispute resolution mechanism, which may include a committee of officials or a person, that did not participate or are not directly involved in the supply chain management processes of the municipality:

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- (a) to assist in the resolution of disputes between the municipality other persons regarding:
 - (i) any decisions or actions taken by the municipality in the implementation of its supply chain management system; or
 - (ii) any matter arising from a contract awarded during its 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.
- 49.2. The Municipal Manager, or another official designated by the Municipal Manager, is responsible for assisting the appointed person or committee to perform his or her functions effectively.
- 49.3. The person or committee appointed must:
- (a) strive to resolve promptly all disputes, objections, complaints, or queries received; and
 - (b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints, or queries received, attended to, or resolved.
- 49.4. 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 received from the municipality within 60 days.
- 49.5. 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.

50.50 CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

- 50.1. 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

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the amount collected or the amount collected, the contract between the service provider and the municipality must stipulate –

- (a) a cap on the compensation payable to the service provider; and
- (b) that such compensation must be performance based.

51. PREFERENTIAL PROCUREMENT

51.1 ~~Preferential procurement will be implemented in line with the Preferential Procurement Regulations, 2022 and the Preferential Procurement Policy of Council.~~

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52.51 REVIEW

The Supply Chain Management Policy shall be reviewed annually in accordance with section 21(1)(b)(ii) of MFMA.

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53.52 DOCUMENT DEFINITION

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Effective Date	1 st July 20232024
Related Legislation	1. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). 2. Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000). 3. Construction Industry Development Board Act, 2000 (Act 38 of 2000). 4. Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003).
Replaces/ Repeals	Repeal the Supply Chain Management Policy of 20222023
Department responsible	Budget and Treasury Office (BTO)
Unit responsible	SCM unit
Applies to	Swellendam Municipality service providers

Key Words	Supply Chain Management Policy
Status	Draft
Approval Date	~~31 January~~ <u>May</u> 2024
Version	~~2~~ <u>1</u>



PREFERENTIAL PROCUREMENT POLICY

Adopted by Council on xx May 2024

Draft Policy for Public Participation

Implementation 1 July 2024

TITLE**1.1. Swellendam Municipality Preferential Procurement Policy.****1. DEFINITIONS**

In this Policy, any word or expression to which a meaning has been assigned in the MFMA, PPPFA and the SCM Regulations has that meaning, unless the context indicates otherwise, and in the event of a conflict, the meaning attached thereto by National Legislation shall prevail:

- 1.1. “Act” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).
- 1.2. “Acceptable tender” means any tender which, in all respects, complies with the specification and conditions of tender as set out in the tender document.
- 1.3. “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, 2003 (Act No 53 of 2003).
- 1.4. “Black people” as defined in the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003), is a generic term which means Africans, Coloured and Indians.
- 1.5. “B-BBEE” means broad-based black economic empowerment defined as the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to:
 - 1.5.1. Increasing the number of black people that manage, own and control enterprises and productive assets.
 - 1.5.2. Facilitating ownership and management of enterprises and productive assets by communities, worker’s cooperatives and other collective enterprises.
 - 1.5.3. Human resource and skills development.
 - 1.5.4. Achieving equitable representation in all occupational categories and levels in the workforce.
 - 1.5.5. Preferential procurement.
 - 1.5.6. Investment in enterprises that are owned or managed by black people.

- 1.6. “B-BBEE status level of contributor” means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
- 1.7. “Broad-Based Black Economic Empowerment Act” means the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003).
- 1.8. “Collusion” means an intentional and unlawful agreement by two or more companies/firms which is intended or calculated to misrepresent facts or defraud with the sole purpose of influencing the procurement process thereby prejudicing the interests of the service provider.
- 1.9. “Companies and Shares” shall be read to include Close Corporations and member’s interest’s mutatis mutandis.
- 1.10. “Comparative price” means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration.
- 1.11. “Consortium or Joint Venture” means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.
- 1.12. “Contract” means the agreement that results from the acceptance of a tender by an organ of state.
- 1.13. “CFO” means Chief Financial Officer.
- 1.14. “Designated groups” means black designated groups, black people, women, and people with disabilities; or small enterprises which are enterprises, owned, managed, and controlled by previously disadvantaged persons and which are overcoming business impediments arising from the legacy of apartheid.
- 1.15. “Disability” means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.
- 1.16. “EME” means: (a) exempted micro-enterprise in terms of the code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003) – (b) an entity with an annual turnover of R 10 000 000.00 (ten million rands) or less.

- 1.17. “Firm price” is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, ‘levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.
- 1.18. “Highest acceptable tender” means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders.
- 1.19. “Lowest acceptable tender” means a tender that complies with all specifications and conditions of tender and that has the lowest price compared to others.
- 1.20. “Individual” an individual shall mean a natural person.
- 1.21. “Indigent” any person who appears on the Municipality’s indigent register as of 1 July of the year under consideration.
- 1.22. “Local” means labour and business within a specific local area applying the following priority framework:
 - 1.22.1. The local municipality which is the beneficiary of the specific goods or services;
 - 1.22.2. Should (i) not be feasible, the local area will apply to the District Area;
 - 1.22.3. Should (i) and (ii) not be feasible, the Western Cape Province; and
 - 1.22.4. Should (i), (ii) and (iii) not be feasible, the Country.
- 1.23. “Local Labour” means South African residents who permanently resides in the Swellendam Municipal area.
- 1.24. “Local Business” means an enterprise which has an operational office located within the Swellendam Municipal area.
- 1.25. “Local economic development’ means local and socio-economic development as contemplated in section 152 of the Constitution, 1998.
- 1.26. “Municipality” refers to Swellendam Municipality
- 1.27. “National Treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).
- 1.28. “Nominated Sub-contractor” means contractors accredited on the Municipal database for construction-related work as contemplated in the CIDBA.

- 1.29. "Management" in relation to an enterprise or business, means an activity inclusive of control and performed daily, by any person who is a principal executive officer of the company, by whatever name that person may be designated, and whether or not that person is a director.
- 1.30. "Non-firm prices" means all prices other than "firm" prices.
- 1.31. "Price" means an amount of money tendered for goods and services, and includes all applicable taxes less all unconditional discounts.
- 1.32. "Proof of B-BBEE status level of contributor" means the B-BBEE status level certificate issued by an authorised body or person: (a) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice, or (b) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003).
- 1.33. "Proof of locality" means: (a) a municipal account in the name of the tenderer not older than 90 days, (b) a lease agreement where the tenderer is the lessee; or (c) an official letter from the bank confirming the registered business address of the tenderer.
- 1.34. "Qualifying Small Enterprise (QSE)" is a company with a turnover between R10 million and R 50 million rands.
- 1.35. "Person" includes reference to a juristic person.
- 1.36. "SMME" means small, medium, and micro enterprises namely Exempted Micro Enterprises and Qualifying Small Enterprises
- 1.37. "Specific goals" means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994.
- 1.38. "Rand value" means the total estimated value of a contract in Rand denomination which is calculated at the time of tender invitations and includes all applicable taxes and excise duties.
- 1.39. "Sub-Contracting" means the primary contractor's assigning or leasing or making out work to or employing another person to support such primary contractor in the execution of part of a project in terms of the contract.

- 1.40. “Tender” means a written offer or bid in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services or goods.
- 1.41. “Tender format/strategy” means the special conditions describing the tender strategy approach in order to achieve identified targets.
- 1.42. “Trust” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.
- 1.43. “Trustee” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.
- 1.44. Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations, and firms unless the context clearly indicates otherwise.

2. INTRODUCTION

The Policy of Swellendam Municipality, in respect of sustainable procurement complementary to Local- and Socio-Economic and Preferential Procurement is that:

- 2.1. State expenditure is recognised as an instrument of government policy to achieve economic, socio-economic and development objectives. This is supported by the United Nations confirmation that public procurement in SA contributes to 29% of its GDP.
- 2.2. Procurement can be applied as an instrument of secondary redistribution to alter primary income distribution and to address historic imbalances by means of creating employment and business opportunities for historically disadvantaged groups in the South African society.
- 2.3. Local- and Socio-Economic and Preferential Procurement is Constitutionally recognised as a valid instrument for such social reform.
- 2.4. It is recognised that preferential procurement cannot be applied without cost and that such cost should be subject to the Municipal Budget and the prioritisation processes applicable to all Municipal expenditure.

- 2.5. It is the intention, that once appropriate data and trends-analysis are available that this Policy shall be applied to the procurement of all goods or services as directed by Council.
- 2.6. Ultimately, preferential procurement could go some way to providing a springboard to encourage redistribution and reducing economic concentration, which in turn would foster competition and promote effective and appropriate resource allocation.
- 2.7. The Swellendam Municipality Sustainable Procurement Policy will be reviewed on an annual basis or when new census data is available.
- 2.8. This Policy will follow a phased implementation process and with the increase in maturity of the Swellendam Municipality as well as its suppliers, it is further accepted that this Policy will also mature to the extent that visible socio- and economic benefits can be experienced by all citizens living in Swellendam Municipal Area.

3. PREAMBLE

- 3.1. The Constitution of the Republic of South Africa, 1996, provides in sections 152(1)(c) and 152(2) that local government must promote social and economic development and that the municipality must strive within its financial and administrative capacity, to achieve the objects set out in subsection 152(1).
- 3.2. Additionally, the Constitution provides in section 217 that an organ of state must contract for goods or services in accordance with a procurement system which is fair, equitable, transparent, competitive, and cost effective and to implement a policy to grant preferences within a framework prescribed by National Legislation.
- 3.3. A national Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)- [PPPFA] was promulgated in response to the Constitutional provision and allow for an organ of state to develop a preferential procurement policy and to implement such policy within the PPPFA framework.
- 3.4. The Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003) provides in section 10(b) that every organ of state and public entity must apply any relevant code of good practice issued in terms of the Act in developing and implementing a preferential procurement policy.

- 3.5. The Swellendam Municipality acknowledges the legislative and governance mandates listed above and confirms its objective to improve the quality of life of the local community and to free the potential of each person in the municipal area. This objective will be achieved by using its procurement spent as a leverage within a regulated governance framework that facilitates service delivery, acknowledging the need for transparent procedures but also gives effect to the principles of local- and socio-economic as well as preferential procurement.
- 3.6. The Municipality acknowledges that local- and socio-economic development plays a crucial role in creating a prosperous, equitable, stable, and democratic society and the overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities.
- 3.7. Mindful of the above legislative mandates, the Municipality will promote the principles of sustainable procurement defined by the United Nations as the: *“Process to meet needs for goods and services by achieving value for money on whole of life basis, generating benefits to government, the society, the economy and the environment.”*
- 3.8. It is therefore the intention of this policy to assist the Swellendam Municipality to:
- (a) Continue to redress the skewed employment and ownership patterns in the greater Swellendam Municipal area.
 - (b) Achieve the above by providing procurement and employment opportunities to B-BBEE – and SMME - enterprises and disadvantaged communities.
 - (c) Enable local- and socio-economic transformation objectives to be linked to fair, transparent, equitable, competitive, and cost-effective procurement practices that will encourage the entry of emerging business into the Swellendam Municipal Area.
 - (d) Establish a society based on democratic values, social justice, and fundamental human rights.

4. PURPOSE AND OBJECTIVES

- 4.1. The broad purpose of the Policy is to:
- (a) Validate Swellendam Municipality’s commitment to local- and socio- economic development and preferential procurement.
 - (b) Ensure effective and efficient application of resources.

- (c) Promote accountability, transparency, and fairness.
 - (d) Create opportunities for local small, medium, and micro enterprises [SMME].
 - (e) Enhance quality of services.
 - (f) Stimulate local- and socio-economic development.
 - (g) Eliminate and counter corruption.
 - (h) Contribute towards reduction of unemployment, especially within the Swellendam Municipal Area.
 - (i) Broadening the tax base within the Swellendam Municipal Area.
 - (j) Encourage linkages between small and large enterprises.
 - (k) Promote skills transfer and training of the historically disadvantaged.
 - (l) Protect local industry against unfair competition.
- 4.2. To achieve this, empowerment goals have been set, which aims to redress the skewed distribution of wealth and therefore contribute to the alleviation of poverty, as well as increasing usage of local resources, stimulation of skills development and transfer, fast tracking the growth and ensuring sustainability of SMME's.
- 4.3. The policy rests upon certain core principles of behaviour as set out in the Constitution and ratified by the Constitutional Certification Judgements. In this context, the policy will be applied in accordance with a system, which is fair, equitable, transparent, competitive, and cost-effective.
- 4.4. The specific objectives of the Policy are to:
- (a) Implement best procurement practises through effective planning, strategic purchasing, and contract management.
 - (b) Standardise levels of skill and knowledge of employees/workers.
 - (c) Promote B-BBEE - enterprises providing services and goods within the Swellendam Municipal Area.
 - (d) Introduce a systematic approach to the appointment of service providers and to promote consistency in respect of supply chain management.
 - (e) Promote SMME's, Joint Ventures, Consortiums, Co-ops, and partnerships, especially within the Swellendam Municipal Area.
 - (f) Create new jobs or intensify labour absorption within the local area.
 - (g) Promote enterprises located within the Swellendam Municipal Area for work to be done or services to be rendered.
 - (h) Promote enterprises located in rural areas in and around the Swellendam Municipal Area.

- (i) Empower the work force by standardising the level of skill and knowledge of workers.
- (j) Develop human resources, inclusive of assistance with tertiary and other advanced training programs, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills.
- (k) Uplift local communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations.
- (l) Ensure that specific goals are measurable and quantifiable, and the municipal officials must monitor the execution of the contract for compliance with such goals.

5. LEGISLATIVE FRAMEWORK

Constitution, 1996 (Act 108 of 1996)

- 5.1. Sections 152(1)(c) and 152(2) of the Constitution provides that local government must promote social and economic development and that the municipality must strive within its financial and administrative capacity, to achieve the objects set out in subsection 152(1).
- 5.2. Section 217(1) of the Constitution, 1996 (Act 108 of 1996) provides that when contracting for goods and services, organs of state must do so in accordance with a system that is fair, equitable, transparent, competitive, and cost effective. Section 217(2) and (3) of the Constitution allows organs of state to grant preferences when procuring for goods and services within a Framework prescribed by National legislation.

Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) – [MFMA] and related SCM Treasury Regulations, 2005 [SCM TR]

- 5.3. The MFMA aims to regulate financial management and Supply Chain Management [SCM] of local government to ensure that all revenue, expenditure, assets, and liabilities are managed efficiently and effectively.
- 5.4. Sections 110 – 119 of the MFMA deals with SCM requirements and must be read together with the SCM TR's 1 – 52 issued in terms of section 168 of the MFMA through

GG 27636 effective from 30 May 2005. Both these sets of prescripts support the application of the PPPFA.

Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) – [PPPFA]

- 5.5. The PPPFA, 2000 took effect on 3 February 2000. The main thrust of the PPPFA, 2000 is that an organ of state must determine its preferential procurement policy and implement such within the preferential procurement framework, the latter which is commonly called the '80/20 or 90/10 principle'.
- 5.6. As per the recent Constitutional judgement of 17 February 2022 that the PPPFA Regulations of 2017 are unconstitutional and invalid in totality concluding that: *"Since each organ of state is empowered to determine its own preferential procurement policy, it cannot also lie with the Minister to make regulations that cover the same field."* According to the judgement organs of state are therefore required to determine its own preferential procurement policy.
- 5.7. The Minister of Finance gazetted the new Preferential Procurement Regulations, 2022 dated 04 November 2022 in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000 – (PPPFA).
- 5.8. The other relevant legislation and prescripts are discussed in the Municipal SCM Policy and can be obtained from the Office of the CFO.

6. PRINCIPLES

- 6.1. The principles that underpin this policy are as follows:
- (a) Sound commercial principles will underlie all transactions. There will be no compromise on quality, service delivery or any other commercial aspects related to the delivery of business objectives.
 - (b) All preferential procurement processes will be transparent and subjected to audit in accordance with sound business principles and practices.
 - (c) Swellendam Municipality will only conduct business with service providers that comply with legal requirements (registered with SARS; municipal taxes are not in arrears for more than three months; restricted suppliers; suppliers in the employ of the State, etc.)

- 6.2. The Policy is founded upon the following core principles:

6.2.1. Value for money

Price alone is often not a reliable indicator, and the AO will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements. Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

6.2.2. Open and effective competition

All procurement laws, policies, practices, and procedures must be readily accessible to all parties involved in the procurement process. The procurement process must be open and transparent, and reasons must be provided for decisions in terms of current legislation.

6.2.3. Ethics and fair dealing

All procurement officials must comply with the municipal ethical standards to promote mutual trust and respect and an environment where business can be conducted in a fair and reasonable manner. The following is regarded as an acceptable ethical behaviour:

- a) Open, honest, and co-operative business relations.
- b) Confidentiality of commercial information.
- c) Avoidance of conflict of interest or a perception of bias.
- d) Disclosure of conflict of interest as soon as they arise.
- e) Fair dealing and impartiality in the conduct of tender evaluations.
- f) Avoidance of combative or collusive practices.

6.2.4. Accountability and reporting

Procurement officials and other officials involved in SCM must be answerable for their decisions and actions to the public.

6.2.5. Equity

The Swellendam Municipality will at all times strive to enhance the development of SMME's and B-BBEE enterprises to allow them to contribute meaningfully to the economy of the Swellendam Municipal Area.

6.2.6. Criteria for breaking the deadlock in scoring

- (a) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
- (b) If two or more tenderers score equal points in all aspects, the award must be decided by the drawing of lots.

6.2.7. Remedies

- (a) If the Municipality is of the view that the tenderer submitted false information regarding a specific goal, it must:
 - a. Inform the tenderer; accordingly, and
 - b. Give the tenderer an opportunity to make representation within 14 days as to why the tenderer may not be disqualified or, if the tenderer has already been awarded the tender, the contract should not be terminated in whole or in part.
- (b) After considering the representation referred to in sub regulation 5.2.7.1 (b), the municipality may, if it concludes that such information is false: -
 - a. Disqualify the tender or terminate the contract in whole or in part; and
 - b. If applicable, claim damages from the tenderer.

7. POLICY STATEMENTS

7.1. Application

- 7.1.1. This Policy will apply to all active industry sectors in the Swellendam Municipal Area. It is accepted that through the population of reliable data, trends will be evident which will continuously require a review of the Policy to ensure its relevance of all active industry sectors.
- 7.1.2. This Policy must be read and applied jointly with the Swellendam Municipality's SCM Policy and the PPPFA prescripts amended from time-to-time.
- 7.1.3. Construction tenders will also have to adhere to the requirements of the CIDBA.
- 7.1.4. The principles of this policy, where possible, must apply to deviations, sharing of contracts with other organs of state and transversal contracts.

7.2. Uniformity and simplification

- 7.2.1. Tender documents will be rationalised and simplified.
- 7.2.2. Tender documents will include all certificates, declarations, and preference requirements.
- 7.2.3. Where possible standardised contract templates will form part of tender documents.
- 7.2.4. Contracts will include payment cycles linked to delivery and performance reporting cycles.

7.3. Database, panels, roster and/or rotation application

- 7.3.1. A supplier database or various supplier databases, dependent on the commodity, will be maintained.
- 7.3.2. The supplier's database(s) will be updated on an annual basis and used on a roster or rotation mechanism basis.

7.4. Unbundling

- 7.4.1. Tenders must, where practical, be unbundled into cost components and specific strategies be determined for each, e.g., for the semi- and unskilled labour portion, only locally based unemployed youth must be targeted.
- 7.4.2. Unbundling strategies can be afforded to the full spectrum of businesses, from those operating as labour only contractors to those operating as prime contractors. Some of these strategies can be summarised as follows:
 - a) Providing third-party management support to enterprises which are not capable of operating as prime contractors.
 - b) Providing training to new entrants.
 - c) Promoting learner-ships, internships, pupil-ships, etc.
 - d) Obligating main contractors or service providers to engage targeted enterprises in the performance of their contracts incorporating resource specifications.
 - e) Foster joint ventures that are formed between large businesses and targeted enterprises (termed as Structured Joint Ventures).
 - f) Encourage and involve funding institutions to assist small businesses with access to finance and negotiate for credit lines.
 - g) Encourage local manufacturing and procurement from small businesses within the Swellendam municipal area.
 - h) Unbundling of big projects and identifying opportunities and areas/scope of works that can be carried out by emerging contractors bar those from the main assignment shall be pursued vigorously.
- 7.4.3. Unbundling strategies do not include the breaking down of projects into smaller portions to remain below certain threshold values or more than one contract.

7.5. Targeting

7.5.1. Targeting will be regarded as a specific goal identified by Swellendam Municipality and will be reflected in Part 7 to this Policy.

7.5.2. These targets will be determined prior to the invitation of tenders and reflected as special and/or pre-qualifying conditions.

7.6. **Payment cycles**

7.6.1. The payment of invoices is dependent on timely invoicing, approval of invoices and on the payment administration. Responsible officials must process approved invoices within 30 days of receiving the invoice, unless otherwise provided for in the contract.

7.6.2. Reasons for not approving an invoice must be communicated to the tenderer prior to the lapsing of the said 30 days.

7.6.3. Officials must endeavour to, where feasible, process invoices of SMME's within 5-7 days in order to promote their cash flow position. Invoices must be submitted before 12:00 on a Wednesday, to facilitate timely payment.

7.6.4. Depending on the commodity and the procurement process adopted, deposits, establishment fees, upfront payments, front-loaded payments, etc. may be allowed if provided for in the tender specifications and contract provisions. Appropriate control mechanisms and guarantees must support such payments.

7.7. **Performance guarantees**

7.7.1. The following level of sureties or guarantees will be introduced as a minimum, based on the risk exposure and type of contract, where relevant, inclusive of CIDB tenders:

TYPE	DEFINITION	LEVEL OF SURETY
Major	➤ Onerous requirements ➤ High contract value ➤ Large scale development	➤ 10% above R 10m contract value
Minor	➤ Risks are judged to be acceptable ➤ Low value ➤ Straight-forward work	➤ 3% above R 5m contract value
Micro	➤ Risks are judged to be limited or non-existent ➤ Low value	➤ 0% below R 5m contract value

TYPE	DEFINITION	LEVEL OF SURETY
	➤ Limited documentation flow ➤ Short term project	

7.8. Skills transfer

7.8.1. Skills transfer is promoted, and Swellendam Municipality will endeavour to support SMME's and B-BBEE enterprises skills transfer through:

- a) Proper contract management.
- b) Provision of adequate information of why tenders were not successful.
- c) Develop and provide a training programme and related sessions for small suppliers as part of the Municipal Local Economic Development [LED] programme.
- d) Promoting access to uniform and standardised bid documents with proper instructions for completion.

7.8.2. The following skills transfer principles will be introduced as a minimum, based on the risk exposure and type of contract, where relevant, inclusive of CIDB tenders:

TYPE	DEFINITION	LEVEL OF SKILLS TRANSFER
Major	➤ Onerous requirements ➤ High contract value ➤ Large scale development ➤ Above R 5m ➤ Long-term contracts	Formal training, inclusive of accredited training; Certificates/ Diplomas/Degrees; Interns; Learner ships; Pupil-ships and Bursaries
Minor	➤ Risks are judged to be acceptable ➤ Low value ➤ Straight-forward work ➤ Above R 3 m ➤ Contracts for more than 1-year	Informal training inclusive of Interns; Learner ships; Pupil-ships and Bursaries
Micro	➤ Risks are judged to be limited or non-existent ➤ Low value ➤ Limited documentation flow ➤ Short term projects	Basic training and certificate of jobs performed

7.9. CSI – Corporate Social Investment

- 7.9.1. Corporate social investment (CSI) is defined as contributions (either employee time and/or resources) which bring benefits over and above those directly associated with the Municipal core business activities.
- 7.9.2. Depending on the principles of fairness and cost-effectiveness, the relevant commodity required and the profile of the supply industry, the Municipality may require that specific CSI contributions be made in line with the Municipal Grant-in-Aid Policy.
- 7.9.3. The suppliers shall be expected to indicate or provide an outline of socio-economic projects to be implemented through its Corporate Social Responsibility in the Swellendam Municipal area. Proposed projects must be measurable with specific focus on vulnerable groups. Bidders can suggest or explore the following socio-economic project practices for consideration:
- a) On the job training and development of staff (learner ships), particularly for the unemployed or young people including the recruitment of long-term job seekers and handicapped people.
 - b) Young women / mother's upliftment / leadership programme.
 - c) Skills development initiatives (technical and soft skills) must be accredited with recognised institutions.
 - d) Youth leadership and empowerment projects.
 - e) Early childhood development.
 - f) Projects can be in collaboration with local CBO's, NGOs, and relevant institutions.
 - g) Business skills and enterprise support including mentoring of local enterprises.
 - h) Development of Parks and open spaces.
- 7.9.4. It is specifically recorded that NO CSI financial contributions will be required or accepted.
- 7.9.5. The Municipality will adopt a uniform standard in acknowledging, monitoring, and reporting on CSI contributions.

7.10. **Contract conditions**

- 7.10.1. Contract conditions for each strategy needs to consider the following elements:
- a) Is an additional contract necessary and if so, what will the terms be?
 - b) What is the contract monitoring and reporting mechanism?

- c) Consider whether Employment contracts to be in place and how will it be monitored (to ensure minimum wages are paid and UIF, etc. in place)
- d) Is LED support required?
- e) Identified contract manager and contract administrator.

7.11. Performance management

7.11.1. The effectiveness and efficiency of this Policy will be reviewed as per the Swellendam Municipality's SCM Policy and related performance management provisions.

7.11.2. Constructive and active contract management and administration will result in an increase in the capacity of suppliers and service providers as well as continuous performance improvements.

7.12. Penalties

7.12.1. Where a contract has been awarded based on information which, after the conclusion of the relevant agreement, is proved to have been incorrect, the municipality may, in addition to any other legal remedy it may have:

- a) Disqualify the person from the tendering process.
- b) Recover all costs, losses or damages it has incurred or suffered because of the award of the contract.
- c) Cancel the contract and claim any damages which it has suffered because of having to make less favourable arrangements due to such cancellations.
- d) Restrict the tenderer or contractor, its shareholders, and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding ten (10) years, after the *audi alteram partem* (hear the other side) rule has been applied; and
- e) Forward the matter for criminal prosecution.

7.12.2. Upon detecting that a preference in terms of the PPPFA, the Regulations or this Policy have been obtained on a fraudulent basis, or any specified goals are not attained in the performance of the contract, the Municipality shall act against the person awarded the contract.

7.12.3. The Municipality may also request the court in terms of Section 28(1)(a) of the **Prevention and Combating of Corrupt Activities Act, 2003** to add the relevant bidder's details on the Register for Tender Defaulters, as the relevant section provides

that: 'A court, when convicting a person of an offence in respect of corrupt activities relating to contracts or corrupt activities relating to the procuring and withdrawal of tenders 'may', in addition to imposing sentences contemplated by the Act, order that the particulars of the person, the conviction and sentence, and any other order of the court consequent thereon, be endorsed on a Register for Tender Defaulters'.

7.13. Risk

7.13.1. Risk management will be conducted as per the Swellendam Municipality's SCM Policy and related risk management provisions.

7.14. Declarations

7.14.1. The stipulations of the PPPFA, MFMA and SCM Regulations will apply.

7.14.2. In addition to paragraph 7.14.1 above the following will also apply:

- a) In the case of joint ventures or consortium, only legally established entities may partake in the preference system. An agreement of intent will suffice as well as a separate B-BBEE certificate issued for the institution specific, to qualify for preferences. A joint BBBEE certificate must be attached to qualify for preference claims as prescribed.
- b) Preference points claimed will depend on the management participation and *profit ratio* of parties claiming such preferences.
- c) Bidders may at any time be requested by Swellendam Municipality to substantiate preference claims.

8. PREFERENCE TARGETS IDENTIFIED

8.1. Considering all the data available, this Policy will strive to achieve the following targets:

POLICY OBJECTIVE	TARGET
Improve market share of SMME's	By year 2024/2025 the market-share of SMME's to be at least 30% of all municipal procurement.
Improve the local economic market	By year 2024/2025 the market-share of local businesses to be at least 35% of all municipal procurement
Employment of semi-& unskilled workers	By year 2024/2025 at least 60% of construction and related sector wage and allowance costs must represent local labour.

POLICY OBJECTIVE	TARGET
Ensure equitable work distribution in Swellendam Municipal area.	Develop a rotation mechanism to employ local businesses registered on the 2023/2024 Municipality Supplier Database for projects below R 300 000, inclusive of construction related services.
Address identified socio - economic weakness areas i.e. the Unemployed Youth	By 2024/2025 Swellendam Municipal procurement spend to unemployed youth be improved by 10% calculated from data compiled since 2021.

8.2. To determine which tender conditions will be applicable to a specific tender, the following considerations will apply:

- a) The Municipality will allocate 20 preference points for all procurement of goods and services below R 30 000, excluding petty cash, within the preference point system targeting only locality goals, as per the attached Annexure A (Preference points claim form in terms of the Preferential Procurement Regulations 2022, MBD 6.1)
- b) The Municipality will apply 50% preference points for the BBBEE scorecard and 50% preference points for locality for all procurement of goods and services, i.e., the 80/20 preference point system for tenders between R 30 000 and R 50 million or 90/10 preference point system for tenders above R 50million, as per the attached Annexure B (Preference points claim form in terms of the Preferential Procurement Regulations 2022, MBD 6.2)
- c) Determine and record its reasons whether the goods or services for which a tender is to be invited, will be evaluated based on functionality.
- d) Determine the targeting conditions for procurement within the thresholds as directed by Council.
- e) Determine whether objective criteria are applicable to the tender as envisaged in the section 2(1)(f) of the PPPFA.
- f) All attempts should be made to use the labour and materials from local residents per ward for projects to the benefit of such specific wards.

8.3. The LED and SCM Unit must jointly determine which data to maintain to be able to monitor and report on matters such as local buying, alignment between municipal demographics vis-à-vis SCM spent, and related factors.

9. APPLICATION OF THE PPPFA REGULATIONS

9.1. The Preferential procurement system is regulated as follows:

- (a) The application of an 80/20 preference point system for procurement (competitive bids or quotations) with a Rand value less than or equal to R 50 000 000;
- (b) The application of a 90/10 preference point system for procurement (competitive bids) with a Rand value greater than R50 000 000;
- (c) If it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
- (d) Bids may be declared non-responsive if:
 - (i) They fail to meet any special condition of tender if stipulated in the bid documents;
 - (ii) They fail to meet objective criteria as prescribed by Section 2(1)(f) of the PPPFA; or
 - (iii) They fail to achieve a minimum qualifying score for functionality (quality) if indicated in the bid documents.

9.2. The preference point system shall be used in the evaluation of responsive bids for the purposes of determining preferred/recommended bidders, and for the adjudication thereof.

Planning and Stipulation of Preference Point System

9.3. Prior to embarking on any procurement process, the responsible end user must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.

9.4. The Bid Specification Committee shall, immediately prior to advertising, determine the appropriate preference point system to be used in the evaluation and adjudication of bids, and shall ensure that such is clearly stipulated in the bid documentation.

Evaluation of Bids on Functionality (Quality)

9.5. Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.

9.6. If a bid is to be evaluated on functionality, this must be clearly stated in the bid documentation.

- 9.7. The evaluation criteria for measuring functionality must be objective.
- 9.8. The following must be clearly stipulated in the bid document when evaluating bids on functionality the:
- (a) Evaluation criteria for measuring functionality;
 - (b) The points for each criteria and, if any, each sub-criterion; and
 - (c) The minimum qualifying score for functionality rounded off to the nearest two decimal places (if applicable).
- 9.9. The minimum qualifying score for functionality for a tender to be responsive must be determined separately for each tender.
- 9.10. If a bid fails to achieve the minimum qualifying score for functionality as indicated in the bid document, it must be regarded as non-responsive, and be rejected (not considered any further in the evaluation process).
- 9.11. Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.

Evaluation and Adjudication of Bids

- 9.12. An 80/20 preference point system is stipulated for bids with a Rand value less than or equal to R50 000 000, and a 90/10 preference point system of procurement with a Rand value of greater than R50 000 000..
- 9.13. This means that either 80 or 90 points, depending on the Rand value of the bid, will be awarded to the person who offers the lowest price, and proportionately fewer points are awarded to those with higher prices. Either 20 or 10 points are then available as preference points for goals envisaged in Section 2(1)(d) and (e) of the PPPFA.
- 9.14. Irrespective of the preference point system used, the following will be applicable:
- (a) Points for preference may be awarded to bidders having attained a B-BBEE status level of contributor and/or for goals envisaged in Section 2(1)(d) and (e) of the PPPFA.
 - (b) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified but may only score points for price and must be awarded zero points for preference.

- (c) The points for preference scored by a bidder must be added to the points for price scored, to obtain the total number of adjudication points scored for each responsive bid. The points scored must be rounded off to the nearest two decimal places (if applicable).
- (d) Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to (and/or order placed with) the bidder that scores the highest total number of adjudication points.
- (e) If the price offered by a tenderer scoring the highest points is not market related, the Municipality may not award the contract to that tenderer, prior to:
 - (i) Negotiating a market related price with the tenderer scoring the highest points or cancel the tender;
 - (ii) If the tenderer does not agree to a market related price, negotiate a market related price with the tenderer scoring the second highest points;
 - (iii) If the tenderer scoring the second highest points does not agree to a market related price, negotiate a market related price with the tenderer scoring the third highest points; and
 - (iv) Apply the foregoing principles to all written and formal written price quotations subject to the approval of Manager: Supply Chain Management or his delegated official.

9.15. If a market-related price is not agreed as envisaged in section 9(14) above, the Municipality must cancel the tender.

9.16. The criteria applicable to break any deadlock where tenderers score the equal number of points will be as follows:

- (a) The contract must be awarded to the tenderer that scored the highest points for specified goals.
- (b) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points, the contract must be awarded to the tenderer that scored the highest points for functionality.
- (c) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

9.17. The remedies for any breach detected for the submission of any false information by a bidder are as follows:

- (a) Inform the tenderer accordingly and give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.
- (b) After considering the representations, the municipality may, if it concludes that such information is false disqualify the tenderer or terminate the contract in whole or in part; and if applicable, claim damages from the tenderer.

Cancellation of Bids

9.18. The Municipality may cancel bids before the award of a bid as follows:

- (c) Due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
- (d) Funds are no longer available to cover the total envisaged expenditure;
- (e) No acceptable tender is received;
- (f) There is a material irregularity in the tender process; or
- (g) The validity period of the tender has lapsed.

9.19. The decision to cancel a tender invitation must be published in the same way the original tender invitation was advertised.

The Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works

9.20. The following formula must be used to calculate the points out of 80 for price in respect of bids (including price quotations) with a Rand value of less than R50 000 000 (all applicable taxes included):

$$P_s = 80 [1 - (P_t - P_{min})]$$

P_{min}

Where :

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration; and

P_{min} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

9.21. The 90/10 Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works with a Rand Value above R50 000 000. The following formula must be used to calculate the points for price in respect of bids with a Rand value above R50 000 000 (all applicable taxes included):

$$P_s = 90 [1 - (P_t - P_{min})]$$

P_{min}

Where :

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration; and

P_{min} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

- (a) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
- (b) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- (c) Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to the tenderer scoring the highest points.

9.22. 80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million 1) The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$P_s = 80 [1 + (P_t - P_{max})]$$

P_{max}

a)

Where

P_s = Points scored for price of tender under consideration.

P_t = Price of tender under consideration; and

P_{max} = Price of highest acceptable tender

- (a) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
- (b) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- (c) Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to the tenderer scoring the highest points.

9.23. 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million. The following formula must be used to calculate the points for price in respect of a tender for in-come-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 90 [1 + (P_t - P_{max})]$$

P_{max}

Where :

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration; and

P_{max} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

- (a) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
- (b) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(c) Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to the tenderer scoring the highest points.

(d) The tendering conditions will stipulate the specific goals, as contemplated in Section 2(1)(d)(ii) of the PPPFA, be attained.

9.24. A maximum of 20 points (80/20 preference points system) or 10 (90/10 preference points system), will be allocated for specific goals. These goals are:

(a) Contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.

(b) The promotion of enterprises located in the local area (phased in approach to be applied for other RDP goals)

9.25. In respect of procurement above R 30 000, 50% of the 20/10 points will be allocated to promote B-BBEE and points will be allocated in terms of the B-BBEE scorecard as follows:

BBBEE Level	80/20	50%	90/10	50%
1	20	10	10	5
2	18	9	9	4,5
3	14	7	6	3
4	12	6	5	2,5
5	8	4	4	2
6	6	3	3	1,5
7	4	2	2	1
8	2	1	1	0,5
Non-compliant	0	0	0	0

9.26. A tenderer must submit proof of its BBBEE status level contributor.

9.27. A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-

(a) May only score points for price; and

(b) Scores 0 points for B-BBEE status level of contributor, which is in line with Section 2(1)(d)(i) of the Act, where the supplier or service provider did not provide proof thereof.

9.28. In respect of all procurement, 100% for below R 30 000 and 50% above R 30 000 of the 20/10 points will be allocated to promote locality, and points will be allocated as follows:

Local area of supplier	Number of Points for Preference		
	80/20 below R 30 000	80/20 above R 30 000	90/10
Within the boundaries of the beneficiary Ward	20	10	5
Within the boundaries of the WCDM	15	8	5
Within the boundaries of the Western Cape	10	5	2
Outside of the boundaries of the Western Cape	0	0	0

9.29. A tenderer failing to submit proof of required evidence to claim preferences for other specified goals, which is in line with Section 2(1)(d)(ii) of the PPPFA:

(a) May not be disqualified; and

(b) Scores 0 points out of 10/5 of the relevant specific goals where the supplier or service provider did not stipulate.

9.30. The preference points scored by a tenderer must be added to the points scored for price.

9.31. The points scored must be rounded off to the nearest two decimal places.

9.32. The contract must be awarded to the tenderer scoring the highest points, subject to Section 2(1)(f) of the PPPFA.

Evidence of B-BBEE Status Level

9.33. To qualify for preference points in terms of this policy, bidders must submit documentary proof of their B-BBEE level of contribution in accordance with the applicable codes of good practise as specified in the tender documents.

9.34. The submission of such documentary proof must comply with the requirements of instructions and circulars/guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

9.35. Bidders who fail to submit the required documentary proof or certified copies thereof, will be deemed to be non-compliant contributors.

9.36. Where specific sector charters have been gazetted in terms of the B-BBEE Act, bid documentation for procurement from within such sectors, may specify that only

bidders verified, or who are Exempted Micro Enterprises or Qualifying Small Enterprises, in terms of the particular sector charter (or Code of Good Practice), will qualify for a preference. A status level of contributor in respect of generic Codes of Good Practice will not, in such circumstances, qualify for any preference.

9.37. Where no specific sector charter has been gazetted, the gazetted generic Codes of Good Practice will be applicable to all bidders to qualify for a preference.

9.38. For the purposes of transparency, bidders shall be required to indicate, in their bid submission, their B-BBEE status level of contribution.

9.39. Notwithstanding what is contained in the bid submission, preference points may be allocated during the bid evaluation process in accordance with the verified B-BBEE status level (or deemed status level) of contributor as at the closing date of the bid.

Conditions Relating to the Granting of Preferences

9.40. Bidders must, in the manner stipulated in the bid documentation, declare that:

- (a) The information provided is true and correct;
- (b) The signatory to the bid document is duly authorised; and
- (c) Documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the Municipality.

9.41. Only bidders who have completed and signed the necessary declarations may be considered for the granting of preference points.

9.42. The Bid Evaluation Committee must, when calculating prices, consider any discounts which have been offered unconditionally.

9.43. A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.

9.44. A trust, joint venture or co-operative will qualify for preference points for their B-BBEE status level of contributor as a legal entity, provided that the entity has submitted its verified B-BBEE status level certificate (or certified copy thereof) to the Municipality.

9.45. A trust or joint venture will qualify for preference points for their B-BBEE status level as an unincorporated entity, provided that the entity has submitted its consolidated B-BBEE scorecard as if it is a group structure and that such a consolidated B-BBEE

scorecard is prepared for every separate bid. The consolidated B-BBEE scorecard must be submitted in the form of a certificate issued by an accredited verification agency (or a certified copy thereof).

9.46. A bidder may not be awarded points for B-BBEE status level of contributor if the bid documents indicate that such a bidder intends sub-contracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.

9.47. A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract. Compliance with this requirement must be monitored by the end user during the execution of the contract.

9.48. A person awarded a contract may only enter into a subcontracting arrangement with the approval of the Municipality.

9.49. If a service is required that can only be provided by tertiary institutions, such services may be procured through a bidding process from the identified tertiary institutions. The tertiary institutions must submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

9.50. If a service is required that can be provided by one or more public entities and enterprises from the private sector, the appointment of a supplier must be done using a competitive bidding process. Public entities must submit their B-BBEE status in terms of the specialized scorecard contained in the gazetted B-BBEE Codes of Good Practice.

10. ALIGNMENT WITH THE PROCUREMENT PROCESS

10.1. The Municipal SCM Policy will guide the relevant SCM activities required.

10.2. The 'tender format/strategy' as identified in the policy statements and the targets above will be considered and where feasible included in any tender specifications as 'special conditions to tender'.

11. DEVIATIONS AND EXEMPTIONS

- 11.1. Any exemption from compliance to this Policy shall be permitted only within the delegatory powers permitted by Council and as prescribed in terms of the MFMA and the PPPFA.

12. COMPLAINTS, ENQUIRIES, DISPUTES OR APPEALS

- 12.1. The Swellendam Municipality SCM Policy, provides for a mechanism to deal with SCM related complaints, enquiries or disputes which will apply when bidders wish to record any complaint, enquiry, or dispute regarding this Policy.

13. ACCESS TO INFORMATION AND TRAINING

- 13.1. Unsuccessful bidders will be informed of the reasons for their bid not being successful, if so, requested in writing. To ease the administrative burden a checklist will be used.
- 13.2. Bidders should be supported to obtain tender information.
- 13.3. Any prospective bidder will be entitled to receive information and/or training regarding the following:
- a) Financial support.
 - b) SCM related training.
 - c) Assistance with tendering process.
 - d) Bidding process.
 - e) Preferential procurement.
 - f) Completion of Bid documentation.
 - g) Project and contract management.
- 13.4. Formal requests for access to information must be dealt with within the PAIA Policy of the Swellendam Municipality.
- 13.5. Requests for access to training must be directed to the LED Manager.

14. ADMINISTRATION OF POLICY

14.1. Responsibility

- 13.1.1. Responsibility for the implementation and administration of the Policy is delegated to the Accounting Officer, who will use the support from the LED Manager.

13.1.2. The Accounting Officer must ensure that each budget holder assumes responsibility for the implementation of the Policy within his/her area of responsibility and that such responsibility is included in his/her Performance Indicators, if so required.

14.2. **LED**

13.2.1. The Accounting Officer must ensure that the organisational design of the LED Office is appropriately structured, resourced, and capacitated.

13.2.2. The data captured by the SCM Unit will be analysed and report on by the Manager: LED.

14.3. **SCMU**

13.3.1. The SCMU must maintain a database of requests and transactions to develop a trend-analysis and through such a process identify areas for efficiency and cost-effective improvements, e.g., minimising smaller purchases and maximising term contracts as well as determining strategies for universal commodities.

13.3.2. The data relevant to this Policy will be maintained by the SCM Unit as part of its contract register.

14.4. **Oversight by Council**

13.4.1. The Accounting Officer must align its reporting requirements to the Council as per SCM TR 6 to also report on progress with the implementation of the Policy.

15. **MAINTENANCE**

15.1. Given the changing nature of the regulatory, control and operational environment of the Municipality, this Policy will be regularly reviewed and updated on an ongoing basis.

15.2. For clarification of any matter contained in this Policy, please address queries to the LED Manager.

16. **IMPLEMENTATION**

16.1. This Policy is effective from 01 July 2024.

16.2. To achieve the above, the following immediate implementation steps are required:

- (a) Increased capacity in the Office of the LED Manager.
- (b) Commence with the development of a Municipal Emerging Contractor and Service Provider Development Policy.
- (c) Communication with the local community.
- (d) Establishment and institutionalisation of the Demand Management Committee.
- (e) Development and approval of procurement plans/tender strategies via relevant Demand Management Committee.
- (f) Identification of one major project to pilot the activation of this Policy.

17. COMMENCEMENT AND REVIEW

17.1. This PPPFA Policy shall commence on 01 July 2024 as confirmed by the Council and be reviewed annually in accordance with Section 21(1)(b)(ii) of MFMA.

DOCUMENT DEFINITION

Effective Date	
Related Primary Legislation	1. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). 2. Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and the Regulations of 2022. 3. Construction Industry Development Board Act, 2000 (Act 38 of 2000). 4. Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003).
Replaces/ Repeals	Repeal the PPPFA Policy of 2023/2024
Department responsible	Budget and Treasury Office (BTO)
Unit responsible	SCM unit
Applies to	Swellendam Municipality service providers
Key Words	PPPFA Policy
Status	Draft
Approval Date	
Version	1



TARIFF POLICY

Approved by Council XX May 2024

Draft Policy for Public Participation

Implementation date 1 July 2024

1. OBJECTIVE

1.1 The objectives of this policy are to ensure that:-

- a) all consumers within a specific category are treated equally and reasonably;
- b) the income base of the municipality is safeguarded by approving only exemptions, reductions and rebates that are reasonable and affordable;
- c) the principles underpinning the Council's Integrated Development Plan are complied with;
- d) tariffs are set in a manner that promotes the provision of reliable, sustainable and affordable services to all.

2. DEFINITIONS

2.1 In this tariff policy, unless the context otherwise indicates: -

"agricultural consumers", refer to owners or tenants of agricultural properties and who are registered with SARS as bona fide farmers;

"availability tariff" means a charged levied on all properties with or without improvements, where a basic fee is not levied, to recover fixed costs which do not vary with consumption or volume produced;

"basic charge" also referred to as **"minimum charge"** is: -

- a) the recovery of the distribution and billing-related costs, which include having a distribution system in place, plus the cost of the meter, servicing and reading of the meter, mailing the bills and maintaining customer records; and
- b) the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period;

"break even" means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;

"business" means the activity of buying, selling or trading in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of

agriculture, farming or, inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the breeding and harvesting of fish or other aquatic organisms;

"commercial or industrial consumers" means industrial undertakings, factories, warehouses, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and such like consumers;

"community service" means a service in respect of which the tariffs of a regulatory nature are set at such level that the costs of the service are in general not recovered in full by the tariff, or where the service cannot be measured or only measured at considerable additional cost;

"consumer" means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied. Only an owner and not a tenant or lessee may be a consumer;

"the council" means Swellendam Municipal Council, and "municipal council" shall have a corresponding meaning;

"development contributions", means a once-off charge in respect of the water, electricity, sewerage, storm water, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure on all application for infrastructure capacity allocation:

- a) developer on a property;
- b) for the access to a higher capacity allocation due to a rezoning application;
- c) for the access to a higher capacity allocation due to a demand for a higher capacity allocation due to the increase in business, industrial and/or any other activity;
- d) for the accommodation of a second dwelling;
- e) or as a condition of approval of a land use and development application in order to cover the cost of municipal engineering services required as a result of an intensification of land use;

"domestic consumers" means owners of residential properties, group housing, town houses, semi-detached houses and suchlike properties;

"due date" means the date on which the accounts are payable:

- a) in relation to accounts payable monthly on a recurring basis, the last day of the month which follows on the month during which an account is rendered;
- b) in relation to accounts payable annually is the 31st July unless otherwise provided by any other law; and
- c) in all other instances as and when demand for payment is made by the Municipality;

"economic services" means services in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

"educational institutions" means schools and suchlike institutions;

"fixed costs" means costs which do not vary with consumption or volume produced;

"geographical area" the area of jurisdiction of Swellendam Municipality;

"indigent households" means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;

"gardening irrigation water", means non-metered and non-purified water supplied for gardening purposes to users on application, where available by way of an irrigation ditch;

"irrigation water" means piped and/or metered water supplied for general irrigation purposes;

"MFMA" means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);

"minimum charge" shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time;

"MSA" means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);

"municipality" means the Municipality of Swellendam, its political structures and administration including the Executive Mayor, delegated to perform certain functions;

"owner" in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors in title;

"public benefit organisations" means public benefit organizations as defined in section 30 of the Income Tax Act no 58 of 1962;

"resident" means a person who ordinarily resides in the municipal area;

"special agreements" means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;

"sport and recreation facilities" means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;

"total costs" means the sum of all fixed and variable costs associated with a service;

"trading services" means services referred to in paragraph 5(1)(a) and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;

"units consumed" means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 7;

"variable costs" means costs that vary with consumption or volume produced;

"VAT" means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended.

3. ABBREVIATIONS

Kg - Kilogram

Kl - Kiloliter (1000 litres)

kVA – Kilovolt-ampere

kWh- Kilowatt-hour

m³ - Cubic meter

MFMA – Municipal Finance Management Act, 2003

MSA – Municipal Systems Act, 2000

4. PURPOSE OF THIS POLICY

- 4.1 By adopting this policy, the Municipality wants to achieve the following: -
- a) compliance with the provisions of section 62(1)(f) of the MFMA;
 - b) compliance with the provisions of section 74 of the MSA;
 - c) prescribing procedures for calculating tariffs where the municipality appoints service providers in terms of section 76(b) of the MSA; and
 - d) To give guidance to the Corporate and Financial Services Portfolio Committee regarding tariff proposals that must be submitted to the council annually during the budget process.

5. TARIFF PRINCIPLES

The principles of the tariff policy are set out in section 74(2) of the MSA and the following are applied: -

- 5.1 Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion, except where relief measures for poor households and deserving categories of users are implemented from time to time.
- 5.2 The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 5.3 Tariffs for the four major services rendered by the municipality, namely:
- a) Electricity;
 - b) Water;
 - c) Waste Water (Sewerage); and

d) Solid Waste (Refuse Removal)

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff, which a particular user pays, shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

- 5.4 In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all-time be reasonable, and shall be fully disclosed in each annual budget.
- 5.5 The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidising between categories of consumers or users shall be disclosed to users.
- 5.6 The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.
- 5.7 The municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 5.8 In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. If a service is metered but cannot be read the customer is charged for an estimated consumption.
- 5.9 In considering the costing of water, electricity and sewerage services the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may imply that the services may at times or for certain periods operate at less than full capacity, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

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- 5.10 The Municipality shall, by adopting what is fundamentally a two-part tariff structure, namely a fixed minimum charge coupled with a charge based on consumption, endeavour to address the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- 5.11 Users of municipal services should be treated equitably in the application of tariffs.
- 5.12 The amount individual users pay for services should generally be in proportion to their use of that service.
- 5.13 Poor households must have access to at least basic services through –
- a) tariffs that cover only operating and maintenance cost;
 - b) special tariffs or lifeline tariffs for low levels of use of;
 - c) consumption of services or for basic levels of service; and
 - d) any other direct or indirect method of subsidization of tariffs for poor households.
- 5.14 Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charged.
- 5.15 Tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned.
- 5.16 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service.
- 5.17 Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users.
- 5.18 The municipality must ensure that its tariffs are uniformly and fairly applied throughout the municipal area.
- 5.19 Poor households will have access to basic services through the indigency relief as defined in the free basic services and indigent support policy.

- 5.20 Tariffs must be cost reflective associated with each service rendered to ensure financial sustainability of each service, taking into account subsidization to rates services except for economic services.
- 5.21 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service. This will be necessary for major breakdowns and backlogs in infrastructure and periods of drought when a restriction of usage is required.
- 5.22 The municipality may impose a penalty on the existing tariff structure or measures of discouraging service demand to prohibit exorbitant use in appropriate circumstances to encourage efficient and effective use of resources.
- 5.23 Development contributions to finance new developments and subdivisions will be required from all developers.
- 5.24 Vat is included in all tariffs where applicable.
- 5.25 A property used for multiple purposes must, for purpose of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the Municipality cannot readily make an apportionment in relation to the services concerned and the categories of users, whether such use is lawful or not;
- 5.26 In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time. The level of the deposits shall be revised annually depending on the default instances.

6. CATEGORIES OF CONSUMERS

- 6.1 Separate tariff structures may be imposed for the following categories of consumers:-
 - (a) domestic consumers;
 - (b) commercial consumers;
 - (c) industrial consumers;
 - (d) agricultural consumers;

- (e) municipalities;
- (f) consumers with whom special agreements were made;
- (g) consumers in certain geographical areas;
- (h) sports and recreation facilities;
- (i) educational institutions;
- (j) public benefit organisations and such like institutions;
- (k) indigent consumers.
- (l) Vacant land

6.2 Different categories of residential or domestic consumers as well as for services may be defined based on the municipality's indigent and free basic service policies and may include:

- (a) formalized informal settlements / rural villages;
- (b) pensioners;
- (c) proclaimed informal settlements / rural villages; and

6.3 Where substantially different demands are made on the infrastructure to provide a service to a specific group of users within a category, or the standard of services required by such users, the council may, after having considered a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.

6.4 The differentiation must be based on one or more of the following elements: infrastructure costs; volume of usage; availability and service standards. Indigent consumers must qualify in terms of the municipality's indigent policy.

6.5 If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically been included under a defined category of users, the Chief Finance Officer shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

7. INCENTIVE POLICY

Tariffs may include incentives for waste minimization strategy.

8. INDIGENT RELIEF

- 8.1 Tariffs will not reflect relief granted to indigent households. Such relief will be developed as a separate policy and be subject to the discretion of the Council as to its sustainability.
- 8.2 All such relief will be reflected, accounted for and disclosed separately in invoices, account statements, budgets, financial statements or reports.
- 8.3 During the implementation of such policy, cognisance will be taken of the fact that the existing tariffs and procedures may require an amendment to accommodate the above clauses and that such amendments will be phased in over time.
- 8.4 Indigent households are expected to manage their consumption of services within the levels of relief granted.
- 8.5 Assistance and management of indigent households are contained in the Customer Care and Debt Collection Policy/By-Law. The Municipality, however, retains the right to limit consumption through prepaid meters or restrictions if the accounts of assisted households fall into arrears.

9. EXPENDITURE CLASSIFICATION AND COST ELEMENTS

- 9.1 To determine tariffs for the various services the municipality must include all cost elements associated with each service, which include specifically the following but not limited to:
 - (a) Cost of bulk purchases.
 - (b) Distribution cost which includes distribution losses.
 - (c) Depreciation and finance charges.
 - (d) Maintenance of infrastructure and replacement costs.
 - (e) Administration and general costs item, including:
 - (i) service charges from other departments delivering support services such as finance, corporate, human resources et cetera.
 - (ii) reasonable overhead costs associated directly with each service.
 - (iii) adequate contributions to provisions such as bad debts, leave, long service etc.
 - (iv) all other general operating costs associated with the service concerned such as employee-related costs, free basic services, contracted services et cetera.
 - (v) departmental consumption.
 - (f) The intended surplus to be generated for the financial year, such surplus to be applied as follows:

- (i) as an appropriation to capital reserves; and/or
- (ii) generally, in relief of rates and general services
- (iii) the cost of approved indigence relief measures

9.2 Expenditure will be classified in accordance with mSCOA and GRAP.

10. TARIFF TYPES

10.1 In determining, the type of tariff applicable to the type of service the municipality shall make use of the following options or a combination of the same.

(a) Single tariff

This tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure break even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service to calculate the tariffs.

(b) Cost related two to three-part tariff

This tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three and four part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

(c) Inclining block tariff

This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase.

(d) Declining block tariff

This tariff is the opposite of the inclining block tariff and consumption levels increase. This tariff will only be used for special agreements.

(e) Regulating tariff

This tariff is of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service. This tariff will inter alia be used in respect of gardening irrigation water.

(f) Time-of-use tariff

This tariff is based on fixed charges and seasonally and time-differentiated energy and demand charges.

(g) Cost plus mark-up tariff

This tariff is for other services rendered.

(h) Prepaid meters tariff

Tariffs for pre-paid meters may be less than the ordinary consumption tariffs levied on the category of consumer concerned to motivate consumers to move to pre-paid metering.

(i) Multiple step tariffs

Multiple-step tariffs are utilised to enable the consumer to exercise control over the cost to themselves.

10. TARIFF STRUCTURES AND METHODS OF CALCULATIONS

The following tariff structure will, where possible, be used to determine tariffs.

10.1 Water

The determination of the water tariffs will be based on the following:

10.1.1 Because water is a scarce resource, and this municipality is dependent on groundwater, the municipality is committed to the prudent

conservation of such resources, the tariff levied for the consumption of water shall escalate according to the volume of water consumed.

- 10.1.2 All domestic water consumers registered per the councils indigent policy will receive the first six (6) kiloliters of water consumed per month free. Thereafter an inclining tariff per kilolitre as approved in council's annual budget will be applicable on metered consumption.
- 10.1.3 The tariffs for the consumption of purified water shall be based on inclining tariffs per kilolitre for all consumers as approved in councils annual budget per the following blocks:
- (a) 0 – 6kl
 - (b) 7 – 15kl
 - (c) 16 – 30kl
 - (d) 31 – 45kl
 - (e) Above 45kl
- 10.1.4 A basic water charge shall be levied against all water consumers as determined by the council in the annual budget-approved tariff list.
- 10.1.5 A fixed availability charge will be levied on all undeveloped erven with access to a reticulation network irrespective of their permitted or intended use, where those properties are not connected but reasonably can be connected.
- 10.1.6 Where communal water supply (standpipes) is provided, a fixed informal basic charge may be levied.
- 10.1.7 The water tariff may include surcharges subject to council's approval.
- 10.1.8 Water connection charges for all consumer categories other than domestic communal will be charged at the full cost of the installation as determined from time to time.
- 10.1.9 Penalties on existing tariffs may be introduced during periods of water restrictions to reduce water use to remain with sustainable limits. Because water is a scarce natural source, the municipality may restrict and escalate the tariff levied for the consumption of water subject to the following:
- (a) when the capacity level of the water source reaches 60%, water restriction tariff 1 may be applied.

- (b) when the capacity level of the water source levels reaches 40%, water restriction tariff 2 may be applied.
- (c) when the capacity level of the water source levels reaches 20%, water restriction tariff 3 may be applied.

10.1.10 The municipal departmental water consumption will be charged at cost.

10.1.11 Raw water (Unpurified water) supplied by the municipality on request shall be charged per kilolitre of raw water consumed with a fixed tariff as determined by council resolution on the following scales:

- (a) Unpurified water the first 10 kl
- (b) *Unpurified water more than 10 kl per kl*

10.1.12 Metered irrigation water supplied by the municipality on an application shall be charged per kilolitre as determined by council resolution.

10.1.13 Leiwaterr will be charged monthly per application for every 15 to 60 minutes of usage and pump of leiwaterr.

10.1.14 Informal Settlements will be charged a basic charge based on the first 6kl of water.

10.1.15 An infrastructure basic charge for water may be levied as determined by council from time to time.

10.1.16 Approved water tariffs will be implemented on the first of July of every financial year with the month's billing cycle regardless of the actual meter read period or average consumption as may be determined, i.e. an increased tariff will be applicable for a twelve (12) month period.

10.2 Electricity

10.2.1 Guidelines issued by the National Electricity Regulator from time to time form the basis of calculating tariffs;

10.2.2 The Municipality has standardized on the installation of Pre-Payment Meters for all Domestic Consumers. As such it is compulsory for all new domestic connections to be equipped with Pre Payment Meters.

- 10.2.3 A fixed availability charge will be levied on all undeveloped erven with access to a reticulation network irrespective of their permitted or intended use, where those properties are not connected but reasonably can be connected.
- 10.2.4 An infrastructure basic charge for electricity may be levied as determined by council from time to time.
- 10.2.5 Where Council decides to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- 10.2.6 To make electricity affordable to certain categories of consumers, cross-subsidisation between and within categories of consumers will be allowed, based on the load factors of the categories and consumers within the category.
- 10.2.7 The first 50 kWh in the tariff block 0 – 50 kWh of electricity per month shall be free of charge to domestic electricity consumers who applied and were approved in terms of the relevant clause as per the Indigent Policy.
- 10.2.8 Indigent households electricity supply will be limited to 20Amp and the fixed costs will be recovered through an energy charge.
- 10.2.9 A basic charge per electricity meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all electricity consumers based on the ampere. The municipality's basic charge may vary between a group of customers or categories of consumers as determined annually with the budget:
- (a) 0 – 30A
 - (b) 30 -45A
 - (c) 60A-80A
 - (d) 3 Fase 21A-60A Pre-Paid meter
 - (e) 3 Fase 60A-80A Pre-Paid
 - (f) 3 Fase 20A-30A Conventional meter
 - (g) 3 Fase 30-60A Conventional meter
 - (h) 3 Fase 31 -100A Conventional meter
- 10.2.10 To apply the abovementioned principles, the consumer types and cost allocations reflected in the following table will be used:-

Categories of consumers	Fixed charge / Day Charge (Rands/customer/month)	Energy charge (cents/kWh)	Time-of-use Energy charge Peak Standard/ Off Peak (cents/kWh)	Demand and Access charges (Rands/kVa/month)	Charge
Pre-Paid 20A - Domestic		√			Block 1: 0 - 50kWh Block 2: 51 - 350kWh Block 3: 351 - 600kWh Block 4: > 600kWh
Pre-Paid 30A - Domestic	√	√			Block 1: 0 - 50kWh Block 2: 51 - 350kWh Block 3: 351 - 600kWh Block 4: > 600kWh
Pre-Paid Alternative (Life Line) - Domestic		√			Block 1: 0 - 50kWh Block 2: 51 - 350kWh Block 3: 351 - 600kWh Block 4: > 600kWh
Single Phase Pre-paid and Domestic up to 60A	√	√			Block 1: 0 - 50kWh Block 2: 51 - 350kWh Block 3: 351 - 600kWh Block 4: > 600kWh
Three Phase Pre Paid and Conventional Domestic up to 100A	√	√			Block 1: 0 - 50kWh Block 2: 51 - 350kWh Block 3: 351 - 600kWh Block 4: > 600kWh
Commercial Pre-Paid and conventional single phase up to 80A	√	√			Flat rate
Commercial Pre-Paid and conventional three phase up to 80A	√	√			Flat rate
Bulk Consumers	√	√		√	Flat rate
Time of Use tariff	√	√	√	√	Flat rate
Schools single and free phase	√	√			Flat rate

10.2.11 For approved SSEG customers to feed electricity back into the electricity network the SSEG policy will apply according to the tariffs determined annually with the budget. An administrative fee will be payable by the customer and the customer will be paid an export tariff per kWh, An AMI or smart electricity meter must be installed.

10.3 Solid Waste (Refuse removal)

10.3.1 A separate fixed monthly refuse removal charge shall apply to each category of users based on the costs of the service concerned and the applicable level of service and categorised on the number of plastic bags collected.

10.3.2 The fixed basic charge will be based on the number of removals per week.

10.3.3 The tariff for refuse removal for residential units will be one removal per household per week.

10.3.4 A dumping site charge will be applicable according to the vehicle tonnage who dump at the municipal landfill site. The dumping site is free of charge for local residential users.

10.3.5 Refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.

10.4 Waste Water (Sewerage)

10.4.1 A fixed monthly charge shall be levied on all properties or units within urban areas per sewer point, irrespective of the type of service available based on the category of the consumer as determined by the budget.

10.4.2 A fixed availability charge will be levied on all undeveloped erven with access to a reticulation network irrespective of their permitted or intended use, where those properties are not connected but reasonably can be connected.

10.4.3 An infrastructure basic charge for sewerage may be levied as determined by council from time to time.

10.4.4 An effluent fee may further be payable by factories and other industrial users where prescribed. Wastewater emanating from such users requires special purification measures by the municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of the purification per formula in the relevant by-law.

10.4.5 For conservancy tank sanitation services, the waste collection charges will be as set out in the municipal tariffs and shall cover a fixed collection rate per load. Charges in the removal or collection of conservancy tank contents shall be set out in the municipal tariffs

10.4.6 A fixed basic charge will be payable for each property connected to the sewerage reticulation network distinguishing between domestic and business usage

10.4.7 A fixed availability charge will be levied on all undeveloped erven with access to a reticulation network irrespective of their permitted or intended use, where those properties are not connected but reasonably can be connected.

10.5 Minor Tariffs

10.5.1 All minor tariffs shall be standardised within the municipal region.

10.5.2 All minor tariffs shall be approved by the Council in each annual budget and shall, when deemed appropriate by the Council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot be determined accurately, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

10.5.3 Minor tariffs may include fees for the following:

Administration	▪ Access to information ▪ Administration Costs ▪ Advertisements / Advertising ▪ Bank cost on foreign accounts ▪ Deposit ▪ Duplicate Accounts ▪ Duplicate Pay Day Slip ▪ Facsimiles	▪ Photocopies ▪ Placard / Poster Costs ▪ Section 62 Appeals ▪ Tender Objections ▪ Trace of Direct Deposits ▪ Interest on Accounts in Arrear ▪ Laminated documents

Building Control	- Administration / Viewing Request, Filing retrieval and Copying of Plans - Building Plans - Demolition application - Heritage Investigations	- Plan Printing Fees - Plan Scrutiny Fees - Plan validity extension - Re-inspection fees - Signage
Cemeteries	- Grave-depths - Indication of grave	- Plot Cost - Wall of Remembrance
Business License	- Application for extended Liquor hours - Duplicates - License- Formal	- License - Informal - Liquor License - Re-inspection Fee
Commercial Filming/Photographing	- Animals - Application Fee - Area required for production and catering - Cancellation Fee	- Environmental Control Officer - Permits - Vehicles off Public Roads per Parking Bay
Credit Control & Debt Collecting	- Administration fee - Notices - Sheriff fee	- SMS - Tracing fee
Development Contributions	- Water - Electricity - Sewerage - Roads - Sanitation	- Storm water - Solid Waste - Off Grid Developments - Evaluations/Investigations Levies
Electricity	- Builders connection - Call-out fee - Cancellation Fee - Capital Contributions - Casual Supplies - Change to SSEG or Time of Use - Change of Circuit Breaker - Commission of Bulk Meter - Connection and Disconnection of Service - Consumer Deposits - Contractor inspections - Conversion of meters - Credit Control and Debt Collection - Damaged cables - Damaged meter - Deposits cables etc. - Development Contribution - Erection & Removal of Banners	- Illegal Connection/Tampering Fee - Illuminated Signs - Small Scale Embedded Generation (SSEG) - Meter Testing - Meter Verification - MV Switching - Public Lighting & CCTV - Removal of meter - Replacement - Repositioning of Meter - Service Connections - Special Meter Readings - Sundry Services - Tariff change - Unsafe/illegal connections per visit - Upgrading extension Fee - Way leave - Fee recalculation – no access - Hire of temporary distribution kiosk - Hire of Sleeve Space for fiber optic cable

Fire Services & Disaster Management	- Assistance of motor vehicle accidents and rescues - Burn Permits - Events - Extinguishing of Fires - Fire Prevention inspections - Fire Safety	- Plot Clearing - Re-inspection Fee under the By- law - Special Services - Standby at fire scene
Housing	Administration	Rental
Law Enforcement	- Business & Other Events - Bylaw on outdoor advertising - Impoundment of Informal Traders (Hawkers) goods - Impoundment of illegal Advertising/Agent boards - Inspection Fees - Impoundment of Abandoned/Obstructing Items - Pound Fee Cattle - Pound fee Dogs and Cats - Pound fee Horses	- Pound fee other animals - Pound fee Pigs - Pound Fee Poultry - Pound fee Sheep and Goats - Pound fee Shopping Trolley - Re-inspection Fee - Removal of illegal structure - Storage Fee
Libraries	- Damage or lost Library material - Deposits - Facsimiles - Laminated documents - Lost Cards - Penalty for Late Return	- Photocopies - Rental of Library Amenities - Scanning - Special Requests - Subscription - Visitors Fee (Handling)
Municipal Buildings	- Deposits - Rental of Amenities	Rental of Equipment
Off-Grid Developments/Units	Development Contribution	
Operational Cost	Street Signage	
Parking Fees	* Metered Parking	* Monthly Parking Permit
Property Administration	- Application lease/purchase/Encroachment [Fee] - Leases	- Memorial Benches - Radio Mast

Public Works	- Felling and Pruning of Trees - Private Work - Sale of Miscellaneous Items - Storm Water Drainage	- Street Signage - Tar and Patch Work - Vehicle Entrances
Recreational Amenities	- Boat License/Permits - Caravan Parks - Change Rooms - Clubhouses - Community Halls - Day Camping Site - Deposit - Entrance Fee - Formal Shop Rental - Hawker Stalls - Informal Trader under cover rental	- Leases of stalls/containers - Office Rental - Open Spaces - Parking - Public Open Space - Sport Events - Sport Grounds - Support Services - Use of Tractor
Roads	Capital Contributions	Development Contribution
Refuse Removal	- Baboon Resistant Bins - Deposits - Rental of Bulk Containers	- Self-Dumping - Weigh Bridge
Sewage	- Capital Contributions - Connection of tanks - Development Contribution	- Disposal - Tank Services - Testing of tanks
Storm water	Development Contribution	
Town Planning	- Advertising Cost - Application Fee - Closure of Public Place - Contravention - Penalty - Demolition of Administrative Penalty - Departure - Deposit – Appeal - Determination of Zoning - Exemption ito Section 26 - Extension of Time	- Formal Structure - Informal Structures - Land use planning Fee - Permission ito Zoning Scheme - Relaxation of Title Deed - Registered Letter - Removal of Title Deed Restrictions - Search Fee - Spatial Development Framework - Sub-division - Zoning Certificate

Traffic	▪ Business and Other Events ▪ Disabled Parking Tokens ▪ Driver's Licenses ▪ Escorting and Other Services ▪ Hiring Traffic cones ▪ Learner's Licenses ▪ Parking Meters ▪ Professional Driver's Permits	▪ Removal of Vehicles ▪ Roadworthy Certificates ▪ Storage Fees ▪ Taxi Rank Tokens ▪ Traffic Cones ▪ Towing Charge ▪ Vehicle Registration
Valuation (Property Information)	▪ Access to Information ▪ Clearance Certificates ▪ Deeds Office Registrations ▪ Extract from Valuation Roll	▪ Revaluation ▪ Valuation Certificates ▪ Valuation Roll ▪ Voters' Roll
Water	▪ Administration Fee – recalculation no meter access ▪ Call-out Fee ▪ Capital Contributions ▪ Connection & Disconnection ▪ Consumer Deposits ▪ Convert to water flow restrictor meter ▪ Credit Control and Debt Collection ▪ Damaged Water Meter; Water main & Service Connection ▪ Development Contribution ▪ Final meter reading ▪ Irrigation Water ▪ Illegal Connection/Tampering Fee	▪ Meter Testing ▪ Meter verification ▪ Rebates ▪ Reconnection ▪ Registration of borehole ▪ Removal of meter ▪ Repair of meter ▪ Replacement of Damage meter ▪ Repositioning of meter ▪ Service Connections ▪ Special Meter Readings ▪ Still-off" inspections ▪ Sundry Services ▪ Temporary connections
Wayleaves and the use of Municipal Road Reserves for the Installation of services	▪ Administration and Supervision Fee ▪ Roadway Trench Fee ▪ Remedying, Repairing and Cleaning	

Water	▪ Administration Fee – recalculation no meter access ▪ Call-out Fee ▪ Capital Contributions ▪ Connection & Disconnection ▪ Consumer Deposits ▪ Convert to water flow restrictor meter ▪ Credit Control and Debt Collection ▪ Damaged Water Meter; Water main & Service Connection ▪ Development Contribution ▪ Final meter reading ▪ Irrigation Water ▪ Illegal Connection/Tampering Fee	▪ Meter Testing ▪ Meter verification ▪ Rebates ▪ Reconnection ▪ Registration of borehole ▪ Removal of meter ▪ Repair of meter ▪ Replacement of Damage meter ▪ Repositioning of meter ▪ Service Connections ▪ Special Meter Readings ▪ Still-off" inspections ▪ Sundry Services ▪ Temporary connections
Wayleaves and the use of Municipal Road Reserves for the Installation of services	▪ Administration and Supervision Fee ▪ Roadway Trench Fee ▪ Remedying, Repairing and Cleaning	

10.6. Tariif for gardening irrigation water

10.6.1 The Municipality may allocate available water as gardening irrigation water from any specific water resource within the area of jurisdiction of the Municipality.

10.6.2 Such water shall only be supplied in areas where a water distribution system for that purpose is available and operational, and only owners with access to such irrigation water system may apply for this service.

10.6.3 Consumers must apply annually, on the prescribed application form for this service.

- 10.6.4 A register is kept at the Municipality containing the particulars of the consumers who have paid the approved availability tariff for this service for a specific year.
- 10.6.5 The allocation of gardening irrigation water shall be conditional, subject to availability and maintenance of the distribution system.
- 10.6.6 This service will be supplied in accordance with a schedule determined by the municipality.
- 10.6.7 As the water supplied for this service is not metered, the tariff will be set as an availability tariff of a regulatory nature.
- 10.6.8 The tariff for piped irrigation water will as an availability and/or charge related to the volume of consumption.

11. DEVELOPMENT CONTRIBUTIONS

The Council will determine development contributions annually as part of the budgetary process.

12. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

- 12.1 After a draft budget as required by the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) has been tabled, the Municipal Manager must invite the local community to submit representations for consideration by the Council. Such invitation includes the draft resolutions on taxes and tariffs proposed.
- 12.2 After approval of the budget, the Council will give notice of all tariffs approved at the annual budget meeting at least 30 days prior to the date that the tariffs become effective.
- 12.3 A notice stating the purport of the council resolution, date on which the new tariffs shall become operational and invitation for objections will be advertised by the Municipality.
- 12.4 All tariffs approved must have been considered at the annual budget meeting. All fees, tariffs and charges will be approved as part of the annual budget by the Council;

- (1) The tariffs will come into effect as and when determined by the Council;

12 IMPLEMENTATION OF THE POLICY

- (1) The principles contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by- laws referred to in section 75 of the Systems Act.
- (2) The council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of Council.

13 ADJUSTMENT OF ACCOUNTS

- 13.1 Where incorrect debits were raised, the accounts under query will be rectified as necessary within a reasonable time.

14 PROCEDURES AND ACCOUNTABILITY

- 14.1 The Municipal Manager shall ensure that procedures to manage all aspects of this Policy are prepared in the form of a manual, reviewed regularly and that these are formally adopted by him/her for implementation. These procedures will include aspects in this Policy and subscribe to sound principles of internal control.
- 14.2 The Directors and Managers shall ensure compliance with the procedures as approved from time to time by the Municipal Manager to give effect to the provisions of this Policy.

15 IMPLEMENTATION AND REVIEW PROCESS

- 15.1 This policy will come into effect on 1 July 2023 and will be reviewed at least annually or when required by way of a Council resolution.

16 SHORT TITLE

This policy is called the Swellendam Municipality Tariff Policy.



UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE POLICY

Approval 31 May 2024

Draft Policy for Public Participation

Implementation Date 1 July 2024

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1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

“Act” means the Municipal Finance Management Act No 56 of 2003.

“Accounting Officer” means the municipal manager of a municipality as referred to in section 60 of the act and includes a person acting as a municipal manager.

“Corruption” means any person who gives or accepts or offers to give or accept any gratification amounting to an unauthorised or improper inducement to act or not to act in a particular manner using is guilty of an offence.

“Financial Misconduct” means where the accounting officer or chief financial officer or senior managers or any other official of the municipality deliberately or negligently:

- a) Contravenes a provision of the act;
- b) Fails to comply with a duty imposed by a provision of the act on the accounting officer of a municipality;
- c) Makes or permits or instructs another official of the municipality to make, an unauthorized, irregular or fruitless and wasteful expenditure;
- d) Provides incorrect or misleading information in any document which in terms of a requirement of the act must be submitted to the Mayor or the Council of the municipality or to the Auditor-General, the National Treasury or any other organ of state or made public.

“Fraud” means the unlawful and intentional making of a misrepresentation that causes actual prejudice or which is potentially prejudicial to another.

“Forgery” means the unlawfully and intentionally making a false document to the actual or potential prejudice of another.

“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, 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 (SCM) 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."

"Fruitless and Wasteful Expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

"MPAC" means the Municipal Public Accounts Committee.

"MSA" means the Municipal Systems Act No 32 of 2000.

"MTSF" means the Medium-Term Strategic Framework.

"NT" means National Treasury.

"PT" means Provincial Treasury.

"SCM" means the Supply Chain Management Policy of the Swellendam municipality.

"Theft" means the unlawful appropriation of moveable corporeal property belonging to another with the intent to deprive the owner permanently of the property.

"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.

“UIFW” means unauthorised, irregular or fruitless and wasteful expenditure.

2. PURPOSE

- 2.1 In terms of section 32 of the MFMA, the accounting officer must exercise all reasonable care to prevent and detect unauthorised, irregular or fruitless and wasteful expenditure, and must for this purpose implement effective, efficient and transparent processes of financial risk management
- 2.2 The purpose of this policy is to establish a UIFW expenditure reduction strategy for the Municipality and set out the objectives, statutory requirements and guidelines for the reduction of UIFW expenditure.

3. OBJECTIVES

- 3.1 The objectives of the policy include-
 - a) Emphasising the accountability of employees for the Swellendam Municipality resources;
 - b) Ensuring that employees have a clear and comprehensive understanding of the procedures they must follow;
 - c) Ensuring that resources made available to employees are utilised efficiently, effectively, economically and for authorised official purposes only

- d) Ensuring that the Municipal resources are managed in compliance with the MFMA, the Treasury Regulations and other relevant legislation;
- e) Ensure that UIFW expenditure is detected, processed and recorded timeously.

4. APPLICABLE LEGISLATION

- 4.1 Municipal Finance Management Act No. 56 of 2003.
- 4.2 Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings of 2014.
- 4.3 Municipal Budget and Report Regulations of 2009.
- 4.4 SCM Regulations of 2003 and related legislation.
- 4.5 Municipal Systems Act No. 32 of 2000 and related regulations.
- 4.6 Municipal Structures Act No. 117 of 1998 and related regulations.
- 4.7 Labour Relations Act No. 66 of 1995 and regulations.
- 4.8 Disciplinary Regulations for Senior managers of 2010.

5. THE ROLE OF THE NATIONAL TREASURY

- 5.1 In terms of section 5(2) of the MFMA, NT must monitor and assess compliance by municipalities with the MFMA and take appropriate steps to perform its functions effectively.
- 5.2 In assisting municipalities to address the historical UIF&W expenditure, NT:
 - a) Provides support, guidance and advice to municipalities, including internal audit units, audit committees, risk committees, chief financial officers, supply chain management units; disciplinary boards and MPACs on compliance with the MFMA and its regulations;
 - b) Provides training and capacity building to municipalities on the MFMA and its regulations;
 - c) Issues MFMA circulars that further clarify the MFMA and its regulations for consistent application;
 - d) Monitors progress made in addressing UIFW expenditure, as per the MTSF goals;
 - e) Provides assistance to PT's to support delegated municipalities.

6. THE ROLE OF THE PROVINCIAL TREASURY

- 6.1 In terms of section 5(3) of the MFMA, a PT must comply with a prescribed framework and monitor compliance with the MFMA by municipalities in the province.
- 6.2 In terms of section 6 of the MFMA, the Minister of Finance has delegated certain municipalities to the members of the executive council for finance of the respective provinces and duties of the PTs in this regard include the following:
- a) Providing support, guidance and advice to municipalities (officials and MPAC) on compliance with the MFMA and its regulations;
 - b) Providing training and capacity building to municipalities on the MFMA and its regulations;
 - c) Monitoring progress made in addressing UIFW expenditure, as per the MTSF goals;
 - d) Providing initiatives to support municipal public accounts committees.

7. THE ROLE OF THE ACCOUNTING OFFICER

- 7.1 The accounting officer of a municipality must act with fidelity, honesty, integrity and in the best interests of the municipality in managing its financial affairs.
- 7.2 In terms of section 62(1)(d) of the act, the accounting officer must take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented.
- 7.3 To ensure the proper application of the act, the accounting officer must develop an appropriate system of delegations that will both maximise administrative and operational efficiency and provide adequate checks and balances in the municipality's financial administration.
- 7.4 In terms of section 79 of the act, the accounting officer must delegate certain functions to the chief financial officer, senior managers or other financial officials.

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- 7.5 In terms of section 32(4) of the act, the accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. Given the transition of this function, such reports must also be provided to the MEC for Finance in the province as a practice to align with the strategic focus in addressing UIFW.
- 7.6 The accounting officer must ensure that the council processes and procedures to address UIFW expenditure is dealt with effectively, efficiently and on a timely basis.
- 7.7 The accounting officer can separate the process when addressing UIFW expenditures such as unauthorised expenditure, which can be followed before the end of the financial year to authorise unauthorised expenditure.
- 7.8 The accounting officer must ensure that any disciplinary actions that are required as a consequence of the incurrence of UIFW expenditure are instituted within the time limits as contemplated in the Labour Relations Act and other relevant legal frameworks. In addition, the disciplinary process should be conducted following any applicable collective agreement dealing with disciplinary processes applicable to the municipality. For senior managers of municipalities, the disciplinary procedures must be conducted following the Local Government: Disciplinary Regulations for Senior Managers.
- 7.9 In terms of section 32(6) of the act, the accounting officer must report to the South African Police Service all cases of alleged irregular expenditure that constitute a criminal offence or fraud and corruption.
- 7.10 In terms of section 125 of the act, municipalities must disclose, in the notes of the annual financial statements, any particulars of any material losses and any material irregular or fruitless and wasteful expenditures, including in the case of a municipality, any material unauthorised expenditure, that occurred during the financial year, and whether these are recoverable.
- 7.11 In terms of section 62(1)(e) of the act, the accounting officer must take all reasonable steps to ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has

allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the act.

7.12 Disclose any documents, as may be prescribed, on their website.

8. THE ROLE OF OTHER OFFICIALS OF A MUNICIPALITY

8.1 In terms of section 78(1) of the act, each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that any unauthorised, irregular, fruitless and wasteful expenditure and any other losses are prevented.

9. THE ROLE OF THE MAYOR AND THE MUNICIPAL COUNCIL

9.1 In terms of section 52 of the act, the mayor must provide general political guidance over the fiscal and financial affairs of the municipality.

9.2 The council must oversee the performance of the accounting officer and senior officials in implementing measures to prevent the incurrence of UIFW expenditure, as well as monitoring the implementation of consequence management against the officials responsible for the incurrence of UIFW expenditure.

9.3 In terms of section 32(2)(b) of the act, when a financial loss occurs, recover UIFW expenditure from the person liable for that expenditure unless the expenditure, in the case of UIFW expenditure, is, after an investigation by a council committee, certified by the council as irrecoverable and written off by the council.

9.4 In terms of section 32(7) of the act, the council of a municipality must take all reasonable steps to ensure that all cases referred to in section 32(6) of the MFMA are reported to the South African Police Service if the charge is against the accounting officer; or the accounting officer fails to comply with section 32(6) of the MFMA.

10. THE ROLE OF THE SECTION 32 COMMITTEE

10.1 In terms of section 32(2)(a) of the act, investigate the recoverability of any UIFW expenditures resulting in a financial loss for the municipality after considering the following:

- a) The measures already taken to recover such expenditure;
- b) The cost of the measures already taken to recover such expenditure;
- c) The estimated cost and likely benefit of further measures that can be taken to recover such expenditure;
- d) Make recommendations to council whether to recover the UIFW or if the expenditures are irrecoverable;
- e) Submit a motivation explaining its recommendations to the municipal council for a final decision.

11. THE ROLE OF INTERNAL AUDIT, AUDIT COMMITTEE AND RISK MANAGEMENT

11.1 Internal audit

- a) In terms of section 165 of the act, the internal audit units must assist the accounting officer in their duties by providing independent assurance on internal controls, financial information, risk management, performance management and compliance with legislation;
- b) Internal audit units must compile risk-based audit plans, review internal control measures, and ensure that supply chain management, including the requirements of MFMA circular 65, is sufficiently and adequately covered in the annual coverage plan;
- c) Internal auditors must be alert to fraud risks and design audit procedures and indicators that would reasonably assist in preventing and detecting potential or actual fraud and corruption;
- d) Internal audit units must as far as possible be utilised as a resource to provide the accounting officer with assurance around compliance matters;
- e) Provide information and advice to the accounting officer on all cases of UIFW expenditures and assist the Section 32 Committee with the investigations where required;

11.2 Audit committee

- a) The audit committees must advise the accounting officer, senior management and the council on internal controls, risk management, performance management and compliance with legislation.
- b) The committee is further required to assure the adequacy, reliability and accuracy of financial and performance information.
- c) Provide oversight on the section 32 reports on UIFW and make recommendations on internal control, risk management and legislative compliance.

11.3 Risk management

- a) The risk management function must identify all the critical risks that may result in the incurrence of UIFW expenditure and ensure that a risk strategy to address the related risks is developed and monitored by both council and the accounting officer.

12. PROCESS TO BE FOLLOWED

12.1 The procedures for the treatment of UIFW expenditure are described below:

- a) Any senior manager and or other officials who become aware of or suspect the occurrence of UIFW expenditure must immediately report in writing such expenditure to the accounting officer or his/her delegate;
- b) On discovery of alleged UIFW expenditure, the accounting officer or his/her delegate should record the details of the expenditure in a UIFW register;
- c) The accounting officer or his/her delegate must investigate the alleged UIFW expenditure;
- d) If the UIFW expenditure is confirmed through the preliminary investigation, the accounting officer must submit a report to the council to appoint a council committee to consider the UIFW expenditure;
- e) The council committee must make recommendations to the council whether the UIFW must be recovered or written off as irregular;
- f) The accounting officer must ensure to institute criminal or disciplinary proceedings against an official charged with the commission of an offence or a breach of the act relating to UIFW expenditure;

- g) The accounting officer or delegate must report all cases of alleged UIFW expenditure that constitute a criminal offence and or theft and fraud to the South African Police Service;
- h) Subsequent to a Council resolution to recover the UIFW, the accounting officer must in writing request the liable official to pay the UIFW amount within 30 days or in reasonable instalments, failure to hand it over for debt collection process;
- i) The accounting officer must incorporate consequence management as part of the expenditure recovery process.

13. REPORTING OF UIFW EXPENDITURE

- 13.1 The alleged UIFW expenditure must be recorded in the UIFW register by the accounting officer or his/her delegate.
- 13.2 The register must be updated quarterly and be reported to the next meeting of the Council.
- 13.3 The register must be updated and be submitted quarterly to the next meeting of the Council and audit committee.
- 13.4 The register must be submitted quarterly to the national and provincial treasury for oversight.
- 13.5 The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General in writing of any UIFW expenditure including the following:
 - a) Whether any person is responsible or under investigation for the UIFW expenditure;
 - b) The steps taken to recover or rectify such expenditure;
 - c) The steps taken to prevent a recurrence of such expenditure.
- 13.6 The outcome of the council resolution on the section 32 committee recommendations must be submitted to the MEC for local government, the Auditor-General and the audit committee.

13.7 The UIFW expenditure must be disclosed as a note to the Annual Financial Statements.

14. TREATMENT OF UIFW EXPENDITURE

14.1 Recognition and measurement of UIFW expenditure shall be treated in terms of the act.

15. CATEGORIES OF UIFW EXPENDITURE

15.1 Unauthorised expenditure

- a) Overspending must be determined in relation to both the operational budget and the capital budget;
- b) The municipality operational and capital budgets are divided into 'votes' which represent those components of the budget that have amounts appropriated for the financial year, for different departments or functional areas. Overspending must be determined in relation to each of the votes on both the operational budget and the capital budget for the functional area;
- c) Unauthorised expenditure is determined when funds appropriated in a vote for a department or functional area is used for purposes unrelated to the functions of that department or functional area;
- d) Unauthorised expenditure is determined when funds designated for a specific purpose or project are used for any other purpose;
- e) Any use of conditional grant funds for a purpose other than that specified in the relevant conditional grant framework is classified as unauthorised expenditure;
- f) Any grant to an individual is unauthorised expenditure unless it is in terms of the municipality's indigent policy or bursary scheme;
- g) Unforeseen and unavoidable expenditure is unauthorised if such expenditure is not passed within 60 days after the expenditure was incurred;
- h) Given the above classifications of unauthorised expenditure, the following are examples of expenditures that are NOT unauthorised expenditure:
 - Any over-collection on the revenue side of the budget as this is not an expenditure;

- Any expenditure incurred in respect of any of the transactions mentioned in section 11(1)(a) to (j) of the MFMA;
 - Re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
 - Overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a 'vote' on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure);
 - Overspending of an amount allocated by standard classification on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) as long as it does not result in overspending of a 'vote' on the main budget Table A5.
- i) Council may only authorise unauthorised expenditure in an adjustments budget as follows:
- Adjustment budget for unforeseen and unavoidable expenditure;
 - Main adjustment budget no later than 28 February of the current year;
 - Special adjustment budget to authorised unauthorised expenditure that occurred in the second half previous financial year, and any unauthorised expenditure identified by the Auditor-General during the annual audit process.

15.2 Fruitless and wasteful expenditure

- a) Fruitless and wasteful expenditure is determined when the municipality derived no value for money from the expenditure or the use of other resources and it would have been avoided had reasonable care been exercised.

15.3 Irregular expenditure

- a) Irregular expenditure refers to any use of municipal funds that are in contravention of the following legislation:
- Municipal Finance Management Act, Act 56 of 2003, and its regulations;
 - Municipal Systems Act, Act 32 of 2000, and its regulations;

- Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
 - The municipality's supply chain management policy, and any regulations giving effect to that policy:
 - i) Procuring of goods or services by means of quotations where the value of the goods/services exceed the set threshold as determined in the SCM policy;
 - ii) Procuring goods or services by means of other than through competitive bids where the reason for deviating from the prescribed processes have not been recorded or approved in terms of section 17 of the SCM regulations.;
 - iii) Non-adherence to any delegation of authority as approved;
 - iv) Expenditure outside contracts or contracts expired and was not extended in terms of MFMA section 116.
- b) Given the above classification irregular expenditure may only be written-off by Council after an investigation by a council committee and certified to be irrecoverable as follows:
- In terms of the act, only NT may condone non-compliance. Therefore the council resolution wording must be consistent with section 32(2)(b) of the act i.e "council hereby certify the expenditure as irrecoverable and resolve that it be written off or for recovery of the funds".
 - In terms of the MSA, only the Minister of Co-operative Governance and Traditional Affairs may condone non-compliance. Therefore the council resolution wording must be consistent with section 32(2)(b) of the act i.e "council hereby certify the expenditure as irrecoverable and resolve that it be written off or for recovery of the funds"
 - There is no provision to allow irregular expenditure resulting from a contravention of the Public Office-Bearers Act to be condoned. Such irregular expenditure cannot be written-off and must be recovered from the political office- bearer concerned.
 - A council may condone a contravention of the council approved SCM policy or a by-law giving effect to such policy, provided that the contravention, is not also a contravention of the act or the SCM regulations, in which only the National Treasury can condone a contravention of the SCM regulations. Therefore the council

resolution wording must be consistent with section 32(2)(b) of the act i.e “council hereby certify the expenditure as irrecoverable and resolve that it be written off or for recovery of the funds”.

16. CONSEQUENCE MANAGEMENT

- 16.1 There should be consequences for transgressions, a lack of action and poor performance.
- 16.2 Consequences should be instituted by the accounting officer against officials who fail to comply with applicable legislation, continuously underperform or are negligent, and against those whose actions and decisions cause financial losses.
- 16.3 Allegations of financial misconduct must be referred to the disciplinary board to investigate and monitor the institution of disciplinary proceedings as contemplated in the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceeding.
- 16.4 In cases where a financial loss must be recovered from an official and/or councillor, the UIFW amount will be recovered from the individual salary.
- 16.5 In the case of termination of an official and/or councillor, the UIFW amount will be recovered from the last salary and benefits and if insufficient a legal claim will be instituted against the individual.

17. REDUCTION PLAN AND STRATEGY

- 17.1 Submit all UIFW expenditure as per the latest (audited) financial statements and related information that have not gone through section 32 of the act process to the Council by no later than March of the current year.
- 17.2 Obtain a council resolution to refer UIFW expenditure to a council committee (the Section 32 Committee) to produce a report on its recommendations to the council for a final decision to certify the expenditure as irrecoverable and resolve that it be written off or for recovery of the funds.

- 17.3 Council to consider the report by the council committee on the investigation of the UIFW expenditure and resolved to certify the expenditure as irrecoverable and resolve that it be written off or for recovery of the funds.
- 17.4 Based on the outcome of the UIFW expenditure investigations, the accounting officer to refer the matter to the disciplinary board to investigate allegations of financial misconduct and to monitor the institution of disciplinary proceedings.
- 17.5 Update the UIFW expenditure register and annual financial statements with the outcomes of the council resolutions on UIFW expenditures.

18. UIFW EXPENDITURE REDUCTION ACTION PLAN

- 18.1 The council committee (Section 32 Committee) will have quarterly meetings to process UIFW expenditure.
- 18.2 The accounting officer or delegated official must table the UIFW registers with an action plan at the Section 32 Committee quarterly meetings.
- 18.3 The accounting officer or delegated official must process unauthorised expenditure authorised by the council in the next available adjustment budget.
- 18.4 The accounting officer or delegated official to submit the UIFW registers and implementation plan to the Mayor, NT and PT.
- 18.5 The accounting officer or delegated official to implement preventative controls to establish a sound control environment related to preventing and reducing UIFW expenditure.
- 18.6 The accounting officer to implement consequences management where applicable and report to the council on the progress made.
- 18.7 Training on UIFW expenditure be provided annually for all councillors, senior employees, members of section 32 committee and audit committee.

19. SHORT TITLE

19.1 This policy shall be called the Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy of the Swellendam Local Municipality.



ANNEXURE D

OTHER SUPPORTING DOCUMENTS

2024/2025

Province: Municipality(WC034) - Schedule of Service Delivery Standards Table 2024/2025

Standard Description	Service Level
Solid Waste Removal	
Premise based removal (Residential Frequency)	Weekly
Premise based removal (Business Frequency)	One to three times a week depending on type of business and generation
Bulk Removal (Frequency)	Weekly (Infanta, Malagas) Transfer stations
Removal Bags provided(Yes/No)	Yes
Garden refuse removal Included (Yes/No)	No garden refuse service Skips available
Street Cleaning Frequency in CBD	Daily and week-ends
Street Cleaning Frequency in areas excluding CBD	Monthly
How soon are public areas cleaned after events (24hours/48hours/longer)	24 Hours
Clearing of illegal dumping (24hours/48hours/longer)	Longer
Recycling or environmentally friendly practices(Yes/No)	No
Licenced landfill site(Yes/No)	Yes - Permit Reg: B33/2/800/9/S/P171 27 March 1995
Water Service	
Water Quality rating (Blue/Green/Brown/NO drop)	Water Quality Compliance is managed by the IRIS system- MICROBIOLOGICAL compliance from 2020-12-24 based on the SANS 241:2015 requirements is the main criteria of measurement
Is free water available to all? (All/only to the indigent consumers)	Free water only for registered indigents and poor
Frequency of meter reading? (per month, per year)	Readings must be monthly by Finance Department. Estimates can be done according to the by-law.
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	Two months estimation and a real reading on the third month by Finance
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	Two months unless a separate agreement was made with the customer by Finance
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
One service connection affected during work in progress	Within 8 hours if in Day time
Up to 5 service connection affected during work in progress (number of hours)	Within 8 hours if other service will not be affected
Up to 20 service connection affected during pipe burst repair process (number of hours)	Within 8 hours if other service will not be affected
Feeder pipe larger than 800mm (number of hours)	The pipe repair will be done within 12 hours but the water pressure integrity may take much longer
What is the average minimum water flow in your municipality?	5.4 Ml / Day amongst the four towns
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes by the introduction of water restrictions and other mitigating actions when required
How long does it take to replace faulty water meters? (days)	Within 7 days from receiving replacement notice.
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No, but the alkalinity and acidity of water is controlled at the Water Treatment Works
Electricity Service	
What is your electricity availability percentage on average per month?	99% depending on load shedding by Eskom
Do your municipality have a ripple control in place that is operational? (Yes/No)	No ripple control or any other demand side management over load profile
How much do you estimate is the cost saving in utilizing the ripple control system?	Ripple controle can save up to 20% - if it can be installed
What is the frequency of meters being read? (per month, per year)	Monthly
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	Three months
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	Three months in accordance of NRS 047
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	3 Hours on average but within the guidelines of NRS 047
Are accounts normally calculated on actual readings? (Yes/no)	Yes the only exception was during hard lockdown Covid periode
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty meters? (days)	When it s reported the replacement will take place within 7 days-NRS 047
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	Yes, monitoring of consumption by exceptional reports from Finance
How effective is the action plan in curbing line losses? (Good/Bad)	Good
How soon does the municipality provide a quotation to a customer upon a written request? (days)	Within 10 days where existing network is being used as per the categories in NRS 047
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	Within 30 days where existing network is being used as per the categories in NRS 047

Province: Municipality(WC034) - Schedule of Service Delivery Standards Table 2024/2025

Standard Description	Service Level
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	Within 30 days where existing network is being used as per the categories in NRS 047
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	Within 90 days where existing network is being used as per the categories in NRS 047
Sewerage Service	
Are your Waste water treatment system effective enough to put water back in to the environment after treatment?	Waste Quality Compliance is managed by the IRIS system- SANS 241:2015 . Chemical and Physical requirements is the main criteria of measurement
To what extend do you subsidize your indigent consumers?	This service is free to all registered indigents
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	Within 4 hours
Sewer blocked pipes: Large pipes? (Hours)	Within 4 hours
Sewer blocked pipes: Small pipes? (Hours)	Within 4 hours
Spillage clean-up? (hours)	Within 4 hours
Replacement of manhole covers? (Hours)	Within 5 days after reported missing and depending on the availability of funds
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	Road maintenance is done in accordance with the Rural Road Asset Management System (RRAMS). Pothole repair is an interim temporary solution, until such roads can be resealed, resurfaced or rebuild. Pothole repairs will be done within the available funds in the budget and can take up to four weeks.
Time taken to repair a single pothole on a minor road? (Hours)	Road maintenance is done in accordance with the Rural Road Asset Management System (RRAMS). Pothole repair is an interim temporary solution, until such roads can be resealed, resurfaced or rebuild. Pothole repairs will be done within the available funds in the budget and can take up to four weeks.
Time taken to repair a road following an open trench service crossing? (Hours)	Road maintenance is done in accordance with the Rural Road Asset Management System (RRAMS). Pothole repair is an interim temporary solution, until such roads can be resealed, resurfaced or rebuild. The repairs can be done within the available funds in the budget and can take up to four weeks.
Time taken to repair walkways? (Hours)	Road maintenance is done in accordance with the Rural Road Asset Management System (RRAMS). Pothole repair is an interim temporary solution, until such roads can be resealed, resurfaced or rebuild. The repairs can be done within the available funds in the budget and can take up to four weeks.
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	As soon as interim valuation was completed
Do you have any special rating properties? (Yes/No)	No
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsourced? (Yes/No)	Yes to consultants
Are there Council adopted business process instructing the flow and management of documentation feeding to Trial Balance?	No
How long does it take for an Tax/Invoice to be paid from the date it has been received?	30 Days from date of statement if all the documentation could be certified.
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	No
Administration	
Reaction time on enquiries and requests?	3 days
Time to respond to a verbal customer enquiry or request? (working days)	3 days
Time to respond to a written customer enquiry or request? (working days)	3 days
Time to resolve a customer enquiry or request? (working days)	3 days

Province: Municipality(WC034) - Schedule of Service Delivery Standards Table 2024/2025

Standard Description	Service Level
What percentage of calls are not answered? (5%, 10% or more) How long does it take to respond to voice mails? (hours) Does the municipality have control over logged enquiries? (Yes/No) Is there a reduction in the number of complaints or not? (Yes/No) How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer) How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings? Land use applications Building plan applications	All calls get answered 3 days Yes via the Link App report management system Yes 1 day Once per annum 120 days after advertising 21 days after complete application was received
Community safety and licensing services	
How long does it take to register a vehicle? (minutes) How long does it take to renew a vehicle license? (minutes) How long does it take to issue a duplicate registration certificate vehicle? (minutes) How long does it take to de-register a vehicle? (minutes) How long does it take to renew a drivers license? (minutes) What is the average reaction time of the fire service to an incident? (minutes) What is the average reaction time of the ambulance service to an incident in the urban area? (minutes) What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	20 minutes 10 minutes 30 minutes 10 minutes 30 minutes 20 minutes 15 minutes 40 minutes
Economic development	
How many economic development projects does the municipality drive? How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects? What percentage of the projects have created sustainable job security? Does the municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)	N.A. Five Five No
Other Service delivery and communication	
Is a information package handed to the new customer? (Yes/No) Does the municipality have training or information sessions to inform the community? (Yes/No) Are customers treated in a professional and humanly manner? (Yes/No)	No Yes Yes - Batho Pele implemented. Code of Ethics implemented. Staff training.

DIRECTORATE	RESPONSIBLE DEPARTMENT	DESCRIPTION OF GOODS / WORKS OR SERVICES REQUIRED	Procurement Strategy	ESTIMATED VALUE (incl. all applicable taxes)	SUBMISSION DATE TO SCM	ENVISAGED DATE OF ADVERTISEMENT	ENVISAGED CLOSING DATE	ENVISAGED DATE OF AWARD
Corporate Services	Town Planning	Railton Walkway Project	Tender	R608 695	16-Aug-24	30-Aug-24	20-Sep-24	29-Nov-24
Infrastructure	Water Network	Swellendam (Railton): Bulk Water Reticulation	Contract in place	R160 664	05-Jul-24	n/a	n/a	26-Jul-24
Infrastructure	Water Network	Swellendam (Railton): Upgrade of Bakenskop and Railton Pumpstation, completion rising main to Railton reservoir	Tender	R8 695 652	30-Aug-24	13-Sep-24	04-Oct-24	06-Dec-24
Infrastructure	Sewerage Network	Railton sanitation upgrade, street front sewers 2023-2026	Contract in place	R100 000	12-Jul-24	n/a	n/a	30-Aug-24
Infrastructure	Streets	Railton Upgrading of Gravel Roads and Stormwater Phase 3 (CF)	Tender	R1 673 913	12-Jul-24	26-Jul-24	23-Aug-24	11-Oct-24
Infrastructure	Electricity Network	Swellendam Railton 950 erven - Elec Infrastructure	Contract in place	R4 326 087	26-Jul-24	n/a	n/a	16-Aug-24
Community Services	Sports and Recreation	Upgrading of Railton Sports Grounds Phase 3	Tender	R3 583 391	01-Nov-24	15-Nov-24	06-Dec-24	31-Jan-25
Community Services	Parks	Trailer Cherry picker	Transversal tender	R350 000	30-Aug-24	n/a	n/a	27-Sep-24
Community Services	Refuse	Guard hut with toilet for Barrydale and Suurbraak Landfill sites	Tender	R460 000	02-Aug-24	16-Aug-24	30-Aug-24	11-Oct-24
Community Services	Refuse	21m2 Refuse compactor including lifter	Transversal tender	R3 200 000	30-Aug-24	n/a	n/a	27-Sep-24
Infrastructure	Water Purification	Suurbraak WTW Phase 2 Professional Fees (CF)	Contract in place	R319 330	26-Jul-24	n/a	n/a	23-Aug-24
Infrastructure	Streets	Railton Upgrading of Gravel Roads and Stormwater Phase 3	Tender	R5 060 138	12-Jul-24	26-Jul-24	23-Aug-24	11-Oct-24
Infrastructure	Streets	Railton Road Rehabilitation	Contract in place	R2 086 957	06-Sep-24	n/a	n/a	04-Oct-24
Infrastructure	Streets	Railton Road Rehabilitation (CF)	Contract in place	R521 739	06-Sep-24	n/a	n/a	04-Oct-24
Community Services	Sports and Recreation	Upgrading of Railton Sports Grounds Phase 3 (CF)	Tender	R677 478	01-Nov-24	15-Nov-24	06-Dec-21	31-Jan-25
Infrastructure	Electricity Network	Replacement of street lights in Swellendam Municipal Area	Tender	R2 608 696	04-Oct-24	18-Oct-24	08-Nov-24	31-Jan-25
Infrastructure	Streets	Rehabilitation of Bronn Street	Contract in place	R1 000 000	06-Sep-24	n/a	n/a	04-Oct-24
Infrastructure	Streets	Digger loader	Transversal tender	R1 200 000	30-Aug-24	n/a	n/a	27-Sep-24
Infrastructure	Sewerage Purification	Klipperivier Tractor 65kw 4x4	Transversal tender	R650 000	30-Aug-24	n/a	n/a	27-Sep-24
Infrastructure	Sewerage Purification	Design and installation of scum baffles on Klipperivier WWTW settlers	Tender	R600 000	11-Oct-24	18-Oct-24	08-Nov-24	13-Dec-24
Infrastructure	Sewerage Network	Upgrade of Buffeljags Sewer pumpstation	Contract in place	R1 000 000	16-Aug-24	n/a	n/a	30-Aug-24
Infrastructure	Water Purification	Light Delivery Vehicle (Bakkie)	Transversal tender	R300 000	30-Aug-24	n/a	n/a	27-Sep-24
Infrastructure	Electricity Network	Installation of new relays in Swelledam Substation	Formal Quotation	R160 000	19-Jul-24	26-Jul-24	02-Aug-24	27-Sep-24
Infrastructure	Water Network	Water Reticulation erf 8241 - Industrial Erven	Tender	R150 000	20-Sep-24	04-Oct-24	25-Oct-24	22-Nov-24
Infrastructure	Sewer Network	Sewer Reticulation erf 8241 - Industrial Erven	Tender	R150 000	20-Sep-24	04-Oct-24	25-Oct-24	22-Nov-24
Infrastructure	Electricity Network	Electricity network erf 8241 - Industrial Erven	Tender	R500 000	20-Sep-24	04-Oct-24	25-Oct-24	22-Nov-24
Infrastructure	Streets	Access Road Gravel erf 8241 - Industrial Erven	Tender	R100 000	20-Sep-24	04-Oct-24	25-Oct-24	22-Nov-24
Financial Services	SCM	Multi-Tier Storage Shelving	Formal Quotation	R300 000	12-Jul-24	26-Jul-24	02-Aug-24	20-Sep-24
Infrastructure	Sewerage Network	Upgrade Barrydale sewer pump station	Contract in place	R400 000	23-Aug-24	n/a	n/a	20-Sep-24
Infrastructure	Streets	Raised intersection Berg and Swellengrebel street	Formal Quotation	R170 000	18-Oct-24	25-Oct-24	01-Nov-24	29-Nov-24
Infrastructure	Streets	Speed Calming measures - Ward 1	Formal Quotation	R15 000	18-Oct-24	25-Oct-24	01-Nov-24	29-Nov-24
Infrastructure	Water networks	Glen Barry Avenue water pipe line replacement	Tender	R300 000	17-Jan-25	31-Jan-24	21-Feb-24	29-Mar-24
Infrastructure	Water Distribution	Water Network for Railton 32 Erven	Contract in place	R3 400 000	26-Jul-24	n/a	n/a	30-Aug-24
Infrastructure	Severage Network	Severage Network for Railton 32 Erven	Contract in place	R3 400 000	26-Jul-24	n/a	n/a	30-Aug-24
Infrastructure	Streets	Roads Network for Railton 32 Erven	Contract in place	R3 275 000	26-Jul-24	n/a	n/a	30-Aug-24
Infrastructure	Water Bulk	Upgrading of Gravity Main from Grootkloof Dam	Tender	R869 565	11-Oct-24	25-Oct-24	15-Nov-24	13-Dec-24
Infrastructure	Water Network	Water Network - Railton Informal Settlement	Contract in place	R2 900 000	26-Jul-24	n/a	n/a	30-Aug-24
Infrastructure	Sewer Network	Sewer Network - Railton Informal Settlement	Contract in place	R2 900 000	26-Jul-24	n/a	n/a	30-Aug-24
Infrastructure	Streets	Roads Railton Informal settlement	Contract in place	R2 838 000	26-Jul-24	n/a	n/a	30-Aug-24
Infrastructure	Admin	Drone	Formal Quotation	R115 000	02-Aug-24	01-Aug-24	23-Aug-24	27-Sep-24
				R61 125 305				



Municipal Budget Circular for the 2024/25 MTREF

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Introduction

This budget circular provides guidance to municipalities with their compilation of the 2024/25 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (mSCOA) and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that is not covered in this circular.

1. The South African economy and inflation targets

The National Treasury forecasts real GDP growth of 0.8 per cent in 2023, compared with 0.9 per cent projected in the 2023 Budget Review. Growth is projected to average 1.4 per cent from 2024 to 2026. Relative to the 2023 Budget, the weaker projection for 2023 mainly reflects lower household consumption expenditure due to higher inflation and interest rates, and lower net exports. Power cuts are expected to continue for the remainder of this year and to gradually ease in 2024. Faster, determined implementation of energy and logistics reforms remains critical to boosting economic growth.

In the context of weaker global growth and risks to the domestic outlook, government is working to position the economy for sustained growth and resilience to shocks. A combination of a stable macroeconomic framework, the rapid implementation of economic and structural reforms, and improvements in state capability remains central to achieving higher growth, employment, and competitiveness.

Employment growth continues to lag South Africa's post-COVID-19 economic recovery, with 74 000 fewer people in employment in the second quarter of 2023 than in the fourth quarter of 2019. Improving employment growth sustainably over the long term requires faster GDP growth and improved education and skills development.

Headline inflation is expected to decelerate as the energy and food price shocks associated with global supply chain disruptions and the war in Ukraine dissipate. Headline consumer prices are expected to fall from an expected 6 per cent in 2023 to 4.9 per cent in 2024. Fuel prices have fallen since June 2023, largely reflecting base effects. Food price inflation, which peaked at 14.4 per cent in March 2023, slowed to 8.2 per cent by August 2023. However, the pace of deceleration has been slow relative to global food prices. This can be attributed to a weaker rand exchange rate and elevated production costs. Core inflation has remained near 5 per cent for most of 2023 due mainly to higher insurance and vehicle price inflation. Headline inflation is projected to return towards the mid-point of the 3 to 6 per cent target range in 2025.

Household consumption expenditure is expected to slow from 2.5 per cent in 2022 to 0.8 per cent in 2023 due to the cumulative effect of interest rate increases, elevated inflation and falling real disposable income, and generally weak consumer confidence. Growth in credit

extended to households continues to decelerate for both secured and unsecured credit. National Credit Regulator data shows that in the first quarter of 2023, banks rejected 70 per cent of credit applications – the highest rate on record – reflecting concerns over households' ability to repay loans. Household consumption expenditure is expected to average 1.6 per cent from 2024 to 2026.

The following macro-economic forecasts must be considered when preparing the 2024/25 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2022 - 2027

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Forecast		
CPI Inflation	6.9%	6.0%	4.9%	4.6%	4.5%

Source: Medium Term Budget Policy Statement 2023.

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.

The above economic challenges will place pressure on households' ability to pay municipal accounts and Eskom power cuts affect sustainability of small and large businesses. Both these factors have placed pressure on municipal own revenues.

It is therefore noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections.

2. Key focus areas for the 2024/25 budget process

2.1 Local government conditional grants allocations

Over the 2024 MTEF, the local government equitable share and conditional grants will be reduced by a total of R12.8 billion, made up of R9.6 billion in the local government equitable share and R3.2 billion in direct conditional grants. The general fuel levy sharing with municipalities will be reduced by R5.1 billion. These reductions form part of the government's efforts to drive fiscal consolidation. The implication of these changes will be outlined in more detail in the 2024 Budget Review.

Notable changes to the conditional grants system

While the review of the conditional grants system is on-going and reforms envisaged to be implemented from 2025/26, changes will be considered for the *urban settlements development grant*; *integrated urban development grant*; and *the municipal infrastructure grant* to make better use of regulatory frameworks and improve the water business of urban municipalities from 2024/25.

We kindly advise municipalities to utilise the indicative numbers that were presented in the 2023 Division of Revenue Act when developing their 2024/25 MTREF calculations. It is crucial to also make considerations to the proposed reductions to baselines that were presented in the 2023 MTBPS, as they may have a significant impact. We recommend this be prioritised in all budgetary planning for the upcoming fiscal year. In terms of the outer year allocations (2026/27 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as presented in the 2023 Division of Revenue Act for 2024/25. The Division of Revenue Bill, 2023, which includes the annexures outlining allocations to each municipality is available at:

<http://www.treasury.gov.za/documents/national%20budget/2023/default.aspx>

Division Of Revenue Amendment Bill, 2023 (DoRAB)

Declared underspending in the local government equitable share – In January 2023, the National Energy Regulator of South Africa (NERSA) approved a bulk electricity tariff increase of 18.7 per cent for the 2023/24 financial year. The subsidy for free basic electricity in 2023/24 was calculated to include an additional 2 per cent in anticipation of higher municipal tariff increases than that published in January, due to the difference in the financial years of Eskom customers and municipalities. A further R1.4 billion was left unallocated in the local government equitable share to enable additional funding for municipalities should the final municipal tariff increase that was expected to be published between March and June 2023, exceed the 20.7 per cent increase provided for. In June 2023, NERSA approved a municipal tariff increase of 15.1 per cent. The unallocated amount of R1.4 billion in the local government equitable share is therefore surrendered as declared under-expenditure.

Fiscal consolidation reductions – There is a total downward adjustment of R3.4 billion to direct municipal conditional grants. This is made up of reductions of R9 million from the *infrastructure skills development grant*; R58 million from the *programme and project preparation support grant*; R32 million from the *expanded public works programme integrated grant for municipalities*; R1.2 billion from the *municipal infrastructure grant*; R306 million from the *informal settlements upgrading partnership grant for municipalities*; R553 million from the *urban settlements development grant*; R180 million from the *integrated national electrification programme grant for municipalities*; R40 million from the *neighbourhood development partnership grant*; R600 million from the *public transport network grant*; R237 million from the *regional bulk infrastructure grant*; and R244 million from the *water services infrastructure grant*.

Funds for post disaster repair and recovery – An amount of R1.2 billion is added to the *municipal disaster recovery grant* to fund the reconstruction and rehabilitation of municipal infrastructure damaged by the floods that occurred between February and March 2023.

Top-up of the municipal disaster response grant – Due to the floods that occurred between February and March 2023, the *municipal disaster response grant* was depleted by June 2023. R372 million is added to this grant to enable immediate response by municipalities in the event that a disaster occurs in the remaining months of the 2023/24 financial year.

Conversion of municipal infrastructure grant allocations – R10 million from uThukela Local Municipality's allocation is converted to an indirect allocation for implementation of the Ekuvukeni Water Supply Project by the Department of Cooperative Governance on the municipality's behalf. The project entails the replacement of an asbestos rising main from the Oliphanskop water treatment works. Similarly, R20 million from Emfuleni Local Municipality's allocation is converted to an indirect allocation to address the outfall of sewer in Evaton and Sebokeng.

Conversion of neighbourhood development partnership grant allocations – R88 million in the neighbourhood development partnership grant is converted from the direct to the indirect component of the grant. This is to expedite project implementation in municipalities that are experiencing administrative and financial challenges.

Reduction in the integrated national electrification programme (Eskom) grant – As part of the fiscal consolidation reductions, the integrated national electrification programme (Eskom) grant is reduced by R250 million.

Reprioritisation from the integrated national electrification (Eskom) grant – An amount of R53 million is reprioritised from the integrated national electrification (Eskom) grant to the vote

of the national Department of Mineral Resources and Energy to fund the rehabilitation of derelict and ownerless mines.

Shift of funds from the regional bulk infrastructure grant to the water services infrastructure grant – R309 million has been shifted from the indirect component of the regional bulk infrastructure grant to the indirect component of the water services infrastructure grant. This is to enable the Department of Water and Sanitation to manage contractual obligations, budget pressures, accruals and payables for projects in several municipalities.

Changes to the municipal disaster recovery grant framework – The framework of the municipal disaster recovery grant is amended to ring-fence the additional funds for the repair and reconstruction of municipal infrastructure damaged by the floods that occurred between February and March 2023.

Correction of an error in the indirect allocations of the regional bulk infrastructure grant – An amount of R20 million for the Kirkwood Water project that was erroneously allocated to Dr Beyers Naude Local Municipality is corrected to an allocation to Sundays River Valley Local Municipality.

Amendment to the framework of the *municipal disaster recover grant* – Parliament has approved that the National Treasury amend the framework of the *municipal disaster recover grant* to ring-fence and conditionalize the fund added for the repair and recovery of infrastructure damaged by the floods that occurred in February and March 2023.

Correction of an error in the indirect allocations of the regional bulk infrastructure grant – Parliament has approved that the National Treasury correct an oversight in the indirect allocations of the *regional bulk infrastructure grant*. An amount of R20 million for the Kirkwood Water project that was erroneously allocated to Dr Beyers Naude Local Municipality is corrected to an allocation to Sundays River Valley Local Municipality.

2.2 Publication of allocations from the municipal disaster response grant and changes from the stopping and reallocation process

National Treasury has through Government Gazette No. 49584 dated 30 October 2023 published in terms of the Division of Revenue Act, 2023, (Act No. 5 of 2023) (DoRA), and provided information regarding the disaster allocations and the conversion of disaster grants to municipalities in the 2023/24 financial year. The Gazette further provided for the stopping and reallocation of funds to municipalities and reallocated to their districts.

Allocation of disaster response funding

Transfers in terms of section 27 of the 2022 DoRA

Section 27 of the 2022 DoRA provides:

“(1) Despite the Division of Revenue Act for the 2023/24 financial year not having commenced on 1 April 2023, the National Treasury may determine that an amount, not exceeding 45 per cent of the total amount of each —

- (a) equitable share in terms of section 4(1), be transferred to the relevant province;*
- (b) equitable share in terms of section 5(1), be transferred to the relevant municipality;*
- (c) allocation made in terms of section 7(1) or 8(1), as the case may be, be transferred to the relevant province or municipality.*

(2) An amount transferred in terms of subsection (1)(c) is, with the necessary changes, subject to the applicable framework for the 2022/23 financial year and the other requirements of this Act, as if it is an amount of an allocation for the 2022/23 financial year.”

Using this section of the DoRA, immediate relief funds were transferred to municipalities from the 2023/24 Municipal Disaster Response Grant (MDRG) baseline in June 2023 (before the start of the 2023/24 municipal financial year). Section 27(2) requires that these funds be subject to the 2022/23 MDRG framework and the DoRA as if these were allocations for the 2022/23 financial year. The implications of this:

MDRG condition 1: Funds from this grant must be utilised within six calendar months following the date of the transfer of the funds to the municipality

By approving the release of these funds in June 2023, National Treasury implicitly approved the roll-over of these funds to the 2023/24 financial year. Therefore, the immediate relief funds transferred to municipalities on 15 June 2023 must be spent by 15 December 2023.

In terms of section 25(3)(d) of the Division of Revenue Act, 2023 (Act No. 5 of 2023 – herein referred to as “2023 DoRA”), which is now applicable to the immediate relief funds, the National Treasury may approve that, funds allocated in Schedule 7 be used at any time. In terms of section 25(3)(e) of the 2023 DoRA, funds approved in terms of paragraph (d) must be included in either the provincial adjustments appropriation legislation, municipal adjustments budgets or other appropriate legislation.

Expenditure need not wait for the passing of such adjustments budget as this is emergency spending or unforeseen and unavoidable expenditure, which is provided for in section 29 of the Municipal Finance Management Act, 2003 (“MFMA”).

Municipalities must ensure that the disaster funding and expenditure are ring fenced (isolated) and classified correctly in terms of the mSCOA when budgeting and transacting, as per the guidance provided in mSCOA Circular No. 14 dated 16 May 2022.

3. Revenue Management

The weak economic growth continues to impact municipal finances and as communicated in MFMA Circular No. 89 this has strained consumers’ ability to pay for services. Coupled with this conundrum is the marginal growth in national transfers as compared to the past. These two critical factors necessitate municipalities to function optimally suggesting that municipal operations, processes and procedures must be efficient. Inefficiencies in this space are guaranteed to manifest on municipal finances. Although some municipalities have managed these challenges well, others have fallen into financial distress and face liquidity challenges. Subsequently, municipalities are unable to meet their payment obligations to Eskom, water boards and other creditors. Therefore, municipalities must maximise their revenue generating potential and collect what is due to them and concurrently, eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide for their core mandate and to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have.

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 4 to 6 per cent target band; therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2024/25 in

their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include details of their revenue growth assumptions for the different service charges in the budget narrative.

3.1 Maximizing the revenue generation of the municipal revenue base

Property Rates

Reference is made to MFMA Circulars No. 93, paragraph 3, 98 paragraph 4.1 and 123 paragraph 5.1. The emphasis in the above mentioned MFMA Circulars is to ensure that municipalities are using their entire revenue base as the basis for the revenue budget projections. The status quo remains. It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

Requirements of a billing report

The Billing report must at a minimum provide the following per each property:

- Market value;
- Property category;
- Amount billed;
- Unique property identifier (linked to the Valuation Roll);
- Property owner;
- Rebate value;
- Exemption value; and
- Reduction value.

Although the format of the billing reports will vary across municipalities, the billing report will always have the above-mentioned specifics for any municipality regardless of the financial system used as they all use the valuation roll as the basis to update the municipal financial system. Municipalities are advised to engage their service providers in ensuring that there is a standardized billing report that considers the minimum billing report requirements.

Part A and Part B Register

Reference is made to the Municipal Property Rates Act – section 23 of the MPRA reads as follows:

1. A municipality must draw up and maintain a register in respect of properties situated within that municipality, consisting of a Part A and a Part B;
2. Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls of the municipality prepared in terms of section 78;
3. Part B of the register must specify which properties on the valuation roll or any supplementary valuation rolls are subject to – (a) an exemption from the rate in terms of section 15; (b) a rebate on or a reduction in the rate in terms of section 15; (c) a phasing-in of the rate in terms of section 21; or (d) an exclusion referred to in section 17 (1) (a), (e), (g), (h) and (i); and
4. The register must be open for inspection by the public during office hours. If the municipality has an official website or another website available to it, the register must be displayed on that website. (5) A municipality must at regular intervals, but at least annually, update Part B of the register. Part A of the register must be updated in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

Based on the cited section, municipalities are expected to comply with the provisions of section 23 of the MPRA to ensure that the latest information is used in the reconciliation process. All revenue foregone as supported by municipal policies due to municipal reductions rebates and exemptions must be accounted for in the Part B register and all subsequent supplementary rolls performed are accounted for using a Part A register.

Furthermore, municipalities are also advised and expected to comply with section 8(1) of the MPRA in terms of the billing methodology that should be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used in the reconciliation process. A further test would be to reconcile this information with the Deeds Office registry.

In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll/ Part A register to the billing system to the National Treasury on a quarterly basis by no later than the 10th working day after the end of the quarter. A detailed action plan must accompany the reconciliation where variances are noted.

The information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: https://lg.treasury.gov.za/ibi_apps/signin.

3.2 Setting the Cost reflective tariffs

Municipalities must ensure that the capital repayment of loans are included in the cost when determining the tariff. In addition, they must ensure that the consumption charges for services are only based on consumption and all other variable costs. Therefore, fixed costs such as salary and wages, etc. should be covered by a fixed charge.

During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure. New infrastructure developments in a municipal area of jurisdiction should be obliged to consider and incorporate energy efficiency sources of energy available such as solar or wind to respond to the ongoing global energy crisis.

3.3 Consumer Deposits and securities

Credit control policies should be reviewed and amended to include the raising of consumer deposits, the authority to raise deposits should be deleted where it is still in the Electricity and Water by-laws, this should be included in the credit control and debt collection by-laws. Deposits should be equal or more than two months bulk accounts from water services authorities and Eskom.

3.4 Contracts with customers

All municipalities should ensure that their service agreements with customers address the following matters:

- Requirements of POPIA;
- Digital and Physical Domicilium for the delivery of notices;
- Acceptance of liability in the case of proven tampering of services;
- Acceptance of Magistrates Court Jurisdiction if in arrears and legal action has been taken;
- Acceptance to adhere to Municipal policies and by-laws;

- Acceptance and approval to be handed over to third party if in arrears inclusive of credit bureau;
- Acceptance to give access to meter readers to read meters;
- Municipality accept to render promptly bills; and
- Municipality accept to limit the estimation of consumption on meters.

3.5 Indigent Management

It is critical to progressively manage the restriction of free basic services to national policy limits. Therefore, free basic services to indigent households must be restricted. Where any unlimited supply or supply above national policy limits is provided, the budget narrative must explicitly articulate how this is funded also in a context of facilitating adequate asset management and adequate provision for related debt impairment and ability to maintain payment of Eskom, bulk water and other creditors.

Establishing and maintaining credible indigent register – It is important that the municipalities undertake the following actions to conduct quality control and monitor the indigents:

- Check accuracy and identify any overstatement of the indigent debtor which will enable municipalities to confirm the accuracy of the reported number of indigent debtors;
- Proactively identify indigent citizens and accelerate the registration process through data-driven indigency status verification, as a precursor to tabling applications to Council for approval;
- Verify the status of indigents on the current indigent register thereby reducing the risk of citizens benefiting from the indigent subsidy when they do not qualify for it anymore;
- Create a verifiable indigent register which reduces performance audit risk through the provision of monthly controls and credible, third party, data-driven evidence to support the validity of households registered as indigent;
- Utilise the insight provided regarding indigents to possibly make any necessary amendments to current Indigent Policy; and
- Municipalities are advised to work closely with their respective DCoG (also provincially) to simplify its indigent management registration processes – even considering qualifying criteria that can be independently checked without requiring a hefty administration burden on indigent households that are already financially constrained, including facilitating such on-site close to where indigents may reside. It is noted that the municipality needs to report on all indigent households for water and energy within its demarcation also in the Eskom supplied areas since the LGES: Free basis services (FBS) allocation is targeted at the demarcation as a whole. The municipality must therefore focus in its 2024/25 MTREF Schedule A submission to report on ALL indigent households (also in Eskom supplied areas).

3.6 Voluntary restriction of notified maximum demand (NMD)

Municipalities are advised that Eskom agreed with NT that once a municipality in principle agreed to a Notified Maximum Demand (NMD) restriction with NT, Eskom will within 30 days of NT request advise on its ability to restrict the NMD at bulk supply points in that municipality. Eskom will restrict the NMD or not charge any NMD exceedance charges and penalties to the municipality until 30 June 2027 or earlier as may be agreed between NT and the municipality. Should any municipality with the electricity function not be able to maintain its Eskom bulk account, it is strongly urged to make an application to the National Treasury for such a

voluntary restriction of its NMD by Eskom. The application must include a council resolution to the effect that council approves and agrees to such a voluntary restriction and the effective date thereof. National Treasury will then make an application to Eskom for this purpose.

3.7 Pro-actively managing collection of municipal revenue in Eskom supplied areas

NT notes that in the context of the Electricity Regulation Act, 2006 (ERA) existing section 21(5) prohibiting Eskom to cut supply in their areas to assist municipalities to collect on rates, water, wastewater and refuse removal – municipalities have no other tool but the restriction of water to collect in Eskom supply areas. Until ERA is amended it is critical that municipalities update their By-laws and policies to facilitate and legally allow the restriction of water as part of proper credit control for municipal revenue collection in Eskom supplied areas. The process before the supply of water is restricted/ limited, must honour the water supply rights of the indigent as well as the administrative processes and procedures, as contained in the municipal by-laws and policies read with section 4(3)(a) of the Water Services Act.

3.8 Maximising the revenue generation of the municipal revenue base Revenue on Property rates

(This section should be read in addition to the information provided on MFMA Circular No. 123 and previous circulars pertaining to this matter).

It is important that municipalities who are performing a general valuation (GV) to implement a new valuation roll on 1 July 2024. Furthermore, it must as a best practice compare the current consolidated roll to the new valuation roll. This can identify any anomalies and errors of category of property and market values for review and investigation and the option of lodging an objection by the municipality, where applicable. This process should also identify outliers and shifts in market values by category and area so that tariffs on the new roll can be modelled and determined in an equitable manner to avoid rates shocks.

Municipalities should undertake this exercise as a routine practice during the budget process so that supplementary adjustments to the valuation roll are kept up to date. In order to ensure that the most updated information is used for the reconciliations, municipalities are reminded to adhere and comply with section 23(1) and section 23(2) of the MPRA and therefore use the Part A register as the basis for performing the reconciliations going forward.

3.9 Setting the Cost reflective tariffs

Municipalities must ensure that when tariffs are designed, the capital repayment of loans are also included in the cost to determine the tariff.

Municipalities must ensure that when tariffs are designed that consumption charges for services are only based on consumption and all other variable costs. Fixed costs e.g. salary and wages, etc. should be covered by a fixed charge. The municipality must ensure its budgeting process address the requirement to maintain its infrastructure. New developments in/ a municipality should mandatorily make provision for alternative energy such as solar or wind or any other energy option available.

3.10 Critical Notice Affecting STS Meters and the RT29 Transversal Tender for Smart Meters

As highlighted in MFMA Circulars No. 115 and 123 (dated 04 March 2022 and 03 March 2023 respectively) municipalities are once again alerted that there is still a pending business risk to the prepayment metering industry that requires urgency of action. The token identifiers (TID) used to identify each credit token will run out of available numbers in November 2024, at which point all STS meters will stop accepting credit tokens. The remedy is to enter a special set of key change tokens in order to reset the meter memory. Municipalities are advised that

the National Treasury, through the Office of the Chief Procurement Officer (OCPO), have issued a transversal contract for the provision of auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters that align to minimum and critical technical specifications for local government. In this respect the development of the transversal contract for smart prepaid meters as per NRS 049 (per latest approved version) is at an advanced stage.

Municipalities are cautioned against issuing their own tender to address the STS TID rollover and a smart solution for electricity and water meters as the RT29 tender should be available for municipalities to participate as early as January 2024 for participation.

3.11 Eskom Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2023/24, bulk electricity costs increased significantly at 15.1 per cent, compared to 8.61 per cent in the 2022/23 municipal financial year. There has been no change to the second year of the Multi-Year Price Determination (MYPD 5), as such bulk electricity costs are to be calculated using an increase of 12.7 per cent as per MYPD-5 in the 2024/25 financial year.

Given the absence of an approved tariff increase for the outer year of the MTEF, the increase is projected to be 15.7 per cent in 2025/26. This is the average of the approved increases for the two years of the MYPD-5 period. Municipalities in arrears with Eskom should ensure that their payment arrangements are included in the 2024/25 MTREF budget.

3.12 Consumer Deposits and securities

Credit control policies should be reviewed and amended to include the raising of consumer deposits, the authority to raise deposits should be deleted where it is still in the Electricity and Water by-laws, this should be included in the credit control and debt collection by-laws. Deposits should be equal or more than two months bulk accounts from water services authorities and Eskom.

4. Funding choices and management issues

Given the current economic crisis the country faces, Municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Municipalities are advised to consider all the advice provided in MFMA Circular No 123 and other previous circulars under this topic to ensure the adoption of surplus and funded budgets.

4.1 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to consider their financial sustainability when considering salary increases. It has been observed over the previous years that salary increases were above inflation and has posed challenges to most municipalities' sustainability. In addition, municipalities that could not afford such increases did not apply for exemption as provided by SALGBC.

Therefore, municipalities are urged to consider projecting salary and wage increases that would reflect their affordability given the current economic challenges. Municipalities that are

already not in a position to afford the current wage cost, would have to limit the increase in the 2024/25 MTREF and to exercise the option for exemption for any negotiated increase above the level of their affordability.

4.2 Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. 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. FUNDING MUNICIPAL BUDGETS

5.1 Approval of deficit budgets

National/ Provincial Treasuries encourage municipalities to prepare a surplus budget to avoid placing the municipality's resources in financial difficulties. The adoption of a credible budget starts with the preparation of a surplus budget. With effect from 1 July 2024 all municipal Councils are advised not to approve a deficit budget, as such Mayors who table budgets to Council must be aware of the implications of a deficit budget.

Accounting Officers and their Chief Financial Officers are responsible for preparing budgets and accordingly are tasked with ensuring that the Mayor is guarded against submitting a deficit budget to Council for adoption. Failure thereof may result in Councils implementing section 171 of the MFMA to both the Accounting Officer and Chief Financial Officer.

5.2 Funded Budget

Subsequently, the National Treasury would like to re-emphasise that municipalities must not adopt an unfunded budget. The emphasis is on municipalities to comply with section 18 of the MFMA and ensure that they fund their MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates. Municipalities are encouraged to limit expenditure according to the anticipated revenue projections. Should their collection rate improve during the financial year, municipalities may bring back initial expenditure items omitted. Municipalities should note that the Office of the Auditor General will soon start auditing those municipalities that have tabled and adopted unfunded budgets over an extended period given that this practice is not only illegal but also compromise their financial sustainability.

5.3 Credible Funding Plans

Municipalities must adopt a credible funding plan in cases where the budget is unfunded (an unfunded budget is not encouraged). Where a funding plan lacks credibility, they will be required to correct the funding plan and ensure that it is credible. The credible funding plan must be immediately adopted by the Municipal Council and the changes to budget must be effected in the mid-year adjustments budget to ensure compliance with section 18 of the MFMA. The funding plan must show progressive improvement in the funding of the budget.

5.4 Budgeting for Debt Impairment Loss, Write Off of irrecoverable debt and Reversal of Impairment Loss

Assessment of the funding position of 2023/24 tabled and adopted municipal budgets revealed that a large number of municipalities incorrectly accounted for debt impairment and the write off of irrecoverable debt with the result that their budgets were assessed as unfunded. The two common mistakes made by most municipalities were:

- Provision for impairment losses was budgeted as Irrecoverable Debt Written Off on Table A4; and
- Provision to write off irrecoverable debt was budgeted for on Table A4 without any adjustment to the Accumulated Provision for Debt Impairment by way of a concomitant reversal of the impairment loss.

Any write off of irrecoverable debt previously impaired and accounted for as an impairment loss should be adjusted as a reversal of impairment loss when the write-off takes place. Failure to adjust the previous impairment loss by the reversal will impact negatively on the net receivables and therefore the funding of the budget. The receivables will be reduced by the amount of the debt written off whilst still providing for the impairment of the receivables already written off.

Municipalities should consider the following when budgeting for the annual Debt Impairment Loss, Write Off of Irrecoverable Debt and Reversal of Impairment Loss. The *mSCOA* chart includes data strings for:

- **Impairment loss** – contribution to the provision for annual non-payment based on the realistic collection rate for the municipality. Any increase in impairment is accounted for per debt type. This is treated as a loss in the Statement of Financial Performance;
- **Reversal of Impairment loss** – used to facilitate the reversal of overstated impairment losses. Any decrease in impairment is accounted for per debt type. This is treated as a gain in the Statement of Financial Performance. The reversal of impairment loss enables the reduction of debt impairment provision. Therefore, the data strings for impairment loss and reversal of impairment loss are aggregated to populate debt impairment on table A4; and
- **Irrecoverable Debts Written Off** – this is no longer written off against the Accumulated Provision for Debt Impairment but is expensed in the Statement of Financial Performance. Therefore, municipalities must record the reversal of impairment loss to reduce the Accumulated Provision for Debt Impairment with the irrecoverable Debts Written Off. The previous versions of the *mSCOA* chart provided for a single expenditure account for the recognition of any bad/ irrecoverable debt written off. However, in version 6.8 the *mSCOA* chart was expanded to include the write off of irrecoverable debt by debt type.

5.5 Burial of councillors using public funds

In terms of National Treasury's Budget Circulars No. 122 and 123 municipalities were urged to ensure that public funds are not used for burial of councillors. The issuance of this requirement in both circulars would have required in certain cases amendment of Council approved policies dealing with these matters.

Therefore, municipalities are reminded to ensure that any policies to this effect are rescinded as this matter will be referred to the Auditor General South Africa (AGSA) to verify during the 2023/24 audit if there have been no instances where public funds are utilised for burial of councillors. If such activities occurred in the municipality w.e.f. the 2023/24 financial year,

each Accounting Officer and Chief Financial Officer will be held responsible, and each Council can deal with such instances in terms of section 171 of the MFMA.

5.6 The use of mayoral discretionary accounts and any other council discretionary accounts

In the previous Budget Circulars municipalities were cautioned against the tendency of utilising Mayoral Discretionary accounts. The risk or danger herein is that public funds are availed/ allocated or given out to other bodies or institutions or individuals by the Mayors of a municipality outside the budget process.

These allocations are at times not known by the Council as they were not disclosed in the budget approved by Council, meaning that there was a lack of transparency during the budgeting processes. Municipalities are reminded that this practice of utilising “Mayoral Discretionary Accounts is not supported by the National Treasury. Therefore, if there are policies developed by municipalities allowing or promoting such activities, those policies must be rescinded when the Council approves the 2024/25 MTREF budget.

Any further use of public funds in that manner will be audited by the AGSA with effect from 1 July 2024 with an intention of ensuring that Accounting Officers/ Executive Mayors and Chief Financial Officers, that allow such practices to continue in their municipalities will be held personally responsible.

5.7 Development charges

Development charges are important components of a sustainable municipal infrastructure financing system, especially for cities and large urban municipalities, as they are used to finance land intensification. Despite their potential as an alternative option for financing infrastructure, municipalities have not fully used development charges due to uncertainty surrounding the regulatory frameworks. To address this uncertainty, amendments to the Municipal Fiscal Powers and Functions Act (2007) are proposed. The Municipal Fiscal Powers and Functions Amendment Bill proposes new, uniform regulations for levying development charges, so strengthening municipalities’ revenue-raising framework. This will allow municipalities to mobilise own revenue resources to fund their infrastructure needs and support economic growth.

Once enacted, these amendments will create legal certainty for municipalities to levy development charges, regulate their applicability and create a more standardised, equitable, and sustainable framework for development charges. The Bill was approved by Cabinet for tabling in Parliament on 17 August 2022 and subsequently introduced in Parliament on 08 September 2022. The Bill is currently being processed in line with the Parliamentary processes. Once the Bill has been enacted, the amendments will take effect from the next municipal financial year (commencing 1 July) or on a date prescribed by the President.

The National Treasury will clearly articulate the budgeting and accounting requirements upon the completion of the Parliamentary processes.

6. Municipal Standard Chart of Accounts (mSCOA)

6.1 Release of Version 6.8 of the Chart

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.8 is released with this circular. Version 6.8 of the chart will be effective from 2024/25 and must be used to compile the 2024/25 MTREF. The linkages to chart version 6.8 can be downloaded from GoMuni on the following link under the mSCOA/ List mSCOA WIP account linkages menu option:

https://lg.treasury.gov.za/ibi_apps/signin

The reports on the Local Government and Reporting System (LGDRS) are populated from financial and non-financial data strings. Municipalities must use of the linkages on GoMuni referred to above and not the formulas in the regulated Municipal Budget and Reporting (MBRR) Schedules when generating their data strings.

The Municipal Budget and Reporting Regulations (MBRR) Schedules (A to F) and non-financial data string (A1S) was also aligned to chart version 6.8. A protected version of the MBRR Schedules for version 6.8 of the chart and A1S is available on the MFMA Webpage on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>

Municipalities must verify that the A1S data string does not contain spaces and special characters prior to submission to the GoMuni Upload portal as this will result in the data not pulling through on table A10 of the A1 system generated schedule.

All municipalities must prepare their 2024/25 MTREF budgets using the budget modules of their ERP systems, generate their financial and non-financial data string and produce the Schedule A1 directly from the ERP system. The manual preparation of these documents outside the ERP system is not allowed in terms of the *mSCOA* Regulations.

For the National Treasury to consider a new chart change in version 6.9 of the chart, the issue must be logged with all relevant detail, supporting documents and screenshots (where applicable) on the *mSCOA* Frequently Asked Question (FAQ) portal by 31 August 2024. The *mSCOA* FAQ portal can be accessed by all registered GoMuni users on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

Importantly, when a FAQ is logged, it is considered by the FAQ committee after it has been investigated. If the FAQ members do not find grounds for a chart change, the FAQ will be closed with an explanation. If there is merit for a chart change in the next version of the chart, the matter is referred to the *mSCOA* Technical and Steering Committees for recommendation and approval. This process only concludes by the end of October annually. The FAQ process will therefore not provide quick responses to queries.

If a query pertains to GoMuni related issues (such as the **A**, **B** and **C** Schedules) and not a chart change, then an email with all relevant detail, supporting documents and screenshots must be send to lgdataqueries@treasury.gov.za.

Please note the following errata in MFMA Circular No.123 on page 5 in relation to property categories that were approved by the Minister of Cooperative Governance for Bitou and Drakenstein municipalities. It was **incorrectly** indicated that the approval was in accordance with section 8(2)(j) of the Municipal Property Rates Act (MPRA) as amended in 2014, and that municipalities may apply for categories other than the categories in 8(2)(a) to (i).

The paragraph is corrected as follows:

Kindly note that, in accordance with section **8(4)** of the Municipal Property Rates Act (MPRA) as amended in 2014, municipalities may apply to the Minister for the authorisation to sub-categorise the property categories in subsection (2). Towards this end the Minister of Cooperative Governance and Traditional Affairs approved the following categories:

- Sports Clubs and Fields for Bitou Municipality and

- Residential sectional title garages for Drakenstein Municipality.

6.2 Improving *m*SCOA data strings credibility

The credibility of the *m*SCOA data strings that have been submitted by municipalities to the GoMuni Upload portal has improved over the last financial year. However, the following areas of concern remain:

- Municipalities continue to **transact against line items without budgets** and as a result exceed the annual budget already in month 1 to 3 (quarter 1) of the new financial year;
- **Opening balances** for the previous year are **not transferred** in the first month (M01) of the current year, and all adjustments made during the preparation of the annual financial statements in periods 14 and 15 are not transferred through journals to the opening balances of the current year in the month of the current year that the adjustments are done;
- **Cash flow tables** (Tables A7, B7 and C7) are still **not populating correctly** and fully. This can be attributed to the fact that several municipalities still do not use balance sheet budgeting and movement accounting. Guidance on the use of balance sheet budgeting and movement accounting to populate tables A7, B7, and C7 correctly was provided in MFMA Budget Circular No. 107 (dated 04 December 2020) and *m*SCOA Circular No. 11 (dated 04 December 2020);
- Budget and transacting for **water inventory** is **not done correctly** in terms of the guidance given in MFMA Budget Circular No.115 (dated 04 March 2022) and MFMA Budget Circular No. 122 (dated 12 December 2022); and
- Some municipalities **do not budget and transact correctly** or completely **for irrecoverable debt written off and impairment loss** as well as the reversal of impairment loss of consumer debtors that have a significant impact on the funding of budgets.

National and provincial treasuries analyse the data strings of municipalities monthly to identify errors and communicate these findings to municipalities. Municipalities must use the feedback received to correct recurring errors in subsequent periods. Going forward, the National Treasury will not allow data string errors made in a previous month to be corrected in the next open period as this skew the monthly figures on the National Treasury Local Government Database and Reporting System (LGDRS). Municipalities must therefore **verify** the credibility and accuracy of the information in their financial system **prior** to submitting the *m*SCOA data strings to the LGDRS. The data on the LGDRS is used by various stakeholders such as the South African Reserve Bank (SARB), STATSSA, SARS, Department of Water Affairs (DWA), NERSA, DCoG, SALGA, AGSA, World Bank universities and the public.

6.3 *m*SCOA reporting on Value Added Tax (VAT)

In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments, municipalities must be VAT registered and must declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies). The output tax is declared, and the input tax claimed by completing a VAT 201 return.

The guidance provided in *m*SCOA Circular No. 12 must be followed when reporting on VAT. It should be noted that the South African Revenue Services (SARS) will be using the data on the LGDRS submitted by municipalities to verify the VAT 201 return in 2024/25. It is therefore

crucial that municipalities report their VAT transaction correctly on their ERP systems and in their *mSCOA* data strings.

6.4 Use of function segment to achieve GRAP 18 segmental reporting

GRAP 18 is applicable to all entities on the accrual basis of accounting. The standard applies to separate (or individual) financial statements of an entity, as well as to consolidated financial statements of an economic entity. Municipalities control significant public resources and provide a wide variety of goods or services in different geographic areas with different socio-economic conditions. Consolidated financial statements provide an overview of assets, liabilities, revenues and costs etc. of an entity, but a greater level of aggregation is necessary to provide information which is relevant for accountability and decision-making purposes.

The objective of the disclosures is to enable users of the financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environment in which it operates. To achieve the objective, disclosures are required on two levels, namely:

- Specific segment disclosures
- Geographic disclosures

Detailed guidance on GRAP 18 reporting was provided by the National Treasury in the Accounting Guideline on GRAP 18 Segment Reporting (February 2020) which is available on the following link:

<https://ag.treasury.gov.za/>

The *mSCOA* function and region segments must be used to comply with the GRAP 18 reporting requirements.

The function segment records the major activities that generate the most economic benefits or service potential of the municipality. The implication will be that all income and expenditure transactions related to a specific trading service (function) must be budgeted for and transacted within that function. Therefore, where grants are allocated to trading services, the grant must be budgeted for and transacted in the Trading Services function. Municipalities must review their classification of the function segment as to whether the function is correctly identified as a core or non-core function.

The region segment identifies the lowest relevant geographical regional indicator of the intended contributor or beneficiaries that will contribute/ benefit directly from the given service or capital investment. Municipalities must ensure that they identify the lowest geographical regional indicator in the region segment when they budget, transact and report to provide data on the geographic disclosures required in GRAP 18.

Municipalities are also reminded to include the GPS Longitude for capital projects on supporting table SA36 on the A Schedule.

6.5 Period closure and reconciliation of General Ledger

Section 65 (2)(j) of the MFMA states that the accounting officer must take all reasonable steps to ensure that all financial accounts of the municipality are closed at the end of each month and reconciled with its records.

Annexure B of MFMA Circular No. 80 (08 March 2016) provides guidance on the minimum system requirements in this regard, namely that the ERP system must contain the functionality for:

- Period closures (i.e. budget process, month-end and year-end) and certification within the statutory reporting dates;
- Reconciliations and balancing of the sub-system and the General Ledger of the core ERP System with control accounts as a condition of all period closures;
- System generated transfer of opening balance to month 1 in the following year subsequent to the year-end closures period 12 as at 30 June (of the current year);
- Automated roll-over of the closing balance from month 12 into period 13 of the current financial year and month 01 of the new financial year; and
- Automated roll-over of the closing balance from period 13 to 14 and 15 of the current financial year and the corresponding month in the new financial year.

Guidance on the required period closures will be provided in *mSCOA* Circular No. 15 that will be issued in 2024.

6.6 *mSCOA* governance and implementation

Municipalities that have not yet achieved the required level of *mSCOA* implementation, must develop and implement a road map (action plan) to fast track the implementation of *mSCOA*. The focus areas that should be considered (at a minimum) when developing the road map are articulated in **Annexure A** attached to this circular.

6.7 Regulating the minimum business processes and system specifications for *mSCOA*

The National Treasury will regulate the minimum business processes and system specifications for *mSCOA* towards the end of 2025/26. This project will also include the following outputs:

- Review and update the set of minimum business processes and system specifications for *mSCOA* (currently articulated in MFMA Circular No. 80) to incorporate new legislative requirements that have been issued since the circular was published;
- Update and develop the standard operating procedures (SOPs) for *mSCOA*;
- Align the current ICT due diligence assessment for *mSCOA* to the new Regulations;
- Consultation with key stakeholders on draft regulations; and
- Training on the new Regulations to ensure that there is a fair understanding of the new regulation by stakeholders.

Further communication will be issued on the consultation processes and training in due course.

6.8 Training Initiatives

The National Treasury has introduced several training initiatives to capacitate municipalities, government departments, system vendors and other stakeholders on *mSCOA*. In 2024, these training initiatives will include:

- **Virtual Master classes:** This training is hosted by CIGFARO at no cost via zoom on a monthly basis and deals with technical and accounting aspects of the use of *mSCOA* chart;

- **Provincial training on mSCOA:** This is a new training initiative and will be hosted at a physical venue by CIGFARO at a cost (to cover expenses) and will include the fundamentals (part 1) and technical and accounting aspects (part 2) of mSCOA. Delegates will be required to pass a test on each part of the training to receive a certificate of completion;
- **mSCOA eLearning:** This self-paced web-based course hosted by the National School of Government (NSG) at no cost (until further notice) aims to equip learners with the fundamental of mSCOA. Municipal and government officials can register for the course at on the following link:

<https://www.thensg.gov.za/elearning>

- **Annual CIGFARO/mSCOA workshop:** This annual workshop provides a platform to share lessons learnt, best practices, technical aspects of mSCOA implementation and planned new developments by the National Treasury.

The full training program for 2024 is available on the GoMuni/ Go Training portal) on the following link:

https://lg.treasury.gov.za/ibi_apps/portal

7. The Municipal Budget and Reporting Regulations

7.1 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matlatji Mashoeshoe	012-315 5553	Matlatji.Mashoeshoe@treasury.gov.za
Buffalo City	Pitso Zwane	012-315 5171	Pitso.Zwane@Treasury.gov.za
	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Free State	Sifiso Mabaso	012-315 5952	Sifiso.mabaso@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Matlatji Mashoeshoe	012-315 5553	Matlatji.Mashoeshoe@treasury.gov.za
	Pitso Zwane	012-315 5171	Pitso.Zwane@Treasury.gov.za
	Oreal Tshidino		Oreal.Tshidino@Treasury.gov.za
City of Tshwane and City of Johannesburg	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
	Enock Ndlovu	012-315 5866	Enock.Ndlovu@treasury.gov.za
City of Ekurhuleni	Kgomotso Baloyi		Kgomotso.Baloyi@treasury.gov.za
KwaZulu-Natal	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
eThekweni	Sifiso Mabaso	012-315 5952	Sifiso.mabaso@treasury.gov.za
Limpopo	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
	Lesego Leqasa		Lesego.Leqasa@treasury.gov.za
Northern Cape	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
	Sibusisiwe Mchani	012-315 5539	Sibusisiwe.Mchani@treasury.gov.za
North West	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
Western Cape	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
	Enock Ndlovu	012-315 5385	Enock.Ndlovu@treasury.gov.za
Cape Town	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
George	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Technical issues on GoMuni Website	Data management		lqdataqueries@treasury.gov.za

8. Submitting budget documentation and A schedules for the 2024/25 MTREF

8.1 Time frames for submission

The LGDRS will be locked at 00:00 on the 10th working day of every month for the submission of data strings due, as required in terms of section 71 of the MFMA. Closed periods will not be opened to correct errors or to accommodate non-submission of data strings, regardless of whether a Schedule G application was done or not.

Municipalities must therefore verify the credibility and accuracy of the information in their financial system prior to closing the month on the ERP system and submitting the *mSCOA* data strings to the LGDRS.

Annexure A (attached) provides a list of the deadline dates for the submission of *mSCOA* data strings and documents to the GoMuni Upload portal in the 2024/25 MTREF. The GoMuni Upload portal can be accessed by registered users on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

Since the 2020/21 MTREF, municipalities are no longer required to submit hard copies of all required documents including budget related, Annual Financial Statements and Annual Reports to National Treasury via post or courier services. PDF versions of documents must be submitted to the GoMuni Upload portal.

8.2 Updating of contact details on GoMuni

Municipalities must ensure that their contact details on GoMuni are updated as soon as changes occur. Often emails containing important information and deadlines do not reach the intended GoMuni users due to outdated users contact information.

To update the contact details, municipalities (registered users) must download the excel report from GoMuni under Database/Contacts/Reporting/Contact information on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

Changes/ additions made must be forwarded to lgdocuments@treasury.gov.za.

8.3 Submission of monthly sign-off

From 2024/25, municipalities will be required to sign off on the mSCOA data strings submitted for section 71 and grant reporting monthly. Currently this is being done manually on a quarterly basis. These monthly sign-off certificates will be system generated from the LGDRS and must be uploaded monthly with the data string submission to the GoMuni Upload portal.

8.4 Training on GoMuni

The training schedule and GoMuni links for 2024 to assist those users that require new or refresher training on how to draw reports on the LGDRS, is available on the GoMuni/ Go Training portal on the following link:

https://lg.treasury.gov.za/ibi_apps/portal

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 December 2023

Annexure A

The following focus areas should be considered (at a minimum) when developing the road map and the road map should detail action steps, assign responsibilities, and specify time frames to address the implementation gap:

- a. **ICT Architecture**, which includes the hardware, servers, software, licences required to run the ERP management systems.
- b. **Governance and Institutional Requirements** - which includes:
 - A functioning *mSCOA* steering committee or equivalent structure to monitor and report on progress against the road map. This committee consist of the heads of all business units and meet regularly (at least quarterly).
 - Regular reporting on *mSCOA* implementation to Management and Executive Committees and Council.
 - Appointment of a *mSCOA* champion to drive the *mSCOA* implementation at the municipality.
 - Appointment of a suitably qualified System Administrator.
 - The development and adoption of the required IT policies and securities.
 - Establishment of data back-up and disaster recovery procedures.
- c. **System Functionality** - which includes:
 - The ERP modules and 3rd party systems used. These must give effect to the minimum business processes and system requirements specified in MFMA Circular No. 80. Municipalities must budget adequately to procure the required functionality and upgrade to the *mSCOA* enabling version of the ERP.
 - Seamless and full integration of data in the ERP system, including 3rd party systems used by the municipality and its entities. The ERP system vendor sets the requirements for the integration.

An ICT due diligence assessment must be conducted 6 months before the Service Level Agreements (SLA) with an existing system vendor comes to an end to determine if an ERP system changes or extension of the existing SLA is required. Municipalities must follow the due diligence processes set out in MFMA Budget Circulars No. 93, 98, 123 and *mSCOA* Circulars No. 5 and 6 prior to procuring a new ERP system. Guidance on procurement processes were also provided in MFMA Circular No. 107 (4 December 2020).

The ERP system represents the General Ledger. Any 3rd-party system with a direct impact on the General Ledger must integrate fully and seamlessly with the ERP system in terms of the mSCOA Regulations. This means that data contained in the 3rd party system must synchronise without any human or manual intervention integrate to the ERP system without human or manual intervention in real time or at least daily and drill down from the ERP system to the General Ledger of the 3rd party system must be possible.

d. **User Proficiency and Training**

- The relevant municipal officials and interns must be sufficiently capacitated on the

mSCOA chart, basic accounting, balance sheet budgeting and movement accounting and all system modules and functionalities to use the ERP systems solution. Consideration should be given to training, the establishment of User Support Groups and the availability of user manuals on the system.

- Change management initiatives to ensure that mSCOA is institutionalised as an organisational reform and not only a financial reform.

Annexure B

SUBMISSION CHECKLIST 2024/25 MTREF BUDGET DOCUMENTS:

Category	Documents Required	mSCOA Data Strings Required	Due Date	Date for Closing LGDRS Submission
BUDGET DOCUMENTS				
Tabled Budget	1. A1 Schedule Draft 2. Budget Document Draft 3. Council Resolution Draft 4. Quality Certificate Draft 5. IDP Draft 6. SDBIP Draft 7. Spatial Development Framework Draft 8. Long Term Financial Strategies Draft 9. Service Standards Draft 10. Rates Billing Draft 11. Tariff List Draft 12. Property Rates and Tariffs List Draft 13. Draft Tariff Policies on: a. Property Rates and Service charges b. Borrowing c. Budget Implementation and Management d. Cash Management and Investment e. Credit Control and Debt Collection f. Funding and Reserves g. Indigents h. Long-term Financial Planning i. Management and Disposal of Assets Draft j. Infrastructure Investment & Capital Projects k. Supply Chain Management 14. mSCOA Road Map Draft 15. Fixed Asset Register Draft	1. TABB – Tabled Budget 2. PRTA – Tabled Project Details 3. A1D – Tabled non-financial data	Immediately (within 24 hours) after tabling by council	15 April 2024

Category	Documents Required	mSCOA Data Strings Required	Due Date	Date for Closing LGDRS Submission
	16. Funding Plan Draft 17. Indigent Register Draft 18. General Valuation Roll (GVR) Draft			
Adopted Budget	1. A1 Schedule Final 2. Budget Document Final 3. Council Resolution Final 4. Quality Certificate Final 5. Budget locking certificate Final 6. IDP Final 7. SDBIP Final 8. Spatial Development Framework Final 9. Long Term Financial Strategies Final 10. Service standards Final 11. Rates Billing Final 12. Tariff List Final 13. Property Rates and Tariffs List Final 14. Final Tariff Policies on: a. Property Rates and Service charges b. Borrowing c. Budget Implementation and Management d. Cash Management and Investment e. Credit Control and Debt Collection f. Funding and Reserves g. Indigents h. Long-term Financial Planning i. Management and Disposal of Assets j. Infrastructure Investment & Capital Projects k. Supply Chain Management 15. mSCOA Road Map Final 16. Fixed Asset Register Final	1. ORGB – Original (adopted) Budget 2. PROR – Project Details Original Budget 3. A1F – Final non-financial data	10 working days after approval by council	12 July 2024

Category	Documents Required	mSCOA Data Strings Required	Due Date	Date for Closing LGDRS Submission
	17. Funding Plan Final 18. Indigent Register Final 19. General Valuation Roll (GVR) Final 20. D Schedule (entities) 21. MTREF Budget Schedule Time Table			
Adjustment Budget	1. Mid-Year Budget Perform Assessment S72 2. Resolution Mid-Year Budget Perf Assess S72 3. Adjusted Budget 4. B Schedule 5. Council Resolution 6. Quality Certificate 7. Budget locking certificate Revised 8. E schedule (entities)	1. ADJB - Adjusted Budget 2. PRAD - Project details Adjusted Budget	10 working days after approval by council	14 March 2024
In-year Reporting	1. S71 monthly report 2. Monthly C Schedule 3. Monthly Quality Certificate 4. Monthly Primary Bank Statements 5. Monthly Primary Bank Recon 6. Monthly Trial Balance 7. Signed S71 Monthly Report to Council 8. Signed Conditional Grant Monthly Report to Council 9. Monthly F Schedule (entities) 10. Quarterly mSCOA Implementation Progress Reports 11. Quarterly S52d Performance Reports	1. M01 – M12 - Monthly Actuals 2. CR01 – CR12 - Monthly Creditors 3. DB01 – DB12 - Monthly Debtors 4. BMQ1 – BMQ4 – Quarterly Borrowing Monitoring 5. IMQ1 – IMQ4 - Quarterly Investment Monitoring	10 working days after the end of month/quarter	15 August 2024 13 September 2024 14 October 2024 14 November 2024 13 December 2024 15 January 2025 14 February 2025 14 March 2025 14 April 2025 15 May 2025 13 June 2025 14 July 2025
YEAR-END DOCUMENTS				
Pre-audit	1. Pre-audited AFS	PAUD - Pre-audited AFS CRPA – Creditors DBPA - Debtors	Immediately (within 24 hours) after submission to AGSA	13 September 2024
Audit	2. Audited AFS	1.AUDA - Audited AFS 2.CRAU – Creditors	Immediately (within 24 hours) after conclusion of audit	14 March 2025

Category	Documents Required	mSCOA Data Strings Required	Due Date	Date for Closing LGDRS Submission
		3.DBAU - Debtors		
Restated	4. Restated AFS	RAUD - Restated AFS	Immediately (within 24 hours) after approved by Council	2022/23: 15 August 2024
Annual Report	5. Annual Report 6. Council Oversight Report	Not applicable	Within nine months after the end of a financial year deal	15 May 2025
REVENUE MANAGEMENT DOCUMENTS				
Revenue	1. Tariff Tool Draft and Final 2. Tariff Tool Final 3. Bulk Suppliers (water and electricity) proof of payment-M01 to M12 4. Proof of payment 3rd party (Staff benefits, SARS)-M01 to M12 5. Bulk Suppliers - repayment plans 6. Repayment plan (with any of its creditors excluding bulk suppliers) 7. Municipality Valuation Roll Reconciliation-Q1 to Q4 8. Revenue Enhancement Strategy 9. Municipality Revenue Assessment Tool 10. Schedule for the new general valuation roll 11. Supplementary Valuation Roll 12. Municipal Debt relief Application	Not applicable	1. Annually 2. Monthly 3. Monthly 4. As applicable* 5. As applicable* 6. As applicable 7. Quarterly 8. Every 3 years* 9. Every 3 years* 10. Annually 11. Annually	
MFRS DOCUMENTS				
MFRS	1. Mandatory FRP Progress Report-M01 to M12	Not applicable	Monthly*	Not applicable



Municipal Budget Circular for the 2024/25 MTREF

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Introduction

This budget circular is a follow-up to MFMA Circular No. 126 that was issued on 07 December 2023. It aims to provide further guidance to municipalities with the preparation of their 2024/25 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously.

The grant allocations as per the 2024 Budget Review and the 2024 Division of Revenue Bill are also key focus areas in this circular. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that are not covered in this circular.

1. The South African economy and inflation targets

Over the next three years, South Africa's economy is forecast to grow at an average of 1.6 per cent, a moderate improvement on the 1.4 per cent average expected at the time of the 2023 MTBPS. The outlook is supported by an expected recovery in household spending as inflation declines, and an increase in energy-related fixed investments.

Power cuts and operational problems in freight rail and ports continue to disrupt economic activity and limit the country's export potential. Comprehensive reforms are underway in these sectors, although it will take time to see recovery in growth. Household consumption is under pressure from high living costs, and investment remains low due to weak confidence and challenging business conditions linked to structural constraints.

South Africa has experienced over a decade of weak economic growth, GDP has averaged only 0.8 per cent annually since 2012, entrenching high levels of unemployment and poverty. To turn the tide and raise economic growth sustainably, government is prioritising energy and logistics reforms, along with measures to arrest the decline in state capacity. Successful efforts to improve the fiscal position, complete structural reforms and bolster the capacity of the state will, in combination, reduce borrowing costs, raise confidence, increase investment and employment, and accelerate economic growth.

The National Treasury estimates real economic growth of 0.6 per cent in 2023. This is a decrease from growth of 0.8 per cent projected in the 2023 MTBPS due to weaker than expected outcomes in the third quarter of 2023, resulting in downward revisions to household spending growth and spending on gross fixed investment. GDP growth is projected to average 1.6 per cent from 2024 to 2026 as the frequency of power cuts declines, lower inflation supports household consumption, and employment and credit extensions recover gradually. New energy projects will improve fixed investments and business sentiment.

To accelerate GDP growth after an extended period of weak economic performance, South Africa needs large-scale private investment. Government is working to improve the fiscal position, complete structural reforms and bolster the capacity of the state to reduce borrowing costs, raise confidence, increase investment, and put the economy on a higher job creating growth path.

The following macro-economic forecasts must be considered when preparing the 2024/25 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2022 – 2027

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Estimate	Forecast		
CPI Inflation	6.9%	6.0%	4.9%	4.6%	4.6%

Source: 2024 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.

Headline inflation is projected to moderate from 6 per cent in 2023 to 4.9 per cent in 2024 and 4.6 per cent in 2025 and 2026 as food and fuel inflation continue to decline. In 2023 food inflation slowed less than expected due to power cuts and rand depreciation, keeping imported food costs high. An avian influenza outbreak also increased the costs for poultry and eggs. These factors are expected to dissipate over the medium term.

The current economic challenges in the country place pressure on households' ability to pay municipal accounts, therefore municipal own revenue generation gets affected.

It is noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections.

Fiscal strategy to contain debt (fiscal consolidation) through reduction of budgets and reprioritisation

The 2024 budget balances development and sustainable public finances. In the context of persistent low economic growth, government will protect critical services, support economic growth through reforms and public investment and stabilise public debt. Although South Africa continues to confront difficult economic conditions, a moderate recovery is forecast in the economic outlook. Broad reforms are underway in energy, freight, water and telecommunications. Yet it will take time to reverse the consequences of operational, maintenance and government failures at state owned companies responsible for electricity, rail and ports. Rapid growth in debt- service costs choke the economy and the public finances. Government is staying the course to narrow the budget deficit and stabilise debt. This year, for the first time since 2008/09, government will achieve a primary budget surplus. Debt will stabilise in 2025/26.

The balances approach to fiscal consolidation includes expenditure restraint and moderate revenue increases, while continuing to support the social wage and ensuring additional funding for critical services. Government will after extensive consultation propose a binding fiscal anchor for future sustainability. In the interim, the debt stabilisation primary surplus will anchor fiscal policy.

The consolidate budget includes the main budget framework and spending by provinces, social security funds, public entities including municipalities finances from their own revenue sources. Government remains committed to fiscal consolidation that balances the needs of the most vulnerable in society and protects the public finances for future generations.

2. Key focus areas for the 2024/25 budget process

2.1. Local government conditional grants and unconditional grants allocations

Net reductions of R80.6 billion to main budget non-interest expenditure are identified across the three spheres of government over the MTEF in comparison to the 2023 budget estimates. Among these 2024 MTEF fiscal consolidation reductions, local government has the smallest contribution. Over the 2024 MTEF, the local government equitable share and direct conditional grants will be reduced by a total of R15.5 billion, made up of R9.6 billion in the local government equitable share and R5.9 billion in direct conditional grants. Despite reduction, local government equitable share growth remains high with transfers to local government significantly increasing by 5.2 per cent annually, driven mainly by the strong growth of local government equitable share by 6.1 per cent. National revenue share increases by 2.6 per cent annually, while transfers to provinces grow by 3.8 per cent annually, with the equitable share growing faster than conditional grants. There were no proposed reductions on the sharing of the general fuel levy to the metropolitan municipalities.

Notable changes to the conditional grants system

Given the ongoing review of the conditional grants system, very minimal changes were proposed to local government conditional grants. The proposed changes indicate a continued focus on enabling municipalities to improve service delivery to communities.

New conditional grant for smart prepaid meters

A new indirect grant, which will be managed by the National Treasury will be introduced in 2024/25. This grant will present an important opportunity for municipalities in the debt relief programme. While debt relief is a critical component of supporting struggling municipalities, it is important to also provide the municipalities with the tools and the necessary funding to improve their operations and long-term sustainability.

This new indirect conditional grant for smart prepaid meters is a meaningful step towards providing municipalities with the financial support they need to better manage their utilities, by ensuring timely and accurate billing; reducing losses; and enhancing operational sustainability. Municipalities will be able to manage their utility services and provide to water and electricity services effectively and efficiently. The grant will initially focus on providing debt relief for Eskom and will be implemented targeting specific municipalities in its initial years.

Improving regulatory levers and reforms

By enhancing the usage of regulatory frameworks in the conditional grants system, the government is taking steps to ensure that municipalities prioritise critical projects and utilise resources effectively. The use of results from the Department of Water and Sanitation's Watch Reports in the prioritisation of water and sanitation projects funded from general-purpose grants such as the integrated urban development grant (IUDG), and municipal infrastructure grant (MIG), will improve the quality and impact of these projects. Further, requiring municipalities to use the results of green drop, blue drop and no drop assessments in planning and prioritising projects will drive greater accountability and transparency in the use of grant funds, promoting sustainable and effective service delivery.

2.2. Post 2023 MTBPS changes

A number of reductions that were proposed in the 2023 MTBPS have been reversed but revised downwards, and several further cuts and other reprioritisations effected to make funds available for other government priorities. These include:

Reductions reversed: Previous reductions proposed on the sharing of the general fuel levy to the metropolitan municipalities, the rural roads asset management systems and the water services infrastructure grants have been reversed.

Reductions revised downwards: The previous reduction of R218 million to the integrated national electrification programme municipal grant is revised to R204 million; the previous reduction of R49 million to the municipal disaster response grant is revised to R35 million; and the previous reduction of R48 million to the municipal systems improvement grant is revised to R27 million.

Further reductions: To make funds available for other government priorities, reductions have been made to some municipal conditional grants over the 2024 MTEF period. These include an additional reduction of R3.5 billion to the integrated national electrification programme Eskom grant; an additional reduction of R73 million to the integrated urban development grant; an additional reduction of R14 million to the energy efficiency and demand-side management grant; an additional reduction of R4 million to the public transport network grant; an additional reduction of R127 million to the direct component of the regional bulk infrastructure grant; and an additional reduction of R852 million to the indirect component of the regional bulk infrastructure grant.

Reprioritisations: Reprioritisations over the MTEF period include the following: R58.3 million from the direct component of the municipal infrastructure grant is converted to the indirect component of the grant; R587 million from the direct component of the regional bulk infrastructure grant is converted to the indirect component; R91 million from the integrated urban development grant and R1.4 billion from the municipal infrastructure grant are shifted to the municipal disaster recovery grant to fund the repair and reconstruction of municipal infrastructure damaged by the floods that occurred between February and March 2023; R400 million from the first two years of the MTEF period are shifted to the outer year in the public transport network grant; R2 billion is reprioritised from the integrated national electrification programme municipal grant to fund the baseline for the new smart meters grant; and R432 million is reprioritised from the integrated national electrification programme Eskom grant to fund other priorities in the energy sector.

2.3. Review of the local government fiscal framework

Government's five-year programme of action to improve local governance, as endorsed by the Budget Forum, includes efforts to improve the funding model for local government. The National Treasury is reviewing a draft report for regulating municipal surcharges on electricity and identifying alternative sources of revenue to replace these. The next step will be consultation with external stakeholders.

The local government equitable share formula is being updated in various ways, including improving its responsiveness to the different functions assigned to district and local municipalities. In addition, the formula will be refined with reforms such as exploring the feasibility of introducing a cost differential model, community services components for health services and firefighting functions, objective criteria for benchmarking municipalities in relation to their administrative functions. The Department of Cooperative Governance, the National Treasury, the South African Local Government Association, the Financial and Fiscal Commission and statistics South Africa are identifying areas for refinement over the 2024 MTEF period.

2.4. Update on the review of the conditional grants

The South African government initiated a review of the existing grant system amid concerns of its effectiveness, including underspending on infrastructure grants and fragmentation in

the provincial and municipal grant systems. The review involved stakeholder consultations and literature reviews of conditional grant programmes to gain insights and make evidence-based recommendations for reform.

In April and May 2024, multiple consultation platforms will be set up to share the preliminary findings with the multi-stakeholder team. While some changes resulting from the review were reflected in the 2024 Budget, further proposed reforms are likely to be considered in the 2025 budget process and implemented gradually in a phased manner.

2.5. Funding for Local Economic Development (LED) Programmes

National Treasury is mindful of the essential role played by municipalities in driving economic development and job creation to mitigate inequality and attract private investment. In addition to the infrastructure grants, municipalities also receive about 66 per cent of their allocations in unconditional grants, which can be utilised to fund operational parts of the LED initiatives. However, it is important to note that economic development does not rely solely on a single funding pot, but on various forms of government programmes and grants. This includes support and initiatives from the Department of Trade, Industry and competition funded by provinces through their equitable share.

Whilst there is a call for creation of conditional grant, it is worth noting that the creation of a dedicated grant for LED initiatives comes with its challenges. In the past, when such grants were introduced, government institutions reprioritised funds that were initially funding the LED programmes, leading to over-reliance on conditional grants. This dependence undermines the purpose and sustainability of these programmes, as their funding is primarily dependent on the availability of funds from the fiscus and the performance of the economy. Therefore, there is a need to align conditional grants with economic development areas while also ensuring their integration with other government spheres to support the developmental mandate effectively.

In addition, it is also crucial for municipalities to provide essential services such as electricity, water, and sanitation efficiently. The efficient provision of these services is crucial for attracting private investment, fostering economic growth, and promoting a conducive environment for businesses to thrive. Therefore, National Treasury urges municipalities to prioritise the provision of these services to enhance economic development and improve the quality of life for their residents.

2.6. Reforms to improve the efficiency and financial sustainability of metro's trading services

Due to years of neglect and inadequate infrastructure maintenance, South Africa's municipalities face severe utility services issues, including in water, wastewater, and electricity. A loss of essential management and technical skills has also contributed to the decline in service quality and reliability. Metro water services alone suffer from an investment gap of R9 billion per year. These inefficiencies threaten economic growth and job creation and increases poverty. Government transferred substantial monetary allocations to local government in the successive Budgets to support water services, but the outcome and value for money of these transfers is low. To address this, an incentive grant system is being explored for 2025/26 to increase investments, change management and governance structures, promote professional management, and ensure transparency, starting with metros.

These reforms are commencing in the 2024/25 municipal financial year with the conditions being introduced in the Urban Settlement Development Grant (USDG). Thereafter, the reform will be extended to other revenue-generating trading services.

2024/25 USDG Financing Component for Trading Services

Municipalities must submit the following to the transferring officer and the National Treasury to qualify for making an application for the financing component:

- A council approved turnaround strategy to the Department of Human Settlement (DHS) and the National Treasury by 31 July 2024;
- A roadmap on the institutional reforms for improved management and governance to be submitted to DHS and National Treasury by 30 September 2024; and
- A business and investment plan that is consistent with the services development plan by 30 September 2024.

In support of these conditions, National Treasury will issue a guidance note by 1 April 2024, on requirements for turnaround strategies, institutional reforms and business plans for the financing component on trading services.

2025/26 onwards Improving the efficiency of urban utility services

Beyond 2024/25, the intention is to extend the reform agenda beyond water services to other revenue-generating trading services, including electricity and solid waste management. The Explanatory Memorandum, **Annexure W1**, to the 2024 Division of Revenue Bill provides the following direction on future work on municipal fiscal frameworks linked to trading/ utility services.

The grant reforms will aim to:

- Increase the level of investments in utility services (water, wastewater, electricity and solid waste) by leveraging grant finance with loan finance, linked to improved operational and financial performance of services providers;
- Catalyse changes in the structure, management, and governance of utility services businesses to support improvements in operational, technical and financial performance;
- Promote professional management with a single point of management accountability for utility services in cities, suitable managerial autonomy and the technical skills necessary to manage an effective service; and
- Promote and ensure full financial transparency, including by making the financial relationship between municipalities and the utility services explicit.

2.7. Criteria for the release of the Equitable Share:

- The criteria for the release of the equitable share were covered in Circulars No. 122 remains relevant and are still applicable for the release of equitable share instalments in the 2024/25 financial year.
- Failure to comply with the criteria will result in National Treasury invoking Section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

3. Revenue Management

3.1. Update on Municipal Debt Relief (MFMA Circular No. 124)

Accounting Guidance

Municipalities whose Municipal Debt Relief applications were approved must fully account for and correctly report on the write-off of their Eskom arrear debt and related benefits. Municipalities should note the guidance in this regard provided in *MFMA Circular No. 124: Supplementary Guide on the accounting- and mSCOA reporting requirements* that can be accessed on the MFMA website at the following link: <http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>.

It is recommended that all municipalities familiarise themselves with the guidance as far as it relates to correctly budgeting- and accounting for free basic services as well as raising and paying their bulk accounts.

Debt relief reporting requirements

Municipalities approved for debt Relief (in terms of their National Treasury approvals), must ensure that their MFMA s.71 statements, over-and-above the normal MFMA s.71 requirements, include the following as a minimum:

- The municipality's self-assessment in the format of the compliance certificate issued in MFMA Circular No. 124: Annexure A2 (signed by the Municipal Manager) – municipalities should use the latest format of the compliance certificate issued during February 2024 available under MFMA Circular No. 124 and included as **Annexure B** to this circular;
- The municipality's progress towards restricting free basic services to the national policy limits (condition 6.6) and in the format included as **Annexure C** to this circular;
- The municipality's progress towards achieving a minimum average quarterly collection of 80 per cent (condition 6.7) and in the format included as **Annexure D** to this circular;
- If the municipality's 2023/24 and/ or 2024/25 MTREF is not funded, the MFMA Section 71 statement must monthly include the municipality's progress against its approved Budget Funding Plan – if the municipality has an approved the Financial Recovery Plan (FRP), the monthly FRP progress report must include the municipality's progress against the components of the FRP aimed to achieve a funded budget and revenue enhancement initiatives;
- The high-level summary of its monthly property rates reconciliation (in the National Treasury template format already shared with the municipality during the application process); and
- The municipality's progress in addressing any variances evident from its monthly property rates reconciliation; etc.

3.2. Smart Meter Grant

With regard to the smart meter grant referred under 2.1 above, the National Treasury has targeted MFMA Circular No. 124 debt relief applicants for the initial implementation of this grant.

The potential beneficiaries of the smart meter grant will be invited by National Treasury and a compulsory template will be circulated for completion by municipalities. This invitation will be sent out before 15 March 2024. Furthermore, the grant conditions require a council resolution endorsing the application.

A completed template with supporting documentation and council resolution must be submitted to revenuemanagement@treasury.gov.za and sadesh.ramjathan@treasury.gov.za before 30 April 2024.

The applications will be evaluated before 31 May 2024 and allocations will be completed determined the commencement of the municipal budget year.

3.3. Transversal tender RT-29

The National Treasury is finalising the RT-29 transversal tender for a smart metering solution, and the appointed panel is available to all municipalities from March 2024. The transversal tender is targeting smart meter solutions for the water and electricity functions, STS meters compliance and load reduction systems. It will also enable municipalities to implement bi-directional smart metering systems. Municipalities are once again cautioned not to contract any smart metering systems or solutions without considering the RT-29 transversal tender which provides a competitive pricing comparison and cost saving on procurement. Municipalities wishing to participate in the RT-29 transversal must make their interest known to the Office of the Chief Procurement Officer (OCPO) on the email TCcontract1@treasury.gov.za. These municipalities must show evidence of a budget allocation in the current budget as well as future budgets for participation.

4. Conditional Grant Transfers to Municipalities

4.1. Criteria for the rollover of conditional grant funds

In terms of Section 21 of the Division of Revenue Act, 2023 (Act No.5 of 2023) (DoRA) in conjunction with the Division of Revenue Amendment Act, 2023 (Act No. 24 of 2023), the Act requires that any conditional allocation or a portion thereof that is not spent at the end of the 2023/24 financial year reverts to the National Revenue Fund (NRF), unless the rollover of the allocation is approved in terms of subsection (2). Furthermore, the receiving officer, provincial treasury and national transferring officer is required to prove to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of Section 21(2) of the 2023 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of Section 21(2) of the 2023 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated, spent and the balance 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 service provider was appointed for delivery of the project before 29 March 2024; or
 - b) Proof of project tender and tender submissions published and closed before 31 March 2024 or with the appointment of contractor or service provider for delivery of service before 30 June 2024 in cases where additional funding was allocated during the course of the financial year of the project;
 - c) Incorporation of the Appropriation Statement; and
 - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2024 (attach cash flow projection for the applicable grant).

4. A progress report (also reflecting percentages) on the status of each project's implementation that includes an attached legible 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 on the original allocation per the DoRA;
7. Rollover of rollovers will not be considered. Municipalities must therefore not include previous year's unspent conditional grants as rollover request;
8. An indication of the time period within which the funds are to be spent if the rollover is approved; and
9. Proof that the Municipal Manager and Chief Financial Officer 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; this also includes acting appointments because of suspensions of either MM or CFO that are more than 12 months.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2024, 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 2023 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 to National Treasury by 31 August 2024;
3. Accurate disclosure of grant performance in the 2023/24 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. Despite the fact that local government is required to comply with different norms and standards prescribed by different legislations, municipalities are expected to fully comply with the provisions of DoRA that relate to rollover processes and disclose conditional grant performance in the 2023/24 pre-audited Annual Financial Statements (i.e. Cash coverage and unspent conditional grants in the Statement of Financial Position) in order to verify grant expenditure; and
5. Cash available reflected in the Statement of Financial Position and Cash Flow Statements and the bank (net position including short term investments) as at 30 June 2024 is equivalent to the unspent amount at the end of the financial year. If the amount that is requested for rollover is not entirely cash-backed, such a rollover will not be approved. National Treasury will also not approve portions of rollover requests.

It should be noted that under no circumstances will the National Treasury consider requests to rollover:

1. The entire 2023/24 allocation to the municipality. In cases where the rollover request is more than 50 per cent of the total allocation, National Treasury will approve the rollover amount up to 50 per cent of the 2023/24 allocation;

2. Rollover request of the same grant for the third consecutive time. In a case where a municipality is applying for rollover as a result of additional funding, the application will be carefully considered;
3. Funding for projects procured through Regulation 32 and 37 of the Municipal Supply Chain Management Regulations (Gazette No.27636) – Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the rollover application is linked to invoices that were issued before or on 31 March 2024. All invoices issued to the municipality before 31 March 2024 should be paid within the same year against the allocated conditional grants. i.e invoices must be paid within 30 days.

4.2. Unspent conditional grant funds for 2023/24

The process to ensure the return of unspent conditional grants for the 2023/24 financial year will be managed in accordance with Section 21 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2024 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 reconciles;
- 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 2024. The unspent grant values must be determined based on the guidance that was provided in mSCOA Circular No. 13 in as far as VAT, retention and interest is concerned; and
- Step 3: If the receiving officer wants to motivate in terms of Section 21(2) of the 2023 DoRA that the unspent funds are committed to identifiable projects, the rollover application pack must be submitted to National Treasury by no later than 31 August 2024.

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 2024;
- Step 5: National Treasury will communicate the unspent conditional grants amount by 12 November 2024. 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 18 November 2024; and
- Step 6: Any unspent conditional grant funds that should have but has not been repaid to the National Revenue Fund by 18 November 2024, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 04 December 2024 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved rollovers are addressed in the Annexure to MFMA Circular No. 86.

5. Funding choices and management issues

Given the current economic crisis the country faces, Municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Municipalities are advised to consider all the advice

provided in MFMA Circular No 126, 123 and other previous circulars under this topic to ensure the adoption of surplus and funded budgets.

5.1. Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to consider their financial sustainability when considering salary increases. It has been observed over the previous years that salary increases were above inflation and this has posed challenges to most municipalities' sustainability. In addition, municipalities that could not afford such increases did not apply for exemption as provided by SALGBC.

Therefore, municipalities are urged to consider projecting salary and wage increases that would reflect their affordability given the current economic challenges. The 2022 State of Local Government Finance Report revealed that 157 municipalities are in financial distress. These municipalities need to ensure that they seek an early exemption from this dispensation of this salary agreement. Municipalities should also avoid paying out leave in cash while having major financial challenges.

5.2. Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also consider the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. 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.

5.3 Governance, performance, and investment matters

South Africa has reached a stage where all of government including municipalities need to play a pivotal role in igniting the economy of the country. There is a need for a concerted effort to put initiatives that will attract the investments which will stimulate the economy. The investments take place in the local government and municipalities in particular as the custodian of the spatial planning and enabling infrastructure.

Critical infrastructure such as water, sanitation and electricity to stimulate the economy is owned, maintained and developed by the municipalities. In the last 30 years, there has been investment in ensuring that access to basic services – water, electricity and refuse - is improved markedly.

However, there has been little to no investment on bulk infrastructure such as water treatment works, wastewater treatment works and electrical substations which are the backdrop for enabling investment in municipalities.

Of concern is that budget for operation and maintenance have been negligible. If the trends continue without arresting the decline, the municipalities will in all likelihood not experience

growth. This will reduce the prospect for economic growth leading to high unemployment and less economic activities in general.

As such, the municipalities need to take the responsibility to create initiatives which will attract more investment. Key initiatives to improve this are investing in bulk and connector infrastructure as well as strengthening good governance.

The budget allocation to address infrastructure requirements are not sufficient. As such, the municipalities should improve governance and the overall financial health which will allow for the financier to be attracted to borrow municipalities to finance enabling infrastructure.

Urban management and in particular cleaning of the environment is critical for ensuring that municipal area is attractive. Thus, ability to attract investment should also include clearly defined initiatives that ensure the city is continuously clean. This will retain existing investors and also enable the municipalities to attract new investors who wishes to locate in the municipal area.

A firm's decision to invest is influenced by factors such as infrastructure and land availability, the institutional and regulatory environment, skills availability and innovation levels and the availability of enterprise support and finance. Municipalities have key roles that influence a decision to invest and expand in a particular space. Poorly performing spaces – such as industrial parks, CBDs, logistics hubs, townships – discourage investment and encourage disinvestment. Poorly performing economic assets, such as roads, ports, rail, communications, do the same. Many of the reasons for poor performing spaces and assets lie within the ambit of the public sector, but not all within the local sphere. In some instances, municipalities are directly responsible for what needs to be done, in other areas the municipality needs to mediate inter-governmental solutions.

To turnaround these spaces and unlock their economic potential the immediate focus must be on getting the basics right first –

- Ensure reliable and sustainable service delivery – water, sanitation, stormwater, roads, lighting and waste management;
- Ensure effective land governance – urgently resolve inter-governmental issues that inhibit performance;
- Undertake bulk infrastructure repair and maintenance;
- Address business and community safety issues;
- Operationalise and manage public open spaces and assets; and
- Manage the spaces – at minimum put in place municipal transversal teams responsible for ensuring the basics are in place.

The quality and transparency of municipal governance has a direct impact on economic performance. Dysfunctional municipalities discourage new investment and result in job loss. Ensuring the effective management of municipal businesses through evidenced-based decision making and sound financial management is essential to attract and retain firms. Improving the efficiency and transparency of municipal business processes that impact on the private sector – such as registering property, getting electricity connections, construction permits, obtaining wayleaves, getting a water connection, and issuing an informal trader permit – goes a long way to building business confidence and municipal credibility.

5.4 Environmental Pollution

The deteriorating quality of water resources in urban and rural areas due to pollution, failing infrastructure such as wastewater treatment and the lack of enforcement of by-laws, legislation and urban management, exacerbates water scarcity, and increases costs of providing potable water.

Municipalities are urged to anticipate the imminent approval of the water pricing strategy, which introduces a waste discharge charge. This penalty underscores the need for municipalities to ensure that they comply with and enforce all legislation and by-laws governing urban and environmental management. This requires municipalities to prioritise effective and efficient service delivery, including sufficient investment in asset maintenance, expansion and renewal for solid waste management, wastewater treatment, as well as by-law enforcement to mitigate the continuous pollution of streams and rivers.

Collaboration among municipalities, sector departments, NGOs, citizens, and the private sector are essential for mobilising resources to prevent further deterioration and restoration of water resources. Such efforts need to only prevent pollution at source but also safeguard water quality for future generations, making the strategic investment in water resources a cornerstone of sustainability, economic growth and healthy environments.

6. Municipal Standard Chart of Accounts (*mSCOA*)

6.1. Go Live on Version 6.8 of the Chart

mSCOA version 6.8 will go live on 20 March 2024, whereafter municipalities will be able to upload their tabled budget (TABB) and tabled project files (PRTA) data strings for the 2024/25 MTREF on the GoMuni portal.

After going live on version 6.8 of the chart, all the reports available on the LGDRS will be aligned to *mSCOA* chart version 6.8. This includes the format of the Section 71 report for Q3 and Q4 of 2023/24.

The Municipal Budget and Reporting Regulations (MBRR) Schedules (A to F) and non-financial data string (A1S) was also aligned to version 6.8 of the chart. A **protected** version of the MBRR Schedules for version 6.8 of the chart and A1S is available on the on the MFMA Webpage on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>

The reports on the Local Government and Reporting System (LGDRS) are populated from financial and non-financial data strings. Municipalities must use the linkages on GoMuni referred to above and not the formulas in the regulated Municipal Budget and Reporting (MBRR) Schedules when generating their A schedule from the financial system.

In terms of the *mSCOA* Regulations, municipalities must generate the regulated MBRR schedules that is tabled and adopted by Council directly from their financial ERP systems and not import or captured it on the system at a later stage. This is necessary to ensure that there is 'one version of the truth', namely the data in the financial ERP system is the same as the report tabled and adopted by Council and the information submitted to the National Treasury and other stakeholders.

6.2. *mSCOA* data strings credibility

Municipalities must verify the credibility and accuracy of the tabled budget (TABB) and project file (PRTA) data strings **prior and post** to uploading it to the National Treasury Local Government Database and Reporting System (LGDRS). These data strings will be the sole source used by National and Provincial Treasuries to analyse and determine if the municipality's budget is funded and the credibility is therefore of utmost importance.

Registered users from municipalities, provincial treasuries and National Treasury have full access to their data on the LGDRS and can draw the information to verify the accuracy of the figures for their respective municipalities or province (in the case of provincial treasuries). The LGDRS reports can be accessed by registered users on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

From 2025/26, the National Treasury will open the access to all reports available on the LGDRS to the public. Municipalities should make a concerted effort to resolve their *mSCOA* data strings credibility issues as soon as possible to avoid facing the consequences of financial misconduct in terms of Section 171(1)(d) of the MFMA.

The LGDRS also provides information on municipal budgets and performance to the public through the Municipal Money portal. The information on the Municipal Money portal is sourced from the Consolidated Section 71 Reports published quarterly by the National Treasury. The Municipal Money portal is part of South Africa's Open Government Partnership (OGP) 5th National Action Plan to improve transparency and public participation in government processes and a link to the Municipal Money portal is available on the OGP website (76 countries and 104 municipalities are members).

6.3. Regulating the minimum business processes and system specifications for *mSCOA*

The National Treasury commenced with the work to regulate the minimum business processes and system specifications for *mSCOA* towards the end of 2025/26. The following working groups will be established to ensure that relevant stakeholders are consulted during the review processes:

- a. **Corporate governance** including internal and external audit, oversight committees, performance management, IT system requirements and management, municipal websites, document management, reporting mechanisms;
- b. **Municipal budgeting, planning and financial modelling** including IDP, Budgets Management, Revenue, Human Resources (HR) /Payroll, Assets;
- c. **Financial accounting** including general ledger, accounts receivables and payables, financial reporting, AFS reporting, insurance management, consolidation reporting;
- d. **Costing and reporting** including cost planning and cost management and reporting;
- e. **Project accounting** including project creation and planning, project management and reporting, contract management;
- f. **Treasury and cash management** including cash management and reporting, grant management and reporting, investment management and reserves, borrowings management, provisions and contingent liabilities;
- g. **Supply chain management** including supply chain management and inventory;
- h. **Full asset life cycle management** including maintenance management and asset management;
- i. **Real estate management** including property register and rental management and general processes;
- j. **Human resource and payroll management** including human resources, time management, payroll management and reporting;
- k. **Revenue management**, customer care, credit control and debt collection including revenue management and billing, credit control, customer management, debt collection, indigent management;
- l. **Valuation roll management**; and
- m. **Land use building control** including land use and building control.

Municipalities are urged to ensure that the officials that participate in the working groups have the technical knowledge and experience to participate meaningfully in these forums. Integrated Consultative Forums will also be held quarterly to keep **all** stakeholders informed and provide them with an opportunity to provide inputs on the business processes and system specification that will be regulated. A dedicated email address will be created for comment and inputs relating to the review processes underpinning these Regulations.

7. Submitting documents to the GoMuni Upload Portal

7.1. Submissions to the National Treasury

Municipalities are reminded to submit documents and queries to the correct portals/ mailboxes. These portals/ mailboxes are:

- https://lg.treasury.gov.za/ibi_apps/welcome (GoMuni Upload Portal) – All documents required in terms of legislation by approved registered users, including: • mSCOA Data Strings; • Budget-related, in-year and year-end documents and schedules (A, B and C); and • Revenue and MFRS Documents (as per MFMA Circular No. 126);
- lgdataqueries@treasury.gov.za – Database related and submission queries; and
- lgdocuments@treasury.gov.za – Only Provincial Treasuries may send contact details to lgdocuments@treasury.gov.za.

Any document/ queries that are submitted to the incorrect portal/ mailbox will not be processed and the submission status report will continue to reflect the documents as outstanding.

7.2. Updating of contact details on GoMuni

From 1 April 2024, municipalities (registered users) will be able to make changes/ additions to their own contact details directly on the LGDRS. To municipalities and their respective provincial treasury must select and update the relevant details on GoMuni under Database/Contacts/Reporting/Contact information on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

Municipalities must ensure that their contact details on GoMuni are updated as soon as changes occur.

7.3. Submission of additional reports

From 14 March 2024, municipalities whose debt relief applications were approved will be required to submit reports to the GoMuni Upload portal as indicated in MFMA Circular No 124 dated 31 March 2024. The list of the required debt relief reports is attached as **Annexure A**.

7.4. Procurement spend reporting

In order for government to fulfil its social responsibility to channel procurement spending towards certain designated groups and to unlock economies of scale in government procurement expenditure, a single standardised view needs to be created into the

procurement spend information across all spheres of government on a transactional level for spend and trend analysis purposes.

The OCPO designed and built a Data Warehouse that serves as common repository for procurement related data with the necessary capabilities to produce standardised information in a dashboard format via various Business Intelligence tools. Currently procurement spend data of all National and Provincial departments from 2017 to date is hosted and analysed in the Data Warehouse.

From 1 March 2024, municipalities must on monthly basis report all goods and services related payments at a transactional level monthly. Towards this end, municipalities must complete and submit the template attached as **Annexure E** and submit it to the GoMuni Upload portal under the folder Documents/ Other. These reports are due by the 15th of the month that follows the reporting month. The first report is therefore due on 15 April 2024. This information is only required for municipalities and not for municipal entities.

A Data Upload Tool is also available that allows municipalities to capture their spending data manually or extract the relevant information from the municipality's payment system automatically. Information captured on the Data Upload Tool will be submitted directly into the OCPOs Data Warehouse once the various online input validations to ensure the accuracy and completeness of the data has been passed. To access the tool, an email request must be sent to ocpodatarequest@treasury.gov.za to obtain a User ID and Password that is institution specific. Training on the use of the OCPO Data Upload Tool as well as technical integration information will be provided after the institution has received a User ID and Password.

The submission status of the OCPO Spend Report will be included on the status report of document submissions available on the LGDRS. Municipalities that opt to use the Data Upload Tool instead of submitting the excel template to GoMuni must submit a 'not applicable form' to the GoMuni Upload portal for their non-submission is not classified as outstanding.

8. The Municipal Budget and Reporting Regulations

8.1 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or **Schedule A**, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape Buffalo City	Matjatji Mashoeshoe Pitso Zwane Mandla Gilimani	012-315 5553 012-315 5171 012-315 5807	Matjatji.Mashoeshoe@treasury.gov.za Pitso.Zwane@Treasury.gov.za Mandla.Gilimani@treasury.gov.za
Free State	Sifiso Mabaso Cethekile Moshane	012-315 5952 012-315 5079	Sifiso.mabaso@treasury.gov.za Cethekile.moshane@treasury.gov.za
Gauteng City of Tshwane and City of Johannesburg City of Ekurhuleni	Matjatji Mashoeshoe Pitso Zwane Oreal Tshidino Willem Voigt Makgabo Mabotja Enock Ndlovu Kgomotso Baloyi Lunathi Dumani	012-315 5553 012-315 5171 012-315 5830 012-315 5156 012-315 5385 012-315 5866	Matjatji.Mashoeshoe@treasury.gov.za Pitso.Zwane@Treasury.gov.za Oreal.Tshidino@Treasury.gov.za WillemCordes.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za Enock.Ndlovu@treasury.gov.za Kgomotso.Baloyi@treasury.gov.za Lunathi.dumani@treasury.gov.za
KwaZulu-Natal Msunduzi eThekweni uMhlathuze	Kgomotso Baloyi Lunathi Dumani Sifiso Mabaso Kevin Bell	012-315 5866 012-315 5866 012-315 5952 012-315 5725	Kgomotso.Baloyi@treasury.gov.za Lunathi.dumani@treasury.gov.za Sifiso.mabaso@treasury.gov.za Kevin.bell@treasury.gov.za
Limpopo	Sifiso Mabaso Jabulile Ngwenya	012-315 5952	Sifiso.Mabaso@treasury.gov.za Jabulile.ngwenya@treasury.gov.za
Mpumalanga	Mandla Gilimani Sibusisiwe Mchani	012-315 5807 012-315 5539	Mandla.Gilimani@treasury.gov.za Sibusisiwe.Mchani@treasury.gov.za
Northern Cape	Mandla Gilimani Sibusisiwe Mchani	012-315 5807 012-315 5539	Mandla.Gilimani@treasury.gov.za Sibusisiwe.Mchani@treasury.gov.za
North West	Willem Voigt Makgabo Mabotja	012-315 5830 012-315 5156	WillemCordes.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape Cape Town George	Willem Voigt Enock Ndlovu Kgomotso Baloyi Mandla Gilimani	012-315 5830 012-315 5385 012-315 5866 012-315 5807	WillemCordes.Voigt@treasury.gov.za Enock.Ndlovu@treasury.gov.za Kgomotso.Baloyi@treasury.gov.za Mandla.Gilimani@treasury.gov.za
Technical issues on GoMuni Website	Data management		lgdataqueries@treasury.gov.za
Local government Conditional Grants	Conditional Grants team	012-315 5183	Sello.mashaba@treasury.gov.za Unathi.lekonyana@treasury.gov.za Pretty.mavhungu@treasury.gov.za Marvin.ngobeni@treasury.gov.za Akanyang.modise@treasury.gov.za

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
08 March 2024

ANNEXURE A – LIST OF REQUIRED REPORTS TO BE SUBMITTED TO NATIONAL TREASURY FOR DEBT RELIEF PROGRAMME (TEMPLATE)

ANNEXURE B – MUNICIPAL CERTIFICATE OF COMPLIANCE FOR DEBT RELIEF PROGRAMME (TEMPLATE)

ANNEXURE C – MUNICIPAL DEBT RELIEF – MONTHLY REPORTING – INDIGENT HOUSEHOLDS INFORMATION (TEMPLATE)

ANNEXURE D – MUNICIPAL DEBT RELIEF – MONTHLY REVENUE COLLECTION REPORTING (TEMPLATE)

ANNEXURE D – PROCUREMENT SPENT REPORTING (TEMPLATE)

Directorate new	Department new	Section new	Main Function	Function Decr
COMMUNITY SERVICES	COMMUNITY SERVICES	COMMUNITY SERVICES	Executive and Council	Function: Executive and Council - Core Function - Municipal Manager, Town Secretary and Chief Executive
COMMUNITY SERVICES	ECONOMIC DEVELOPMENT & TOURISM	ECONOMIC DEVELOPMENT & TOURISM	Other	Function: Other - Core Function - Tourism
COMMUNITY SERVICES	ECONOMIC DEVELOPMENT & TOURISM	ECONOMIC DEVELOPMENT & TOURISM	Planning and Development	Function: Planning and Development - Core Function - Corporate Wide Strategic Planning (IDPs, LEDS)
COMMUNITY SERVICES	INTEGRATED HUMAN SETTLEMENT	INTEGRATED HUMAN SETTLEMENT	Housing	Function: Housing - Non-core Function - Housing
COMMUNITY SERVICES	LIBRARY SERVICES	LIBRARY SERVICES	Community and Social Services	Function: Community and Social Services - Non-core Function - Libraries and Archives
COMMUNITY SERVICES	PARKS, SPORT & RECREATION	COMMUNITY CENTRE & HALLS	Community and Social Services	Function: Community and Social Services - Core Function - Community Halls and Facilities
COMMUNITY SERVICES	PARKS, SPORT & RECREATION	PARKS & CEMETERIES	Community and Social Services	Function: Community and Social Services - Core Function - Cemeteries, Funeral Parlours and Crematoriums
COMMUNITY SERVICES	PARKS, SPORT & RECREATION	PARKS & CEMETERIES	Sport and Recreation	Function: Sport and Recreation - Core Function - Community Parks (including Nurseries)
COMMUNITY SERVICES	PARKS, SPORT & RECREATION	SPORT & RECREATIONAL FACILITIES	Sport and Recreation	Function: Sport and Recreation - Core Function - Recreational Facilities
COMMUNITY SERVICES	PARKS, SPORT & RECREATION	SPORT & RECREATIONAL FACILITIES	Sport and Recreation	Function: Sport and Recreation - Core Function - Sports Grounds and Stadiums
COMMUNITY SERVICES	TRAFFIC SERVICES	TRAFFIC CONTROL & LAW ENFORCEMENT	Public Safety	Function: Public Safety - Core Function - Pounds
COMMUNITY SERVICES	TRAFFIC SERVICES	TRAFFIC CONTROL & LAW ENFORCEMENT	Public Safety	Function: Public Safety - Core Function - Police Forces, Traffic and Street Parking Control
COMMUNITY SERVICES	TRAFFIC SERVICES	TRAFFIC ADMINISTRATION	Other	Function: Other - Core Function - Licensing and Regulation
COMMUNITY SERVICES	TRAFFIC SERVICES	TRAFFIC ADMINISTRATION	Road Transport	Function: Road Transport - Non-core Function - Road and Traffic Regulation
COMMUNITY SERVICES	WASTE & ENVIRONMENTAL MANAGEMENT	SOLID WASTE MANAGEMENT	Waste Management	Function: Waste Management - Core Function - Solid Waste Removal
COMMUNITY SERVICES	WASTE & ENVIRONMENTAL MANAGEMENT	SOLID WASTE MANAGEMENT	Waste Management	Function: Waste Management - Core Function - Street Cleaning
COMMUNITY SERVICES	WASTE & ENVIRONMENTAL MANAGEMENT	ENVIRONMENTAL & WASTE MINIMIZATION	Waste Management	Function: Waste Management - Core Function - Solid Waste Disposal (Landfill Sites)
COMMUNITY SERVICES	WASTE & ENVIRONMENTAL MANAGEMENT	ENVIRONMENTAL & WASTE MINIMIZATION	Waste Management	Function: Waste Management - Core Function - Recycling
FINANCIAL SERVICES	FINANCIAL SERVICES	FINANCIAL SERVICES	Finance and Administration	Function: Finance and Administration - Core Function - Finance
FINANCIAL SERVICES	INFORMATION & COMMUNICATION TECHNOLOGY	INFORMATION & COMMUNICATION TECHNOLOGY	Finance and Administration	Function: Finance and Administration - Core Function - Information Technology
FINANCIAL SERVICES	SUPPLY CHAIN MANAGEMENT	SUPPLY CHAIN MANAGEMENT	Finance and Administration	Function: Finance and Administration - Core Function - Supply Chain Management
INFRASTRUCTURE & PLANNING SERVICES	INFRASTRUCTURE & PLANNING SERVICES	INFRASTRUCTURE & PLANNING SERVICES	Executive and Council	Function: Executive and Council - Core Function - Municipal Manager, Town Secretary and Chief Executive
INFRASTRUCTURE & PLANNING SERVICES	CIVIL ENGINEERING SERVICES	ROADS & STORMWATER	Road Transport	Function: Road Transport - Core Function - Roads
INFRASTRUCTURE & PLANNING SERVICES	CIVIL ENGINEERING SERVICES	ROADS & STORMWATER	Waste Water Management	Function: Waste Water Management - Core Function - Storm Water Management
INFRASTRUCTURE & PLANNING SERVICES	CIVIL ENGINEERING SERVICES	WASTE WATER SERVICES	Waste Water Management	Function: Waste Water Management - Core Function - Sewerage
INFRASTRUCTURE & PLANNING SERVICES	CIVIL ENGINEERING SERVICES	WASTE WATER SERVICES	Waste Water Management	Function: Waste Water Management - Core Function - Waste Water Treatment
INFRASTRUCTURE & PLANNING SERVICES	CIVIL ENGINEERING SERVICES	WATER SERVICES	Water Management	Function: Water Management - Core Function - Water Storage
INFRASTRUCTURE & PLANNING SERVICES	CIVIL ENGINEERING SERVICES	WATER SERVICES	Water Management	Function: Water Management - Core Function - Water Distribution
INFRASTRUCTURE & PLANNING SERVICES	CIVIL ENGINEERING SERVICES	WATER SERVICES	Water Management	Function: Water Management - Core Function - Water Treatment
INFRASTRUCTURE & PLANNING SERVICES	ELECTRO-TECHNICAL SERVICES	ELECTRO-TECHNICAL SERVICES	Energy Sources	Function: Energy Sources - Core Function - Electricity
INFRASTRUCTURE & PLANNING SERVICES	ELECTRO-TECHNICAL SERVICES	ELECTRO-TECHNICAL SERVICES	Energy Sources	Function: Energy Sources - Core Function - Street Lighting and Signal Systems
INFRASTRUCTURE & PLANNING SERVICES	ELECTRO-TECHNICAL SERVICES	FLEET MANAGEMENT SERVICES	Finance and Administration	Function: Finance and Administration - Core Function - Fleet Management
INFRASTRUCTURE & PLANNING SERVICES	LAND USE PLANNING	TOWN PLANNING	Planning and Development	Function: Planning and Development - Core Function - Town Planning, Building Regulations and Enforcement, and City Engineer
INFRASTRUCTURE & PLANNING SERVICES	PMU & CAPITAL PROGRAMMES	BUILDING MAINTENANCE	Finance and Administration	Function: Finance and Administration - Core Function - Property Services
INFRASTRUCTURE & PLANNING SERVICES	PMU & CAPITAL PROGRAMMES	PMU & CAPITAL PROGRAMMES	Planning and Development	Function: Planning and Development - Core Function - Project Management Unit
MUNICIPAL MANAGER	MUNICIPAL MANAGER	MUNICIPAL MANAGER	Executive and Council	Function: Executive and Council - Core Function - Municipal Manager, Town Secretary and Chief Executive
MUNICIPAL MANAGER	ADMINISTRATIVE SUPPORT SERVICES	ADMINISTRATIVE SUPPORT SERVICES	Finance and Administration	Function: Finance and Administration - Core Function - Administrative and Corporate Support
MUNICIPAL MANAGER	ADMINISTRATIVE SUPPORT SERVICES	ADMINISTRATIVE SUPPORT SERVICES	Finance and Administration	Function: Finance and Administration - Core Function - Marketing, Customer Relations, Publicity and Media Co-ordination
MUNICIPAL MANAGER	BARRYDALE	BARRYDALE	Executive and Council	Function: Executive and Council - Core Function - Municipal Manager, Town Secretary and Chief Executive
MUNICIPAL MANAGER	GOVERNANCE, COMPLIANCE & LEGAL SERVICES	GOVERNANCE, COMPLIANCE & LEGAL SERVICES	Finance and Administration	Function: Finance and Administration - Core Function - Administrative and Corporate Support
MUNICIPAL MANAGER	GOVERNANCE, COMPLIANCE & LEGAL SERVICES	INTEGRATED DEVELOPMENT PLANNING	Planning and Development	Function: Planning and Development - Core Function - Corporate Wide Strategic Planning (IDPs, LEDS)
MUNICIPAL MANAGER	GOVERNANCE, COMPLIANCE & LEGAL SERVICES	PROPERTY MANAGEMENT ADMINISTRATION	Finance and Administration	Function: Finance and Administration - Core Function - Property Services
MUNICIPAL MANAGER	GOVERNANCE, COMPLIANCE & LEGAL SERVICES	RISK MANAGEMENT	Finance and Administration	Function: Finance and Administration - Core Function - Risk Management
MUNICIPAL MANAGER	HUMAN RESOURCE MANAGEMENT	HUMAN RESOURCE MANAGEMENT	Finance and Administration	Function: Finance and Administration - Core Function - Human Resources
MUNICIPAL MANAGER	INTERNAL AUDIT	INTERNAL AUDIT	Internal Audit	Function: Internal Audit - Core Function - Governance Function
MUNICIPAL MANAGER	OFFICE OF THE POLITICAL OFFICE BEARERS	OFFICE OF THE POLITICAL OFFICE BEARERS	Executive and Council	Function: Executive and Council - Core Function - Mayor and Council