

OVERSTRAND MUNICIPALITY



DRAFT BUDGET REPORT

2018/2019

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Report by the Acting Executive Mayor, delivered at the OMAF meeting held on 20 February 2018

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Abbreviations and Acronyms

ACIP	Accelerated Community Infrastructure Programme	mSCOA	Municipal Standard Chart of Accounts
BSC	Budget Steering Committee	MEC	Member of the Executive Committee
CAPEX	Capital Budget/Expenditure	MFMA	Municipal Finance Management Act
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MM	Municipal Manager
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CSD	Central Supplier Database	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National Electricity Regulator of South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	NT	National Treasury
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross domestic product	OP	Operational Plan
GFS	Government Financial Statistics	OPEX	Operating Budget/Expenditure
GRAP	General Recognised Accounting Practice	OMAF	Overstrand Municipal Advisory Forum
HR	Human Resources	PBO	Public Benefit Organisations
IDP	Integrated Development Plan	PMS	Performance Management System
ICT	Information & Communication Technology	PPE	Property Plant and Equipment
kℓ	kilolitre	PPP	Public Private Partnership
km	kilometre	PT	Provincial Treasury
KPA	Key Performance Area	RG	Restructuring Grant
KPI	Key Performance Indicator	SALGA	South African Local Government Association
kWh	kilowatt	SDBIP	Service Delivery & Budget Implementation Plan
ℓ	litre	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development	WCPT	Western Cape Provincial Treasury

FOREWORD

OMAF - 20 FEBRUARY 2018

REPORT BY ALD. D COETZEE, FINANCE PORTFOLIO CHAIRMAN

Overstrand has not implemented restrictive water tariffs, except for water restrictions related to watering of gardens, despite the lower than average rainfall to date this year. This as mentioned last year is largely due to the forward planning of our Infrastructure and Planning Director Steven Muller, who some ten years ago convinced Council to invest in Groundwater expropriation. The Municipality has also started replacing ageing and leaking water reticulation mains.

We will however now also embark on further capital projects to address ageing and leaking water reticulation mains, as well as sewerage reticulation projects.

These developments require large amounts of Capital resulting in us drawing on our Cash Reserves; however we will reap the benefits of these investments.

Four years ago we started to consolidate our financial position by reducing expenditure and increasing revenue slightly. This has resulted in improved liquidity levels. The unencumbered cash and cash equivalents as at 30 June 2018 was R259.8m and left us with a surplus of R21m after providing for our statutory liquidity requirements and refundable amounts. Our gearing also improved to below 43%, which is in line with National Treasury norms.

We are already benefiting from the improved income and curtailment of expenditure, and thus real cash generated by operations during the 2016/2017 financial year. Capital funds from our surplus will again increase this year, from R11.7m in the current year to R20m for next year.

Year on year inflation recorded at the end of December 2018 was just below 6%. It is projected that inflation this year will increase to 6% from July 2019, following the increased electricity tariffs. It is against this background that we prepared the 2018/2019 Draft Budget.

We have taken further steps in this Draft Budget to address the challenge of Providing infrastructure and a high level of service delivery that is only fully used during short holiday seasons.

This Draft Budget makes provision for either a zero or minor increase on all expense items that the Municipality has control over, with only properly motivated / and escalation related items being considered.

Salary increase negotiations for Municipal employees are not finalized yet on a National level and thus a 5.8% annual salary adjustment is included in this Draft Budget. An average notch adjustment is also included, in total providing for a salary budget increase of 8.11%.

We have received an indication that electricity costs for Municipalities from ESKOM will increase with 7.32%, based on increases applicable from 1st July annually. These increases have been considered in the electricity tariff structure for 2018/2019, with a total basket for average households adding up to an increase of 7.32% in electricity costs.

The basic charge for electricity will increase by 9% and to offset this the unit increases will be as follows, first 350 units by 6.5%, the next 250 units by 6.9% and all units above 600, at 7.32% increase. This results in an average increase of 7.34% for the first 350 units of electricity consumed.

In order to ensure that we continue to build up our reserves Property Rates was increased by 7,2% across the board in this current year. However, proposed property rates for 2018/2019 will only increase with 6%.

The rebate on property rates offered to persons over the age of 60 remains unchanged. During 2015 we reduced the parking tariffs in the Hermanus CBD and these again remain unchanged for the 2018/2019 financial year.

Calculating the sewerage charge for water borne sewerage on 70% of potable water consumed with a cap of 35 kl remains the manner in which water borne sewerage charges are to be levied.

The tariffs for Refuse removal, Sewerage, and Water all increase by 6% in this Draft Budget.

The exception here is the tariff for 0 – 6kℓ of water which increases by 11,5%. This is in line with a National Treasury directive that the level and structure of water tariffs are to be fully cost reflective. At present the cost of providing water is around R24.66 per kℓ.

Sundry tariffs for items such as building plan fees, photocopy fees and rental of community halls have been **increased** by 6%.

Alderman Dudley Coetzee
Acting Executive Mayor: Overstrand
20 February 2018

Part 1 – Annual Budget

1.1 Mayor’s Report

The Executive Mayor delivers his Budget speech with the tabling of the final budget for approval. A copy of the speech will be included thereafter.

The first review of the current new generation 5 year IDP and draft SDBIP will also be tabled during the Council meeting.

1.2 Council Resolution

The following is the resolution that will be considered for the approval and adoption of the annual budget for 2018/2019:

RECOMMENDATION TO THE COUNCIL:

1. that in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) the annual budget of the Overstrand Municipality for the 2018/19 to 2020/21 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved** as set out in the following schedules:

Schedule 1: Budgeted financial performance (revenue & expenditure by municipal vote)

Schedule 2: Budgeted financial performance (revenue by source & expenditure by type)

Schedule 3: Budgeted single & multi-year capital appropriations by functional classification (vote) and associated funding by source

Schedule 4: Budgeted financial position

Schedule 5: Budgeted cash flow

Schedule 6: Cash backed reserves and accumulated surplus reconciliation

Schedule 7: Asset management

Schedule 8: Basic service delivery measurement

2. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the property rates reflected in **Annexure A, be imposed** for the budget year 2018/19;

3. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tariffs and charges reflected in **Annexure A, be approved** for the budget year 2018/19;

4. that the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the 1st draw down of the proposed three year borrowing programme for external loans amounting to R54 million per year;

5. that the following schedules be noted:

Schedule 9: Budgeted financial performance (revenue & expenditure by functional classification)

Schedule 10: Budgeted capital appropriations by municipal vote

6. that **cognisance be taken** of the letters of comment received from the community and the LG MTEC 3 Assessment Report by Provincial Treasury and the Provincial Department of Local Government, included in Annexure J & K respectively of the budget report; and

7. that **cognisance be taken** of the 2018/2019 Budget Report.

1.3 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 sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditure on cost containment measures, non-core and 'nice to have' items.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is a strategic objective.

The publishing of the regulation on the Standard chart of Accounts (mSCOA) on 22 April 2014 has a profound effect on the business of local government. This reform is not limited to a financial reform, but a business reform as a whole. It is the largest reform since the promulgation of the Municipal Finance Management Act in 2003. The mSCOA regulations took effect on 1 July 2017 and therefore this budget has been compiled to adhere to the regulations.

The following are extracts from the preamble to the regulations:

"Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards." "These Regulations propose segments and a classification framework for the standard chart of accounts to be applied in local government in similar form to that implemented for national and provincial government departments. In order to enable the National Treasury to provide consolidated local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities."

The regulations contain amongst others, segment and classification framework for mSCOA, minimum business process and system requirements and responsibilities of municipal councils and accounting officers.

The segments classification consists of the following:

Funding segment – This segment relates to the various sources of funding available to municipalities and municipal entities for financing expenditure relating to the operation of the municipality and provides for both capital and operational spending.

Function segment - This segment provides for the classification of the transaction according to the function or service delivery objective and provides for the standardisation of functions and sub-functions across local government.

Municipal Functional classification Segment - This segment provides for the organisational structure and functionality of an individual municipality, which is not prescribed.

Project Segment - This segment provides for the classification of capital and operating projects on the basis of whether it relates to a specific project and if so, the type of project.

Regional Indicator Segment - This segment identifies and assigns government expenditure to the lowest relevant geographical region within which the intended beneficiaries of the service or capital investment are located.

Item Segment - This segment provides for the classification of item detail in the presentation of the financial position, performance and cash flow according to the nature of the transaction either as revenue, expenditure, asset, liability or net asset.

Costing Segment - This segment provides for a classification structure for secondary cost elements with reference to departmental charges, internal billing etc. and acts as a cost collector in determining inter alia total cost of services.

Overstrand municipality was identified as one of the official national pilot sites to early implement mSCOA and to pilot the Bytes SAMRAS system. This was first implemented for the 2015/2016 financial year and has been continued in 2017/18. The piloting stage ended 30 June 2017. A report regarding the status of implementation of mSCOA can be found in Annexure I of the budget documentation.

National Treasury issued MFMA Budget Circulars No. 89 & 91 for guidance for the compilation of the 2018/19 MTREF. A revised A Schedule – mSCOA Version 6.2 (Municipal annual budgets and MTREF & supporting tables) was also issued.

MFMA Circular No. 82 (updated November 2017) relating to direction and guidance regarding Cost Containment Measures was issued. National Treasury has since published Draft Regulations on Cost Containment Measures and the closing date for comments is 30 March 2018. The circular and draft regulations as well as the status relating to cost containment measures are included in Annexure H to this report.

The Western Cape Provincial Treasury has issued Circular No. 13 of 2018 regarding budget related matters and the proposed LG MTEC Budget & IDP engagements.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Ever aging water, roads, sewage and electricity infrastructure;
- Sustainable refuse disposal;
- The need to reprioritise projects and expenditure within the existing resource envelope;
- The cost of bulk electricity;
- Revenue recovery from cost reflective core municipal services;
- Wage increases for municipal staff that have exceeded headline consumer inflation in the past, as well as the need to restructure certain components for operational efficiencies;
- Affordability of capital projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2018/19 MTREF process; and
- Maintaining a positive cash flow.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/2018 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Budget Circulars informed the upper limits for the new baselines for the 2018/19 annual budget;
- Service level standards were used to inform the measurable objectives, targets and any backlog eradication goals;
- Tariffs and property rates increases should aim to be affordable;

- Some price increases in the input costs of services are beyond the control of the municipality, for instance the cost of fuel, chemicals and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure maintenance and backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The following cost saving measures were applied:
 - The principle of 0% increase in non-core general expenses unless valid motivations such as contractual inflation adjustments dictate.
 - Cost containment measures referred to in Circular 82 of 30 March 2016 (updated in November 2016 are responded to in Annexure H (Budget Circulars)

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

(a) Total Revenue (including capital grants)

R thousand	Budget Year 2017/18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21			
Revenue	1 121 081	1 139 924	1 228 651	1 287 329	1.7%	7.8%	4.8%
Expenditure	1 052 197	1 124 257	1 221 414	1 249 501	6.8%	8.6%	2.3%
Surplus / (Deficit)	68 885	15 667	7 237	37 829			
Capital	116 620	171 736	133 030	137 249	47.3%	-22.5%	3.2%

(b) Total Revenue (excluding capital grants)

R thousand	Budget Year 2017/18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21			
Revenue	1 047 640	1 077 956	1 170 121	1 224 080	2.9%	8.6%	4.6%
Expenditure	1 052 197	1 124 257	1 221 414	1 249 501	6.8%	8.6%	2.3%
Surplus / (Deficit)	(4 556)	(46 301)	(51 293)	(25 420)			
Capital	116 620	171 736	133 030	137 249	47.3%	-22.5%	3.2%

Total revenue (including capital grants) to expenditure (Table 1a) indicates a surplus for each of the years over the 2018/19 MTREF.

Total operating revenue (Table 1a) indicates an increase in revenue of 1,7 per cent for the 2018/19 financial year when compared to the 2017/2018 Adjustments Budget. For the two outer years, operational revenue will increase by 7,8 and 4,8 per cent respectively. Fluctuations of revenue in Table 1(a) are informed mainly by the allocation of the Housing grant between operating (top structures) and capital (infrastructure) in the respective financial years.

Total operating expenditure for the 2018/19 financial year has been appropriated at R1,124bn and translates into a budgeted deficit of R46,3m (excluding capital grants) and a surplus of R15,7m (including capital grants). When compared to the 2017/2018 Adjustments Budget, operating expenditure has increased by 6,8 per cent in the 2018/19 budget and increased by 8,6 and 2,3 per cent for each of the respective outer years of the MTREF. The decrease for 2020/21 is attributable to the allocation of the Housing grant between operating (top structures) and capital (infrastructure) in the respective financial years.

It should be noted that although the 2018/2019 operational budget and indicative years indicate budgeted deficits (Table 1b), this does not reflect the actual cash position. This phenomenon will

continue for the foreseeable future. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE). The asset value before depreciation is in excess of R5,3 billion, which relates to substantially high depreciation charges. Although accurately reflecting asset value, the cost of a substantial portion of these assets had been fully redeemed previously, but the useful life of assets were extended as well as ever increasing assets funded by grants. The replacement thereof can thus not be recouped via current tariffs as this would lead to taxation in advance of need and no reserves may be established for these purposes. The principle of recovering actual cash costs during each financial period is adhered to.

The capital budget of R171,7m for 2018/19 is 47,3 per cent more when compared to the 2017/2018 Adjustments Budget. The increase is mainly due to the year-on-year fluctuation and allocation of the Housing grant between operating (top structures) and increased capital funding comprising external borrowing and higher than usual surplus funds in the respective financial years. The increased own funding from surpluses is due to cash generated from operation, which includes a portion from the recent land sales. Further projects from the proceeds of land sales will be prioritised in future budgets, subject to maintaining minimum sustainability levels. The capital programme decreases to R133m and increases to R137m in the outer years, which is above the estimated minimum of R100m required annually to sustain capital infrastructure. Own funding (borrowing) is anticipated at R54m per annum over the 2018/2019 MTREF. This borrowings contribute to 41,6 % of the funding over the 2018/2019 MTREF. The balance will be funded from internally generated funds (19,4%) and capital grants (39%).

The Municipality had reached its planned outer borrowing limit of 60% of operational revenue in 2012. This was a result of much needed investment in infrastructure during the period from 2009 to 2012, after which the municipality embarked on a strategy to manage this rate down by at least 10% over a ten year period. In January 2014 National Treasury published the first norms and standards circular in which it recommended an upper limit of 45% to revenue. By the end of June 2020 it is estimated that this rate would be at 44,3% and at the end of the 2018/19 MTREF borrowing programme this rate should decrease to 41,5%, which is below the NT upper limit of 45% for the duration of the 2018/2019 MTREF. The repayment of capital and interest (debt services costs) remains within the NT acceptable norm band. Consequently, the capital budget reflects an increase compared to the previous three years.

1.4 Operating Revenue Framework

For Overstrand to continue delivering and improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with an increasing population (7th highest growth nationally as per the 2011 census), development backlogs and increasing poverty levels. 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 against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to maintain levels of above 99 per cent annual collection rates for property rates and other key service charges.;
- Electricity tariff increases for Eskom and the municipality, as approved by NERSA;
- Achievement of cost recovery of specific user charges and especially in relation to services;
- Determine tariff escalation rate by establishing the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increased pressure to deliver and maintain services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

- Tariff policies of the Municipality.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The increase in VAT of 1%, announced during the National budget speech, will place a further financial burden on the consumer as all basic services will be impacted. The VAT on property rates is levied at a rate of 0%.

Revenue generated from rates and services forms a significant percentage of the revenue basket for the Municipality. Rates and services revenues comprise 79% of the total operating revenue mix. For the 2017/2018 financial year, revenue from rates and services charges totals R800,9m. These change to R851,7m, R902,7m and R956,8 in the respective financial years of the MTREF.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source									
Property rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges - electricity revenue	287 754	324 599	355 454	339 249	339 270	339 270	365 721	387 620	410 845
Service charges - water revenue	108 318	114 179	123 064	114 494	117 120	117 120	116 781	123 754	131 147
Service charges - sanitation revenue	68 581	72 651	79 177	67 869	72 870	72 870	73 164	77 554	82 207
Service charges - refuse revenue	56 770	61 689	66 215	55 388	56 888	56 888	60 990	64 649	68 528
Service charges - other	-	-	667	647					
Rental of facilities and equipment	9 253	9 915	11 394	4 933	4 933	4 933	3 679	3 897	4 128
Interest earned - external investments	8 144	12 209	20 347	13 962	19 462	19 462	16 001	16 001	16 001
Interest earned - outstanding debtors	2 279	2 735	2 671	3 203	3 201	3 201	3 700	3 922	4 157
Fines, penalties and forfeits	19 357	21 682	36 521	33 260	33 261	33 261	34 964	37 059	39 280
Licences and permits	1 972	2 423	2 525	2 374	2 374	2 374	2 447	2 593	2 749
Agency services	2 790	3 211	3 480	3 419	3 419	3 419	3 726	3 970	4 187
Transfers and subsidies	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Other revenue	22 331	29 653	33 908	27 946	27 052	27 052	31 270	32 945	34 721
Gains on disposal of PPE	3 956	7 631	6 242		23 823	23 823			
Total Revenue (excluding capital transfers and contributions)	804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework					
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source							
Property rates	214 752	234 998	9.43%	249 098	6.00%	264 044	6.00%
Service charges - electricity revenue	339 270	365 721	7.80%	387 620	5.99%	410 845	5.99%
Service charges - water revenue	117 120	116 781	-0.29%	123 754	5.97%	131 147	5.97%
Service charges - sanitation revenue	72 870	73 164	0.40%	77 554	6.00%	82 207	6.00%
Service charges - refuse revenue	56 888	60 990	7.21%	64 649	6.00%	68 528	6.00%
Service charges - other							
Rental of facilities and equipment	4 933	3 679	-25.41%	3 897	5.91%	4 128	5.92%
Interest earned - external investments	19 462	16 001	-17.78%	16 001	0.00%	16 001	0.00%
Interest earned - outstanding debtors	3 201	3 700	15.58%	3 922	6.00%	4 157	6.00%
Fines	33 261	34 964	5.12%	37 059	5.99%	39 280	5.99%
Licences and permits	2 374	2 447	3.06%	2 593	5.99%	2 749	5.99%
Agency services	3 419	3 726	9.00%	3 970	6.54%	4 187	5.47%
Transfers recognised - operational	129 217	130 515	1.00%	167 058	28.00%	162 087	-2.98%
Other revenue	27 052	31 270	15.60%	32 945	5.36%	34 721	5.39%
Gains on disposal of PPE	23 823		-100.00%				
Total Revenue (excluding capital transfers and contributions)	1 047 640	1 077 956	2.89%	1 170 121	8.55%	1 224 080	4.61%

The above table, relating to percentage increases for the different revenue categories, could reflect percentage changes that are not consistent with the annual tariff increases. This would be due to the baseline of the 2017/18 budget and further reclassifications of revenue categories relating to

mSCOA. The determination of proposed revenue for 2018/19 has been based on the current statistics available, limited growth and a conservative approach.

After service charges, property rates are the second largest revenue source. The third largest source is operational grants from national and provincial government, which is showing growth over the MTREF, followed by fines and 'other revenue' which consists of various items such as revenue received from permits and licenses, building plan fees, connection fees, advertisement fees etc. Departments delivering these services have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective.

Operating grants and transfers total R130,5m in the 2018/19 financial year. This increases in the outer years to R167m in 2019/20 and R162m in 2020/21 respectively, of the MTREF. The fluctuations are mainly due to housing grant allocations and the splitting thereof between operating and capital budgets. The housing allocation for the building of top structures for housing development amounts to R110,52m over the MTREF. Equitable share increases over the MTREF by 39,7% in terms of the equitable share formula after the release of the 2011 census figures, as a result of the population growth in the Overstrand area.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Operating Transfers and Grants									
National Government:	56 511	67 709	76 347	88 073	88 073	88 073	99 544	107 933	119 224
Local Government Equitable Share	52 021	64 598	72 950	84 223	84 223	84 223	96 068	106 383	117 674
Finance Management	1 450	1 450	1 475	1 550	1 550	1 550	1 550	1 550	1 550
Municipal Systems Improvement									
EPWP Incentive	1 768	1 661	1 922	2 300	2 300	2 300	1 926		
Disaster recovery grant	1 272								
Provincial Government:	4 481	35 118	41 312	24 378	38 673	38 673	30 731	59 125	42 863
Human Settlements Development Grant	632	29 425	35 101	17 639	31 519	31 519	23 633	51 660	35 187
Library Services Grant	3 182	5 307	5 889	6 306	6 306	6 306	6 147	7 111	7 502
Financial Management Capacity Building Grant				240	240	240	360		
Community Development Workers Operational Support Grant	70	72	75	54	54	54	74	74	74
Maintenance & Construction of Transport Infrastructure	83	114	137	139	139	139	137		
Western Cape Financial Management Support Grant	515				280	280	280	280	
Local Government Internship Grant			60		66	66			
Greenest Municipality Competition			50		70	70			
Thusong Service Centre		200					100		100
Other grant providers:	165	-	-	-	-	-	-	-	-
Spaces 4 Sport/Friedrich Naumann Foundation									
Table Mountain Fund/ ACIP/Friedrich Naumann	165								
Total Operating Transfers and Grants	61 158	102 827	117 659	112 451	126 746	126 746	130 275	167 058	162 087

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 are 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. Inflation (CPI) is currently within the 3 to 6 per cent target band of the South African Reserve Bank's inflation targets, with an increase in inflation over the 2018/2019 MTREF. Municipalities should justify increases in excess of the 5,2 per cent projected inflation target. Excessive increases are by nature fundamentally likely to be counterproductive, which could result in possible higher levels of non-payment.

The increase in property rates has been set at 6%. Property rates increases were below inflation over previous years before 2014/15. In the eight years prior to 2014/2015, the property rates tariff had only on two occasions challenged the annual inflation rate. Furthermore, average increases in service charges are also set at 6%, with the exception of electricity tariffs.

The percentage increases of Eskom bulk tariffs charged to municipalities has provisionally been set at 7,32%. The tariff increases in the inclining block tariff for the electricity consumption tariffs is set at 6,6%, 6,9% and 7,32% for the respective inclining blocks, which grants relief to all households for consumption up to the first 350kwh electricity per month.

The following table sets out the costing of services.

It should be noted that the revised budget presentation for the costing of services, in comparison with previous years' revenue accrual of subsidies for basic services to indigents, are now reflected as a reduction of revenue, that portion of the Equitable Share equal to the cost and revenue cost of FBS to indigents has since 1 July 2017 be reflected as revenue to the relevant service. This is to ensure that the tariffs for these services are not unduly burdened as a result of the revised budget presentation.

Table 5 Costing of services

COSTING OF SERVICES	Original Budget 2017/2018	Original Budget 2018/2019
Service : ELECTRICITY		
Bulk Purchases	211 416 707	232 288 349
Contracted Services	2 615 261	2 499 915
Depreciation and Amortisation	25 681 099	25 315 495
Employee Related Cost	22 002 468	23 294 076
Interest, Dividends and Rent on Land	16 427 075	16 504 720
Inventory Consumed	4 094 589	4 467 397
Operational Cost	593 884	651 980
Costing: Overheads (Dept charges)	48 918 011	51 510 666
TOTAL EXPENDITURE	331 749 094	356 532 598
** INCOME		
** Ex Rev. Service Charges	-340 290 297	-363 350 100
** Ex Rev. Sales Goods Services		-2 355 800
** Non-Ex Rev. Fine Penlt Forft		-160 000
** Cost Free Basic Services	-25 760 121	-27 864 163
TOTAL INCOME	-366 050 418	-393 730 063
(SURPLUS)/DEFICIT	-34 301 324	-37 197 465
	9.37%	9.45%

COSTING OF SERVICES	Original Budget	Original Budget
	2017/2018	2018/2019
Service : WATER		
Contracted Services	41 317 423	45 089 861
Depreciation and Amortisation	27 593 009	27 481 426
Employee Related Cost	10 232 364	11 154 648
Interest, Dividends and Rent on Land	18 295 385	18 045 930
Inventory Consumed	2 869 944	3 189 722
Operational Cost	4 563 507	5 034 539
Costing: Overheads (Dept charges)	14 403 048	15 166 410
TOTAL EXPENDITURE	119 274 680	125 162 536
** INCOME		
** Ex Rev. Service Charges	-114 812 383	-115 330 600
** Ex Rev. Sales Goods Services	-100	-900 300
** Non-Ex Rev. Fine Penlt Fort		-150 000
** Cost Free Basic Services	-11 613 917	-14 031 701
TOTAL INCOME	-126 426 400	-130 412 601
(SURPLUS)/DEFICIT	-7 151 720	-5 250 065
	5.66%	4.03%
Service : WASTE WATER MANAGEMENT		
Contracted Services	17 532 559	17 843 042
Depreciation and Amortisation	16 023 825	16 302 296
Employee Related Cost	15 374 796	15 915 840
Interest, Dividends and Rent on Land	9 142 865	10 201 330
Inventory Consumed	3 771 495	3 837 423
Operational Cost	1 126 456	1 165 997
Costing: Overheads (Dept charges)	14 526 824	15 296 745
TOTAL EXPENDITURE	77 498 820	80 562 673
** INCOME		
** Ex Rev. Service Charges	-68 240 439	-73 164 000
** Cost Free Basic Services	-11 047 561	-13 386 311
TOTAL INCOME	-79 288 000	-86 550 311
(SURPLUS)/DEFICIT	-1 789 180	-5 987 638
	2.26%	6.92%
Service : WASTE MANAGEMENT		
Contracted Services	20 516 991	24 149 649
Depreciation and Amortisation	4 029 590	4 771 153
Employee Related Cost	25 224 684	28 804 080
Interest, Dividends and Rent on Land	990 825	788 070
Inventory Consumed	2 516 860	2 799 827
Operational Cost	3 483 627	4 506 221
Costing: Overheads (Dept charges)	9 511 311	10 015 410
TOTAL EXPENDITURE	66 273 888	75 834 410
** INCOME		
** Ex Rev. Service Charges	-54 390 499	-59 843 300
** Ex Rev. Sales Goods Services	-1 087 700	-1 156 800
** Non-Ex Rev. Transfers Subsidy	-14 811 601	-16 578 054
TOTAL INCOME	-70 289 800	-77 578 154
(SURPLUS)/DEFICIT	-4 015 912	-1 743 744
	5.71%	2.25%

Notes:

1. The Secondary costs (overheads) are consistent with previous allocations plus 5,3% inflation

It must also be noted that the consumer price index, as measured by CPI, is not always an ideal indicator of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, accommodation, 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, chemicals, fuel etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates revenue should cover the cost of the provision of general community and support services. Determining the effective property rates tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and also prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties.

The following stipulations in the Property Rates Policy are highlighted:

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
BUS	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	No exemptions. Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the <u>difference between Bus and Res. rate</u> : 1 -2 X lettable room: 100% 3 X lettable rooms: 75% 4 X lettable rooms: 50% 5 X lettable rooms: 25%
BUSO	General Tax: Tourism and recreational resorts outside the municipal urban areas	Hotels, Guest Houses, Cottages, Caravan parks and Holiday Resorts, Chalets	50% rebate on the tax applicable on commercial property in urban areas.
RES	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes, small holdings not used for bona fide farming purposes	The first R15 000.00 of the rateable value of all residential properties is exempted from property tax. A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued and an additional rebate of 20% of the levy calculated on such properties, is granted. Rebate to qualifying property owners as indicated under "Other Rebate"
RESO	General Tax: Residential properties outside the municipal urban area	Single residential properties, Group housing, Retirement Villages, Flats, Sectional Schemes	50% of the tax applicable on residential property in urban areas. Rebate to qualifying property owners as indicated under "Other Rebate"

FARMS	General Tax: Farming Properties	Smallholdings used for bona fide farming purposes outside municipal service area	Agricultural purpose in relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
FARMS	Conservation land	Privately owned properties whether designated or used for conservation purposes.	Not rateable in terms of section 17(1)(e) of the act.
PR100 PR050 PR040	Other Rebates	Single residential properties, Group Housing, Retirement Villages, Flats, Sectional Schemes	<ul style="list-style-type: none"> - Property zoned single residential must be occupied permanently by the applicant; - The applicant must be the registered owner; - Only one residential unit allowed on the property - Applicant may not be the registered owner of more than one property <ul style="list-style-type: none"> • A rebate of 100% to approved applicants, in terms of the Property Rates Policy, who's gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month; • A rebate of 50% to approved applicants, in terms of the Property Rates Policy, who are older than 60 with a gross monthly household income less than four times (4X) of state funded social pensions per month; • A rebate of 40% to approved applicants, in terms of the Property Rates, who are older than 60 with a gross monthly household income of more than four times (4X) but less than eight times (8X) of state funded social pensions per month.

The following table sets out the categories of rateable properties for purposes of levying rates and the proposed rates for the 2018/19 financial year, to increase from 1 July 2018

Table 6 Comparison of proposed rates to be levied for the 2018/19 financial year

RATES TARIFFS						
Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
RATES	YEAR OF GENERAL VALUATION: 02 JULY 2015					
RATE1*	Commercial Land with Improvements	0.00817	0.00817	0.00771	0.00771	6.0000%
RATE2*	Residential Land with Improvements	0.00540	0.00540	0.00509	0.00509	6.0000%
	<i>* See attached schedule of Exemptions and Rebates applicable</i>					
RATE3	Municipal Properties: Investment Properties	Applicable tariff for Commercial or Residential				
RATE4	Municipal Properties: Property, Plant and Equipment	0.00000	0.00000	0.00000	0.00000	
RATE5	Improvement District Surcharge (HPP) on total rates payable on approved Improvement District	0.10000	0.10000	0.10000	0.10000	0.0000%
RATE6	Building Clause	Equals to tariff for rates on property				
RATE7	Farm/Agriculture (Bona-fide)	0.001349	0.001349	0.00127	0.00127	5.9584%
RATE8	Undeveloped erven	0.00739	0.00739	0.00697	0.00697	6.0000%
RATE9	Government Properties: Commercial	0.00817	0.00817	0.00771	0.00771	6.0000%
RATE10	Government Properties: Residential	0.00540	0.00540	0.00509	0.00509	6.0000%
RATE11	Special Rating Areas					
SRA1				new	new	
PLEASE NOTE: VAT IS LEVIED AT A RATE OF 0% ON ASSESSMENT RATES						

1.4.2 Sale of Water and Impact of Tariff Increases

Evermore South Africa faces challenges with regard to potable water supply, since demand growth outstrips supply, coupled with the possible impact of climate change, where the Western Cape is experiencing the worst drought since 1933. Due to water source and infrastructure investment in the previous few years made by Overstrand, a water crisis could up till now, be averted. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014. Overstrand has implemented a phased approach in this regard.

Water source management and maintenance of infrastructure together with cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. It needs to be noted that the new infrastructure levy (Table 7 below) relates to a loan for water & waste water infrastructure networks, to be raised over the next three years.

Tariff increases as from 1 July 2018 are indicated in the list of tariffs in Annexure C. The 6 kℓ free water per 30-day period has since 2014 only been granted to registered indigents. The third level of phasing in the increases in the 0 – 6 kℓ category as implemented during 2013/14, to recover minimum cost of the production of water, further postponed in 2014/15, has been further phased-in. This is the reason for the higher than 6% collective increase in this category of the tariffs.

A summary of the proposed tariffs for households (residential) are as follows:

Table 7 Comparison between current water charges and increases (Domestic)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
W1	BASIC CHARGE					
W1A1	Basic Monthly Charge per erf/unit per month	129.14	148.51	121.83	140.10	6.00%
W1A3A	Fixed Infrastructure Basic Charge per erf/unit per month	15.45	17.77	15.45	17.77	0.00%
W1A3B	Fixed Infrastructure Basic Charge per erf/unit per month	8.41	9.67	new	new	
W1B	CONSUMPTION - HOUSEHOLDS					
	Normal Tariff					
W1B1	0 - 6 kl per kl	5.02	5.77	4.50	5.17	11.50%
W1B2	7 - 18 kl per kl	10.85	12.48	10.24	11.78	6.00%
W1B3	19 - 30 kl per kl	17.61	20.25	16.61	19.10	6.00%
W1B4	31 - 45 kl per kl	27.11	31.17	25.57	29.41	6.00%
W1B5	46 - 60 kl per kl	35.21	40.50	33.22	38.20	6.00%
W1B6	>60kl per kl	46.96	54.00	44.30	50.94	6.00%

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA announced a revised bulk electricity pricing structure at 5,23 per cent for Eskom on 15 December 2017, to be implemented from 1 April 2018 for Eskom clients. A proposed 7,32 per cent increase in the Eskom bulk electricity tariffs to municipalities, as per the consultation paper issued, could become effective from 1 July 2018. The tariff increases that have been factored into the budget are based on the proposed increases in the consultation paper.

Any subsequent changes that might be announced, will be considered and determined, for inclusion in the final budget report to be tabled in Council during May 2018, subject to the finalisation of the Eskom tariff increases.

Considering the increases based on the consultation paper, the tariffs will be adjusted between 6,5% to 7,32%, for units consumption. The basic charge increases by 9%. The basic charge increase for households is to further mitigate the disparity between fixed and variable costs. It should however be noted that the basket (household account) for electricity will still average 7,32%.

Local Government has been urged in discussions at various forum meetings and workshops to address the disparity in recovery of costs in relation to basic charges versus unit cost charges with regard to fixed costs and variable costs respectively. The municipality will be revisiting cost allocation in terms of before-mentioned on an annual basis in order to ensure parity.

Registered indigents continue to be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic consumers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Tariff Code	Detail		2018/2019		2017/2018		
			Exclude VAT	Include VAT	Exclude VAT	Include VAT	
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)						
E1A1	Basic Monthly charge per meter	R	291.60	335.34	267.52	307.65	9.00%
	kWh Unit cost						
E1A2	IBT BLOCK 1 0 - 350 kWh	c	115.64	132.98	108.58	124.87	6.50%
E1A3	IBT BLOCK 2 351 - 600 kWh	c	169.08	194.45	158.17	181.90	6.90%
E1A4	IBT BLOCK 3 > 600 kWh	c	206.92	237.96	192.81	221.73	7.32%
E1B	Two-Part Tariff: Pre-paid up to 60 Amp (13.8 kVA BDMD) (Including Resorts)						
E1B1	Basic Monthly charge per meter	R	291.60	335.34	267.52	307.65	9.00%
	kWh Unit cost						
E1B2	IBT BLOCK 1 0 - 350 kWh	c	106.82	122.84	100.30	115.34	6.50%
E1B3	IBT BLOCK 2 351 - 600 kWh	c	159.33	183.23	149.04	171.40	6.90%
E1B4	IBT BLOCK 3 > 600 kWh	c	198.90	228.73	185.33	213.13	7.32%

The stepped tariff for electricity as previously proposed by NERSA has continued. Tariffs have been adjusted between 6,5% to 7,32%, for units consumption across the different brackets of the sliding scale. The municipality will maintain the current stepped structure for the electricity tariffs. The reduced tariffs for prepaid meters, compared to conventional meters, will continue as in the past.

The proposed capital budget for the Electricity Division will primarily be utilised for certain committed upgrade projects and to strengthen critical infrastructure. An amount of R2m has been set aside to purchase some much needed vehicles for the electricity function.

The taking up of external loans as a strategy for the funding of infrastructure is considered to spread the burden over the life span of the assets. As part of the 2018/19 medium-term capital programme, external loan funding has been allocated to electricity infrastructure.

The full proposed tariffs are included in Annexure C.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation (basic & consumption) is proposed from 1 July 2018.

This is based on tariff increases related to inflation increases as mentioned earlier in this report. The tariff for the basic charge for undeveloped sites which can connect to the network was reduced in the 2016/2017 financial year to bring it in line with the basic charge for developed sites.

The following factors inform the proposed tariffs:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Tariff structure comparability research was undertaken by the Infrastructure & Planning directorate, where it was found that the current tariff structure compares very favourably, towards the consumer, against tariff structures locally and international; and
- Free sanitation (4,2 kℓ of 6 kℓ water) will be applicable to registered indigents.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases (Domestic)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SE7A	SEWERAGE - SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling house and Duplex flats, Conventional Sewers, small bore sewers and conservancy tanks)					
SE7A1	0 - 35kl per kl (based on 70% of 50kl water usage) - per unit per month, Conservancy tank service only during office hours per month. For after hours service, refer to tariff SE9B.	12.22	13.93	11.53	13.14	6.00%
SE8	BASIC CHARGE					
SE8A	Basic Monthly Charge Developed sites per erf/unit per month	115.09	132.35	108.54	124.83	6.03%

1.4.5 Waste Removal and Impact of Tariff Increases

The financial performance of the solid waste services is improving in terms of a turnaround of the minor deficit budgeted for in 2016/17 and it is expected to operate at least at breakeven. It is important to note that the final tariff might be impacted by current deliberations regarding the construction of Cell 4 by the end of 2018. Services relevant to refuse removal, refuse dumps and solid waste disposal mechanisms must comply with stringent legislative requirements such as the National Environmental Management: Waste Act, No 59 of 2008. This service will receive further revision of the solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to the cost impact on this service are increased capital and operational costs for the recent expansion of Cell 3 for solid waste disposal infrastructure.

The re-opening of the Karwyderskraal waste disposal site during the latter half of 2015/16 by the Overstrand municipality, who still operates the site for the next few months, based on lease agreement with the District municipality for a portion of the land at Karwyderskraal. To improve operational efficiencies solid waste disposal from Hermanus and Kleinmond is channelled to this site. The Theewaterskloof municipality previously disposed of solid waste at Karwyderskraal when it was operated by the District municipality. Theewaterskloof municipality has opted to utilise this service operated by Overstrand.

An increase of 6 per cent in the waste removal tariff is currently proposed from 1 July 2018, subject to finalisation of deliberation mentioned above. The final tariff will serve before Council in May 2018 for approval of the final budget.

The following table compares current and proposed amounts payable from 1 July 2018:

Table 10 Comparison between current waste removal fees and increases (Domestic)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
SAN1	<u>REFUSE REMOVAL (1 removal per week of 4 bags or 1X240 Bin)</u>					
SAN1A	Residential (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	164.35	189.00	155.04	178.29	6.01%

All proposed refuse tariffs are listed in Annexure C.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on large, medium and small household consumers (**with a pre-paid electricity meter**), as well as an indigent household receiving free basic services.

High Consumption with prepaid elect meter				2017/2018	2018/2019	Amount	%
Valuation		R3 500 000					
Rates				1 170.70	1 240.94	70.24	6.00
Sewer	SE7A1+SE8A			536.31	568.69	32.38	6.04
Infrastructure Basic Charge	Water, Electricity & Sewer			41.70	53.54	11.84	28.39
Refuse	1X Per Week			155.04	164.35	9.31	6.01
Water	50 kl			1 020.71	1 083.43	62.73	6.15
VAT		0.15		263.06	280.50	17.44	6.63
SUB TOTAL				3 187.51	3 391.46	203.95	6.40
Electricity Prep	1500 kWh			2 659.14	2 853.84	194.70	7.32
VAT		0.15		398.87	428.08	29.21	7.32
TOTAL				6 245.53	6 673.38	427.85	6.85
<i>HPP if applicable</i>				117.07	124.09	7.02	6.00
Medium Consumption with prepaid elect meter				2017/2018	2018/2019	Amount	%
Valuation		R2 500 000					
Rates				831.37	881.25	49.88	6.00
Sewer	SE7A1+SE8A			322.43	341.89	19.46	6.04
Infrastructure Basic Charge	Water, Electricity & Sewer			41.70	53.54	11.84	28.39
Refuse	1X Per Week			155.04	164.35	9.31	6.01
Water	25 kl			387.97	412.73	24.76	6.38
VAT		0.15		136.07	145.88	9.81	7.21
SUB TOTAL				1 874.56	1 999.63	125.07	6.67
Electricity Prep	800 kWh			1 361.83	1 461.57	99.74	7.32
VAT		0.15		204.28	219.24	14.96	7.32
TOTAL				3 440.67	3 680.44	239.77	6.97
<i>HPP if applicable</i>				83.14	88.12	4.99	6.00
Low Consumption with prepaid elect meter				2017/2018	2018/2019	Amount	%
Valuation		R1 000 000					
Rates				322.37	341.71	19.34	6.00
Sewer	SE7A1+SE8A			236.87	251.17	14.30	6.04
Infrastructure Basic Charge	Water, Electricity & Sewer			41.70	53.54	11.84	28.39
Refuse	1X Per Week			155.04	164.35	9.31	6.01
Water	15 kl			240.98	256.92	15.94	6.62
VAT		0.15		101.19	108.90	7.71	7.62
TOTAL				1 098.14	1 176.59	78.45	7.14
Electricity Prep	600 kWh			991.18	1 063.78	72.60	7.33
VAT		0.15		148.68	159.57	10.89	7.33
TOTAL				2 237.99	2 399.93	161.94	7.24
<i>HPP if applicable</i>				32.24	34.17	1.93	6.00
Life-Line Consumption (ONE PART) (Indigent)				2017/2018	2018/2019	Amount	%
Valuation		R50 000					
Rates				0.00	0.00	0.00	0.00
Sewer	SE7A1			17.11	18.14	1.03	6.04
Infrastructure Basic Charge	Water, Electricity & Sewer			41.70	41.70	0.00	0.00
Refuse	1X Per Week			0.00	0.00	0.00	0.00
Water	8 kl			20.48	21.71	1.23	6.00
VAT		0.15		11.89	12.23	0.34	2.85
SUB TOTAL				91.18	93.78	2.60	2.85
Electricity Pre-	300 kWh			304.21	323.98	19.77	6.50
VAT		0.15		45.63	48.60	2.97	6.50
TOTAL				441.02	466.36	25.34	5.75

Table 11 MBRR Table SA14 – Household bills

WC032 Overstrand - Supporting Table SA14 Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
Monthly Account for Household - 'Income Range'	1										
Rates and services charges:											
Property rates		179.40	191.53	205.32	220.57	220.57	220.57	6.0%	233.78	247.81	262.68
Electricity: Basic levy		204.56	216.83	254.78	267.52	267.52	267.52	9.0%	291.60	309.10	327.64
Electricity: Consumption		1 219.02	1 367.73	1 445.42	1 464.97	1 464.97	1 464.97	7.0%	1 567.80	1 661.87	1 761.58
Water: Basic levy		102.28	108.42	114.93	121.83	121.83	121.83	6.0%	129.14	136.89	145.10
Water: Consumption		294.95	313.77	333.62	354.92	354.92	354.92	6.4%	377.69	400.35	424.37
Sanitation		306.60	325.09	344.53	365.16	365.16	365.16	6.0%	387.25	410.49	435.11
Refuse removal		130.18	137.99	146.26	155.04	155.04	155.04	6.0%	164.34	174.20	184.65
Other		41.70	41.70	41.70	41.70	41.70	41.70	28.4%	53.54	53.54	53.54
sub-total		2 478.69	2 703.06	2 886.56	2 991.71	2 991.71	2 991.71	7.1%	3 205.14	3 394.24	3 594.68
VAT on Services		321.90	351.61	375.37	387.96	387.96	387.96		445.70	471.96	499.80
Total large household bill:		2 800.59	3 054.67	3 261.93	3 379.67	3 379.67	3 379.67	8.0%	3 650.84	3 866.20	4 094.48
% increase/-decrease			9.1%	6.8%	3.6%	-	-	8.0%	8.0%	5.9%	5.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		124.20	132.60	142.15	152.70	152.70	152.70	6.0%	161.85	171.56	181.85
Electricity: Basic levy		204.56	216.83	254.78	267.52	267.52	267.52	9.0%	291.60	309.10	327.64
Electricity: Consumption		494.02	554.27	571.30	574.61	574.61	574.61	6.7%	612.87	649.64	688.62
Water: Basic levy		102.28	108.42	114.93	121.83	121.83	121.83	6.0%	129.14	136.89	145.10
Water: Consumption		222.11	236.54	251.79	268.19	268.19	268.19	6.5%	285.74	302.88	321.06
Sanitation		270.69	287.01	304.18	322.39	322.39	322.39	6.0%	341.89	362.40	384.15
Refuse removal		130.18	137.99	146.26	155.04	155.04	155.04	6.0%	164.34	174.20	184.65
Other		41.70	41.70	41.70	41.70	41.70	41.70	28.4%	53.54	53.54	53.54
sub-total		1 589.74	1 715.36	1 827.09	1 903.98	1 903.98	1 903.98	7.2%	2 040.97	2 160.22	2 286.62
VAT on Services		205.18	221.59	235.89	245.18	245.18	245.18		281.87	298.30	315.71
Total small household bill:		1 794.92	1 936.95	2 062.98	2 149.16	2 149.16	2 149.16	8.1%	2 322.84	2 458.52	2 602.33
% increase/-decrease			7.9%	6.5%	4.2%	-	-	8.1%	8.1%	5.8%	5.8%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		69.00	73.67	78.97	84.83	84.83	84.83	6.0%	89.92	95.32	101.03
Electricity: Basic levy		204.56	216.83	254.78	267.52	267.52	267.52	9.0%	291.60	309.10	327.64
Electricity: Consumption		310.24	348.08	351.58	351.05	351.05	351.05	6.5%	373.87	396.30	420.08
Water: Basic levy		102.28	108.42	114.93	121.83	121.83	121.83	6.0%	129.14	136.89	145.10
Water: Consumption		152.36	162.59	173.44	185.14	185.14	185.14	6.8%	197.69	209.55	222.12
Sanitation		234.78	248.93	263.82	279.62	279.62	279.62	6.0%	296.53	314.32	333.18
Refuse removal		130.18	137.99	146.26	155.04	155.04	155.04	6.0%	164.34	174.20	184.65
Other		(635.06)	(676.99)	(743.13)	(807.20)	(807.20)	(807.20)		(867.47)	(918.81)	(973.23)
sub-total		568.34	619.52	640.65	637.83	637.83	637.83	5.9%	675.62	716.87	760.59
VAT on Services		69.91	76.42	78.64	77.42	77.42	77.42		87.86	93.23	98.93
Total small household bill:		638.25	695.94	719.29	715.25	715.25	715.25	6.7%	763.48	810.10	859.52
% increase/-decrease			9.0%	3.4%	(0.6%)	-	-	6.7%	6.7%	6.1%	6.1%

References

1. Use as basis property value of R/00 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

Please Note: Impact of new Infrastructure Levy – Will be subsidised for Indigent Households

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Balanced budget constraint (cash operating expenditure should not exceed cash operating revenue) unless there are sound reasons for utilising existing uncommitted cash-backed reserves to fund any deficit;
- The repairs and maintenance plan relating to the asset management strategy;
- Funding of the budget over the MTREF as informed by Section 18 and 19 of the MFMA;
- Reducing expenditure on non-core programmes;
- Implementing operational gains and efficiencies;
- Strict adherences to the principle of *no project plan no budget*. If there is no business plan no funding allocation will be made; and
- Taking cognisance of cost containment guidelines and assessing the status of current measures.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by functional classification item

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type									
Employee related costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Remuneration of councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
Debt impairment	7 693	13 785	22 005	22 792	22 792	22 792	22 792	22 792	22 792
Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Finance charges	43 447	46 207	45 913	47 440	47 440	47 440	47 834	50 433	52 064
Bulk purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Other materials	27 754	19 605	20 273	49 647	57 090	57 090	57 605	89 033	74 164
Contracted services	95 295	112 447	129 647	173 424	178 460	178 460	195 642	215 879	217 715
Transfers and subsidies	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Other expenditure	131 401	93 542	104 414	57 710	58 486	58 486	64 171	68 969	70 420
Loss on disposal of PPE	0	392	8 133						
Total Expenditure	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501

The budgeted allocation for employee related costs and remuneration of councillors for the 2018/19 financial year totals R373m which equals 33,2 per cent of the total operating expenditure and within the NT norm of 25 – 40 per cent. Of this total, the provisions relating to employee related costs amounts to R13,9m of which the majority of the amount is a long term liability (post-retirement benefits) and therefore not cash remuneration.

The current three year collective SALGBC salary agreement comes to an end on 30 June 2018. Salary increases, according to the agreement, were determined at 7,35% for the 2017/18 financial year, based on the average inflation for the period February 2016 to January 2017, with a minimum inflation rate of 5% plus 1%. The salary negotiations are currently underway for a salary determination as from 1 July 2018. The macro-economic forecast outlook, together with previous salary determinations was used as a tenable guideline for an increase in remuneration. This amounted to an estimate of 5,8%, relating to a 8,11% increase, inclusive of notch increases. This percentage is still feasible as the Employer Organisation (SALGA) has a current position of a 5,9% increase.

With effect from 1 July 2010, the Section 57 Employees (Directors) remuneration is determined by an independent consulting firm, appointed by the Employer to determine market related cost-to-employer remuneration packages. The afore-mentioned employees receive no bonuses, which principle was negotiated with them. The recommendation does compare the salaries of incumbents with similar job descriptions, whether it be the private or government sector. The remuneration model developed by them for senior managers in the local government sector has been adjusted to reflect the remuneration trends in the labour market. This determination will be completed at a later stage for the 2018/2019 budget. For draft budgeting purposes, the same increase of 5,8 per cent, as for other employees has been factored into the budget.

Regulations have been promulgated, which provide for the Minister of Co-operative Governance to determine the total remuneration packages payable to any new employees to the posts of Municipal Manager and Section 57 Employees (Directors), with effect from 1 July 2014. Existing contracts however continue until they lapse.

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 (Act 20 of 1998). The proclamation with regard to the 2017/2018 increases was published during January 2018. No indication for 2018/19 has been received to date and therefore remuneration of councillors has been factored into the 2018/2019 budget at the same rate as the 2017/2018 determination.

The provision of debt impairment and write-off of bad debts for consumer accounts has been determined based on an annual collection rate of close to 100 per cent and the Debt Write-off Policy of the Municipality. For the 2018/19 financial year this amount equates to R0,2m and R0,5m for impairment and write-offs respectively. Impairment for traffic fines, resulting from the implementation of IGRAP1, has been budgeted according to the trends from the three previous financial years and amounts to R22m.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R130,4m for the 2018/19 financial year and equates to 11,6 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years. This aspect is further highlighted in para. 1.3 of this report.

Finance charges consist of the repayment of interest on long-term borrowing (cost of capital). Finance charges comprise 4,3 per cent of operating expenditure. The gearing ratio of borrowing to revenue is expected to be 44,3% for 2018/19, which is below the outer proposed limit of National Treasury, and decreases to 41,5 over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The proposals from the NERSA determination for Eskom, for a 7.32% bulk price increase to municipalities from the 1 July 2018 has been factored into the draft budget appropriations and also directly inform tariff increase.

Other materials, now classified as Inventory in mSCOA, comprise amongst others the purchase of materials for maintenance, cleaning materials, fuel, printing and stationary, top structures for housing projects etc. The expenditure on top structures that fluctuates from year to year causes major discrepancies in the trend for this type of expenditure.

In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. The introduction and reclassification resulting from mSCOA caused a shift in expenditure previously classified and budgeted under general expenses in relation to previous years' figures.

Contracted services have been identified as an area for the municipality to implement efficiencies. As part of the compilation of the 2018/19 MTREF this group of expenditure was critically evaluated and operational efficiencies are being enforced. In the 2018/19 financial year, this group of expenditure totals R195,6m. The introduction and reclassification resulting from mSCOA has caused a shift in expenditure previously classified and budgeted under general expenses. Further details relating to contracted services can be seen in Table 62 MBRR SA1 (see page 97).

Other Expenditure, now classified as Operational Costs in mSCOA, comprises of various line items relating to the daily operations of the municipality. The introduction and reclassification resulting from mSCOA has caused a shift in expenditure previously classified and budgeted under general expenses to Inventory (materials) and contracted services. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to other expenditure can be seen in Table 62 MBRR SA1 (see page 97). It is highlighted that the NT A Schedules, although revised, did not sufficiently reflect mSCOA classifications relating to types of expenditure.

The following table gives a breakdown of the major expenditure categories for the 2018/19 financial year.

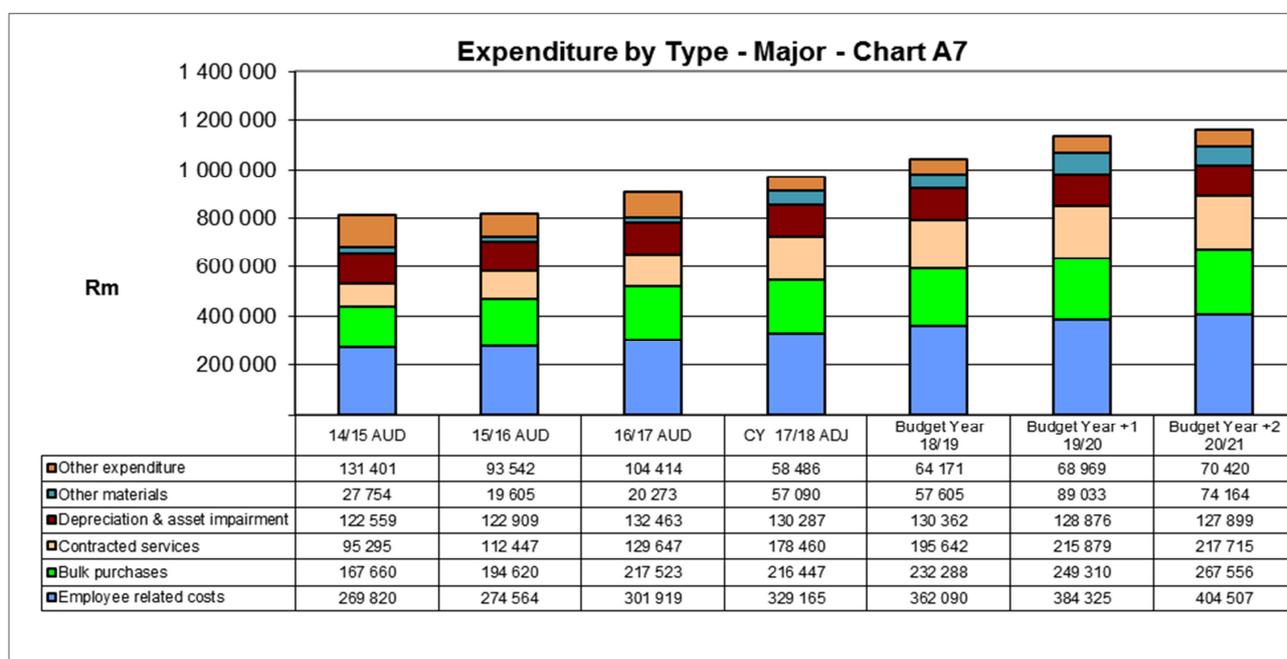


Figure 1 Main operational expenditure categories for the 2018/19 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2018/19 budget and MTREF provide for continuing in the area of asset maintenance, as informed by the asset maintenance strategy and repairs and maintenance plan of the Municipality.

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance.

Table 13 Operational repairs and maintenance

WC032 Overstrand - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Repairs and Maintenance by Expenditure Item									
Employee related costs	37 737	38 175	50 261	53 689	53 537	53 537	119 082	126 435	133 653
Other materials	9 317	14 541	3 500	34 624	25 013	25 013	14 629	17 297	18 332
Contracted Services	34 342	30 494	36 145	72 415	79 144	79 144	77 506	84 817	90 046
Other Expenditure	76 630	26 167	30 890	8 555	33 541	33 541	7 725	9 338	8 802
Total Repairs and Maintenance Expenditure	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. As part of the 2018/19 MTREF this strategic imperative remains a priority. In relation to the total operating expenditure, repairs and maintenance comprises on average 19,7 per cent of the budget over the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset classes:

Table 14 Repairs and maintenance per asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	136 009	99 836	110 392	132 746	139 160	139 160	162 843	177 256	188 312
Roads Infrastructure	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
Roads	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
Storm water Infrastructure	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
Storm water Conveyance	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
Electrical Infrastructure	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
HV Transmission Conductors	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
Water Supply Infrastructure	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
Dams and Weirs									
Water Treatment Works	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
Sanitation Infrastructure	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
Waste Water Treatment Works	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
Solid Waste Infrastructure	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
Waste Transfer Stations	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
Community Assets	7 338	-	4 867	10 549	13 798	13 798	38 724	40 942	43 185
Community Facilities	6 601	-	4 867	5 895	7 327	7 327	26 556	28 467	29 977
Other assets	10 287	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Operational Buildings	10 110	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Municipal Offices	10 110	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Housing	177	-	-	-	-	-	-	-	-
Social Housing	177	-	-	-	-	-	-	-	-
Computer Equipment	4 392	-	5 536	5 384	5 787	5 787	5 387	5 937	5 964
Computer Equipment	4 392	-	5 536	5 384	5 787	5 787	5 387	5 937	5 964
Furniture and Office Equipment	-	-	-	13 663	23 288	23 288	7 725	9 338	8 802
Furniture and Office Equipment	-	-	-	13 663	23 288	23 288	7 725	9 338	8 802
Total Repairs and Maintenance Expenditure	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833

For the 2018/19 financial year, 19,5 per cent or R219m of the total budget will be spent on repairs and maintenance, of which R162,8m is for infrastructure. Roads infrastructure has received a

significant proportion of the infrastructure allocation totalling 42,7 per cent (R69,5m), followed by solid waste at 14,4 per cent (R23,4m) and electricity at 14,2 per cent (R23,1m).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are indigent/poor or face other circumstances that limit their ability to pay for services. To receive these free/subsidised services the households are required to register in terms of the Municipality's Indigent Policy. The budgeted indigent households for 2018/19 is estimated at 7900 and will be reviewed monthly.

The following is an extract from NT Budget Circular 85:

"The change in the treatment of cost of free basic services indicates that municipalities must not disclose the support to indigents on table SA21 "Transfers and grants". The change in the treatment of free basic services has been fully implemented during the 2017/2018 financial year.

Details relating to free services and basic service delivery measurement is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page 45.

The cost of the social package of the registered indigent households is fully covered by the local government equitable share received in terms of the annual Division of Revenue Act and that portion relating to a specific service has been apportioned as revenue to that specific service.

The policy for Grants-in-aid to organisations has been revised and approved by Council. Submissions have been received for grant-in-aid for the 2018/19 financial year, after this was advertised for applications. The list of successful applicants will be included in the final budget.

Tourism offices will from the 1 July 2018 no longer be funded by means of a transfer – This function will be incorporated in the municipal administration.

Table 15 MBRR Table SA21 – Transfers and grants made by the municipality

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Transfers to Organisations									
Grant-in-aid	278	348	348	278	278	278	500	278	292
Tourism Buro's	1 733	1 508	1 468	1 500	1 500	1 500			
Total Cash Transfers To Organisations	2 011	1 856	1 817	1 778	1 778	1 778	500	278	292
Cash Transfers to Groups of Individuals									
Low income house-hold subsidies	41 922	48 900	54 287						
Total Cash Transfers To Groups Of Individuals:	41 922	48 900	54 287	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	43 933	50 757	56 103	1 778	1 778	1 778	500	278	292
Non-Cash Transfers to other Organs of State									
Transfers/donations made to other organs of state	6 459	333	32						
TOTAL CASH TRANSFERS AND GRANTS	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote and functional area:

Table 16 2018/19 Medium-term capital budget per vote

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional									
Governance and administration	11 973	4 809	957	2 705	2 355	2 355	5 836	20 000	20 000
Executive and council			72		-	-	-	-	-
Finance and administration	11 973	4 809	885	2 705	2 355	2 355	5 836	20 000	20 000
Internal audit							-	-	-
Community and public safety	39 184	32 729	14 135	26 908	50 209	50 209	54 414	34 980	37 813
Community and social services	5 258	3 169	644	3 607	2 675	2 675	4 514	2 500	2 500
Sport and recreation	1 565	3 311	1 837	2 266	6 449	6 449	5 557	2 500	1 500
Public safety		264	996	3 848	3 195	3 195	8 876	500	-
Housing	32 361	25 985	10 658	17 186	37 890	37 890	35 467	29 480	33 813
Health							-	-	-
Economic and environmental services	6 300	13 226	13 279	7 460	13 996	13 996	14 795	6 500	2 000
Planning and development			1 540	45	45	45	5 725	-	-
Road transport	6 300	13 226	11 739	7 415	13 951	13 951	9 070	6 500	2 000
Environmental protection							-	-	-
Trading services	52 444	44 369	63 498	60 575	50 060	50 060	96 691	71 550	77 436
Energy sources	13 682	18 237	30 496	19 790	16 520	16 520	24 772	20 040	21 400
Water management	16 275	14 232	15 772	9 300	4 037	4 037	32 077	32 072	32 075
Waste water management	13 221	11 875	17 217	29 875	27 923	27 923	38 342	19 438	23 961
Waste management	9 267	25	12	1 610	1 580	1 580	1 500	-	-
Other							-	-	-
Total Capital Expenditure - Functional	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

For 2018/19 an amount of R128,9m has been appropriated for the development of infrastructure which represents 75 per cent of the total capital budget of R171,7m. In the outer years this amount totals R107,5m, 80,8 per cent and R113,2m, 82,5 per cent respectively for each of the outer financial years. Waste water infrastructure has the highest allocation at R38,3m in 2018/19 which equates to 22,3 per cent followed by Housing at 20,6 per cent, R35,5 million and then water at 18,7 per cent, R32m. Over the MTREF, capital housing grant expenditure relating to housing provision infrastructure, amounts to R98,7 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 25 MBRR A9 (Asset Management) on page 41. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c & e provides a detailed breakdown of the capital programme relating to new asset constructions, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 87, 88 and 89). Some of the salient projects to be undertaken during 2018/19 includes, amongst others:

Top 10 Capital Projects

Project Description	Ward	Amount
BLOMPARK PROJECT	Ward 02	16 313 461
WWTW UPGRADE - STANFORD	Ward 11	14 602 218
HERMANUS: MV & LV UPGRADE/REPLACEMENT	Ward 03	10 150 000
WATER MASTER PLAN IMPLEMENTATION	Overstrand	10 000 000
MASAKHANE	Ward 01	8 449 062
UPGRADE HERMANUS WELL FIELDS PHASE 1	Ward 04	7 000 000
NEW RESERVOIR FOR PRINGLE BAY	Ward 10	5 862 505
STANFORD IRDP	Ward 11	5 517 519
VEHICLES-SEWERAGE	Overstrand	5 050 000
HAWSTON INDUSTRIAL(BUSINESS) HUB	Ward 08	5 000 000

Furthermore, pages 92 to 94 and Annexure E contains a detailed breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent per vote over the MTREF.

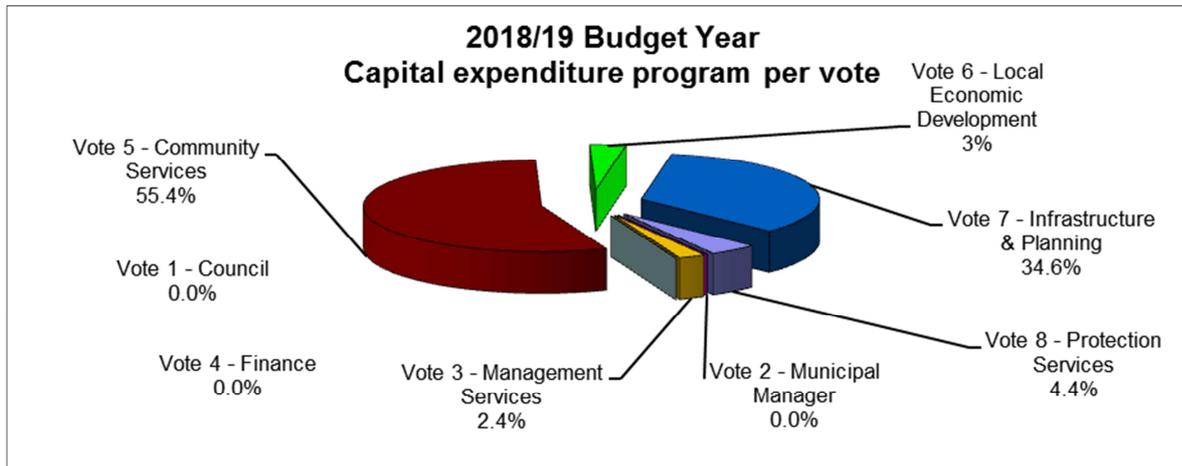


Figure 2 Capital Infrastructure Programme

It is Council's policy not to include projects in the next budget approval until the funds from the sale has been deposited in the Council's bank account. Proceeds of land sales received will be utilised to fund capital projects in future years after consideration and prioritisation of projects.

1.6.1 Future operational cost of new infrastructure

An estimate has been included in Table 58 MBRR SA35 on page 91. Furthermore, a long term financial plan implementation policy has been developed to encompass costs over the long term. It needs to be noted that as part of the 2018/19 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following twenty pages present 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 2018/19 draft budget and MTREF to be approved and/or noted by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands									
Financial Performance									
Property rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges	521 423	573 118	624 577	577 648	586 148	586 148	616 656	653 578	692 727
Investment revenue	8 144	12 209	20 347	13 962	19 462	19 462	16 001	16 001	16 001
Transfers recognised - operational	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Other own revenue	61 937	77 249	96 741	75 134	98 062	98 062	79 786	84 386	89 221
Total Revenue (excluding capital transfers and contributions)	804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080
Employee costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Remuneration of councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Finance charges	43 447	46 207	45 913	47 440	47 440	47 440	47 834	50 433	52 064
Materials and bulk purchases	195 414	214 224	237 796	261 093	273 537	273 537	289 893	338 343	341 720
Transfers and grants	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Other expenditure	234 390	220 166	264 199	253 926	259 737	259 737	282 605	307 640	310 927
Total Expenditure	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(119 542)	(7 036)	5 432	(44 584)	(4 556)	(4 556)	(46 301)	(51 293)	(25 420)
Transfers and subsidies - capital (monetary allocated)	55 498	60 651	33 681	47 840	73 441	73 441	61 968	58 530	63 249
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Capital expenditure & funds sources									
Capital expenditure	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Transfers recognised - capital	55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Public contributions & donations	607	743	1 440	-	-	-	-	-	-
Borrowing	39 012	27 189	35 550	30 000	23 200	23 200	64 450	54 000	54 000
Internally generated funds	14 550	6 549	13 104	19 808	19 983	19 983	45 218	20 500	20 000
Total sources of capital funds	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Financial position									
Total current assets	220 542	307 820	410 829	352 438	519 961	519 961	553 934	585 829	601 814
Total non current assets	3 757 127	3 731 761	3 701 228	3 681 110	3 647 086	3 647 086	3 695 574	3 707 060	3 723 982
Total current liabilities	155 682	169 587	181 973	186 466	186 466	186 466	215 151	221 287	207 020
Total non current liabilities	602 191	611 666	629 633	638 205	638 205	638 205	673 454	701 922	710 257
Community wealth/Equity	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519
Cash flows									
Net cash from (used) operating	119 478	160 551	182 651	123 839	165 237	165 237	182 906	138 129	134 009
Net cash from (used) investing	(101 315)	(99 253)	(93 891)	(103 656)	(45 810)	(45 810)	(178 850)	(140 359)	(144 817)
Net cash from (used) financing	23 666	8 496	(3 727)	2 810	3 218	3 218	23 944	19 824	15 808
Cash/cash equivalents at the year end	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053
Cash backing/surplus reconciliation									
Cash and investments available	128 136	204 521	297 796	258 358	425 881	425 881	461 006	485 938	498 513
Application of cash and investments	(9 214)	1 281	22 898	(1 010)	9 602	9 602	13 737	5 630	(15 433)
Balance - surplus (shortfall)	137 349	203 239	274 898	259 368	416 279	416 279	447 269	480 309	513 946
Asset management									
Asset register summary (WDV)	3 733 924	3 701 981	3 663 220	3 637 668	3 603 644	3 603 644	3 645 018	3 649 171	3 658 522
Depreciation	122 559	123 514	124 787	130 287	130 287	130 287	130 362	128 876	127 899
Renewal of Existing Assets	32 727	15 884	34 479	11 280	7 713	7 713	13 550	21 000	14 000
Repairs and Maintenance	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833
Free services									
Cost of Free Basic Services provided	4 062	3 535	5 174	63 657	63 657	63 657	79 256	91 557	116 066
Revenue cost of free services provided	38 196	41 738	50 566	90 499	84 174	84 174	111 180	136 378	127 714
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-
Energy:	1	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR 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 approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's service delivery and commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget 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) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and stable indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the cash increases over the MTREF.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification)

Standard Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
<i>Governance and administration</i>	236 294	273 519	315 623	262 309	293 947	293 947	290 873	307 609	325 754
Executive and council	52 212	64 991	74 405	21 759	21 759	21 759	25 110	27 147	29 991
Finance and administration	184 082	208 528	241 206	240 502	272 074	272 074	265 764	280 462	295 763
Internal audit	-	-	12	48	114	114	-	-	-
<i>Community and public safety</i>	49 167	70 859	54 775	59 370	93 932	93 932	79 591	107 729	88 500
Community and social services	5 334	3 184	3 609	9 557	8 603	8 603	7 337	10 149	3 228
Sport and recreation	7 939	9 743	10 371	10 558	10 258	10 258	11 500	14 686	14 413
Public safety	736	1 437	461	2 928	2 928	2 928	1 272	1 348	1 429
Housing	35 158	56 496	40 333	36 327	72 143	72 143	59 482	81 545	69 430
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	41 563	51 914	65 909	56 638	61 878	61 878	56 563	60 504	66 651
Planning and development	9 861	13 627	13 713	11 967	11 967	11 967	11 398	10 041	10 643
Road transport	31 684	38 278	52 187	44 650	49 890	49 890	45 164	50 463	56 008
Environmental protection	19	9	9	22	22	22	-	-	-
<i>Trading services</i>	533 058	595 050	650 498	662 740	671 325	671 325	712 897	752 809	806 423
Energy sources	289 929	334 747	363 310	370 050	370 410	370 410	398 292	425 983	451 913
Water management	109 654	118 583	136 174	130 926	131 026	131 026	135 326	143 633	154 132
Waste water management	76 614	79 988	84 686	91 423	97 978	97 978	102 669	101 244	112 737
Waste management	56 861	61 733	66 329	70 340	71 910	71 910	76 610	81 949	87 641
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329
Expenditure - Functional									
<i>Governance and administration</i>	232 730	233 036	253 631	211 792	212 955	212 955	221 910	239 106	242 975
Executive and council	94 661	95 246	110 304	48 861	52 173	52 173	56 029	58 819	62 446
Finance and administration	138 069	137 790	141 426	160 383	158 331	158 331	163 015	177 271	177 359
Internal audit	-	-	1 901	2 548	2 451	2 451	2 866	3 016	3 170
<i>Community and public safety</i>	108 732	84 724	102 799	113 495	123 693	123 693	143 061	179 208	165 776
Community and social services	35 196	30 985	31 538	14 904	14 555	14 555	15 827	16 776	17 796
Sport and recreation	16 677	13 956	15 886	42 993	43 264	43 264	57 262	59 847	62 337
Public safety	24 212	24 608	34 493	30 817	32 333	32 333	39 035	43 899	43 036
Housing	32 647	15 175	20 882	24 781	33 541	33 541	30 936	58 686	42 607
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	128 949	185 614	217 152	193 013	191 471	191 471	195 539	205 586	211 337
Planning and development	23 230	63 258	75 344	36 431	37 001	37 001	35 662	37 333	39 215
Road transport	100 057	117 597	136 405	150 568	148 536	148 536	147 890	155 374	159 246
Environmental protection	5 662	4 758	5 402	6 014	5 934	5 934	11 986	12 879	12 876
<i>Trading services</i>	453 715	434 352	471 097	518 289	522 902	522 902	560 317	593 888	625 649
Energy sources	229 494	261 110	285 447	282 999	287 123	287 123	305 112	324 261	344 382
Water management	71 697	67 325	65 931	104 872	105 055	105 055	109 996	116 316	119 828
Waste water management	57 717	57 091	63 101	73 606	72 822	72 822	78 529	83 497	87 320
Waste management	94 806	48 826	56 618	56 813	57 903	57 903	66 680	69 814	74 119
<i>Other</i>	-	-	3 012	1 213	1 175	1 175	3 429	3 627	3 764
Total Expenditure - Functional	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification) - mSCOA – Function/Sub Function

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification. The modified GFS functional classification, now Function/Sub Function, divides the 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 National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised: capital) and so does not balance to the operating revenue shown on Table A4.

Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 1 - Council	52 212	64 991	73 145	21 675	21 675	21 675	24 988	26 998	29 854
Vote 2 - Municipal Manager	-	-	12	48	114	114	-	-	-
Vote 3 - Management Services	1 692	3 065	2 031	194	195	195	580	600	622
Vote 4 - Finance	172 583	189 358	231 209	239 556	247 304	247 304	264 683	279 336	294 588
Vote 5 - Community Services	270 453	293 898	319 854	319 477	332 518	332 518	338 686	359 845	383 338
Vote 6 - Local Economic Development	3 389	3 471	3 556	3 900	2 900	2 900	2 226	300	300
Vote 7 - Infrastructure & Planning	335 381	409 632	414 612	414 615	474 784	474 784	466 865	517 165	531 557
Vote 8 - Protection Services	24 371	26 927	42 387	41 592	41 592	41 592	41 896	44 408	47 070
Total Revenue by Vote	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329
Expenditure by Vote to be appropriated									
Vote 1 - Council	75 314	74 562	89 974	25 959	29 972	29 972	33 046	34 567	37 100
Vote 2 - Municipal Manager	3 903	4 094	3 922	5 000	4 892	4 892	5 175	5 396	5 621
Vote 3 - Management Services	36 148	38 242	40 697	50 326	48 545	48 545	54 054	57 516	59 417
Vote 4 - Finance	58 742	63 843	64 984	73 025	71 248	71 248	78 037	87 971	84 762
Vote 5 - Community Services	347 042	335 658	345 237	384 996	384 553	384 553	406 587	425 084	441 127
Vote 6 - Local Economic Development	10 226	8 905	10 220	10 076	9 995	9 995	8 329	8 912	9 306
Vote 7 - Infrastructure & Planning	339 813	356 481	411 814	407 638	421 918	421 918	453 011	509 737	519 620
Vote 8 - Protection Services	52 938	55 942	80 844	80 782	81 073	81 073	86 017	92 232	92 548
Total Expenditure by Vote	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) – mSCOA – Own Segment

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per own segment: municipal vote (directorate). This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised: capital) and so does not balance to the operating revenue shown on Table A4.

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source									
Property rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges - electricity revenue	287 754	324 599	355 454	339 249	339 270	339 270	365 721	387 620	410 845
Service charges - water revenue	108 318	114 179	123 064	114 494	117 120	117 120	116 781	123 754	131 147
Service charges - sanitation revenue	68 581	72 651	79 177	67 869	72 870	72 870	73 164	77 554	82 207
Service charges - refuse revenue	56 770	61 689	66 215	55 388	56 888	56 888	60 990	64 649	68 528
Service charges - other	-	-	667	647					
Rental of facilities and equipment	9 253	9 915	11 394	4 933	4 933	4 933	3 679	3 897	4 128
Interest earned - external investments	8 144	12 209	20 347	13 962	19 462	19 462	16 001	16 001	16 001
Interest earned - outstanding debtors	2 279	2 735	2 671	3 203	3 201	3 201	3 700	3 922	4 157
Dividends received									
Fines, penalties and forfeits	19 357	21 682	36 521	33 260	33 261	33 261	34 964	37 059	39 280
Licences and permits	1 972	2 423	2 525	2 374	2 374	2 374	2 447	2 593	2 749
Agency services	2 790	3 211	3 480	3 419	3 419	3 419	3 726	3 970	4 187
Transfers and subsidies	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Other revenue	22 331	29 653	33 908	27 946	27 052	27 052	31 270	32 945	34 721
Total Revenue (excluding capital transfers and contributions)	804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080
Expenditure By Type									
Employee related costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Remuneration of councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
Debt impairment	7 693	13 785	22 005	22 792	22 792	22 792	22 792	22 792	22 792
Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Finance charges	43 447	46 207	45 913	47 440	47 440	47 440	47 834	50 433	52 064
Bulk purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Other materials	27 754	19 605	20 273	49 647	57 090	57 090	57 605	89 033	74 164
Contracted services	95 295	112 447	129 647	173 424	178 460	178 460	195 642	215 879	217 715
Transfers and subsidies	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Other expenditure	131 401	93 542	104 414	57 710	58 486	58 486	64 171	68 969	70 420
Loss on disposal of PPE	0	392	8 133						
Total Expenditure	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(119 542)	(7 036)	5 432	(44 584)	(4 556)	(4 556)	(46 301)	(51 293)	(25 420)
Transfers and subsidies - capital (monetary allocation)	55 498	60 651	33 681	47 840	73 441	73 441	61 968	58 530	63 249
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers & contributions	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Taxation									
Surplus/(Deficit) after taxation	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

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

1. Total operating revenue is R1,048 billion in 2017/2018 and indicates an increase to R1,078 billion in 2018/19.
2. Revenue to be generated from property rates is R214,8 million in the 2017/2018 financial year and increases to R235 million by 2018/19 which represents 21,8 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R586,1 million for the 2017/2018 financial year and indicates an increase to R616,7 million by 2018/19. For the 2018/19 financial year services charges amount to 57,2 per cent of the operating revenue base.
4. Transfers recognised – operating grants includes the local government equitable share and other operating grants from national and provincial government.
5. The following graph illustrates the major expenditure items per type.

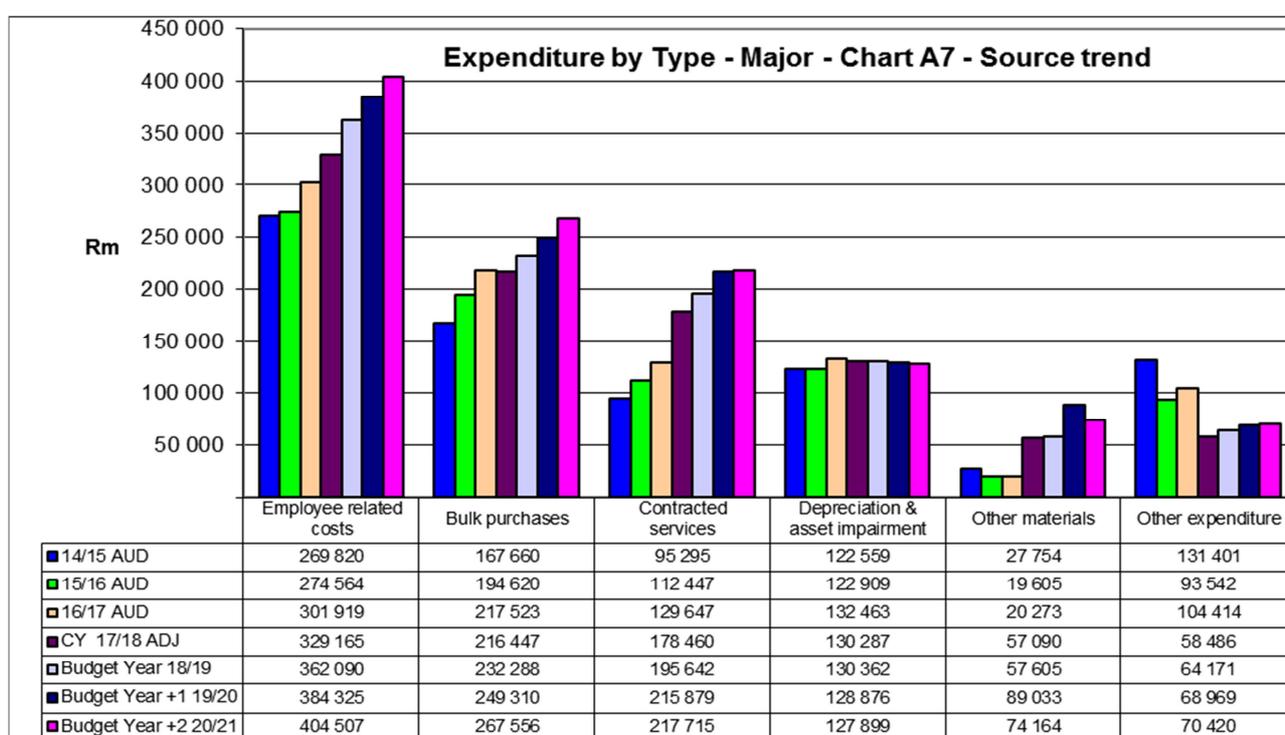


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2014/15 to 2020/21 period escalating from R167,7 million to R267,6 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom over the past years. The change in the trend for contracted services also relates to the reclassification of expenditure resulting from mSCOA implementation.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	2 658	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	89 992	17 900	53 713	45 963	56 953	56 953	64 297	68 210	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	15 839	8 501	30 496	14 000	10 710	10 710	58 239	39 770	-
Vote 8 - Protection Services	-	-	-	-	-	-	500	-	-
Capital multi-year expenditure sub-total	108 489	26 401	84 209	59 963	67 663	67 663	123 036	107 980	-
Single-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 413	3 848	72	1 640	1 290	1 290	4 106	-	-
Vote 4 - Finance	-	-	885	30	30	30	30	-	-
Vote 5 - Community Services	-	54 582	4 167	24 722	37 007	37 007	30 823	14 800	82 036
Vote 6 - Local Economic Development	-	-	-	25	25	25	5 625	-	-
Vote 7 - Infrastructure & Planning	-	10 246	1 540	7 420	7 410	7 410	1 100	9 750	55 213
Vote 8 - Protection Services	-	295	996	3 848	3 195	3 195	7 016	500	-
Capital single-year expenditure sub-total	1 413	68 971	7 659	37 685	48 956	48 956	48 699	25 050	137 249
Total Capital Expenditure - Vote	109 902	95 373	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Capital Expenditure - Functional									
Governance and administration	11 973	4 809	957	2 705	2 355	2 355	5 836	20 000	20 000
Executive and council	-	-	72	-	-	-	-	-	-
Finance and administration	11 973	4 809	885	2 705	2 355	2 355	5 836	20 000	20 000
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	39 184	32 729	14 135	26 908	50 209	50 209	54 414	34 980	37 813
Community and social services	5 258	3 169	644	3 607	2 675	2 675	4 514	2 500	2 500
Sport and recreation	1 565	3 311	1 837	2 266	6 449	6 449	5 557	2 500	1 500
Public safety	-	264	996	3 848	3 195	3 195	8 876	500	-
Housing	32 361	25 985	10 658	17 186	37 890	37 890	35 467	29 480	33 813
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	6 300	13 226	13 279	7 460	13 996	13 996	14 795	6 500	2 000
Planning and development	-	-	1 540	45	45	45	5 725	-	-
Road transport	6 300	13 226	11 739	7 415	13 951	13 951	9 070	6 500	2 000
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	52 444	44 369	63 498	60 575	50 060	50 060	96 691	71 550	77 436
Energy sources	13 682	18 237	30 496	19 790	16 520	16 520	24 772	20 040	21 400
Water management	16 275	14 232	15 772	9 300	4 037	4 037	32 077	32 072	32 075
Waste water management	13 221	11 875	17 217	29 875	27 923	27 923	38 342	19 438	23 961
Waste management	9 267	25	12	1 610	1 580	1 580	1 500	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Funded by:									
National Government	22 884	31 647	25 530	26 330	26 330	26 330	25 901	29 050	29 436
Provincial Government	31 850	29 004	7 681	21 510	47 106	47 106	36 067	29 480	33 813
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	1 000	-	8 563	-	-	-	100	-	-
Transfers recognised - capital	55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Public contributions & donations	607	743	1 440	-	-	-	-	-	-
Borrowing	39 012	27 189	35 550	30 000	23 200	23 200	64 450	54 000	54 000
Internally generated funds	14 550	6 549	13 104	19 808	19 983	19 983	45 218	20 500	20 000
Total Capital Funding	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by functional classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital expenditure amounts to R171,7 million in 2018/19.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
4. The capital programme is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from previous year surpluses. For 2018/19, capital transfers totals R62 million. Borrowing has been provided at R54 million, finance leases (nil) and internally generated funding totaling R45,2 million. These funding sources are further discussed in detail in paragraph 2.6 (Overview of Budget Funding).
5. Rolled over borrowing amounts to R10,5m.

Table 22 MBRR Table A6 - Budgeted Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSETS									
Current assets									
Cash	78 935	73 518	89 087	214 936	382 460	382 460	410 460	428 053	433 053
Call investment deposits	26 051	101 263	170 727	-	-	-	-	-	-
Consumer debtors	53 289	57 820	60 453	72 588	72 588	72 588	78 188	85 488	86 255
Other debtors	51 677	46 519	46 423	49 874	49 874	49 874	49 845	55 895	65 615
Current portion of long-term receivables	15	14	12	10	10	10	10	7	3
Inventory	10 575	28 688	44 126	15 030	15 030	15 030	15 432	16 388	16 888
Total current assets	220 542	307 820	410 829	352 438	519 961	519 961	553 934	585 829	601 814
Non current assets									
Long-term receivables	53	40	27	20	20	20	10	4	1
Investments	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Investment property	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Investment in Associate									
Property, plant and equipment	3 583 596	3 541 376	3 501 664	3 479 176	3 495 837	3 495 837	3 537 211	3 541 365	3 550 715
Agricultural									
Biological									
Intangible	5 506	6 713	6 287	5 942	5 942	5 942	5 942	5 942	5 942
Other non-current assets									
Total non current assets	3 757 127	3 731 761	3 701 228	3 681 110	3 647 086	3 647 086	3 695 574	3 707 060	3 723 982
TOTAL ASSETS	3 977 669	4 039 581	4 112 057	4 033 548	4 167 047	4 167 047	4 249 508	4 292 889	4 325 796
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	23 620	26 492	29 580	33 047	33 047	33 047	38 428	41 636	46 330
Consumer deposits	41 743	43 943	37 039	49 215	49 215	49 215	53 152	57 404	60 848
Trade and other payables	66 379	72 707	87 011	73 773	73 773	73 773	87 052	83 537	65 648
Provisions	23 939	26 444	28 343	30 432	30 432	30 432	36 518	38 710	34 193
Total current liabilities	155 682	169 587	181 973	186 466	186 466	186 466	215 151	221 287	207 020
Non current liabilities									
Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Provisions	193 227	199 265	217 138	229 153	229 153	229 153	249 777	265 881	266 547
Total non current liabilities	602 191	611 666	629 633	638 205	638 205	638 205	673 454	701 922	710 257
TOTAL LIABILITIES	757 873	781 253	811 606	824 671	824 671	824 671	888 605	923 209	917 277
NET ASSETS	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3 217 225	3 256 152	3 297 200	3 206 436	3 339 936	3 339 936	3 357 603	3 366 341	3 405 169
Reserves	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
TOTAL COMMUNITY WEALTH/EQUITY	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is largely aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 64 is supported by an extensive table of notes (SA3 which can be found on page 101) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - 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 on 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 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	152 186	162 962	195 733	211 275	213 247	213 247	233 460	247 092	263 833
Service charges	518 153	570 606	622 776	573 549	582 043	582 043	612 618	648 315	692 173
Other revenue	55 358	65 644	80 337	67 761	65 566	65 566	78 951	75 924	76 350
Government - operating	59 769	103 190	118 349	113 688	129 218	129 218	130 515	167 058	162 087
Government - capital	54 852	60 394	34 841	47 840	73 441	73 441	61 968	58 530	63 249
Interest	10 423	14 944	23 018	17 165	22 663	22 663	19 701	19 923	20 158
Dividends							-	-	-
Payments									
Suppliers and employees	(637 438)	(719 905)	(790 356)	(858 220)	(871 724)	(871 724)	(905 973)	(1 028 002)	(1 091 485)
Finance charges	(43 433)	(46 193)	(45 910)	(47 440)	(47 440)	(47 440)	(47 834)	(50 433)	(52 064)
Transfers and Grants	(50 392)	(51 090)	(56 136)	(1 778)	(1 778)	(1 778)	(500)	(278)	(292)
NET CASH FROM/(USED) OPERATING ACTIVITIES	119 478	160 551	182 651	123 839	165 237	165 237	182 906	138 129	134 009
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	13 552	845	2 943	-	76 818	76 818	-	-	-
Decrease (Increase) in non-current debtors				-	-	-	-	-	-
Decrease (increase) other non-current receivables	15	15	15	11	11	11	10	10	7
Decrease (increase) in non-current investments	(4 980)	(4 980)	(4 980)	(6 019)	(6 019)	(6 019)	(7 124)	(7 339)	(7 575)
Payments									
Capital assets	(109 902)	(95 133)	(91 868)	(97 648)	(116 620)	(116 620)	(171 736)	(133 030)	(137 249)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(101 315)	(99 253)	(93 891)	(103 656)	(45 810)	(45 810)	(178 850)	(140 359)	(144 817)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-	-	-
Borrowing long term/refinancing	40 000	30 000	30 000	30 000	30 000	30 000	54 000	54 000	54 000
Increase (decrease) in consumer deposits	3 983	2 200	(6 904)	2 786	2 786	2 786	3 937	4 252	3 444
Payments									
Repayment of borrowing	(20 317)	(23 704)	(26 822)	(29 976)	(29 568)	(29 568)	(33 993)	(38 428)	(41 636)
NET CASH FROM/(USED) FINANCING ACTIVITIES	23 666	8 496	(3 727)	2 810	3 218	3 218	23 944	19 824	15 808
NET INCREASE/ (DECREASE) IN CASH HELD	41 828	69 794	85 034	22 992	122 645	122 645	28 000	17 594	5 000
Cash/cash equivalents at the year begin:	63 158	104 987	174 780	191 944	259 814	259 814	382 460	410 460	428 053
Cash/cash equivalents at the year end:	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053

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.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increase steadily over the 2018/2019 to 2020/21 period.
4. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash over the medium-term.
5. Cash and cash equivalents totals R410,5 million as at the end of the 2018/2019 financial year and is estimated to increase to R433 million by 2020/21.

Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available									
Cash/cash equivalents at the year end	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053
Other current investments > 90 days	-	-	-	-	-	-	(0)	(0)	0
Non current assets - Investments	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Cash and investments available:	128 136	204 521	297 796	258 358	425 881	425 881	461 006	485 938	498 513
Application of cash and investments									
Unspent conditional transfers	2 076	1 380	6 476	-	-	-	-	-	-
Unspent borrowing	2 800	-	-	-	10 450	10 450	-	-	-
Statutory requirements									
Other working capital requirements	(39 810)	(32 015)	(24 811)	(46 872)	(46 710)	(46 710)	(40 110)	(55 596)	(84 243)
Other provisions									
Long term investments committed	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Reserves to be backed by cash/investments	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
Total Application of cash and investments:	(9 214)	1 281	22 898	(1 010)	9 602	9 602	13 737	5 630	(15 433)
Surplus(shortfall)	137 349	203 239	274 898	259 368	416 279	416 279	447 269	480 309	513 946

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of 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 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".
4. As part of the budgeting and planning guidelines that informs the compilation of the 2018/19 MTREF the end objective of the medium-term framework is to ensure the budget is funded and aligned to section 18 of the MFMA.
5. As can be seen the budget has been modelled to ensure that the budget is funded.

Table 25 MBRR Table A9 - Asset Management

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	77 176	79 249	57 389	54 626	78 867	78 867	111 905	94 030	123 249
<i>Roads Infrastructure</i>	1 320	16 352	2 260	5 155	11 691	11 691	4 770	2 500	2 000
<i>Storm water Infrastructure</i>	-	-	-	250	280	280	1 644	2 038	4 000
<i>Electrical Infrastructure</i>	10 581	18 237	30 496	18 790	15 520	15 520	5 622	8 040	21 400
<i>Water Supply Infrastructure</i>	470	3 772	5 276	3 900	637	637	16 363	10 472	18 075
<i>Sanitation Infrastructure</i>	8 833	6 217	5 718	-	-	-	8 550	16 000	19 961
<i>Solid Waste Infrastructure</i>	42 473	25	8 930	110	110	110	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	63 679	44 603	52 681	28 205	28 238	28 238	36 949	39 050	65 436
Community Facilities	5 258	29 837	2 212	4 579	3 380	3 380	12 585	3 000	2 500
Sport and Recreation Facilities	-	-	-	1 966	6 449	6 449	5 057	2 500	1 500
Community Assets	5 258	29 837	2 212	6 545	9 829	9 829	17 642	5 500	4 000
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	8 239	4 809	2 497	-	-	-	1 000	-	-
Housing	-	-	-	17 186	37 890	37 890	35 467	29 480	33 813
Other Assets	8 239	4 809	2 497	17 186	37 890	37 890	36 467	29 480	33 813
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	1 620	1 620	1 620	4 136	-	-
Furniture and Office Equipment	-	-	-	120	120	120	195	-	-
Machinery and Equipment	-	-	-	-	570	570	1 566	-	-
Transport Assets	-	-	-	950	600	600	14 950	20 000	20 000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	32 727	15 884	34 479	11 280	7 713	7 713	13 550	21 000	14 000
<i>Roads Infrastructure</i>	6 300	-	11 809	2 080	2 080	2 080	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	3 100	-	-	1 000	1 000	1 000	-	-	-
<i>Water Supply Infrastructure</i>	15 805	10 460	10 496	900	900	900	12 200	19 600	14 000
<i>Sanitation Infrastructure</i>	3 067	2 531	9 169	5 800	2 263	2 263	1 300	1 400	-
<i>Solid Waste Infrastructure</i>	2 889	-	1 740	1 500	1 470	1 470	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	31 161	12 992	33 214	11 280	7 713	7 713	13 500	21 000	14 000
Community Facilities	1 565	2 893	1 265	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	50	-	-
Community Assets	1 565	2 893	1 265	-	-	-	50	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Upgrading of Existing Assets	-	-	-	31 742	30 040	30 040	46 281	18 000	-
<i>Roads Infrastructure</i>	-	-	-	180	180	180	3 800	4 000	-
<i>Storm water Infrastructure</i>	-	-	-	6 800	8 355	8 355	350	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	17 150	12 000	-
<i>Water Supply Infrastructure</i>	-	-	-	4 500	2 500	2 500	3 514	2 000	-
<i>Sanitation Infrastructure</i>	-	-	-	17 025	17 025	17 025	18 187	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	28 505	28 060	28 060	43 001	18 000	-
Community Facilities	-	-	-	2 877	1 920	1 920	3 230	-	-
Sport and Recreation Facilities	-	-	-	300	-	-	50	-	-
Community Assets	-	-	-	3 177	1 920	1 920	3 280	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	60	60	60	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	60	60	60	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
<i>Roads Infrastructure</i>	7 621	16 352	14 069	7 415	13 951	13 951	8 570	6 500	2 000
<i>Storm water Infrastructure</i>	-	-	-	7 050	8 635	8 635	1 994	2 038	4 000
<i>Electrical Infrastructure</i>	13 682	18 237	30 496	19 790	16 520	16 520	22 772	20 040	21 400
<i>Water Supply Infrastructure</i>	16 275	14 232	15 772	9 300	4 037	4 037	32 077	32 072	32 075
<i>Sanitation Infrastructure</i>	11 901	8 748	14 887	22 825	19 288	19 288	28 037	17 400	19 961
<i>Solid Waste Infrastructure</i>	45 362	25	10 670	1 610	1 580	1 580	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	94 840	57 595	85 895	67 990	64 011	64 011	93 450	78 050	79 436
Community Facilities	6 823	32 729	3 477	7 455	5 300	5 300	15 815	3 000	2 500
Sport and Recreation Facilities	-	-	-	2 266	6 449	6 449	5 157	2 500	1 500
Community Assets	6 823	32 729	3 477	9 721	11 749	11 749	20 972	5 500	4 000
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	8 239	4 809	2 497	60	60	60	1 000	-	-
Housing	-	-	-	17 186	37 890	37 890	35 467	29 480	33 813
Other Assets	8 239	4 809	2 497	17 246	37 950	37 950	36 467	29 480	33 813
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	1 620	1 620	1 620	4 136	-	-
Furniture and Office Equipment	-	-	-	120	120	120	195	-	-
Machinery and Equipment	-	-	-	-	570	570	1 566	-	-
Transport Assets	-	-	-	950	600	600	14 950	20 000	20 000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)									
Roads Infrastructure	1 268 078	1 267 105	1 239 685	1 217 699	1 225 820	1 225 820	1 197 614	1 167 385	1 135 006
Storm water Infrastructure									
Electrical Infrastructure	538 590	533 176	534 751	528 140	524 870	524 870	522 493	517 384	513 635
Water Supply Infrastructure	527 212	518 431	505 838	494 283	489 020	489 020	493 635	498 264	503 086
Sanitation Infrastructure	379 316	378 863	376 119	384 300	380 763	380 763	392 501	393 491	397 109
Solid Waste Infrastructure	43 182	29 766	35 559	31 962	31 932	31 932	27 169	24 941	22 763
Rail Infrastructure									
Coastal Infrastructure									
Information and Communication Infrastructure									
Infrastructure	2 756 378	2 727 341	2 691 953	2 656 384	2 652 405	2 652 405	2 633 412	2 601 465	2 571 599
Community Facilities									
Sport and Recreation Facilities									
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	124 182	124 182	124 182	124 182	124 182	124 182	124 182	124 182	124 182
Revenue Generating									
Non-revenue Generating	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Investment properties	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Operational Buildings	636 129	628 734	626 854	681 424	682 274	682 274	633 723	627 195	619 157
Housing				17 186	36 977	36 977	72 444	101 924	135 737
Other Assets	636 129	628 734	626 854	698 610	719 251	719 251	706 167	729 119	754 894
Biological or Cultivated Assets									
Servitudes									
Licences and Rights	5 506	6 713	6 287	5 942	5 942	5 942	5 942	5 942	5 942
Intangible Assets	5 506	6 713	6 287	5 942	5 942	5 942	5 942	5 942	5 942
Computer Equipment									
Furniture and Office Equipment	13 439	11 794	10 659				10 245	8 928	6 675
Machinery and Equipment	4 878	3 518	3 763				6 778	3 993	2 398
Transport Assets	48 591	45 807	44 254				56 427	73 677	90 967
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	3 733 924	3 701 981	3 663 220	3 637 668	3 603 644	3 603 644	3 645 018	3 649 171	3 658 522
EXPENDITURE OTHER ITEMS									
Depreciation	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Repairs and Maintenance by Asset Class	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833
Roads Infrastructure	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
Storm water Infrastructure	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
Electrical Infrastructure	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
Water Supply Infrastructure	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
Sanitation Infrastructure	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
Solid Waste Infrastructure	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	136 009	99 836	110 392	132 746	139 160	139 160	162 843	177 256	188 312
Community Facilities	6 601	-	4 867	5 895	7 327	7 327	26 556	28 467	29 977
Sport and Recreation Facilities	737	-	-	4 654	6 471	6 471	12 168	12 475	13 208
Community Assets	7 338	-	4 867	10 549	13 798	13 798	38 724	40 942	43 185
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	10 110	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Housing	177	-	-	-	-	-	-	-	-
Other Assets	10 287	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	4 392	-	5 536	5 384	5 787	5 787	5 387	5 937	5 964
Furniture and Office Equipment	-	-	-	13 663	23 288	23 288	7 725	9 338	8 802
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	280 585	232 287	253 258	299 570	321 521	321 521	349 303	366 764	378 731
<i>Renewal and upgrading of Existing Assets as % of total PPE</i>	29.8%	16.7%	37.5%	44.1%	32.4%	32.4%	34.8%	29.3%	10.2%
<i>Renewal and upgrading of Existing Assets as % of depreciation</i>	26.7%	12.9%	27.6%	33.0%	29.0%	29.0%	45.9%	30.3%	10.9%
<i>R&M as a % of PPE</i>	4.4%	3.1%	3.4%	4.9%	5.5%	5.5%	6.2%	6.7%	7.1%
<i>Renewal and upgrading and R&M as a % of PPE</i>	5.0%	3.0%	4.0%	6.0%	6.0%	6.0%	8.0%	8.0%	7.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal/upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.

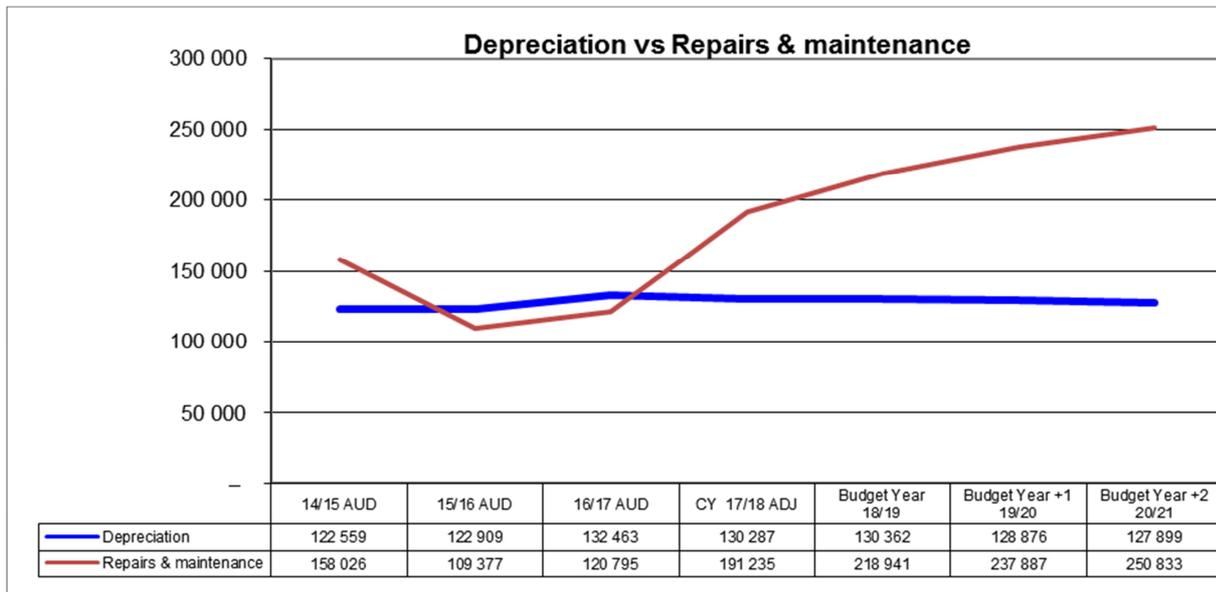


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets									
Water:									
Piped water inside dwelling	32 071	32 544	34 449	29 329	29 329	29 329	30 209	31 115	32 049
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	3 144	3 106	3 067	2 817	2 817	2 817	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	35 215	35 650	37 516	32 146	32 146	32 146	30 209	31 115	32 049
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	35 215	35 650	37 516	32 146	32 146	32 146	30 209	31 115	32 049
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (v entilated)	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Energy:									
Electricity (at least min.service level)	6 625	6 565	6 356	5 653	5 653	5 653	5 370	5 102	4 834
Electricity - prepaid (min.service level)	18 379	17 810	18 530	20 935	20 935	20 935	22 191	23 522	24 853
<i>Minimum Service Level and Above sub-total</i>	25 004	24 375	24 886	26 588	26 588	26 588	27 561	28 624	29 687
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	1 000	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	1 000	-	-	-	-	-	-	-	-
Total number of households	26 004	24 375	24 886	26 588	26 588	26 588	27 561	28 624	29 687
Refuse:									
Removed at least once a week	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
<i>Minimum Service Level and Above sub-total</i>	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
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	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Sanitation (free minimum level service)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Electricity/other energy (50kwh per household per month)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Refuse (removed at least once a week)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	1 240	1 320	1 726	11 060	11 060	11 060	14 612	16 880	21 399
Sanitation (free sanitation service to indigent households)	-	-	-	10 776	10 776	10 776	15 697	18 134	22 988
Electricity/other energy (50kwh per indigent household per month)	2 822	2 215	3 448	27 867	27 867	27 867	33 723	38 958	49 386
Refuse (removed once a week for indigent households)	-	-	-	13 954	13 954	13 954	15 223	17 586	22 293
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)									
Total cost of FBS provided	4 062	3 535	5 174	63 657	63 657	63 657	79 256	91 557	116 066
Highest level of free service provided per household									
Property rates (R v value threshold)	100 000	220 000	220 000	220 000	220 000	220 000	220 000	220 000	220 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)	61	65	69	73	73	73	78	82	87
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	210	210	210	210	210	210	210	210	210
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible v values per section 17 of MPRA)	1 786	1 947	2 135	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	36 411	39 791	48 431	51 711	51 711	51 711	50 983	54 042	57 285
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	2 276	2 276	2 276	779	849	1 015
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	271	271	271	318	346	414
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	1 657	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	858	-	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	33 727	29 916	29 916	59 100	81 140	69 000
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	38 196	41 738	50 566	90 499	84 174	84 174	111 180	136 378	127 714

The Figures for households above, relating to household service targets, includes both formal and informal households.

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.
2. Good progress is being made with the eradication of current services backlogs. Housing remains a challenge.
 - a. Electricity services – the current backlog has provisionally been eliminated.
3. The budget provides for 7 900 households to be registered as indigent in 2018/19, and therefore entitled to receiving Free Basic Services. The number is set to increase over the MTREF, especially by poor people seeking economic opportunities.
4. It is anticipated that the cost of these Free Basic Services will amount to R79,3 million in 2018/19. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, other rates rebates also apply to households.

Part 2 – Supporting Documentation

2.1 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 Act.

The Budget Steering Committee consists of the Full-time Councillors, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are 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 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.

2.1.1 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 (i.e. in August 2017) a time schedule that sets out the process to prepare the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 30 August 2017. Key dates applicable to the process were:

- **July 2017** – Budget Office submits current 3 year Capital Budget to the Strategic Office. Review status of Samras Budget Portal functionality and MTREF budget information;
- **August 2017** – Ward Committee meetings to review current needs on the wish list;
- **September 2017** – Mayoral strategic session with Councillors and Senior Management to determine Strategic direction for the 2018/2019 IDP review;
- **September/October 2017** – Extensive public participation IDP consultation sessions were held in each of the thirteen wards, which included members of the public, the ward committees and other broader stakeholders (service organisations, etc.), to provide feedback on IDP delivery gather information on the “community needs” per ward;
- **2 October 2017** – Top management meeting to discuss budget proposals and affordability;
- **25 October 2017** – Mayoral directional IDP/Budget speech;
- **October/December 2017** – Various Budget Steering Committee and Management meetings relating to draft Capex and Opex budgets;
- **November 2017** – Submission of tariff proposals and tariff workshops;
- **November 2017** – Workshop on tariffs and tariff related policies;
- **November/December 2017** – Review of all budget related policies;
- **December 2017** – Mid-year review by the BSC of the 2017/2018 progress and review of 2017-2021 draft operational expenditure including financial forecasting and scenario considerations;
- **January 2018** – Tariff finalisation, consider budget related policies changes and overview of draft 2018/2019 Capex & Opex;
- **24 January 2018** - Council considered the 2018/2018 Mid-year Review;

- **30 January 2018** – Final tariffs and adjustments budget review;
- **5 February 2018** – Pre BSC – TMT review/finalises draft Capex/Opex;
- **6-20 February 2018** – Finalisation of adjustments budget;
- **12 February 2018** – BSC – Finalise Draft Capex & Opex;
- **20 February 2018** – OMAF Consultation & Budget Proposals;
- **March 2018** – Budget office finalises budget report;
- **28 March 2018** - Tabling in Council of the draft 2018/19 IDP, SDBIP and 2018/19 MTREF for public consultation;
- **29 March – 30 April 2018** – Draft Budget available to the public and any other stakeholders for perusal and the submission of comments and representations;
- **3-26 April 2018** – Public consultation – Public meetings to be held in all thirteen wards in the municipal area to present the draft budget to the community;
- **30 April 2018** - Closing date for written comments;
- **2 May 2018** – LG MTEC3 engagement;
- **4 May 2018** – BSC considers all comments received and amendments to the Draft Budget;
- **5-17 May 2018** – finalisation of the 2018/19 IDP and 2018/19 MTREF, taking into consideration comments received from the public, comments from NT & PT and updated information from the most recent DoRA and financial framework;
- **5-17 May 2018** – Budget Office compiles final report and schedules;
- **7-17 May 2018** – Final review of budget report and schedules;
- **24 May 2018** – Final budget distribution; and
- **30 May 2018** - Tabling of the 2018/19 MTREF in Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the latest new generation IDP (2018/2022) to be considered and adopted by Council in May 2018. The draft IDP process started in September 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/19 MTREF in August 2017.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the Draft IDP cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans with key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP will be taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2017/2018 MTREF, mid-year review and adjustments budget. The business planning process was subsequently refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/2018 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

Strategic objectives of the compilation of the 2018/19 MTREF include the undertaking of extensive financial modelling to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate (trends, inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2017/2018 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- 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 89 & 91 were taken into consideration in the planning and prioritisation process.

Cost containment has already been implemented across the organisation over the past three years.

2.1.4 Community Consultation on the Draft Budget

The draft 2018/19 MTREF, will be tabled in Council on 28 March 2018 and will be made available to the community as follows:

Copies of the document can be viewed:

- At the offices of all Area Managers
- All public libraries within the municipality
- At the website: www.overstrand.gov.za

The tabling of the draft budget will be advertised in all local newspapers and a copy of the advertisement will be placed on the notice boards at municipal offices and libraries. All documents in the appropriate format (electronic and printed) will be provided to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide an opportunity for comment.

A delegation of the municipality, consisting of the Executive Mayor, MMC for Finance, other full time Councillors, Municipal Manager and Area Managers, all Directors and officials from the Budget Office and Strategic Planning Office, will hold public meetings for all the wards in the municipal area to present the draft budget to the community. Fifteen public meetings will be held in the period from 3 – 26 April 2018.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and capital projects will be considered by the Budget Steering Committee at a meeting to be held on 4 May 2018 for the finalisation of the 2018/2019 Budget.

Comments from the community and the municipality's responses thereto will be included as an Annexure to the final report.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government 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 developmental 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 which 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 municipalities correlate with National and Provincial intent. It must aim to co-ordinate 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. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities. The aim of this new five year IDP cycle is 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 2015 Vision;
- National Spatial Development Perspective (NSDP);
- The National Priority Outcomes; and
- National Development Plan

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. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 27 IDP Strategic Objectives

2018/19 MTREF
The provision of democratic, accountable and ethical governance
The provision and maintenance of municipal services
The encouragement of structured community participation in the matters of the municipality
The creation and maintenance of a safe and healthy environment
The promotion of tourism, economic and social development

In order 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 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. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;
- Provide municipality planning services; and
- Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Extending waste removal services and ensuring effective municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and

- Implementing Batho Pele in the revenue management strategy.

Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure maintenance strategy and the repairs and maintenance plan

Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organisational structure to optimize the use of personnel;

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 five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years for infrastructure planning. This process is aimed at influencing the development path to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP of the 2018/2022 cycle, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2018/19 MTREF has therefore been directly informed by the 1st review of the 2018/2022 IDP process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
The provision of democratic, accountable and ethical governance	Good Governance	1	280 413	334 121	315 623	262 309	293 947	293 947	290 873	307 609	325 754
The provision and maintenance of municipal services	Basic Service Delivery	2	530 543	597 907	650 498	662 740	671 325	671 325	712 897	752 809	806 423
The encouragement of structured community participation in the matters of the municipality	Good Governance	3									
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	31 198	37 676	54 775	59 370	93 932	93 932	79 591	107 729	88 500
The promotion of tourism, economic and social development	Economic Development and Social upliftment	5	17 928	21 639	65 909	56 638	61 878	61 878	56 563	60 504	66 651
			860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
The provision of democratic, accountable and ethical governance	Good Governance	1	293 362	324 575	251 838	208 841	211 213	211 213	220 640	237 706	241 375
The provision and maintenance of municipal services	Basic Service Delivery	2	466 577	384 960	471 097	518 289	522 902	522 902	560 317	593 888	625 649
The encouragement of structured community participation in the matters of the municipality	Good Governance	3	1 443	1 835	1 793	2 951	1 742	1 742	1 270	1 400	1 600
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	52 938	71 285	102 799	113 495	123 693	123 693	143 061	179 208	165 776
The promotion of tourism, economic and social development	Economic Development and Social upliftment	5	109 806	155 072	220 164	194 226	192 646	192 646	198 968	209 213	215 101
Total Expenditure			924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
The provision of democratic, accountable and ethical governance	Good Governance	1	2 526	4 929	957	2 705	2 355	2 355	5 836	20 000	20 000
The provision and maintenance of municipal services	Basic Service Delivery	2	52 449	57 595	63 498	60 575	50 060	50 060	96 691	71 550	77 436
The encouragement of structured community participation in the matters of the municipality	Good Governance	3	5 580	6 480	3 729	3 458	3 491	3 491	5 230	5 230	5 230
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4		264	10 406	23 450	46 718	46 718	49 184	29 750	32 583
The promotion of tourism, economic and social development	Economic Development and Social upliftment	5	49 347	25 865	13 279	7 460	13 996	13 996	14 795	6 500	2 000
Total Capital Expenditure			109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

2.3 Measurable performance objectives and indicators

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

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

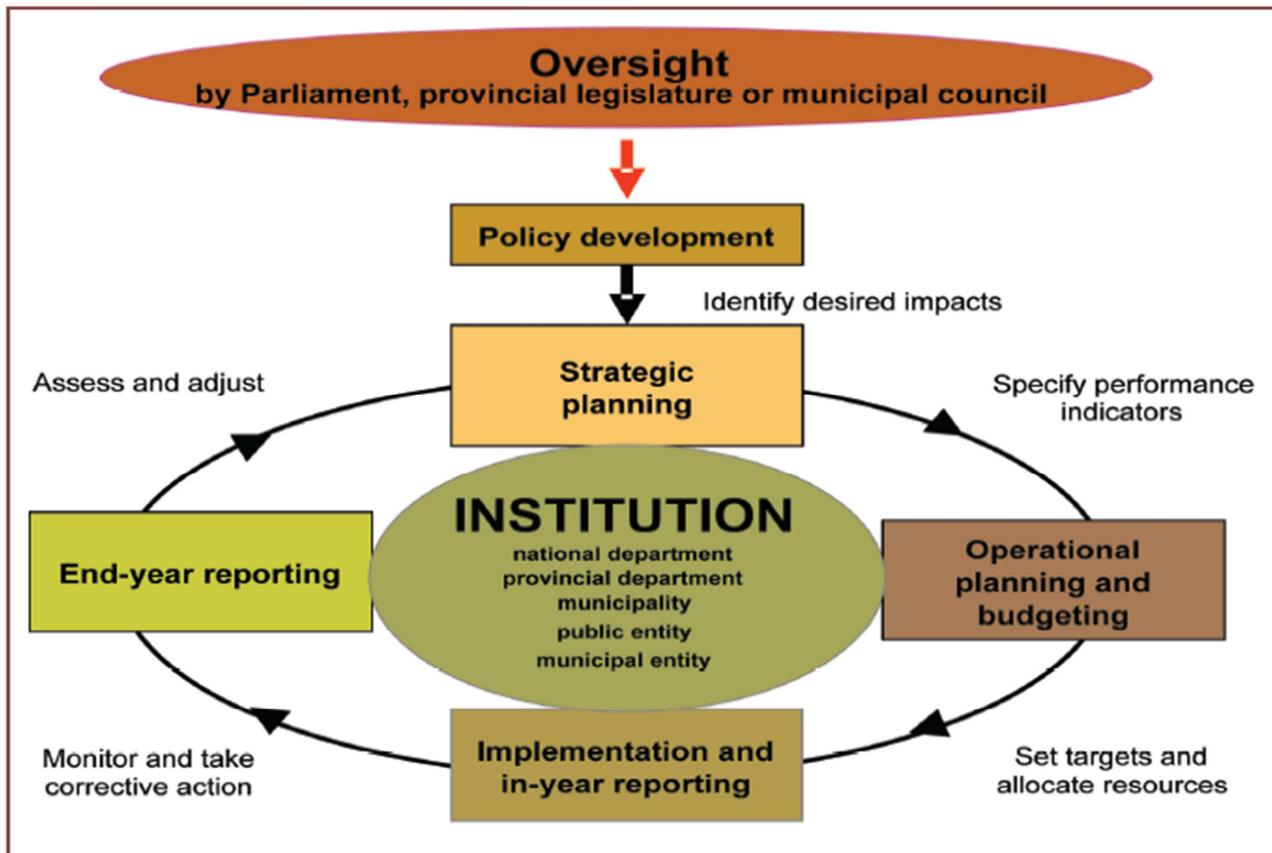


Figure 5 Planning, budgeting and reporting cycle

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

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

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

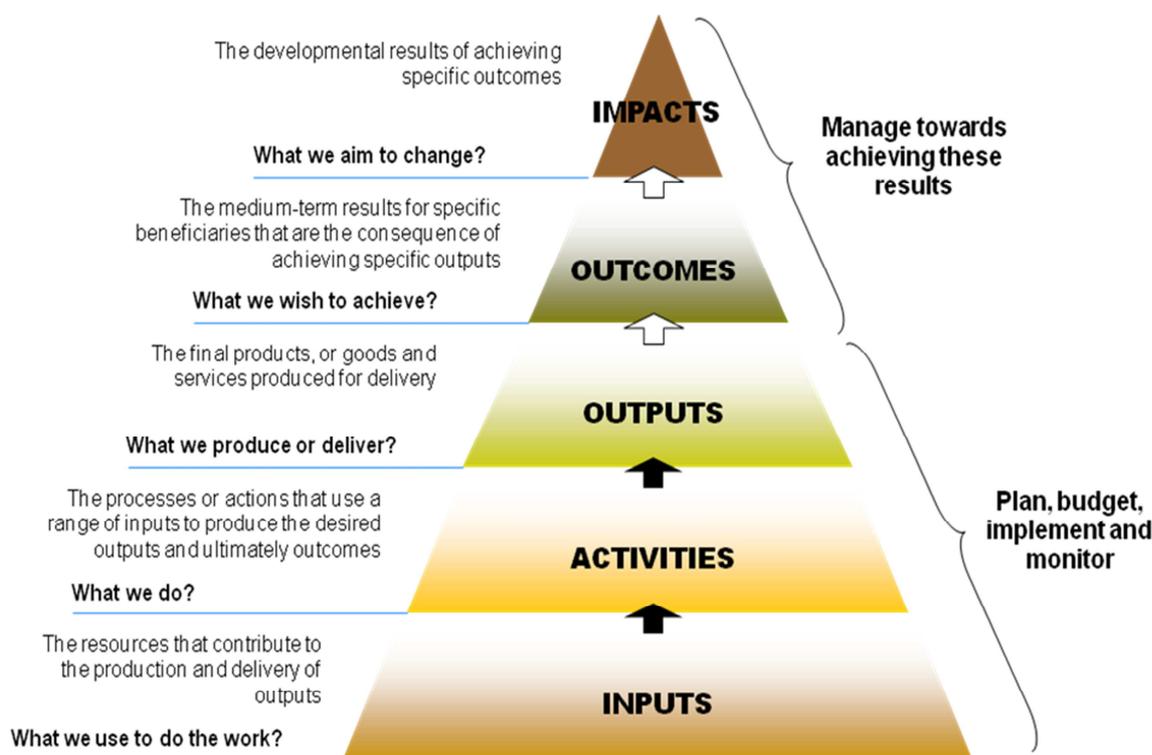


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 31 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - vote name										
Council and Municipal Manager										
Municipal Manager										
Percentage of a municipality's capital budget actually spent on capital projects identified for 2018/19 in terms of the municipality's IDP <i>{(Actual amount spent and commitments on projects as identified for the year in the IDP/Total amount budgeted on capital projects)X100}</i>	% of capital budget spent	88.2%	92.0%	98.0%	95.0%		95.0%	95.0%	95.0%	95.0%
Sign section 56 performance agreements with all directors by the end of July 2018	Number of agreements signed	no kpi set	no kpi set	6	6		6	6	6	6
Monitor the implementation of the action plan developed to address all the issues raised in the management letter of the Auditor General and submit quarterly progress reports to Executive Mayor	Number of progress reports monitored and submitted to Executive Mayor	no kpi set	no kpi set	4	4		4	4	4	4
Bi-annual formal performance appraisals of the section 56 appointees for the previous financial period April to June 2018 to be completed by Sept 2018 and the current period October to December 2018 to be completed by February 2019.	Number of appraisals	no kpi set	no kpi set	12	12		12	12	12	12
Submit the final Annual report and oversight report of Council before 31 March 2019	Final Annual report and oversight report completed	no kpi set	no kpi set	1	1		1	1	1	1
Prepare the final IDP for submission to Council by the end of May 2019	Final IDP submitted	no kpi set	no kpi set	1	1		1	1	1	1
Draft the annual report and submit to the Auditor-General by the end of August 2018	Draft Annual report completed	no kpi set	no kpi set	1	1		1	1	1	1
Submit the Final MTREF budget by the end of May 2019	Budget submitted	no kpi set	no kpi set	1	1		1	1	1	1

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Management Services										
Director: Management Services										
Human Resources										
92% of the approved and funded organogram filled ({(actual number of posts filled divided by the funded posts budgeted) x 100})	% filled	92.31%	92.8%	89.0%	92%		92.0%	92.0%	92.0%	92.0%
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	The number of people from EE target groups employed	60	62	63	60	65	65	65	65	65
The percentage of a municipality's budget (training budget) actually spent on implementing its workplace skills plan	% of the training budget spent on implementation of the WSP	100.0%	100.0%	99.5%	100%		100%	100.0%	100.0%	100.0%
Review the Municipal Organisational Staff Structure by the end of June 2019	Structure reviewed	1	1	1	1		1	1	1	1
Corporate Support Services										
Revise the Section 14 Access to Information Manual by the end of June 2019 to ensure compliant and up to date policies	Manual revised	1	1	1	1		1	1	1	1
Risk Management										
Submit progress reports on the revision of the top 10 risks as a corrective action to the Executive Management Team	Number of progress reports submitted	4	4	3	4		4	4	4	4
Finance										
Director: Finance										
Director Finance										
Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	3.72%	3.84	5.18%	1.5	3	3	3	3	3
Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year) (%)	Ratio achieved	17.13%	17.77%	20.09%	15.0%	12%	12.0%	12.0%	12.0%	12.0%
Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	10.36%	10.34%	9.86%	12.2		12.2%	12.2%	12.2%	12.2%
Submit a reviewed long term financial plan by the end of October 2018	Submission of long term financial plan	1	1	1	1		1	1	1	1
Financial statements submitted to the Auditor General by 31 August 2018	Financial statements submitted	1	1	1	1		1	1	1	1
Provision of free basic electricity, refuse removal, sanitation and water in terms of the equitable share requirements	Number of indigent households	6842	7512	7418	7500	7 300	7300	7350	7350	7350
Achieve a debt recovery rate not less than 96% (Receipts/total billed for 12 months period x 100)	% Recovered	97.73%	97.9%	99.44%	96%		96%	96%	96%	96%
Community Services										
Director: Community Services										
Director: Community Services										
98% of the operational conditional grant (Libraries, CDW) spent (Actual expenditure divided by the total grant received)	% of total conditional operational grants spent (Libraries, CDW)	100.0%	100.0%	86.07%	98%		98.0%	98.0%	98.0%	98.0%
m ² of roads patched and resealed according to approved Pavement Management System within available budget	m ² of roads patched and resealed	163240	171881	135298	100000		100 000	100 000	100 000	100 000
Limit unaccounted water to less than 20% ((Number of kiloliter water purified - Number of kiloliter water sold)/Number of kiloliter purified x 100))	% of water unaccounted for	19.33%	20.86%	19.14%	20%		20.0%	20.0%	20.0%	20.0%
Ward committee meetings held to facilitate consistent and regular communication with residents	No of ward committee meetings per ward per annum	8	8	9	8		8	8	8	8
Provision of water to informal households based on the standard of 1 water point to 25 households	The number of taps installed in relation to the number of informal households Note: Unit of measurement & target revised in 2015/16 mid-year assessment	3144	138	252	119	252	252	252	252	252
Provision of cleaned piped water to all formal households within 200 m from households	No of formal households that meet agreed service standards for piped water	32544	32976	34449	33132	29 329	29329	30209	30209	30209
Provision of refuse removal, refuse dumps and solid waste disposal to all formal households at least once a week (A household is a residential unit being billed for the particular services rendered by way of the financial system (SAMRAS))	Number of formal households for which refuse is removed at least once a week	33224	31132	32029	31754	32 029	32029	32990	32990	32990
Provision of refuse removal, refuse dumps and solid waste disposal to all informal households at least once a week	Number of weekly removal of refuse in informal households (once per week = 52 weeks per annum)	3144	52	52	52		52	52	52	52

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
The provision of sanitation services to informal households based on the standard of 1 toilette to 5 households	The number of toilet structures provided in relation to the number of informal households Note: Unit of measurement & target revised in 2015/16 mid-year assessment	3144	724	794	593	794	794	794	794	794
Provision of sanitation services to formal residential households (A household is a residential unit being billed for the particular services rendered by way of the financial system (SAMRAS))	No of formal residential households which are billed for sewerage in accordance to the SAMRAS financial system	31719	28183	28841	32872	28 841	28841	29841	29841	29841
Infrastructure & Planning										
Director: Infrastructure and Planning										
Water Treatment										
Quality of effluent comply 90% with license and/or general limit in terms of the Water Act (Act 36 of 1998)	% compliance	88.0%	87.25%	92.93%	90%		90.0%	90.0%	90.0%	90.0%
Quality of potable water comply 95% with SANS 241	% compliance with SANS 241	96.0%	99.0%	99.0%	95%		95.0%	95.0%	95.0%	95.0%
Report on the implementation of the Water Service Development plan annually by the end of October	Report submitted	1	1	1	1		1	1	1	1
Electricity										
Limit electricity losses to 7.5% or less ({(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} x 100)	% of electricity unaccounted for	5.8%	6.34%	7.37%	7.5%		7.5%	7.5%	7.5%	7.5%
Provision of Electricity: Number of metered electrical connections in formal area (Eskom Areas excluded) (Definition: refers to residential households (RE) and pensioners (PR) as per the Finance department's billed households)	Number of formal household that meet agreed service standards	26476	20467	20916	20400		20400	20700	20700	20700
MIG										
100% of the Municipal Infrastructure Grant (MIG) spent by 30 June 2019 (Actual MIG expenditure/Allocation received)	% Expenditure of allocated funds	no kpi set	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%
Protection Services										
Director Protection Services										
Protection Services										
Arrange public awareness sessions on Protection Services	Number of sessions held	88	58	88	90		90	90	90	90
Collect R20 000 000 Public Safety income by 30 June 2019	R-value of public safety collected income (excluding fines impairment amount) (Note kpi & target reviewed in 2017/18 mid-year assessment)	#####	R 34,949,821	R40,357,315	15,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Disaster and Fire Management										
Annually review and submit Disaster Management Plan to the District by the end of June 2019	Reviewed plan submitted	1	1	1	1		1	1	1	1
Annually review the Fire Management Plan by the end of June 2018	Plan reviewed	1	0	1	0		0	0	0	1
Local Economic Development										
Director: LED										
LED										
Provide three reports on LED and Tourism initiatives to Council by end June 2019	Number of reports on LED & Tourism initiatives	no kpi set	1	3	3		3	3	3	3
Report to Executive Mayor on Grants to festival organisers through Service Level Agreements (SLA) by end July 2018	Number of reports submitted	no kpi set	1	1	1		1	1	1	1
Support 100 SMME's in terms of the SMME Development Programme by 30 June 2019	Number of SMME's supported	73	59	92	80		80	100	100	100
Support 50 Emerging Contractors in terms of the Emerging Contractor Development Programme by 30 June 2019	Number of emerging contractors supported	no kpi set	no kpi set	48	30		30	50	50	50
Solicit support of financial and non-financial assistance for local economic development initiatives (KPI reworded for 2018/19)	Number of application letters submitted/confirmation letters received (reworded for 2018/19)	4	4	1	6		6	10	10	10
Manager LED report quarterly to Director LED on linkages established with other spheres of government, agencies, donors, SALGA and other relevant bodies for benefit of local area/Stakeholder engagement and creation of partnerships to broaden economic benefit for local communities	Quarterly report on linkages established. Database of Stakeholders/ No of initiatives	4	4	4	4		4	4	4	4
The number of job opportunities created through the EPWP programme and as per set targets (grant agreement - FTE's, translates to 1000 work opportunities)	Number of temporary jobs created	512	564	828	500		500	1000	1000	1000
Monthly monitor the statistics on the usage of the LED Walk-in Centre (outreach & referral purposes) through the attendance registers	Monthly registers on LED outreach statistics (walk in centre)	no kpi set	12	12	12		12	12	12	12

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.9%	7.5%	6.9%	7.5%	7.3%	7.3%	7.3%	7.3%	7.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.6%	8.5%	7.7%	8.8%	8.4%	8.4%	8.6%	8.9%	8.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	74.7%	88.9%	38.7%	30.7%	19.9%	19.9%	49.2%	72.5%	73.0%
Safety of Capital										
Gearing	Long Term Borrowing/ Funds & Liquidity	15906.6%	18944.5%	12687.3%	16762.6%	16762.6%	16762.6%	12838.7%	13055.1%	13245.1%
Current Ratio	Current assets/current liabilities	1.4	1.8	2.3	1.9	2.8	2.8	2.6	2.6	2.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.8	2.3	1.9	2.8	2.8	2.6	2.6	2.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	1.0	1.4	1.2	2.1	2.1	1.9	1.9	2.1
Revenue Management										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.5%	99.5%	99.6%	99.3%	99.3%	0.0%	99.3%	99.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.5%	99.5%	99.6%	99.3%	99.3%	99.3%	99.3%	99.2%	99.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.1%	11.2%	10.2%	12.3%	11.7%	11.7%	11.9%	12.1%	12.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	98.0%	98.0%	99.5%	98.0%	98.0%	98.0%	99.0%	99.0%	99.0%
Creditors to Cash and Investments		61.2%	40.8%	31.0%	34.3%	19.3%	19.3%	21.2%	19.5%	15.2%
Other Indicators										
	Total Volume Losses (kW)	13272396	15046015	18113084	18734060	18734060	19420071	19375560	20038240	20722780
	Total Cost of Losses (Rand '000)	987	2009	4002	4567	4567	4567	5211	5943	6776
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	5.77%	6.34%	7.37%	7.42%	7.42%	7.65%	7.46%	7.51%	7.55%
	Total Volume Losses (kℓ)	1 281	1 428	1 444	1 440	1 440	1 453	1 368	1 368	1 365
	Total Cost of Losses (Rand '000)	5019	5299	2210.719	5217	5217	5400	5700	6000	6300
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	19.33%	20.86%	21.29%	19.80%	19.80%	20.03%	19.69%	19.16%	18.61%
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.5%	29.5%	28.7%	33.6%	31.4%	31.4%	33.6%	32.8%	33.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.5%	30.4%	29.5%	34.6%	32.4%	32.4%	34.6%	33.8%	34.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	19.6%	11.8%	11.5%	17.0%	18.3%	18.3%	20.3%	20.3%	20.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.6%	18.2%	16.9%	17.9%	17.0%	17.0%	16.5%	15.3%	14.7%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	19.3	16.6	0.2	17.0	17.0	17.0	16.2	16.2	17.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15.4%	14.0%	12.8%	15.4%	15.2%	15.2%	15.0%	15.6%	15.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.6	2.7	3.5	2.9	5.1	5.1	5.1	4.9	4.8

2.3.1 Performance indicators and benchmarks

2.3.1.1 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. As with all other municipalities, Overstrand's borrowing strategy is 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 2018/19 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing remains steady. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over the MTREF is 39 per cent which indicates that the amount available from own sources to finance capital have shown an increase. This is as a result of utilising a portion of surpluses as they became available.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2011/2012 MTREF the potential of smoothing out the debt profile over the longer term was investigated and borrowing was capped at 60% in the borrowing policy. The gearing on borrowing will be reduced by 10 per cent over a period of ten years as started in 2012. To date this has now been achieved, with the indication that the 2018/2019 MTREF is estimated to end on 41,5%, which is also below the outer limit guideline of 45% of the National Treasury.

2.3.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. This ratio is not conducive to the GRAP accounting framework due to the low amount of reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a bottom limit of 1.5, therefore at no point in time should this ratio be less than 1.5. Over the 2018/19 MTREF the current ratio is 2.57, increasing to 2.91 by 2020/21. National Treasury has set a current ratio minimum of 1.5 in circular 71. Going forward it will be necessary to preserve this ratio, notwithstanding that it could tie up cash needed for capital investment.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Overstrand Municipality's liquidity ratio is at an average of 2.63 over the MTREF, up from 1.2 in the previous MTREF. The liquidity includes consumer deposits and provisions which are not likely to be realised in the short term. As part of the longer term financial planning objectives this ratio should be preserved as mentioned, notwithstanding that it could will tie up cash needed for capital investment.

2.3.1.4 Revenue Management

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

2.3.1.5 Creditors Management

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

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 8.3 per cent in the 2010/2011 financial year to 7,51per cent over the MTREF. This includes measureable technical losses, which further reduces the percentage of losses. The initiatives to ensure these targets are achieved include managing illegal connections, regular meter audits and managing theft of electricity by rolling out smart metering systems, including prepaid meters. It should be noted that technical losses range between 3 – 5 per cent over the Overstrand area. When taking this into consideration it is evident that distribution losses are well managed.
- The water distribution losses have been significantly reduced from 27.4 per cent in 2009/10 to 19,15 per cent over the 2018/2019 MTREF. This has been achieved with investing in the upgrading of water reticulation infrastructure, which is set to continue over the MTREF. Active attention is also given to reported leaks by the public and a further measure is to install flow limiters.
- Employee costs as a percentage of operating revenue remains stable. This is primarily owing to limited expansion of the personnel structure.
 - In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the 2018/19 financial year 7 900 registered indigents have been provided for in the budget. In terms of the municipality's indigent policy, registered households are entitled to 6kℓ free water, 50 kWh of electricity, weekly refuse removal and, where applicable, sewer services which includes sewage output based on 70% of the water consumption and the latest infrastructure levy for water and waste water. Further subsidies are capped at the full revenue cost of the basic services provided above. Households with a property valuation of R220 000 qualify upon registration as indigents.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the

free basic services is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page 45.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes) are not taken into account in the table noted above due to the measuring criteria.

2.3.3 Providing clean water and managing waste water

The Department of Water Affairs conducts bi-annual performance rating of water and sewage treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The municipality has achieved Blue Drop and Green Drop awards during the latest review, indicating that the municipality's drinking water is of good quality.

The following is briefly the challenges facing the municipality:

- Some infrastructure is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

2.4 Overview of budget related-policies

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

2.4.1 Customer Care, Credit Control and Debt Collection Policy

The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate in excess of 99 per cent on current billings. The current collection rate is in excess of 99 per cent. In addition the collection of debt in excess of 90 days has been prioritised, as well as debt older than two years, where interest will be waived.

2.4.2 Asset Management Policy

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the revenue base.

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was first adopted by Council in 2008. The policy is continually revised to incorporate amending legislation.

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

2.4.6 Investment, Liquidity & Cash Management Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed.

2.4.7 Tariff Policy

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.8 Long term Financial Planning & Implementation Policy

Funding for the compiling of a The Long term Financial Planning Policy has been acquired from the Provincial Government. A long term financial plan has been compiled in 2014/15, after a service provider had been appointed.

2.4.9 Contract Management Policy

This policy has been introduced to further enhance the supply chain management function.

2.4.10 Pay Day Policy

This policy has been introduced to give effect to the council resolution in this regard.

The following policies have also been subject to review:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Indigent Policy;
- Travelling & Subsistence;
- Petty Cash
- Special rating Area Policy
- Unauthorised, Irregular and Fruitless & Wasteful Expenditure Policy

2.5 Overview of budget assumptions

2.5.1 External factors

The effects of recession are less evident than the same time two years ago. After a protracted standstill in interest rates, this has since increased. Upwards pressure is also evident in the inflation rate and the Rand continues to weaken against leading currencies. International oil prices are rising after a significant decrease over the previous months.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and fuel; and
- The increase in the cost of remuneration. Employee related costs comprise 33,5 per cent of total operating expenditure in the 2018/19 MTREF and therefore increases above inflation places a disproportionate upward pressure on the expenditure budget

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality chiefly engages in amortisation-style loans requiring both regular principal and interest payments. Surplus cash is invested and re-invested at short intervals.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate linked to CPI over the medium term. It is also assumed that current economic conditions, and relative inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (99 per cent) of annual billings. Cash flow is assumed to be 99,9 per cent of billings from an increased collection of arrear debt.

2.5.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' mainly limits consumption to the level of free basic services.

2.5.6 Salary increases

The current three year collective SALGBC salary agreement comes to an end on 30 June 2018. Salary increases, according to the agreement, were determined at 7,35% for the 2017/18 financial year, based on the average inflation for the period February 2016 to January 2017, with a minimum inflation rate of 5% plus 1%. The salary negotiations are currently underway for a salary determination as from 1 July 2018. The macro-economic forecast outlook, together with previous salary determinations was used as a tenable guideline for an increase in remuneration. This amounted to an estimate of 5,8%, relating to a 8,11% increase, inclusive of notch increases . This percentage is still feasible as the Employer Organisation (SALGA) has a current position of a 5,9% increase.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of 99 per cent could be achieved on operating expenditure and 95 per cent on the capital programme for the 2018/19 MTREF.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

Description	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand			
Revenue By Source			
Property rates	234 998	249 098	264 044
Service charges	616 656	653 578	692 727
Rental of facilities and equipment	3 679	3 897	4 128
Interest earned	19 701	19 923	20 158
Transfers recognised - operational	130 515	167 058	162 087
Other revenue	72 407	76 567	80 936
Total Revenue (excluding capital transfers and contributions)	1 077 956	1 170 121	1 224 080

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.

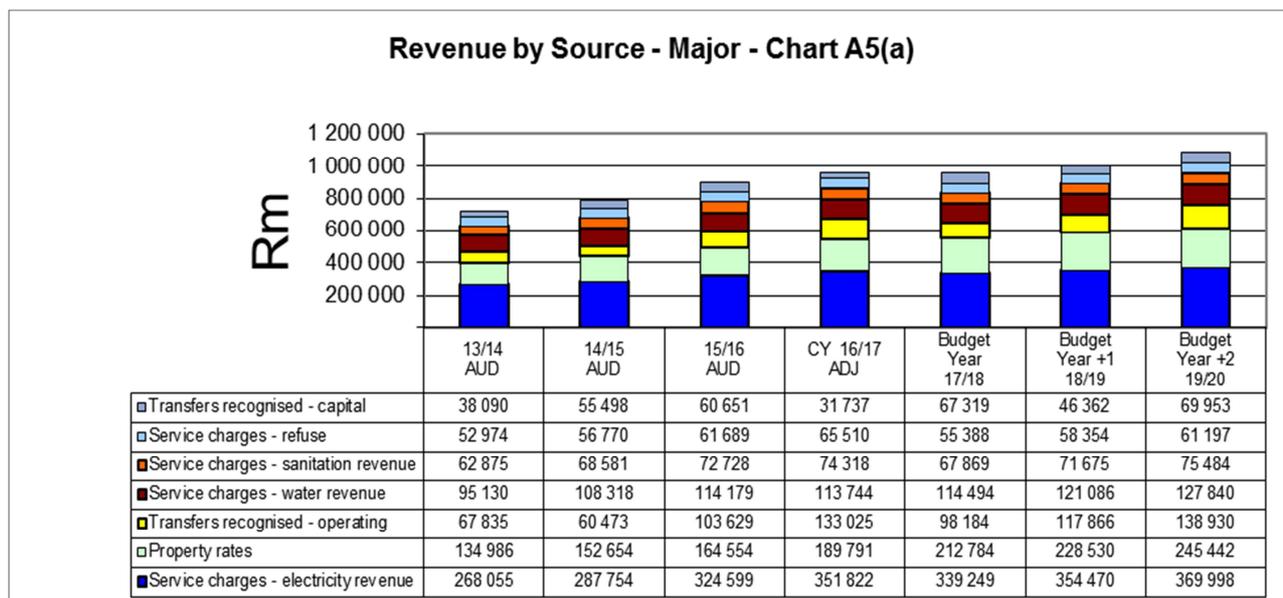


Figure 7 Breakdown of operating revenue over the 2018/19 MTREF

The following grants have been published in the DORA:

2018/2019 - 2020/2021 DORA & PROVINCIAL ALLOCATIONS			
	2018/2019	2019/2020	2020/21
NATIONAL			
EQUITABLE SHARE	96 068 000	106 383 000	117 674 000
FMG	1 550 000	1 550 000	1 550 000
EPWP	1 926 000	0	0
MIG	21 639 000	22 010 000	23 036 000
INEP	4 262 000	7 040 000	6 400 000
	125 445 000	136 983 000	148 660 000
PROVINCIAL			
Provincial Library Service Grant	6 747 000	7 111 000	7 502 000
Maintenance & construction of transport infrastructure	137 000		
Human Settlements Development Grant	59 100 000	81 140 000	69 000 000
Community Development Workers	74 000	74 000	74 000
Financial Management Capacity Building Grant	360 000	0	0
Financial Management Support Grant	280 000	280 000	
Thusong Services Centres Grant	100 000		100 000
	66 798 000	88 605 000	76 676 000

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation, solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 99 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;

- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements; and
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended (MPRA).

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Table 34 Proposed tariff increases for 2018/2019

Description	Current Year 2017/18	Budget Year 2018/19 % incr.	Budget Year 2018/19
Rand/cent			
Monthly Account for Household - 'Affordable Range'			
Rates and services charges:			
Property rates	152.70	6.0%	161.85
Electricity: Basic levy	267.52	9.0%	291.60
Electricity: Consumption	574.61	6.7%	612.87
Water: Basic levy	121.83	6.0%	129.14
Water: Consumption	268.19	6.5%	285.74
Sanitation	322.39	6.0%	341.89
Refuse removal	155.04	6.0%	164.34
Other	41.70	28.4%	53.54
sub-total	1 903.98	7.2%	2 040.97
VAT on Services	245.18		281.87
Total small household bill:	2 149.16	8.1%	2 322.84
% increase/-decrease	-		8.1%

It needs to be noted that the new infrastructure levy (Table 7 below) relates to a loan for water & waste water infrastructure networks, to be raised over the next three years.

Refer to Annexure C for Tariffs increases

The levying of property rates is considered a strategic revenue source.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket.

Operational grants and subsidies have shown increases over the MTREF. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF. This can be seen in the increase in equitable share over the MTREF.

Investment revenue contributes marginally to the revenue base. It needs to be noted that these allocations have been conservatively estimated. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 35 MBRR SA15 – Detail Investment Information

Investment type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	26 051	101 263	170 727						
Deposits - Public Investment Commissioners									
Guaranteed Endowment Policies (sinking)	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Municipal Bonds									
Consolidated total:	49 200	131 003	208 709	43 422	43 422	43 422	50 546	57 885	65 460

Table 36 MBRR SA16 – Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate	Commissi on Paid (Rands)	Commissi on Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
	Yrs/Months												
Parent municipality													
LIBERTY 15934476	15 Years	Policy	Yes	Variable	Fair Value Adjustment			01/09/2025	12 923	886		1 500	15 309
LIBERTY 21196964	14 Years	Policy	Yes	Variable	Fair Value Adjustment			01/09/2025	21 220	1 034		3 120	25 374
MOMENTUM 3853776	15 Years	Policy	Yes	Variable	Fair Value Adjustment			01/07/2026	2 349	30		360	2 739
													-
TOTAL INVESTMENTS AND INTEREST									36 492		-	4 980	43 422

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

Vote Description	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand			
Funded by:			
National Government	25 901	29 050	29 436
Provincial Government	36 067	29 480	33 813
District Municipality	-	-	-
Other transfers and grants	100	-	-
Transfers recognised - capital	62 068	58 530	63 249
Public contributions & donations	-	-	-
Borrowing	64 450	54 000	54 000
Internally generated funds	45 218	20 500	20 000
Total Capital Funding	171 736	133 030	137 249

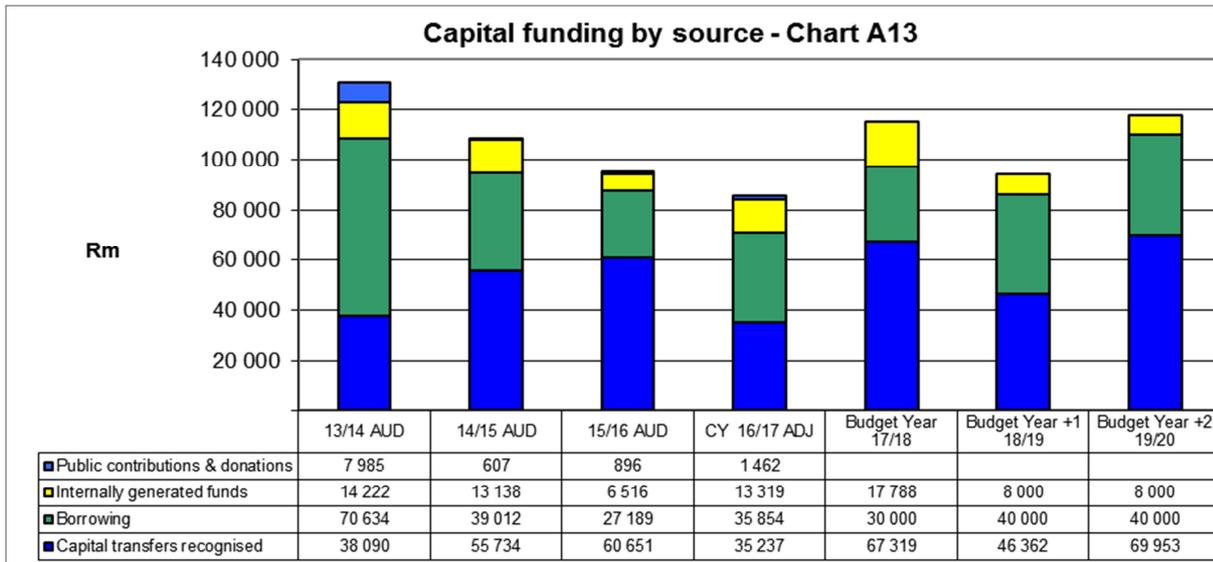


Figure 8 Sources of capital revenue for the 2018/19 financial year

Capital grants and receipts equates to 21 per cent of the total funding source which represents R36 million for the 2018/19 financial year.

Table 38 MBRR Table SA18 - Capital transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Capital Transfers and Grants									
National Government:	23 608	31 647	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Municipal Infrastructure Grant (MIG)	20 674	21 417	21 030	22 330	22 330	22 330	21 639	22 010	23 036
INEP	2 000	8 000	5 000	4 000	4 000	4 000	4 262	7 040	6 400
Finance Management		1 300							
Municipal Systems Improvement	934	930							
Provincial Government:	30 195	29 110	10 490	19 878	44 028	44 028	36 067	29 480	33 813
Human Settlements Development Grant	28 045	26 080	8 290	17 186	36 977	36 977	35 467	29 480	33 813
Library Services Grant	2 150	3 031	1 000	700	700	700	600		
Development of Sport & Recreation Facilities				1 171	1 171	1 171			
Fire Service Capacity Building Grant			1 200	800	800	800			
Community Development Workers Operational Support Grant				21	21	21			
Municipal Service Deliv & Cap Building Grant					360	360			
Public Transport Non- motorised Infrastructure					4 000	4 000			
Other grant providers:	2 000	-	-	-	-	-	-	-	-
National Lotto	1 000								
DWA ACIP	1 000								
Total Capital Transfers and Grants	55 803	60 757	36 520	46 208	70 358	70 358	61 968	58 530	63 249

Borrowing still remains a significant funding source for the own capital programme over the medium-term with an estimated R162 million new borrowing.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 39 MBRR Table SA17 - Detail of borrowings

Borrowing - Categorised by type R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Annuity and Bullet Loans	308 904	312 402	312 495	309 052	309 052	309 052	323 677	336 040	343 710
Long-Term Loans (non-annuity)	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Instalment Credit									
Financial Leases	60								
Total Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Unspent Borrowing - Categorised by type									
Long-Term Loans (annuity/reducing balance)	2 800				10 450	10 450			
Total Unspent Borrowing	2 800	-	-	-	10 450	10 450	-	-	-

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R45,2 million in 2018/2019.

It should be noted that the borrowing level remains constant over the MTREF, amounting to R54m per annum over the next three years.

The following graph illustrates the growth in outstanding borrowing for the 2014/15 to 2020/21 period.

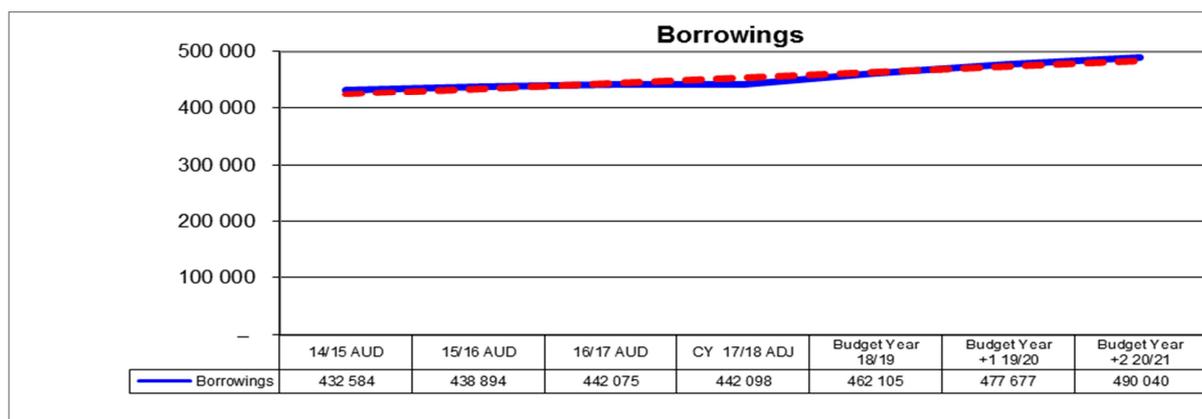


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management.

Table 40 MBRR Table A7 - Budgeted cash flow statement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	152 186	162 962	195 733	211 275	213 247	213 247	233 460	247 092	263 833
Service charges	518 153	570 606	622 776	573 549	582 043	582 043	612 618	648 315	692 173
Other revenue	55 358	65 644	80 337	67 761	65 566	65 566	78 951	75 924	76 350
Government - operating	59 769	103 190	118 349	113 688	129 218	129 218	130 515	167 058	162 087
Government - capital	54 852	60 394	34 841	47 840	73 441	73 441	61 968	58 530	63 249
Interest	10 423	14 944	23 018	17 165	22 663	22 663	19 701	19 923	20 158
Dividends							-	-	-
Payments									
Suppliers and employees	(637 438)	(719 905)	(790 356)	(858 220)	(871 724)	(871 724)	(905 973)	(1 028 002)	(1 091 485)
Finance charges	(43 433)	(46 193)	(45 910)	(47 440)	(47 440)	(47 440)	(47 834)	(50 433)	(52 064)
Transfers and Grants	(50 392)	(51 090)	(56 136)	(1 778)	(1 778)	(1 778)	(500)	(278)	(292)
NET CASH FROM/(USED) OPERATING ACTIVITIES	119 478	160 551	182 651	123 839	165 237	165 237	182 906	138 129	134 009
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	13 552	845	2 943	-	76 818	76 818	-	-	-
Decrease (increase) in non-current debtors				-	-	-	-	-	-
Decrease (increase) other non-current receivables	15	15	15	11	11	11	10	10	7
Decrease (increase) in non-current investments	(4 980)	(4 980)	(4 980)	(6 019)	(6 019)	(6 019)	(7 124)	(7 339)	(7 575)
Payments									
Capital assets	(109 902)	(95 133)	(91 868)	(97 648)	(116 620)	(116 620)	(171 736)	(133 030)	(137 249)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(101 315)	(99 253)	(93 891)	(103 656)	(45 810)	(45 810)	(178 850)	(140 359)	(144 817)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-	-	-
Borrowing long term/refinancing	40 000	30 000	30 000	30 000	30 000	30 000	54 000	54 000	54 000
Increase (decrease) in consumer deposits	3 983	2 200	(6 904)	2 786	2 786	2 786	3 937	4 252	3 444
Payments									
Repayment of borrowing	(20 317)	(23 704)	(26 822)	(29 976)	(29 568)	(29 568)	(33 993)	(38 428)	(41 636)
NET CASH FROM/(USED) FINANCING ACTIVITIES	23 666	8 496	(3 727)	2 810	3 218	3 218	23 944	19 824	15 808
NET INCREASE/ (DECREASE) IN CASH HELD	41 828	69 794	85 034	22 992	122 645	122 645	28 000	17 594	5 000
Cash/cash equivalents at the year begin:	63 158	104 987	174 780	191 944	259 814	259 814	382 460	410 460	428 053
Cash/cash equivalents at the year end:	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053

The above table shows that cash and cash equivalents of the Municipality reflects steady growth from the 201/2015 to 2017/2018 financial years. For the 2018/19 MTREF the budget has been prepared to ensure sustained levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R410 million by 2018/19 and steadily increasing to R433 million by 2020/21.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- The predicted cash and investments available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded' It is also important to analyse trends to understand the consequences. Small cash surpluses have been realised over the past three years, which is inevitably utilised to finance capital. The working capital has to be optimally managed.

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available									
Cash/cash equivalents at the year end	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053
Other current investments > 90 days	-	-	-	-	-	-	(0)	(0)	0
Non current assets - Investments	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Cash and investments available:	128 136	204 521	297 796	258 358	425 881	425 881	461 006	485 938	498 513
Application of cash and investments									
Unspent conditional transfers	2 076	1 380	6 476	-	-	-	-	-	-
Unspent borrowing	2 800	-	-	-	10 450	10 450	-	-	-
Statutory requirements									
Other working capital requirements	(39 810)	(32 015)	(24 811)	(46 872)	(46 710)	(46 710)	(40 110)	(55 596)	(84 243)
Other provisions									
Long term investments committed	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Reserves to be backed by cash/investments	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
Total Application of cash and investments:	(9 214)	1 281	22 898	(1 010)	9 602	9 602	13 737	5 630	(15 433)
Surplus(shortfall)	137 349	203 239	274 898	259 368	416 279	416 279	447 269	480 309	513 946

From the above table it can be seen that the cash and investments total R426 million in the 2017/2018 financial year and increase to R461 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. Stringent measures have been implemented by NT regarding unspent grants.
- Unspent borrowing amounting to R10,5m from the previous financial year is anticipated. Borrowings are only drawn down once substantial expenditure has incurred against the particular projects.
- Provisions for statutory requirements could include VAT owing to SARS at year end.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation, at least two months operational expenditure is covered at all times. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

When considering the funding requirements of section 18 and 19 of the MFMA, it needs to be noted that for all practical purposes the 2018/2019 MTREF is funded, from a pure cash flow perspective (cash out flow versus cash inflow), and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

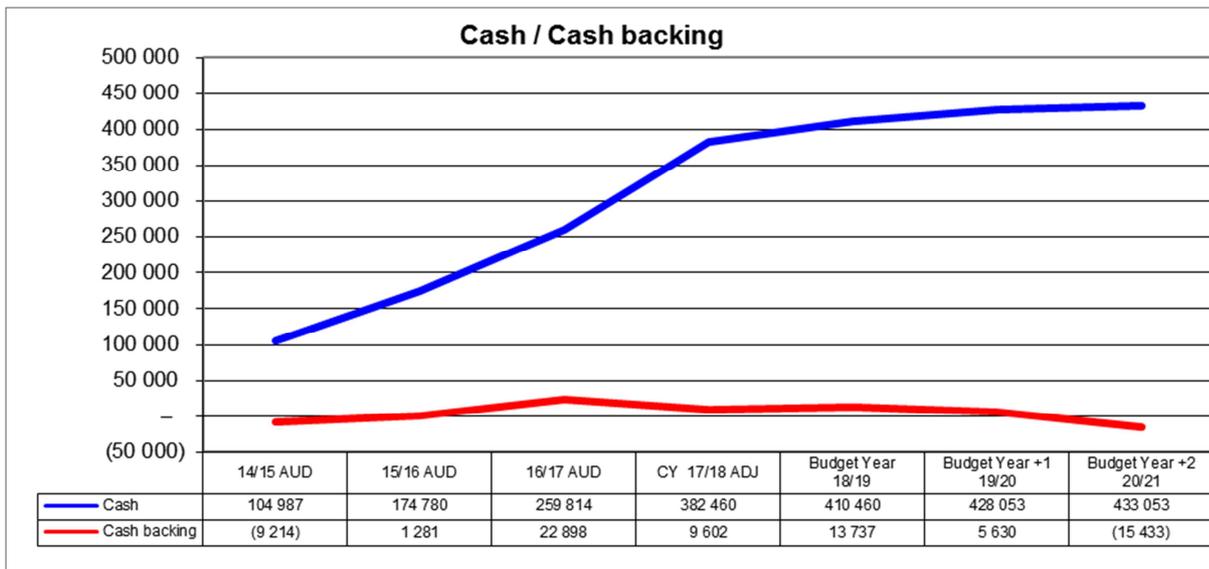


Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 42 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053
Cash + investments at the yr end less applications - R'000	18(1)b	137 349	203 239	274 898	259 368	426 729	426 729	447 269	480 309	513 946
Cash year end/monthly employee/supplier payments	18(1)b	1.9	2.9	0.1	3.2	-	-	5.6	5.4	5.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	3.4%	5.4%	(9.8%)	(4.7%)	(6.0%)	0.3%	(0.0%)	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	99.1%	99.0%	98.5%	98.5%	98.4%	98.4%	99.3%	98.4%	98.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	1.1%	1.9%	2.7%	2.9%	2.8%	2.8%	2.7%	2.5%	2.4%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	73.8%	87.0%	59.9%	60.2%	69.5%	69.5%	49.2%	72.5%	73.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.1%	100.0%	100.0%
Current consumer debtors % change - incr/(decr)	18(1)a	N.A.	(0.6%)	2.4%	14.6%	0.0%	0.0%	4.5%	10.4%	7.4%
Long term receivables % change - incr/(decr)	18(1)a	N.A.	(24.6%)	(33.8%)	(24.5%)	0.0%	0.0%	(49.1%)	(64.4%)	(84.7%)
R&M % of Property Plant & Equipment	20(1)(vi)	4.4%	3.1%	3.4%	4.9%	5.5%	5.5%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	29.8%	16.7%	37.5%	11.6%	6.6%	6.6%	7.9%	15.8%	10.2%
Total Operating Revenue		804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080
Total Operating Expenditure		924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Operating Performance Surplus/(Deficit)		(119 542)	(7 036)	5 432	(44 584)	(4 556)	(4 556)	(46 301)	(51 293)	(25 420)
Revenue										
% Increase in Total Operating Revenue			15.7%	13.2%	(5.7%)	5.5%	0.0%	2.9%	8.6%	4.6%
% Increase in Property Rates Revenue			7.8%	19.8%		8.0%	0.0%	9.4%	6.0%	6.0%
% Increase in Electricity Revenue			12.8%	9.5%	(4.6%)	0.0%	0.0%	7.8%	6.0%	6.0%
% Increase in Property Rates & Services Charges			9.4%	11.4%	(3.8%)	1.3%	0.0%	6.3%	6.0%	6.0%
Expenditure										
% Increase in Total Operating Expenditure			1.5%	11.7%	(0.9%)	1.4%	0.0%	6.8%	8.6%	2.3%
% Increase in Employee Costs			1.8%	10.0%	10.4%	(1.2%)	0.0%	10.0%	6.1%	5.3%
% Increase in Electricity Bulk Purchases			16.1%	11.8%	(2.8%)	2.4%	0.0%	7.3%	7.3%	7.3%
R&M % of PPE		4.4%	3.1%	3.4%	4.9%	5.5%	5.5%	0.0%	0.0%	0.0%
Asset Renewal and R&M as a % of PPE		5.0%	3.0%	4.0%	6.0%	6.0%	6.0%	2.0%	1.0%	0.0%
Debt Impairment % of Total Billable Revenue		1.1%	1.9%	2.7%	2.9%	2.8%	2.8%	2.7%	2.5%	2.4%
Capital Revenue										
Internally Funded & Other (R'000)		15 157	7 292	14 544	19 808	19 983	19 983	45 218	20 500	20 000
Borrowing (R'000)		39 012	27 189	35 550	30 000	23 200	23 200	64 450	54 000	54 000
Grant Funding and Other (R'000)		55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Internally Generated funds % of Non Grant Funding		28.0%	21.1%	29.0%	39.8%	46.3%	46.3%	41.2%	27.5%	27.0%
Borrowing % of Non Grant Funding		72.0%	78.9%	71.0%	60.2%	53.7%	53.7%	58.8%	72.5%	73.0%
Grant Funding % of Total Funding		50.7%	63.8%	45.5%	49.0%	63.0%	63.0%	36.1%	44.0%	46.1%
Capital Expenditure										
Total Capital Programme (R'000)		109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Asset Renewal		32 727	15 884	34 479	11 280	7 713	7 713	13 550	21 000	14 000
Asset Renewal % of Total Capital Expenditure		29.8%	16.7%	37.5%	11.6%	6.6%	6.6%	7.9%	15.8%	10.2%
Cash										
Cash Receipts % of Rate Payer & Other		99.1%	99.0%	98.5%	98.5%	98.4%	98.4%	99.3%	98.4%	98.7%
Borrowing										
Capital Charges to Operating		6.9%	7.5%	1.8%	17.1%	16.9%	16.9%	7.3%	7.3%	7.5%
Borrowing Receipts % of Capital Expenditure		73.8%	87.0%	59.9%	60.2%	69.5%	69.5%	49.2%	72.5%	73.0%
Reserves										
Surplus/(Deficit)		137 349	203 239	274 898	259 368	426 729	426 729	447 269	480 309	513 946
Free Services										
Free Basic Services as a % of Equitable Share		7.8%	5.5%	7.1%	75.6%	75.6%	75.6%	74.8%	75.7%	327.5%
Free Services as a % of Operating Revenue (excl operational transfers)		5.1%	5.0%	5.4%	6.5%	6.2%	6.2%	0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance										
Total Operating Revenue		804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080
Total Operating Expenditure		924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) Budgeted Operating Statement		(119 542)	(7 036)	5 432	(44 584)	(4 556)	(4 556)	(46 301)	(51 293)	(25 420)
Surplus/(Deficit) Considering Reserves and Cash Backing		137 349	203 239	274 898	259 368	426 729	426 729	447 269	480 309	513 946
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü		✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2018/19 MTREF shows R410 million, R428 million and R433 million for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 41, on page 70. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as services boycotts. The ratio is at 3.2 for the 2018/2019 MTREF.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. The issue relating to depreciation has been discussed at length elsewhere in this report. This indicator cannot be measured as depreciation offset do not form part of the GRAP reporting framework. It needs to be noted that a deficit does not necessarily mean that the budget not is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 5,3 per cent). Refer to Annexure B for Rates, Tariffs and Service Charges.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 99,9 per cent performance target, the cash flow statement has been accurately determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

Overstrand Municipality has provided for adequate Debt impairment.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to ensure strict compliance with the legislative requirement that creditors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 38, 41 and 39 per cent of own funded capital.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 56 MBRR SA34C on page 89.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The new mSCOA Framework has further categorised asset classes. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 55 MBRR SA34b on page 88.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 43 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	3 900	3 701	3 397	3 850	3 850	3 850	3 476	1 550	1 550
Local Government Equitable Share									
Finance Management	860	2 040	1 475	1 550	1 550	1 550	1 550	1 550	1 550
Municipal Systems Improvement									
EPWP Incentive	1 768	1 661	1 922	2 300	2 300	2 300	1 926		
Disaster recovery grant	1 272								
Provincial Government:	4 551	36 630	38 034	25 615	41 144	41 144	30 731	59 125	42 863
Human Settlements Development Grant	632	29 425	31 921	18 779	33 892	33 892	23 633	51 660	35 187
Library Services Grant	3 182	5 307	5 889	6 306	6 306	6 306	6 147	7 111	7 502
Financial Management Capacity Building Grant				240	240	240	360		
Community Development Workers Oper. Sup Grant	70	72	75	54	54	54	74	74	74
Maintenance & Constnction of Transport Infrastructure	83	114	137	139	139	139	137		
Greenest Municipality Competition	38			50	120	120			
Local Government Internship Graduate Grant			12	48	114	114			
Western Cape Financial Management Support Grant	547	1 513			280	280	280	280	
Thusong Service Centre		200					100		100
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:									
Total operating expenditure of Transfers and Grants:	8 452	40 331	41 431	29 465	44 994	44 994	34 207	60 675	44 413
Capital expenditure of Transfers and Grants									
National Government:	23 608	30 347	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Municipal Infrastructure Grant (MIG)	20 674	21 417	21 030	22 330	22 330	22 330	21 639	22 010	23 036
INEP	2 000	8 000	5 000	4 000	4 000	4 000	4 262	7 040	6 400
Municipal Systems Improvement	934	930							
Provincial Government:	31 890	29 004	7 681	21 510	47 111	47 111	36 067	29 480	33 813
Human Settlements Development Grant	29 740	25 974	7 651	17 186	37 890	37 890	35 467	29 480	33 813
Library Services Grant	2 150	3 031	30	1 132	1 670	1 670	600		
Development of Sport & Recreation Facilities				1 171	1 171	1 171			
Fire Service Capacity Building Grant				2 000	2 000	2 000			
Community Development Workers Oper. Sup Grant				21	21	21			
Municipal Service Delivery and Capacity Building Grant					360	360			
Public Transport Non-motorised Infrastructure					4 000	4 000			
Other grant providers:	1 000	-	-	-	-	-	-	-	-
National Lotto	1 000								
Total capital expenditure of Transfers and Grants	56 498	59 351	33 711	47 840	73 441	73 441	61 968	58 530	63 249
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	64 949	99 683	75 143	77 305	118 435	118 435	96 175	119 205	107 662

Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year		590							
Current year receipts	56 511	67 709	76 347	88 073	88 073	88 073	99 544	107 933	119 224
Conditions met - transferred to revenue	55 921	68 299	76 347	88 073	88 073	88 073	99 544	107 933	119 224
Conditions still to be met - transferred to liabilities	590								
Provincial Government:									
Balance unspent at beginning of the year	683	213	2 944	1 238	2 471	2 471	240		
Current year receipts	4 081	35 118	41 312	24 378	38 673	38 673	30 731	59 125	42 863
Conditions still to be met - transferred to liabilities	213		6 192						
District Municipality:									
Balance unspent at beginning of the year									
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Total operating transfers and grants - CTBM	802	-	6 192	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	23 608	30 347	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Conditions met - transferred to revenue	23 608	30 347	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Provincial Government:									
Balance unspent at beginning of the year	2 618			1 632	3 078	3 078			
Current year receipts	29 508	30 410	10 490	19 878	44 028	44 028	36 067	29 480	33 813
Conditions met - transferred to revenue	32 126	30 304	10 490	21 510	47 106	47 106	36 067	29 480	33 813
Conditions still to be met - transferred to liabilities		106							
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Balance unspent at beginning of the year							100		
Current year receipts			5 254						
Conditions met - transferred to revenue	-	-	5 254	-	-	-	100	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Total capital transfers and grants - CTBM	-	106	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	116 206	164 281	156 186	161 528	202 653	202 653	192 583	225 588	225 336
TOTAL TRANSFERS AND GRANTS - CTBM	802	106	6 192	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	105 925	116 206	164 281	169 775	168 262	168 262	165 503	164 228	208 883
TOTAL TRANSFERS AND GRANTS - CTBM	3 065	802	106	-	(106)	(106)	-	-	-

2.8 Councillor and employee benefits

Table 45 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	7 533	7 961	8 608	9 393	9 166	9 166	9 862	10 357	10 877
Pension and UIF Contributions					-	-			
Medical Aid Contributions					-	-			
Motor Vehicle Allowance					-	-			
Cellphone Allowance	570	606	657	660	1 086	1 086	1 110	1 161	1 215
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
Senior Managers of the Municipality									
Basic Salaries and Wages	9 190	9 543	9 944	10 753	10 753	10 753	10 954	11 507	12 091
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance	147	154	158	175	175	175	194	203	212
Housing Allowances									
Other benefits and allowances		32							
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	9 337	9 729	10 102	10 928	10 928	10 928	11 148	11 710	12 303
Other Municipal Staff									
Basic Salaries and Wages	168 541	175 857	175 723	204 000	199 269	199 269	209 995	223 809	235 378
Pension and UIF Contributions	27 068	29 587	30 114	35 806	35 564	35 564	39 089	41 683	44 063
Medical Aid Contributions	9 363	9 829	10 523	12 625	12 433	12 433	13 697	14 225	14 659
Overtime	14 765	15 724	15 613	15 622	16 076	16 076	23 325	24 701	26 159
Performance Bonus				-	-	-			
Motor Vehicle Allowance	9 634	7 222	7 602	8 213	8 213	8 213	8 595	8 295	8 299
Cellphone Allowance	1 750	1 119	1 483	1 475	1 450	1 450	2 049	2 163	2 265
Housing Allowances	944	4 608	5 064	5 405	5 340	5 340	2 542	2 542	2 542
Other benefits and allowances	11 228	10 248	26 398	29 993	27 235	27 235	37 726	39 879	41 990
Payments in lieu of leave	996	1 815	1 385	765	965	965	1 062	1 168	1 285
Long service awards	1 161	2 288	1 836	669	1 769	1 769	1 946	2 140	2 354
Post-retirement benefit obligations	15 032	6 539	16 076	7 724	9 924	9 924	10 916	12 008	13 209
Sub Total - Other Municipal Staff	260 483	264 835	291 817	322 297	318 237	318 237	350 942	372 615	392 204
Total Parent Municipality	277 924	283 130	311 185	343 277	339 418	339 418	373 062	395 843	416 598
TOTAL SALARY, ALLOWANCES & BENEFITS	277 924	283 130	311 185	343 277	339 418	339 418	373 062	395 843	416 598
TOTAL MANAGERS AND STAFF	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507

Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum							
Councillors							
Speaker	1	669 066		44 412			713 478
Chief Whip							-
Executive Mayor	1	817 552		44 412			861 964
Deputy Executive Mayor	1	668 568		44 412			712 980
Executive Committee	4	3 134 662		222 060			3 356 722
Total for all other councillors	18	4 572 112		755 004			5 327 116
Total Councillors	-	9 861 960	-	1 110 300			10 972 260
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 700 000		28 536			1 728 536
Chief Finance Officer	1	1 727 185		25 536			1 752 721
Community Services Director	1	1 490 236		28 536			1 518 772
Management Services Director	1	1 469 138		28 536			1 497 674
LED Director	1	1 433 440		25 536			1 458 976
Infrastructure and Planning Director	1	1 732 691		28 536			1 761 227
Protection Services Director	1	1 401 393		28 536			1 429 929
Total Senior Managers of the Municipality	-	10 954 083	-	193 752	-		11 147 835
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	-	20 816 043	-	1 304 052	-		22 120 095

Table 47 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2016/17			Current Year 2017/18			Budget Year 2018/19		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	25	7		25	7		25	7	
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	7	7		7	7		7	7	
Other Managers	55	52		55	53		56	54	
Professionals	57	43	-	23	19	-	23	21	-
<i>Finance</i>	23	17		20	16		20	18	
<i>Spatial/town planning</i>	8	7							
<i>Information Technology</i>				1	1		1	1	
<i>Roads</i>	8	6							
<i>Electricity</i>	8	6							
<i>Water</i>	4	1							
<i>Sanitation</i>	3	3							
<i>Refuse</i>	3	3							
<i>Other</i>				2	2		2	2	
Technicians	202	190	-	190	167	-	188	167	-
<i>Finance</i>									
<i>Spatial/town planning</i>	6	5		13	12		13	12	
<i>Information Technology</i>	4	3		5	3		5	3	
<i>Roads</i>	3	3		9	9		9	8	
<i>Electricity</i>	22	18		30	25		30	24	
<i>Water</i>	5	4		20	16		19	18	
<i>Sanitation</i>	6	6		2	2		2	2	
<i>Refuse</i>	3	3		5	5		4	4	
<i>Other</i>	153	148		106	95		106	96	
Clerks (Clerical and administrative)	186	173		263	232		262	234	
Service and sales workers	144	105		128	96		104	95	
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	25	24		63	54		59	55	
Elementary Occupations	466	434		418	400		423	405	
TOTAL PERSONNEL NUMBERS	1 167	1 035	-	1 172	1 035	-	1 147	1 045	-
% increase				0.4%	-	-	(2.1%)	1.0%	-
Total municipal employees headcount	1 112	1 028		1 147	1 028		1 122	1 038	
Finance personnel headcount	113	100		113	103		113	100	
Human Resources personnel headcount	18	17		18	17		18	18	

2.9 Monthly targets for revenue, expenditure and cash flow

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Revenue By Source															
Property rates	19 309	19 309	19 309	19 309	19 309	20 952	19 309	19 309	19 309	19 309	19 309	20 952	234 998	249 098	264 044
Service charges - electricity revenue	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	365 721	387 620	410 845
Service charges - water revenue	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	116 781	123 754	131 147
Service charges - sanitation revenue	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	73 164	77 554	82 207
Service charges - refuse revenue	5 082	5 082	5 082	5 082	5 082	5 083	5 082	5 082	5 082	5 082	5 082	5 083	60 990	64 649	68 528
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	302	302	314	302	302	319	302	302	314	302	302	319	3 679	3 897	4 128
Interest earned - external investments	1 333	1 333	1 333	1 333	1 333	1 334	1 333	1 333	1 333	1 333	1 333	1 334	16 001	16 001	16 001
Interest earned - outstanding debtors	308	308	308	308	308	308	308	308	308	308	308	308	3 700	3 922	4 157
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	34 964	37 059	39 280
Licences and permits	198	198	209	198	198	221	198	198	209	198	198	221	2 447	2 593	2 749
Agency services	308	308	315	308	308	315	308	308	315	308	308	315	3 726	3 970	4 187
Transfers and subsidies	846	846	28 387	846	846	28 387	846	846	28 387	846	846	38 587	130 515	167 058	162 087
Other revenue	2 248	2 248	2 693	2 248	2 248	2 945	2 248	2 248	2 693	2 248	2 248	4 957	31 270	32 945	34 721
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	79 151	79 151	107 177	79 151	79 151	109 090	79 151	79 151	107 177	79 151	79 151	121 302	1 077 956	1 170 121	1 224 080
Expenditure By Type															
Employee related costs	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	362 090	384 325	404 507
Remuneration of councillors	914	914	914	914	914	914	914	914	914	914	914	914	10 972	11 518	12 091
Debt impairment	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	22 792	22 792	22 792
Depreciation & asset impairment	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	21 724	130 362	128 876	127 899
Finance charges	-	-	-	-	-	23 917	-	-	-	-	-	23 917	47 834	50 433	52 064
Bulk purchases	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	232 288	249 310	267 556
Other materials	2 446	2 441	9 408	2 446	2 441	9 432	2 446	2 441	9 408	2 446	2 441	9 806	57 605	89 033	74 164
Contracted services	12 400	12 400	16 413	12 400	12 400	30 976	12 400	12 400	16 429	12 400	12 400	32 623	195 642	215 879	217 715
Transfers and subsidies	42	42	42	42	42	42	42	42	42	42	42	42	500	278	292
Other expenditure	5 970	4 627	5 352	4 627	4 627	5 396	4 627	4 627	5 352	5 075	4 627	9 265	64 171	68 969	70 420
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	83 080	81 731	93 436	81 736	81 731	131 984	81 736	81 731	93 452	82 184	81 731	149 723	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(3 928)	(2 580)	13 741	(2 585)	(2 580)	(22 895)	(2 585)	(2 580)	13 725	(3 033)	(2 580)	(28 421)	(46 301)	(51 293)	(25 420)
Transfers and subsidies - capital (monetary allocations)	-	-	11 215	-	-	11 215	-	-	11 215	-	-	28 324	61 968	58 530	63 249
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829
Surplus/(Deficit)	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote															
Vote 1 - Council	15	15	6 217	15	15	6 217	15	15	6 217	15	15	6 217	24 988	26 998	29 854
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	28	28	31	28	28	146	28	28	31	28	28	146	580	600	622
Vote 4 - Finance	21 590	21 590	21 662	21 590	21 590	23 313	21 590	21 590	21 662	21 590	21 590	25 324	264 683	279 336	294 588
Vote 5 - Community Services	22 545	22 545	39 457	22 545	22 545	39 601	22 545	22 545	39 457	22 545	22 545	39 812	338 686	359 845	383 338
Vote 6 - Local Economic Development	186	186	186	186	186	186	186	186	186	186	186	186	2 226	300	300
Vote 7 - Infrastructure & Planning	31 386	31 386	47 168	31 386	31 386	47 169	31 386	31 386	47 168	31 386	31 386	74 269	466 865	517 165	531 557
Vote 8 - Protection Services	3 401	3 401	3 672	3 401	3 401	3 673	3 401	3 401	3 672	3 401	3 401	3 673	41 896	44 408	47 070
Total Revenue by Vote	79 151	79 151	118 392	79 151	79 151	120 304	79 151	79 151	118 392	79 151	79 151	149 626	1 139 924	1 228 651	1 287 329
Expenditure by Vote to be appropriated															
Vote 1 - Council	3 845	2 502	2 824	2 502	2 502	2 824	2 502	2 502	2 824	2 949	2 502	2 772	33 046	34 567	37 100
Vote 2 - Municipal Manager	405	405	473	405	405	474	405	405	473	405	405	515	5 175	5 396	5 621
Vote 3 - Management Services	4 123	4 123	4 153	4 123	4 123	4 230	4 123	4 123	4 153	4 123	4 123	8 533	54 054	57 516	59 417
Vote 4 - Finance	6 471	6 471	6 541	6 471	6 471	6 592	6 471	6 471	6 541	6 471	6 471	6 593	78 037	87 971	84 762
Vote 5 - Community Services	26 571	26 571	31 260	26 571	26 571	59 027	26 571	26 571	31 260	26 571	26 571	72 472	406 587	425 084	441 127
Vote 6 - Local Economic Development	677	671	722	677	671	738	677	671	738	677	671	738	8 329	8 912	9 306
Vote 7 - Infrastructure & Planning	33 866	33 866	40 202	33 866	33 866	50 838	33 866	33 866	40 202	33 866	33 866	50 839	453 011	509 737	519 620
Vote 8 - Protection Services	7 122	7 122	7 261	7 122	7 122	7 261	7 122	7 122	7 261	7 122	7 122	7 261	86 017	92 232	92 548
Total Expenditure by Vote	83 080	81 731	93 436	81 736	81 731	131 984	81 736	81 731	93 452	82 184	81 731	149 723	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) before assoc.	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829
Surplus/(Deficit)	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (functional classification)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Revenue - Functional															
<i>Governance and administration</i>	21 672	21 672	27 981	21 672	21 672	29 760	21 672	21 672	27 981	21 672	21 672	31 772	290 873	307 609	325 754
Executive and council	18	18	6 235	18	18	6 247	18	18	6 235	18	18	6 247	25 110	27 147	29 991
Finance and administration	21 654	21 654	21 746	21 654	21 654	23 513	21 654	21 654	21 746	21 654	21 654	25 525	265 764	280 462	295 763
Internal audit															
<i>Community and public safety</i>	1 612	1 612	9 965	1 612	1 612	9 973	1 612	1 612	9 965	1 612	1 612	36 793	79 591	107 729	88 500
Community and social services	586	586	661	586	586	664	586	586	661	586	586	664	7 337	10 149	3 228
Sport and recreation	952	952	969	952	952	973	952	952	969	952	952	973	11 500	14 686	14 413
Public safety	19	19	280	19	19	281	19	19	280	19	19	281	1 272	1 348	1 429
Housing	55	55	8 055	55	55	8 055	55	55	8 055	55	55	34 875	59 482	81 545	69 430
Health															
<i>Economic and environmental services</i>	4 357	4 357	5 242	4 357	4 357	5 367	4 357	4 357	5 242	4 357	4 357	5 857	56 563	60 504	66 651
Planning and development	950	950	950	950	950	950	950	950	950	950	950	950	11 398	10 041	10 643
Road transport	3 407	3 407	4 292	3 407	3 407	4 417	3 407	3 407	4 292	3 407	3 407	4 907	45 164	50 463	56 008
Environmental protection						0						(0)			
<i>Trading services</i>	51 510	51 510	75 203	51 510	51 510	75 204	51 510	51 510	75 203	51 510	51 510	75 204	712 897	752 809	806 423
Energy sources	30 597	30 597	38 379	30 597	30 597	38 379	30 597	30 597	38 379	30 597	30 597	38 379	398 292	425 983	451 913
Water management	9 698	9 698	14 435	9 698	9 698	14 435	9 698	9 698	14 435	9 698	9 698	14 435	135 326	143 633	154 132
Waste water management	6 130	6 130	13 408	6 130	6 130	13 408	6 130	6 130	13 408	6 130	6 130	13 408	102 669	101 244	112 737
Waste management	5 085	5 085	8 982	5 085	5 085	8 982	5 085	5 085	8 982	5 085	5 085	8 982	76 610	81 949	87 641
<i>Other</i>															
Total Revenue - Functional	79 151	79 151	118 392	79 151	79 151	120 304	79 151	79 151	118 392	79 151	79 151	149 626	1 139 924	1 228 651	1 287 329
Expenditure - Functional															
<i>Governance and administration</i>	18 512	17 168	19 529	17 168	17 168	19 662	17 168	17 168	19 529	17 616	17 168	24 051	221 910	239 106	242 975
Executive and council	5 249	3 906	5 736	3 906	3 906	5 738	3 906	3 906	5 736	4 354	3 906	5 779	56 029	58 819	62 446
Finance and administration	13 045	13 045	13 510	13 045	13 045	13 642	13 045	13 045	13 510	13 045	13 045	17 990	163 015	177 271	177 359
Internal audit	217	217	283	217	217	283	217	217	283	217	217	283	2 866	3 016	3 170
<i>Community and public safety</i>	8 127	8 127	16 095	8 127	8 127	16 529	8 127	8 127	16 095	8 127	8 127	29 326	143 061	179 208	165 776
Community and social services	1 287	1 287	1 380	1 287	1 287	1 383	1 287	1 287	1 380	1 287	1 287	1 389	15 827	16 776	17 796
Sport and recreation	3 260	3 260	4 383	3 260	3 260	4 813	3 260	3 260	4 383	3 260	3 260	17 603	57 262	59 847	62 337
Public safety	3 230	3 230	3 298	3 230	3 230	3 298	3 230	3 230	3 298	3 230	3 230	3 230	39 035	43 899	43 036
Housing	350	350	7 034	350	350	7 034	350	350	7 034	350	350	7 034	30 936	58 686	42 607
Health															
<i>Economic and environmental services</i>	13 949	13 944	14 663	13 949	13 944	27 256	13 949	13 944	14 663	13 949	13 944	27 384	195 539	205 586	211 337
Planning and development	2 970	2 964	2 981	2 970	2 964	2 981	2 970	2 964	2 981	2 970	2 964	2 982	35 662	37 333	39 215
Road transport	9 981	9 981	10 683	9 981	9 981	23 276	9 981	9 981	10 683	9 981	9 981	23 402	147 890	155 374	159 246
Environmental protection	999	999	999	999	999	999	999	999	999	999	999	999	11 986	12 879	12 876
<i>Trading services</i>	42 222	42 222	42 844	42 222	42 222	68 216	42 222	42 222	42 844	42 222	42 222	68 641	560 317	593 888	625 649
Energy sources	24 051	24 051	24 051	24 051	24 051	32 303	24 051	24 051	24 051	24 051	24 051	32 303	305 112	324 261	344 382
Water management	7 251	7 251	7 283	7 251	7 251	18 676	7 251	7 251	7 283	7 251	7 251	18 750	109 996	116 316	119 828
Waste water management	5 597	5 597	5 768	5 597	5 597	10 932	5 597	5 597	5 768	5 597	5 597	11 282	78 529	83 497	87 320
Waste management	5 323	5 323	5 742	5 323	5 323	6 306	5 323	5 323	5 742	5 323	5 323	6 306	66 680	69 814	74 119
<i>Other</i>	270	270	305	270	270	321	270	270	321	270	270	321	3 429	3 627	3 764
Total Expenditure - Functional	83 080	81 731	93 436	81 736	81 731	131 984	81 736	81 731	93 452	82 184	81 731	149 723	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Multi-year expenditure to be appropriated															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	16 074	-	-	16 074	-	-	16 074	-	-	16 074	64 297	68 210	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	-	14 560	-	-	14 560	-	-	14 560	-	-	14 560	58 239	39 770	-
Vote 8 - Protection Services	-	-	125	-	-	125	-	-	125	-	-	125	500	-	-
Capital multi-year expenditure sub-total	-	-	30 759	-	-	30 759	-	-	30 759	-	-	30 759	123 036	107 980	-
Single-year expenditure to be appropriated															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	1 027	-	-	1 027	-	-	1 027	-	-	1 027	4 106	-	-
Vote 4 - Finance	3	3	3	3	3	3	3	3	3	3	3	3	30	-	-
Vote 5 - Community Services	-	-	7 706	-	-	7 706	-	-	7 706	-	-	7 706	30 823	14 800	82 036
Vote 6 - Local Economic Development	-	-	1 406	-	-	1 406	-	-	1 406	-	-	1 406	5 625	-	-
Vote 7 - Infrastructure & Planning	-	-	275	-	-	275	-	-	275	-	-	275	1 100	9 750	55 213
Vote 8 - Protection Services	-	-	1 754	-	-	1 754	-	-	1 754	-	-	1 754	7 016	500	-
Capital single-year expenditure sub-total	3	3	12 170	3	3	12 170	3	3	12 170	3	3	12 170	48 699	25 050	137 249
Total Capital Expenditure	3	3	42 929	3	3	42 929	3	3	42 929	3	3	42 929	171 736	133 030	137 249

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (functional classification)

WC032 Overstrand - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional															
<i>Governance and administration</i>	3	3	-	3	3	-	3	3	-	3	3	5 816	5 836	20 000	20 000
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	3	3	-	3	3	-	3	3	-	3	3	5 816	5 836	20 000	20 000
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	-	30 759	-	-	4 514	-	-	-	-	-	19 141	54 414	34 980	37 813
Community and social services	-	-	-	-	-	4 514	-	-	-	-	-	-	4 514	2 500	2 500
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	5 557	5 557	2 500	1 500
Public safety	-	-	-	-	-	-	-	-	-	-	-	8 876	8 876	500	-
Housing	-	-	30 759	-	-	-	-	-	-	-	-	4 708	35 467	29 480	33 813
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	-	-	5 700	-	-	-	-	-	-	-	-	9 095	14 795	6 500	2 000
Planning and development	-	-	5 700	-	-	-	-	-	-	-	-	25	5 725	-	-
Road transport	-	-	-	-	-	-	-	-	-	-	-	9 070	9 070	6 500	2 000
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	6 470	-	-	38 415	-	-	42 929	-	-	8 877	96 691	71 550	77 436
Energy sources	-	-	6 470	-	-	18 302	-	-	-	-	-	-	24 772	20 040	21 400
Water management	-	-	-	-	-	20 113	-	-	11 964	-	-	-	32 077	32 072	32 075
Waste water management	-	-	-	-	-	-	-	-	30 965	-	-	7 377	38 342	19 438	23 961
Waste management	-	-	-	-	-	-	-	-	-	-	-	1 500	1 500	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	3	42 929	3	3	42 929	3	3	42 929	3	3	42 929	171 736	133 030	137 249

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20
Cash Receipts By Source													1		
Property rates	19 183	19 183	19 183	19 183	19 183	20 817	19 183	19 183	19 183	19 183	19 183	20 817	233 460	247 092	263 833
Service charges - electricity revenue	30 276	30 276	30 276	30 276	30 276	30 281	30 276	30 276	30 276	30 276	30 276	30 281	363 327	384 499	410 517
Service charges - water revenue	9 668	9 668	9 668	9 668	9 668	9 669	9 668	9 668	9 668	9 668	9 668	9 669	116 016	122 758	131 042
Service charges - sanitation revenue	6 057	6 057	6 057	6 057	6 057	6 058	6 057	6 057	6 057	6 057	6 057	6 058	72 685	76 929	82 141
Service charges - refuse revenue	5 049	5 049	5 049	5 049	5 049	5 050	5 049	5 049	5 049	5 049	5 049	5 050	60 590	64 128	68 473
Rental of facilities and equipment	300	300	312	300	300	317	300	300	312	300	300	317	3 655	3 866	4 124
Interest earned - external investments	1 333	1 333	1 333	1 333	1 333	1 334	1 333	1 333	1 333	1 333	1 333	1 334	16 001	16 001	16 001
Interest earned - outstanding debtors	308	308	308	308	308	308	308	308	308	308	308	308	3 700	3 922	4 157
Fines, penalties and forfeits	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	34 964	37 059	39 280
Licences and permits	198	198	209	198	198	221	198	198	209	198	198	221	2 447	2 593	2 749
Agency services	308	308	315	308	308	315	308	308	315	308	308	315	3 726	3 970	4 187
Transfer receipts - operational	846	846	28 387	846	846	28 387	846	846	28 387	846	846	38 587	130 515	167 058	162 087
Other revenue	2 488	2 488	2 934	2 488	2 488	3 186	2 488	2 488	2 934	2 488	2 488	5 198	34 159	28 436	26 010
Cash Receipts by Source	78 925	78 925	106 951	78 925	78 925	108 864	78 925	78 925	106 951	78 925	78 925	121 076	1 075 245	1 158 312	1 214 602
Other Cash Flows by Source															
Transfer receipts - capital	-	-	11 215	-	-	11 215	-	-	11 215	-	-	28 324	61 968	58 530	63 249
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	54 000	-	-	-	-	-	-	54 000	54 000	54 000
Increase (decrease) in consumer deposits	328	328	328	328	328	328	328	328	328	328	328	328	3 937	4 252	3 444
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	1	1	1	1	1	1	1	1	1	1	1	1	10	10	7
Decrease (increase) in non-current investments	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(7 124)	(7 339)	(7 575)
Total Cash Receipts by Source	78 661	78 661	117 901	78 661	78 661	173 814	78 661	78 661	117 901	78 661	78 661	149 135	1 188 036	1 267 765	1 327 727
Cash Payments by Type															
Employee related costs	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	349 720	372 751	403 478
Remuneration of councillors	914	914	914	914	914	914	914	914	914	914	914	914	10 972	11 518	12 091
Finance charges	-	-	-	-	-	23 917	-	-	-	-	-	-	23 917	47 834	52 064
Bulk purchases - Electricity	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	232 288	249 310	267 556
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	2 446	2 441	9 408	2 446	2 441	9 432	2 446	2 441	9 408	2 446	2 441	9 806	57 605	89 033	74 164
Contracted services	12 400	12 400	16 413	12 400	12 400	30 976	12 400	12 400	16 429	12 400	12 400	32 623	195 642	215 879	217 715
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	42	42	42	42	42	42	42	42	42	42	42	42	500	278	292
Other expenditure	5 601	4 258	4 983	4 258	4 258	5 027	4 258	4 258	4 983	4 706	4 258	8 897	59 746	89 511	116 481
Cash Payments by Type	69 904	68 556	80 261	68 561	68 556	118 809	68 561	68 556	80 277	69 009	68 556	124 700	954 307	1 078 713	1 143 842
Other Cash Flows/Payments by Type															
Capital assets	3	3	42 929	3	3	42 929	3	3	42 929	3	3	42 929	171 736	133 030	137 249
Repayment of borrowing	1 451	1 050	949	6 626	1 360	4 808	1 515	1 129	1 011	7 009	1 439	5 646	33 993	38 428	41 636
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	71 358	69 608	124 139	75 190	69 919	166 546	70 079	69 687	124 217	76 020	69 998	173 274	1 160 036	1 250 171	1 322 727
NET INCREASE/(DECREASE) IN CASH HELD	7 302	9 052	(6 238)	3 471	8 742	7 267	8 581	8 973	(6 315)	2 640	8 663	(24 139)	28 000	17 594	5 000
Cash/cash equivalents at the month/year begin:	382 460	389 762	398 814	392 576	396 047	404 789	412 056	420 637	429 611	423 295	425 936	434 599	382 460	410 460	428 053
Cash/cash equivalents at the month/year end:	389 762	398 814	392 576	396 047	404 789	412 056	420 637	429 611	423 295	425 936	434 599	410 460	410 460	428 053	433 053

2.10 Annual budgets and SDBIP

The draft SDBIP will be tabled as a separate item at the Council meeting to be held on 28 March 2018.

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy all contracts awarded beyond the medium-term revenue and expenditure framework (three years) are listed in Table 73 on page 109. In ensuring adherence to this 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.

2.12 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, the repair and maintenance of assets and finally, the depreciation of assets.

Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class

WC032 Overstrand - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	63 679	44 603	52 681	28 205	28 238	28 238	36 949	39 050	65 436
Roads Infrastructure	1 320	16 352	2 260	5 155	11 691	11 691	4 770	2 500	2 000
<i>Roads</i>	1 320	16 352	2 260	5 155	11 691	11 691	4 770	2 500	2 000
Storm water Infrastructure	-	-	-	250	280	280	1 644	2 038	4 000
<i>Drainage Collection</i>				250	280	280			
Electrical Infrastructure	10 581	18 237	30 496	18 790	15 520	15 520	5 622	8 040	21 400
<i>HV Transmission Conductors</i>	10 581	18 237	30 496						
<i>MV Substations</i>				3 000	3 000	3 000	5 622	8 040	21 400
<i>LV Networks</i>				15 790	12 520	12 520			
Water Supply Infrastructure	470	3 772	5 276	3 900	637	637	16 363	10 472	18 075
<i>Dams and Weirs</i>									
<i>Reservoirs</i>				3 900	637	637	16 363	10 472	18 075
<i>Water Treatment Works</i>	470	3 772	5 276						
<i>Distribution</i>									
Sanitation Infrastructure	8 833	6 217	5 718	-	-	-	8 550	16 000	19 961
<i>Reticulation</i>									
<i>Waste Water Treatment Works</i>	8 833	6 217	5 718						
Solid Waste Infrastructure	42 473	25	8 930	110	110	110	-	-	-
<i>Waste Transfer Stations</i>									
<i>Waste Drop-off Points</i>	42 473	25	8 930	110	110	110			
Community Assets	5 258	29 837	2 212	6 545	9 829	9 829	17 642	5 500	4 000
Community Facilities	5 258	29 837	2 212	4 579	3 380	3 380	12 585	3 000	2 500
<i>Halls</i>	5 258	29 837	2 212	421	445	445	3 664	2 500	2 500
<i>Crèches</i>				100	100	100	100		
<i>Fire/Ambulance Stations</i>				3 798	2 575	2 575	3 096	500	
<i>Libraries</i>									
<i>Cemeteries/Crematoria</i>				260	260	260			
Sport and Recreation Facilities	-	-	-	1 966	6 449	6 449	5 057	2 500	1 500
<i>Outdoor Facilities</i>				1 966	6 449	6 449	5 057	2 500	1 500
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
Other assets	8 239	4 809	2 497	17 186	37 890	37 890	36 467	29 480	33 813
Operational Buildings	8 239	4 809	2 497	-	-	-	1 000	-	-
<i>Municipal Offices</i>	8 239	4 809	2 497				1 000	-	-
Housing	-	-	-	17 186	37 890	37 890	35 467	29 480	33 813
<i>Social Housing</i>				17 186	37 890	37 890	35 467	29 480	33 813
Computer Equipment	-	-	-	1 620	1 620	1 620	4 136	-	-
Computer Equipment				1 620	1 620	1 620	4 136		
Furniture and Office Equipment	-	-	-	120	120	120	195	-	-
Furniture and Office Equipment				120	120	120	195		
Transport Assets	-	-	-	950	600	600	14 950	20 000	20 000
Transport Assets				950	600	600	14 950	20 000	20 000
Total Capital Expenditure on new assets	77 176	79 249	57 389	54 626	78 867	78 867	111 905	94 030	123 249

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

WC032 Overstrand - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	31 161	12 992	33 214	11 280	7 713	7 713	13 500	21 000	14 000
Roads Infrastructure	6 300	-	11 809	2 080	2 080	2 080	-	-	-
<i>Roads</i>	6 300	-	11 809	2 080	2 080	2 080	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
<i>Storm water Conveyance</i>	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	3 100	-	-	1 000	1 000	1 000	-	-	-
<i>MV Networks</i>	-	-	-	1 000	1 000	1 000	-	-	-
Water Supply Infrastructure	15 805	10 460	10 496	900	900	900	12 200	19 600	14 000
<i>Dams and Weirs</i>	-	-	-	-	-	-	-	-	-
<i>Water Treatment Works</i>	15 805	10 460	10 496	900	900	900	12 200	19 600	14 000
<i>Distribution</i>	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	3 067	2 531	9 169	5 800	2 263	2 263	1 300	1 400	-
<i>Waste Water Treatment Works</i>	3 067	2 531	9 169	5 800	2 263	2 263	1 300	1 400	-
Solid Waste Infrastructure	2 889	-	1 740	1 500	1 470	1 470	-	-	-
<i>Waste Transfer Stations</i>	2 889	-	1 740	1 500	1 470	1 470	-	-	-
Community Assets	1 565	2 893	1 265	-	-	-	50	-	-
Community Facilities	1 565	2 893	1 265	-	-	-	-	-	-
<i>Halls</i>	1 565	2 893	1 265	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	50	-	-
<i>Outdoor Facilities</i>	-	-	-	-	-	-	50	-	-
Other assets	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
<i>Municipal Offices</i>	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<i>Social Housing</i>	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	32 727	15 884	34 479	11 280	7 713	7 713	13 550	21 000	14 000
Renewal of Existing Assets as % of total capex	0.0%	14.6%	36.2%	12.8%	9.0%	9.0%	11.8%	22.3%	11.9%
Renewal of Existing Assets as % of deprecn"	32.8%	13.0%	27.9%	9.6%	6.1%	6.1%	10.4%	15.8%	10.3%

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	136 009	99 836	110 392	132 746	139 160	139 160	162 843	177 256	188 312
Roads Infrastructure	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
<i>Roads</i>	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
Storm water Infrastructure	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
<i>Storm water Conveyance</i>	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
Electrical Infrastructure	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
<i>HV Transmission Conductors</i>	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
Water Supply Infrastructure	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
<i>Dams and Weirs</i>									
<i>Water Treatment Works</i>	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
Sanitation Infrastructure	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
<i>Waste Water Treatment Works</i>	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
Solid Waste Infrastructure	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
<i>Waste Transfer Stations</i>	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
Community Assets	7 338	-	4 867	10 549	13 798	13 798	38 724	40 942	43 185
Community Facilities	6 601	-	4 867	5 895	7 327	7 327	26 556	28 467	29 977
<i>Halls</i>	1 166			2 523	2 718	2 718	3 590	3 903	4 130
<i>Fire/Ambulance Stations</i>	1 352								
<i>Libraries</i>	107			205	205	205	24	25	26
<i>Cemeteries/Crematoria</i>	74			57	57	57	837	896	948
<i>Public Open Space</i>	314		4 867	3 110	4 347	4 347	22 106	23 643	24 872
<i>Public Ablution Facilities</i>	2 759								
Sport and Recreation Facilities	737	-	-	4 654	6 471	6 471	12 168	12 475	13 208
<i>Outdoor Facilities</i>	737			4 654	6 471	6 471	12 168	12 475	13 208
Other assets	10 287	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Operational Buildings	10 110	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
<i>Municipal Offices</i>	10 110	9 541		6 942	9 202	9 202	4 262	4 413	4 570
Housing	177	-	-	-	-	-	-	-	-
<i>Social Housing</i>	177								
Computer Equipment	4 392	-	5 536	5 384	5 787	5 787	5 387	5 937	5 964
Computer Equipment	4 392		5 536	5 384	5 787	5 787	5 387	5 937	5 964
Furniture and Office Equipment	-	-	-	13 663	23 288	23 288	7 725	9 338	8 802
Furniture and Office Equipment				13 663	23 288	23 288	7 725	9 338	8 802
Total Repairs and Maintenance Expenditure	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833

Table 57 MBRR SA34d – Depreciation by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Depreciation by Asset Class/Sub-class									
Infrastructure	106 949	106 893	115 226	112 337	112 337	112 337	112 443	109 997	109 303
Roads Infrastructure	31 182	31 216	31 811	36 600	36 600	36 600	32 858	32 855	32 473
<i>Roads</i>	31 182	31 216	31 811	36 600	36 600	36 600	32 858	32 855	32 473
Storm water Infrastructure	5 390	5 500	5 741	3 465	3 465	3 465	5 912	5 912	5 906
<i>Storm water Conveyance</i>	5 390	5 500	5 741	3 465	3 465	3 465	5 912	5 912	5 906
Electrical Infrastructure	26 096	24 084	27 997	25 118	25 118	25 118	25 149	25 149	25 149
<i>HV Transmission Conductors</i>	26 096	24 084	27 997	25 118	25 118	25 118	25 149	25 149	25 149
Water Supply Infrastructure	26 612	26 570	28 338	27 354	27 354	27 354	27 462	27 443	27 253
<i>Water Treatment Works</i>	26 612	26 570	28 338	11 598	11 598	11 598	27 462	27 443	27 253
<i>Distribution</i>				15 756	15 756	15 756			
Sanitation Infrastructure	15 477	15 609	17 631	15 886	15 886	15 886	16 299	16 410	16 344
<i>Reticulation</i>	15 477	15 609	17 631	12 467	12 467	12 467	16 299	16 410	16 344
<i>Waste Water Treatment Works</i>				3 419	3 419	3 419			
Solid Waste Infrastructure	2 192	3 915	3 709	3 915	3 915	3 915	4 763	2 229	2 178
<i>Landfill Sites</i>									
<i>Waste Transfer Stations</i>	2 192	3 915	3 709	3 915	3 915	3 915	4 763	2 229	2 178
Community Assets	-	-	2 452	766	766	766	3 029	3 029	3 017
Sport and Recreation Facilities	-	-	2 452	766	766	766	3 029	3 029	3 017
<i>Indoor Facilities</i>									
Other assets	10 422	10 489	8 201	11 067	11 067	11 067	8 818	8 998	9 022
Operational Buildings	10 422	10 489	8 201	11 067	11 067	11 067	8 818	8 998	9 022
<i>Municipal Offices</i>	10 422	10 489	8 201	11 067	11 067	11 067	8 818	8 998	9 022
Intangible Assets	404	214	448	615	615	615	653	891	-
Servitudes									
Licences and Rights	404	214	448	615	615	615	653	891	-
<i>Computer Software and Applications</i>	404	214	448	615	615	615	653	891	-
<i>Unspecified</i>									
Computer Equipment	-	-	1 416	788	788	788	1 347	1 243	1 065
Computer Equipment			1 416	788	788	788	1 347	1 243	1 065
Furniture and Office Equipment	2 019	2 176	904	4 035	4 035	4 035	609	1 317	2 252
Furniture and Office Equipment	2 019	2 176	904	4 035	4 035	4 035	609	1 317	2 252
Machinery and Equipment	1 122	781	694	-	-	-	687	652	531
Machinery and Equipment	1 122	781	694				687	652	531
Transport Assets	1 643	2 356	3 122	678	678	678	2 777	2 750	2 710
Transport Assets	1 643	2 356	3 122	678	678	678	2 777	2 750	2 710
Total Depreciation	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899

Table 58 MBRR SA34e - Capital expenditure on the upgrading of existing assets by asset class

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	28 505	28 060	28 060	43 001	18 000	-
Roads Infrastructure	-	-	-	180	180	180	3 800	4 000	-
Roads	-	-	-	180	180	180	3 800	4 000	-
Storm water Infrastructure	-	-	-	6 800	8 355	8 355	350	-	-
Drainage Collection	-	-	-	6 800	8 355	8 355	-	-	-
Water Supply Infrastructure	-	-	-	4 500	2 500	2 500	3 514	2 000	-
Distribution	-	-	-	4 500	2 500	2 500	3 514	2 000	-
Sanitation Infrastructure	-	-	-	17 025	17 025	17 025	18 187	-	-
Pump Station	-	-	-	5 000	5 000	5 000	-	-	-
Reticulation	-	-	-	3 100	3 100	3 100	-	-	-
Waste Water Treatment Works	-	-	-	8 585	8 585	8 585	18 187	-	-
Community Assets	-	-	-	3 177	1 920	1 920	3 280	-	-
Community Facilities	-	-	-	2 877	1 920	1 920	3 230	-	-
Halls	-	-	-	1 695	200	200	-	-	-
Fire/Ambulance Stations	-	-	-	50	50	50	2 480	-	-
Libraries	-	-	-	1 132	1 670	1 670	600	-	-
Sport and Recreation Facilities	-	-	-	300	-	-	50	-	-
Outdoor Facilities	-	-	-	300	-	-	50	-	-
Other assets	-	-	-	60	60	60	-	-	-
Operational Buildings	-	-	-	60	60	60	-	-	-
Municipal Offices	-	-	-	60	60	60	-	-	-
Total Capital Expenditure on upgrading of existing assets	-	-	-	31 742	30 040	30 040	46 281	18 000	-
<i>Upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	35.9%	35.0%	35.0%	40.2%	19.1%	0.0%
<i>Upgrading of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	27.0%	23.6%	23.6%	35.5%	13.5%	0.0%

Table 59 MBRR SA35 - Future financial implications of the capital budget

WC032 Overstrand - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
Capital expenditure							
Vote 1 - Council	-	-	-				
Vote 2 - Municipal Manager	-	-	-				
Vote 3 - Management Services	4 106	-	-				
Vote 4 - Finance	30	-	-				
Vote 5 - Community Services	95 120	83 010	82 036	Project phases become operational after completion			
Vote 6 - Local Economic Development	5 625	-	-				
Vote 7 - Infrastructure & Planning	59 339	49 520	55 213	Project phases become operational after completion			
Vote 8 - Protection Services	7 516	500	-				
Total Capital Expenditure	171 736	133 030	137 249	-	-	-	-
Future operational costs by vote							
Vote 5 - Community Services		2 482	6 069	10 320	10 800	11 280	140 402
Vote 6 - Local Economic Development							
Vote 7 - Infrastructure & Planning		4 244	8 562	15 278	15 988	16 699	207 850
Vote 8 - Protection Services							
Total future operational costs	-	6 726	14 631	25 598	26 789	27 979	348 252
Future revenue by source							
Property rates							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Net Financial Implications	171 736	139 756	151 880	25 598	26 789	27 979	348 252

Table 60 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
							Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
<i>List all capital projects grouped by Municipal Vote</i>													
FINANCE AND ADMINISTRATION													
ICT -PABX TELEPHONY DEVICES		Yes	Information and Communication Infrastructure	Other	Overstrand wide	957	2 355	1 500			Overstrand	New	
ICT -WI-FI PROJECTS TO SEE THE VIABILITY OF OFFERING SERVICES TO THE C		Yes	Information and Communication Infrastructure	Other	Overstrand wide			250			Overstrand	New	
ICT -MANAGE ENGINE LICENSES		Yes	Information and Communication Infrastructure	Other	Overstrand wide			200			Overstrand	New	
ICT -DISK STORAGE		Yes	Information and Communication Infrastructure	Other	Overstrand wide			1 000			Overstrand	New	
ICT -KRONOS: MANAGER FOR WORKFORCE CENTRAL LICENSES		Yes	Information and Communication Infrastructure	Other	Overstrand wide			16			Overstrand	New	
ICT -REPLACE HOSTING SERVERS		Yes	Information and Communication Infrastructure	Other	Overstrand wide			800			Overstrand	New	
MINOR ASSETS -FINANCE		Yes	Furniture and Office Equipment	Other	Overstrand wide			30			Overstrand	New	
MINOR ASSETS - COUNCIL		Yes	Furniture and Office Equipment	Other	Overstrand wide			20			Overstrand	New	
MINOR ASSETS- MANAGEMENT SERVICES		Yes	Furniture and Office Equipment	Other	Overstrand wide			20			Overstrand	New	
MINOR ASSETS-ICT- ORGANIZATION WIDE		Yes	Information and Communication Infrastructure	Other	Overstrand wide			300			Overstrand	New	
VEHICLES-FINANCE & ADMINISTRATION		Yes	Transport Assets	Other	Overstrand wide			1 700			Overstrand	New	
SURPLUS		Yes	Transport Assets	Other	Overstrand wide				20 000	20 000	Overstrand	New	
PUBLIC SAFETY													
LAW ENFORCEMENT FACILITIES: ALTERATIONS AND ADDITIONS		Yes	Operational Buildings	Municipal Offices	-34.402 19.211	996	3 195	1 000			Ward 04	New	
JAWS OF LIFE		Yes	Machinery and Equipment	Other	Overstrand wide			800			Overstrand	New	
UPGRADING OF FACILITIES - FIRE SERVICES BUILDING		Yes	Operational Buildings	Municipal Offices	19.226 -34.420			2 480			Overstrand	Upgrading	
MINOR ASSETS -PROTECTION SERVICES		Yes	Machinery and Equipment	Other	Overstrand wide			316			Overstrand	New	
FENCING OF LANGE STREET, LUSIBA BASKETBALL COURT, NXUMALO ST		Yes	Community Facilities	Public Open Space	19°21'50"E 34°43'10"S			150			Ward 06	New	
FENCING OF THE FOOTPATH (HEUNINGKLOOF)		Yes	Community Facilities	Public Open Space	34°20'09.6"S-19°02'38.4"E			80			Ward 09	New	
FENCING AT NETBALL COURT		Yes	Community Facilities	Public Open Space	34°20'25.5"S-19°01'06.6"E			30			Ward 09	New	
CCTV CAMERAS		Yes	Community Facilities	Police	34.4310° S, 19.2148° E			100			Ward 05	New	
CCTV / SECURITY – ENTRANCE TO FISHERHAVEN & SLIPWAY		Yes	Community Facilities	Police	34.3644° S, 19.1315° E			120			Ward 08	New	
CCTV CAMERAS		Yes	Community Facilities	Police	19448;-34453			100			Ward 11	New	
VEHICLES-PUBLIC SAFETY		Yes	Transport Assets	Other	Overstrand wide			3 200			Overstrand	New	
CCTV CAMERAS		Yes	Community Facilities	Police	Overstrand wide			500	500		Overstrand	New	
PLANNING & DEVELOPMENT													
MINOR ASSETS -LED		Yes	Furniture and Office Equipment	Other	Overstrand wide	1 540	45	25			Overstrand	New	
HAWSTON INDUSTRIAL(BUSINESS) HUB		Yes	Community Facilities	Public Open Space	19.134 -34.396			5 000			Ward 08	New	
VEHICLES-PLANNING & DEVELOPMENT		Yes	Transport Assets	Other	Overstrand wide			600			Overstrand	New	
MINOR ASSETS- INFRASTRUCTURE & PLANNING		Yes	Furniture and Office Equipment	Other	Overstrand wide			100			Overstrand	New	
COMMUNITY AND SOCIAL SERVICES													
EXTENSION OF THUSONG CENTRE		Yes	Community Facilities	Halls	-34.392 19.135 Degrees	614	1 005		2 500	2 500	Ward 08	New	
FENCING OF THUSONG CENTRE		Yes	Community Facilities	Police	19°13'40"E 34°39'20"S			1 235			Ward 08	New	
FENCING OF HAWSTON CAMPING SITE		Yes	Community Facilities	Police	19°12'70"E 34°39'70"S			1 956			Ward 08	New	
MINOR ASSETS- COMMUNITY SERVICES		Yes	Machinery and Equipment	Other	Overstrand			473			Overstrand	New	
EARLY CHILDHOOD DEVELOPMENT-STRUCTURES		Yes	Community Facilities	Crèches	19349;-34596			100			Ward 02	New	
BAMBANANI CRÈCHE		Yes	Community Facilities	Crèches	34°20'18.2"S-19°00'31.6"E			50			Ward 10	Upgrading	
SIYABULELA CRÈCHE		Yes	Community Facilities	Crèches	34°20'19.7"S-19°00'36.4"E			30			Ward 10	Upgrading	
CEMETERY		Yes	Community Facilities	Cemeteries/Crematoria	19349;-34596			70			Ward 02	Upgrading	
LIBRARIES													
GANSBAAI LIBRARY UPGRADE		Yes	Community Facilities	Libraries	19351;-34589	30	1 670	150			Ward 01&02	Upgrading	
ELUXOLWENI LIBRARY UPGRADE		Yes	Community Facilities	Libraries	19488;-34654			420			Ward 11	Upgrading	
BETTY'S BAY LIBRARY UPGRADE		Yes	Community Facilities	Libraries	34°21'21.7"S-18°53'53.6"E			30			Ward 10	Upgrading	

Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information		
							Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
SPORT & RECREATION							1 837	6 449						
ARTIFICIAL TURF SOCCERFIELD		Yes	Sport and Recreation Facilities	Outdoor Facilities						2 500	1 500		Ward 01&02	New
MINOR ASSETS - SPACES FOR SPORT		Yes	Machinery and Equipment	Other	Overstrand					100			Ward 03	New
HERMANUS SPORTS CLUB PROJECT		Yes	Sport and Recreation Facilities	Outdoor Facilities	34.408 19.244 Degrees					4 017			Ward 02	New
PLAYPARKS		Yes	Sport and Recreation Facilities	Outdoor Facilities	19358;-34592					100			Ward 01	New
TIDAL POOL & PLAY PARK		Yes	Sport and Recreation Facilities	Outdoor Facilities	19353;-34618					50			Ward 02	Renewal
SAFETY FENCE: OFFICE BUILDING		Yes	Community Facilities	Public Open Space	19351;-34589					100			Ward 02	New
ROOF FOR ZWELIHLE BOXING GYM & SAFETY GATES		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'50"E 34°43'20"S					40			Ward 06	New
PURCHASING OF PLAY PARK EQUIPMENT -MSHENXISWA VILLAGE		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'00"E 34°43'10"S					60			Ward 06	New
INSTALLATION OF ASTRO TURF		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'70"E 34°43'20"S					100			Ward 06	New
CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'70"E 34°43'20"S					60			Ward 06	New
UPGRADE OF PLAY PARK AT SLIPWAY		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°12'50"E 34°35'60"S					10			Ward 08	New
OUTDOOR TRIM GYM - MAIN BEACH		Yes	Sport and Recreation Facilities	Outdoor Facilities	34°20'24.0"S-19°02'13.2"E					70			Ward 09	New
UPGRADE OF PUBLIC LAUNCHING SITE		Yes	Community Facilities	Public Open Space	19604;-34746					50			Ward 11	Upgrading
PURCHASING OF PLAY PARK EQUIPMENT LANDA , SIYAZAMA STREET ,		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'10"E 34°42'50"S					30			Ward 12	New
PURCHASING OF OUTDOOR GYM EQUIPMENT		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°20'90"E 34°42'00"S					20			Ward 12	New
PURCHASING OF CONTAINERS FOR CHANGING ROOMS AT JIKELEZA		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'30"E 34°42'50"S					70			Ward 12	New
CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°20'90"E 34°42'00"S					80			Ward 12	New
INSTALLATION OF ASTRO TURF		Yes	Sport and Recreation Facilities	Outdoor Facilities	19°20'90"E 34°42'00"S					100			Ward 12	New
RE-DESIGN OF ONRUS BEACH AREA		Yes	Community Facilities	Other	19°17'80"E 34°41'90"S					100			Ward 13	New
VEHICLES-PARKS		Yes	Transport Assets	Other	Overstrand					400			Overstrand	New
HOUSING							10 658	37 890						
MASAKHANE		Yes	Housing	Social Housing	-34,59319,362					8 449	14 085	18 917	Ward 01	New
ZWELIHLE PROJECT-TRANSIT CAMP(166)		Yes	Housing	Social Housing	-34,42619,216					1 500	8 406	-	Ward 06	New
ZWELIHLE PROJECT-MANDELA SQUARE		Yes	Housing	Social Housing	-34,42919,21					1 464	-	-	Ward 06	New
ZWELIHLE:TAMBO SQUARE PROJECT		Yes	Housing	Social Housing	-34,42619,216						4 887	-	Ward 05	New
STANFORD IRDP		Yes	Housing	Social Housing	-34,44719,448					5 518	6 989	10 009	Ward 11	New
BLOMPARK PROJECT		Yes	Housing	Social Housing	-24,59419,344					16 313	-	-	Ward 02	New
BEVERLY HILLS UISP		Yes	Housing	Social Housing	-34,59619,342					2 223	-	-	Ward 02	New
ROADS							11 739	13 951						
REHABILITATE ROADS - BLOMPARK		Yes	Roads Infrastructure	Roads	19°20'51"E 34°35'43"S					1 500	2 000		Ward 02	Upgrading
REHABILITATE ROADS - STANFORD		Yes	Roads Infrastructure	Roads	19°26'53"E 34°27'12"S					2 000	2 000		Ward 11	Upgrading
CBD REGENERATION PROGRAM		Yes	Roads Infrastructure	Roads	19°26'53"E 34°41'9"S					3 000			Ward 03	New
CBD REVITALISATION – HIGH STREET UPGRADE		Yes	Roads Infrastructure	Roads	19°24'40"E 34°41'80"S					200			Ward 03	New
NEW SIDEWALKS		Yes	Roads Infrastructure	Roads	19358;-34592					100			Ward 01	New
UPGRADE OF SIDEWALKS		Yes	Roads Infrastructure	Roads	19349;-34596					100			Ward 02	Upgrading
WESTCLIFF SPEED CALMING MEASURES		Yes	Roads Infrastructure	Roads	19°23'20"E 34°42'50"S					225			Ward 04	New
UPGRADING OUTSIDE HUIS LETTIE THERON FRONT AREA		Yes	Roads Infrastructure	Roads	19°23'10"E 34°42'20"S					50			Ward 04	New
SPEED CALMING MEASURE(ANGELIER,DAHLIA, MALVA,ORIGDEE)		Yes	Roads Infrastructure	Roads	19°21'70"E 34°42'00"S					75			Ward 04	New
SIDEWALKS HEIDE UITKYK, CHINA TOWM, DAHLIA, ANGELIER, ASTRA		Yes	Roads Infrastructure	Roads	19°21'70"E 34°42'00"S					150			Ward 04	New
SPEED CALMING MEASURES SOBUKHWE , STEVE BIKO,		Yes	Roads Infrastructure	Roads	19°21'80"E 34°42'60"S					50			Ward 05	New
SIDE WALK MAMSUKWENI		Yes	Roads Infrastructure	Roads	19°21'40"E 34°42'80"S					100			Ward 05	New
NEW STREETS & SIDEWALKS		Yes	Roads Infrastructure	Roads	19°20'40"E 34°42'70"S					500			Ward 07	New
PAVING OF ANEMONE ROAD IN ROOI ELS		Yes	Roads Infrastructure	Roads	34°18'05.8"S-18°48'58.0"E					150			Ward 10	Upgrading
CONSTRUCTION OF SIDEWALK - PRINGLE BAY		Yes	Roads Infrastructure	Roads	34°20'55.3"S-18°49'12.0"E					50			Ward 10	Upgrading
TRAFFIC CALMING		Yes	Roads Infrastructure	Roads	19494;-34662					50			Ward 11	New
TRAFFIC CALMING		Yes	Roads Infrastructure	Roads	19448;-34453					50			Ward 11	New
ATLANTIC DRIVE WALKWAY		Yes	Roads Infrastructure	Roads	19°17'70"E 34°42'00"S					100			Ward 13	New

Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
							Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
SIDEWALKS – DOUGLAS STREET		Yes	Roads Infrastructure	Roads	19°17'00"E 34°41'00"S			50				Ward 13	New
RAISED PEDESTRIAN CROSSING NEAR NEGESTER, ONRUS MAIN ROAD VEHICLES-ROADS		Yes	Roads Infrastructure	Roads	19°18'00"E 34°41'10"S			70				Ward 13	New
BLOMPARK HOUSING PROJECT BUS ROUTE		Yes	Transport Assets	Other	Overstrand			500			2 000	Ov erstrand	New
STANFORD HOUSING PROJECT BUS ROUTE		Yes	Roads Infrastructure	Roads	34°35'54.86"S 19°20'49.51"E							Ward 02	New
MASAKHANE HOUSING PROJECT BUS ROUTE		Yes	Roads Infrastructure	Roads	34.446248 & 19.448291							Ward 11	New
HAWSTON HOUSING PROJECT BUS ROUTE		Yes	Roads Infrastructure	Roads	19°21'39"E 34°35'30"S						2 500	Ward 01	New
			Roads Infrastructure	Roads	34.386799 & 19.139259							Ward 08	New
ELECTRICITY								30 496	16 520				
FRANSKRAAL KLEINBAAI & BIRKENHEAD: MV/LV & MINISUB UPGRADE		Yes	Electrical Infrastructure	MV Networks	19.393991 ; -34.603726					2 500	2 250	Ward 01	Upgrading
FKRAAL KBAAI & BHEAD: NEW 66/11KV SUBSTATION		Yes	Electrical Infrastructure	MV Substations	19.349477 -34.607311						15 000	Ward 01&02	New
STANFORD: MV UPGRADE		Yes	Electrical Infrastructure	MV Networks	19.447407 ; -34.440390					1 000	750	Ward 11	Upgrading
ELECTRIFICATION OF LOW COST HOUSING AREAS (INEP)		Yes	Electrical Infrastructure	MV Networks	34 °23'13.07"S 19 °08' 19.23" E			4 262	7 040	6 400		Ward 04,05,06	New
STREET LIGHT HLOBO STREET (OPPOSITE LIBRARY)		Yes	Electrical Infrastructure	MV Networks	34 °25'38.77"S 19 °12' 56.90" E			250				Ward 05	New
CHRISTMAS LIGHTS		Yes	Electrical Infrastructure	MV Networks	34 °23'38.02"S 19 °12'44.92" E			10				Ward 06	New
CHRISTMAS LIGHTS		Yes	Electrical Infrastructure	MV Networks	34 °23'09.17"S 19 °08'07.33" E			30				Ward 08	New
NEW STREETLIGHTS - CLINIC STR, LONG STR, KOPJE STR		Yes	Electrical Infrastructure	MV Networks	34 °23'35.89"S 19 °07' 55.68" E			40				Ward 08	New
STREETLIGHTS		Yes	Electrical Infrastructure	MV Networks	34 °24'32.82"S 19 °09' 59.96" E			30				Ward 13	New
VEHICLES-ELECTRICITY		Yes	Transport Assets	Other	Overstrand			2 000				Ov erstrand	New
HERMANUS: MV & LV UPGRADE/REPLACEMENT		Yes	Electrical Infrastructure	MV Networks	34 °24'13.34"S 19 °16' 07.01" E			10 150	5 000			Ward 03	Upgrading
KLEINMOND: MV & LV NETWORK UPGRADE		Yes	Electrical Infrastructure	MV Networks	34 °20'21.16"S 19 °01' 34.39" E			1 750	2 000			Ward 09	Upgrading
HAWSTON: MV & LV UPGRADE/REPLACEMENT		Yes	Electrical Infrastructure	MV Networks	34 °22'57.94"S 19 °07' 49.73" E			1 750	2 000			Ward 08	Upgrading
ELECTRICITY TRANSFORMERS(CAPITAL REPLACEMENT CONTINGENCY)		Yes	Electrical Infrastructure	MV Networks	Overstrand			1 000	1 000			Ov erstrand	New
WATER								15 772	4 037				
WATER MASTER PLAN IMPLEMENTATION		Yes	Water Supply Infrastructure	Distribution	Overstrand			10 000	10 000	10 000		Ov erstrand	Renew al
DIRECT WASTE WATER RE-USE PLANT		Yes	Water Supply Infrastructure	Water Treatment Works	S34.336437° / E19.006527°					11 000		Ward 03	New
WATER TREATMENT PLANT FOR BUFFELJAGSBAAI		Yes	Water Supply Infrastructure	Water Treatment Works	S34.336437° / E19.006527°				2 000			Ward 11	Upgrading
REFURBISHMENT OF BULK WATER PIPELINES		Yes	Water Supply Infrastructure	Distribution	Overstrand						900	Ov erstrand	Renew al
FENCING AT WATER INSTALLATIONS		Yes	Water Supply Infrastructure	Distribution	Overstrand			800	700			Ov erstrand	Renew al
REPLACEMENT OF OVERSTRAND WATER PIPES		Yes	Water Supply Infrastructure	Distribution	Overstrand			-	2 900			Ov erstrand	Renew al
BUFFELS RIVER AND DE BOS DAM INTAKE STRUCTURES AND EQUIPMENT		Yes	Water Supply Infrastructure	Distribution	Overstrand			1 200	1 300			Ward 09	Renew al
WATER FACILITIES (CONTINGENCY)		Yes	Water Supply Infrastructure	Distribution	Overstrand			200	300	400		Ov erstrand	Renew al
NEW AML RESERVOIR		Yes	Water Supply Infrastructure	Reservoirs	19°21'32"E 34°35'27"S			2 000	5 472	3 075		Ward 1 & 2	New
UPGRADE BULK WATER		Yes	Water Supply Infrastructure	Bulk Mains	19°20'50"E 34°35'50"S			3 514				Ward 02	Upgrading
UPGRADE WATER LINES		Yes	Water Supply Infrastructure	Bulk Mains	34°35'54.86"S 19°20'49.51"E					2 000		Ward 01	New
NEW BOOSTER PUMPSTATION & VALVES		Yes	Water Supply Infrastructure	Pump Stations	19°21'39"E 34°35'30"S					2 000		Ward 01	New
UPGRADE BULK WATER		Yes	Water Supply Infrastructure	Bulk Mains	34.446248 & 19.448291					-		Ward 11	New
UPGRADE HERMANUS WELL FIELDS PHASE 1		Yes	Water Supply Infrastructure	Distribution	S34°24.512' / E19°12.474'			7 000	4 000			Ward 04	New
WATER STABILIZATION PLANT FOR STANFORD		Yes	Water Supply Infrastructure	Distribution	S34.336437° / E19.006527°			1 500	1 000			Ward 11	Upgrading
NEW RESERVOIR FOR PRINGLE BAY		Yes	Water Supply Infrastructure	Reservoirs	S34.336437° / E19.006527°			5 863				Ward 10	New
REFURBISHMENT OF KLEINMOND & BUFFELS RIVER WTW		Yes	Water Supply Infrastructure	Water Treatment Works	Overstrand				2 400	2 000		Ward 10	Renew al
KLEINMOND PALMIET PUMP STATION AND BULK PIPELINE REFURBISH		Yes	Water Supply Infrastructure	Distribution	S34.336437° / E19.006527°				2 000			Ward 09	Renew al
SEWERAGE								14 887	14 553				
SEWERAGE FACILITIES (CONTINGENCY)		Yes	Sanitation Infrastructure	Distribution	Overstrand			500	600			Ov erstrand	Renew al
KLEINMOND - SEWER NETWORK EXTENSION		Yes	Sanitation Infrastructure	Distribution	S34°20.44' / E19°1.91'			4 000	5 000	5 000		Ward 09	New
UPGRADING OF KIDBROOKE PIPELINE		Yes	Sanitation Infrastructure	Distribution	S34°24.810' / E19°10.001'			3 585				Ward 13	Renew al & New
WWTW UPGRADE - STANFORD		Yes	Sanitation Infrastructure	Waste Water Treatment Works	S34.446248° / E19.448291°			6 602				Ward 11	Upgrading
WWTW UPGRADE - STANFORD		Yes	Sanitation Infrastructure	Waste Water Treatment Works	S34.446248° / E19.448291°			8 000				Ward 11	Upgrading
PROVISION OF BULK SEWER SUPPLY		Yes	Sanitation Infrastructure	Distribution	19°20'50"E 34°35'50"S			3 261				Ward 02	New
KLEINMOND WWTW REFURBISH & UPGRADE		Yes	Sanitation Infrastructure	Waste Water Treatment Works	34 °20'21.16"S 19 °01' 34.39" E					2 500		Ward 10	New

Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information		
							Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal	
UPGRADE LINK SEWER SUPPLY		Yes	Sanitation Infrastructure	Distribution	-34,59319,362						1 961	Ward 01	New	
UPGRADE BULK SEWER		Yes	Sanitation Infrastructure	Distribution	-34,59319,362						2 000	Ward 01	New	
UPGRADE BULK SEWER		Yes	Sanitation Infrastructure	Distribution	19,447407 ; -34,440390						-	Ward 11	New	
UPGRADE ZWELIHLE SEWER		Yes	Sanitation Infrastructure	Distribution	19°20'09"E 34°42'00"S				3 000		2 000	Ward 12	New	
REHABILITATE MAIN BULK SEWER TO WWTW PH1		Yes	Sanitation Infrastructure	Distribution	34°20'24,0"S-19°02'13,2"E			-	4 000		2 000	Ward 09	New	
FENCING AT SEWERAGE INSTALLATIONS		Yes	Sanitation Infrastructure	Distribution	Overstrand			800	800			Overstrand	Renewal	
SEWERAGE NETWORK EXTENSION AND REPLACEMENT		Yes	Sanitation Infrastructure	Distribution	Overstrand			4 000	4 000		4 000	Overstrand	New	
GANSBAAI CBD SEWER NETWORK EXTENSION		Yes	Sanitation Infrastructure	Distribution	19°20'51"E 34°35'43"S							Ward 02	New	
EXTENSION OF THE SEWER NETWORK (MOUNTAIN AVENUES)		Yes	Sanitation Infrastructure	Distribution	S34°35,377' / E19°21,087'			300				Ward 09	New	
VEHICLES-SEWERAGE		Yes	Transport Assets	Other	Overstrand			5 050				Overstrand	New	
UPGRADING OF PUMPSTATIONS & RISING MAINS		Yes	Sanitation Infrastructure	Pump Stations	Overstrand						500	Overstrand	New	
EXTENSION OF SEWER LINE 12th STREET VOËLKLIIP		Yes	Sanitation Infrastructure	Distribution	S34°20,44' / E19°1,91'			250				Ward 03	New	
STORMWATER						2 330	13 370							
BLOMPARK HOUSING PROJECT BULK STORMWATER		Yes	Storm water Infrastructure	Storm water Conveyance	19°20'50"E 34°35'50"S			1 364	2 038			Ward 02	New	
STORMWATER (AD HOC)		Yes	Storm water Infrastructure	Storm water Conveyance	19358;-34592			50				Ward 01	Upgrading	
STORMWATER (AD HOC)		Yes	Storm water Infrastructure	Storm water Conveyance	19398;-34606			50				Ward 01	Upgrading	
STORMWATER (AD HOC)		Yes	Storm water Infrastructure	Storm water Conveyance	19350;34580			50				Ward 02	Upgrading	
STORMWATER (AD HOC)		Yes	Storm water Infrastructure	Storm water Conveyance	19494;-34662			50				Ward 11	Upgrading	
STORMWATER (AD HOC)		Yes	Storm water Infrastructure	Storm water Conveyance	19570;-34588			50				Ward 11	Upgrading	
STORMWATER (AD HOC)		Yes	Storm water Infrastructure	Storm water Conveyance	19448;-34453			50				Ward 11	Upgrading	
HAWSTON: STORM WATER IN CLOSES		Yes	Storm water Infrastructure	Storm water Conveyance	19°13'50"E 34°38'30"S			130				Ward 08	New	
STORMWATER PIPING - ACCESS ROAD BETTY'S BAY		Yes	Storm water Infrastructure	Storm water Conveyance	34°21'28,5"S-18°54'15,7"E			50				Ward 10	Upgrading	
SHEARWATER CRESCENT-STORM WATER CHANNEL TO BE PIPED		Yes	Storm water Infrastructure	Storm water Conveyance	19°16'00"E 34°41'30"S			50				Ward 13	New	
CATCH PITS FOR WARD 12 STREETS QHAYIYA ,MANDELA, LUXOLWENI,		Yes	Storm water Infrastructure	Storm water Conveyance	19°21'10"E 34°42'20"S			100				Ward 12	New	
MASAKHANE HOUSING PROJECT BULK STORMWATER		Yes	Storm water Infrastructure	Storm water Conveyance	-34,59319,362						2 000	Ward 01	New	
STANFORD HOUSING PROJECT BULK STORMWATER		Yes	Storm water Infrastructure	Storm water Conveyance	19,447407 ; -34,440390						2 000	Ward 11	New	
WASTE MANAGEMENT														
VEHICLES-WASTE MANAGEMENT		Yes	Transport Assets	Other	Overstrand			12	1 580			1 500	Overstrand	New
Total Capital expenditure								117 213	89 821	129 137	126 586	135 381		

Table 61 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Asset Class	Asset Sub-Class	GPS co-ordinates	Previous target year to complete	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework			
					Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
					Year					
R thousand										
Parent municipality: LAW ENFORCEMENT FACILITIES: ALTERATIONS AND ADDITIONS HERMANUS.MV & LV UPGRADE/REPLACEMENT NEW RESERVOIR FOR PRINGLE BAY UPGRADING OF KIDBROOKE PIPELINE WWTW UPGRADE - STANFORD	Operational Buildings Electrical Infrastructure Water Supply Infrastructure Sanitation Infrastructure Sanitation Infrastructure	Municipal Offices MV Networks Reservoirs Distribution Waste Water Treatment Works	-34.402 19.211 34°24'13.34"S 19° 16' 07.01" E S34.336437° / E19.006527° S34°24.810' / E19°10.001' S34.446248° / E19.448291°		1 500 4 650 3 810 3 100 4 152	500 1 000 547 1 315 2 400	1 000 3 650 3 263 1 785 1 752			

2.13 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format is being fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) is being fully complied with and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and is currently in the process of appointing five interns.
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 draft SDBIP document will be tabled in council on 28 March 2018 and is aligned and informs the 2018/19 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
In excess of 120 municipal officials of Overstrand Municipality has completed the MFMA training.
8. Policies
All budget related policies have been reviewed and will be tabled with the draft budget on 28 March 2018.

2.14 Other supporting documents

Table 62 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	189 017	204 277	245 478	264 495	266 462	266 462	285 982	303 141	321 329
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>	36 411	39 791	48 431	51 711	51 711	51 711	50 983	54 042	57 285
Net Property Rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges - electricity revenue									
Total Service charges - electricity revenue	290 576	326 815	358 902	368 773	368 794	368 794	399 445	426 578	460 231
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>				1 657	1 657	1 657			
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	2 822	2 215	3 448	27 867	27 867	27 867	33 723	38 958	49 386
Net Service charges - electricity revenue	287 754	324 599	355 454	339 249	339 270	339 270	365 721	387 620	410 845
Service charges - water revenue									
Total Service charges - water revenue	109 557	115 499	124 790	127 831	130 456	130 456	132 172	141 484	153 561
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>				2 276	2 276	2 276	779	849	1 015
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	1 240	1 320	1 726	11 060	11 060	11 060	14 612	16 880	21 399
Net Service charges - water revenue	108 318	114 179	123 064	114 494	117 120	117 120	116 781	123 754	131 147
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	68 581	72 651	79 177	78 917	83 917	83 917	89 179	96 034	105 609
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>				271	271	271	318	346	414
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>	-	-	-	10 776	10 776	10 776	15 697	18 134	22 988
Net Service charges - sanitation revenue	68 581	72 651	79 177	67 869	72 870	72 870	73 164	77 554	82 207
Service charges - refuse revenue									
Total refuse removal revenue	56 770	61 689	66 215	70 200	71 700	71 700	76 212	82 234	90 821
Total landfill revenue									
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>				858	858	858			
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>	-	-	-	13 954	13 954	13 954	15 223	17 586	22 293
Net Service charges - refuse revenue	56 770	61 689	66 215	55 388	56 888	56 888	60 990	64 649	68 528
Other Revenue by source									
Building Plan Approval	4 893	8 057	7 382	7 367	7 367	7 367	8 668	9 188	9 739
Camping Fees				6 106	6 106	6 106	6 473	6 861	7 273
Gains				3 000	3 000	3 000	2 000	2 000	2 000
Collection Charges	3 506	2 811	2 889	2 703	2 703	2 703	3 800	4 028	4 270
Development Charges	2 652	7 486	3 710	2 059	2 059	2 059	2 475	2 579	3 688
Parking Fees				1 706	706	706	420	427	435
Management Fees				1 025	1 025	1 025	976	1 034	1 096
Registration Fees				657	657	657	697	738	783
Clearance Certificates	459	484	594	594	594	594	500	530	562
Fire Services				530	530	530	1 000	1 060	1 124
Administrative Handling Fees	-			490	491	491	250	265	281
OTHER	10 822	10 814	19 333	1 709	1 813	1 813	4 012	4 235	3 471
Total 'Other' Revenue	22 331	29 653	33 908	27 946	27 052	27 052	31 270	32 945	34 721

Supporting detail to budgeted financial performance (Continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	177 732	183 952	199 704	214 753	210 022	210 022	220 949	235 316	247 469
Pension and UIF Contributions	27 068	29 587	33 606	35 806	35 564	35 564	39 089	41 683	44 063
Medical Aid Contributions	9 363	9 829	10 523	12 625	12 433	12 433	13 697	14 225	14 659
Overtime	14 765	15 732	15 610	15 622	16 076	16 076	23 325	24 701	26 159
Performance Bonus					-	-			
Motor Vehicle Allowance	9 634	7 222	7 602	8 213	8 213	8 213	8 595	8 295	8 299
Cellphone Allowance	1 750	1 582	1 643	1 649	1 624	1 624	2 243	2 366	2 477
Housing Allowances	944	4 608	5 064	5 405	5 340	5 340	2 542	2 542	2 542
Other benefits and allowances	10 957	11 569	12 362	29 993	27 235	27 235	37 726	39 879	41 990
Payments in lieu of leave	1 414	1 815	1 385	765	965	965	1 062	1 168	1 285
Long service awards	1 816	2 288	1 836	669	1 769	1 769	1 946	2 140	2 354
Post-retirement benefit obligations	14 378	6 381	12 585	7 724	9 924	9 924	10 916	12 008	13 209
<i>sub-total</i>	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
<i>Less: Employees costs capitalised to PPE</i>									
Total Employee related costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Contributions recognised - capital									
<i>Public contribution - non cash - assets</i>									
<i>DWA ACIP project</i>									
<i>Government contribution - non cash - assets</i>									
<i>KM CSIR</i>									
<i>Spaces for sport/Lotto</i>									
<i>Eskom Solar Rebate/ Stony Point Eco Centre etc</i>									
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	119 417	122 214	124 787	130 287	130 287	130 287	130 362	128 876	127 899
Lease amortisation	65								
Capital asset impairment	3 077	695	7 676						
Depreciation resulting from revaluation of PPE									
Total Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Bulk purchases									
Electricity Bulk Purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Water Bulk Purchases									
Total bulk purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Transfers and grants									
Cash transfers and grants	43 933	50 757	56 103	1 778	1 778	1 778	500	278	292
Non-cash transfers and grants	6 459	333	32	-	-	-	-	-	-
Total transfers and grants	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Contracted services									
Sewerage Services		23 944	38 327	44 653	44 753	44 753	47 972	51 916	55 986
Maintenance of Unspecified Assets		16 105	21 797	35 513	35 743	35 743	40 038	40 003	42 034
Infrastructure and Planning		6 892	6 787	12 654	12 654	12 654	13 413	14 218	15 071
Maintenance of Buildings and Facilities		14 014	10 291	10 096	11 523	11 523	12 199	14 536	15 106
Business and Advisory		2 313	681	7 485	7 541	7 541	1 641	1 697	1 475
Haulage		5 021	6 193	7 410	7 410	7 410	7 855	8 326	8 826
Litter Picking and Street Cleaning		6 652	5 451	6 905	6 905	6 905	7 370	7 759	8 225
Mini Dumping Sites		2 494	5 035	6 200	6 200	6 200	8 342	10 752	11 878
Legal Cost		5 477	3 832	6 193	6 193	6 193	3 189	3 333	3 417
Security Services		4 349	6 897	5 688	6 688	6 688	7 089	7 514	7 965
Traffic Fines Management		2 130	3 434	4 168	4 168	4 168	4 419	4 684	4 838
Safeguard and Security		4 990	5 778	4 012	4 012	4 012	5 639	5 974	6 328
Chipping		2 301	2 742	2 893	2 893	2 893	3 355	3 623	3 904
Meter Management		4 033	4 207	2 223	2 223	2 223	2 430	2 544	2 697
Maintenance of Equipment		2 474	965	2 116	1 816	1 816	2 258	2 517	2 482
Management of Informal Settlements				2 100	2 100	2 100	2 169	2 359	2 500
Laboratory Services		1 653	1 626	2 020	2 020	2 020	2 141	2 270	2 406
Clearing and Grass Cutting Services				1 656	1 656	1 656	1 803	3 039	2 344
Swimming Supervision				1 442	1 681	1 681	1 562	1 658	1 755
Refuse Removal				955	955	955	1 012	1 073	1 137
Event Promoters			575	808	808	808	632	657	678
Connection/Dis-connection			418	676	676	676	716	759	805
Fire Services			1 425	636	1 136	1 136	861	1 592	986
Building			269	626	626	626	664	704	746
Contractors	95 295	7 605	2 918	4 296	6 080	6 080	16 874	22 374	14 127
Total contracted services	95 295	112 447	129 647	173 424	178 460	178 460	195 642	215 879	217 715

Supporting detail to budgeted financial performance (Continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Other Expenditure By Type									
Collection costs									
Contributions to 'other' provisions									
Consultant fees									
Audit fees	3 886	4 277	4 015	4 800	4 800	4 800	5 088	5 241	5 398
General expenses	116 312	83 873	64 137	1 296	1 631	1 631			
External Computer Service				6 930	6 477	6 477	8 962	10 858	9 243
Municipal Services				5 657	5 657	5 657	6 022	6 323	6 640
Commission	4 852	1 019	4 874	5 167	5 167	5 167	5 764	6 109	6 476
Communication			2 904	5 164	5 164	5 164	6 213	6 524	6 850
Professional Bodies, Membership and Subscription			3 067	3 171	3 171	3 171	3 639	3 821	4 012
Insurance Underwriting	2 457	2 088	2 816	3 031	3 031	3 031	3 400	3 570	3 749
Contribution to Provisions			5 546	2 876	3 376	3 376	3 714	4 085	4 494
Uniform and Protective Clothing			2 759	2 627	2 707	2 707	3 082	3 236	3 398
Advertising, Publicity and Marketing	1 820	2 284	2 072	2 584	2 584	2 584	2 712	2 848	2 990
Skills Development Fund Levy			2 422	2 433	2 748	2 748	2 941	3 088	3 243
OPERATING LEASES				1 816	1 810	1 810	1 365	1 433	1 505
Workmen's Compensation Fund				1 690	1 690	1 690	1 791	1 880	1 974
Bank Charges, Facility and Card Fees			1 340	1 377	1 377	1 377	1 446	1 519	1 594
Travel and Subsistence			1 120	1 103	1 193	1 193	1 265	1 329	1 395
Assets less than the Capitalisation Threshold			775	993	908	908	932	979	1 028
Vehicle Tracking				964	964	964	1 021	1 072	1 126
Bursaries (Employees)			2 306	941	941	941	1 301	1 366	1 435
Printing, Publications and Books	2 075		779	876	876	876	896	941	988
Levies Paid - Water Resource Management Charges			805	779	779	779	992	1 042	1 094
Remuneration to Ward Committees			481	649	649	649	688	722	758
Hire Charges			2 198	436	436	436	565	593	622
Wet Fuel				350	350	350	371	390	409
Total 'Other' Expenditure	131 401	93 542	104 414	57 710	58 486	58 486	64 171	68 969	70 420
Repairs and Maintenance									
by Expenditure Item									
Employee related costs	37 737	38 175	50 261	53 689	53 537	53 537	119 082	126 435	133 653
Other materials	9 317	14 541	3 500	34 624	25 013	25 013	14 629	17 297	18 332
Contracted Services	34 342	30 494	36 145	72 415	79 144	79 144	77 506	84 817	90 046
Other Expenditure	76 630	26 167	30 890	8 555	33 541	33 541	7 725	9 338	8 802
Total Repairs and Maintenance Expenditure	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833

Table 63 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Council	Vote 2 - Municipal Manager	Vote 3 - Management Services	Vote 4 - Finance	Vote 5 - Community Services	Vote 6 - Local Economic Development	Vote 7 - Infrastructure & Planning	Vote 8 - Protection Services	Total
R thousand									
Revenue By Source									
Property rates				234 998	2 629				237 628
Service charges - electricity revenue				60			365 661		365 721
Service charges - water revenue				550	116 231				116 781
Service charges - sanitation revenue					73 164			0	73 164
Service charges - refuse revenue					60 990		0		60 990
Service charges - other									-
Rental of facilities and equipment					3 213		0		3 214
Interest earned - external investments				16 001	5				16 007
Interest earned - outstanding debtors				3 700					3 700
Dividends received									-
Fines, penalties and forfeits					239		160	34 565	34 964
Licences and permits					476			1 971	2 447
Agency services								3 700	3 700
Other revenue	180		580	7 543	8 021	300	10 817	1 660	29 101
Transfers and subsidies	24 808			1 830	52 080	1 926	49 897		130 541
Gains on disposal of PPE									-
Total Revenue (excluding capital transfers and contributions)	24 988	-	580	264 683	317 047	2 226	426 536	41 896	1 077 956
Expenditure By Type									
Employee related costs	14 200	4 666	26 881	44 552	164 175	5 355	57 071	45 189	362 090
Remuneration of councillors	10 972								10 972
Debt impairment								22 792	22 792
Depreciation & asset impairment	3	6	2 159	122	102 408	13	25 406	246	130 362
Finance charges				93	30 940		16 802		47 834
Bulk purchases							232 288		232 288
Other materials	41	29	635	559	23 725	960	28 955	2 701	57 605
Contracted services	256	230	8 544	13 710	73 079	1 110	85 577	13 136	195 642
Transfers and subsidies	500								500
Other expenditure	7 073	245	15 835	19 053	12 210	891	6 912	1 953	64 171
Loss on disposal of PPE									-
Total Expenditure	33 046	5 175	54 054	78 089	406 536	8 329	453 011	86 017	1 124 257
Surplus/(Deficit)	(8 058)	(5 175)	(53 474)	186 594	(89 488)	(6 103)	(26 476)	(44 121)	(46 301)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					21 639		40 329		61 968
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)									-
Transfers and subsidies - capital (in-kind - all)									-
Surplus/(Deficit) after capital transfers & contributions	(8 058)	(5 175)	(53 474)	186 594	(67 849)	(6 103)	13 854	(44 121)	15 667

Table 64 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSETS									
Call investment deposits									
Call deposits	26 051	101 263	170 727						
Other current investments									
Total Call investment deposits	26 051	101 263	170 727	-	-	-	-	-	-
Consumer debtors									
Consumer debtors	70 260	76 918	81 046	91 588	91 588	91 588	99 188	106 788	107 855
Less: Provision for debt impairment	(16 972)	(19 098)	(20 593)	(19 000)	(19 000)	(19 000)	(21 000)	(21 300)	(21 600)
Total Consumer debtors	53 289	57 820	60 453	72 588	72 588	72 588	78 188	85 488	86 255
Debt impairment provision									
Balance at the beginning of the year	16 359	16 972	19 098	17 096	17 096	17 096	19 000	21 000	21 300
Contributions to the provision	1 252	2 785	2 601	2 404	2 404	2 404	2 500	800	800
Bad debts written off	(639)	(658)	(1 106)	(500)	(500)	(500)	(500)	(500)	(500)
Balance at end of year	16 972	19 098	20 593	19 000	19 000	19 000	21 000	21 300	21 600
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	5 385 400	5 459 595	5 534 384	5 660 234	5 676 895	5 676 895	5 848 631	5 981 661	6 118 910
Leases recognised as PPE							-	-	-
Less: Accumulated depreciation	1 801 804	1 918 219	2 032 719	2 181 058	2 181 058	2 181 058	2 311 420	2 440 296	2 568 195
Total Property, plant and equipment (PPE)	3 583 596	3 541 376	3 501 664	3 479 176	3 495 837	3 495 837	3 537 211	3 541 365	3 550 715
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	80	60							
Current portion of long-term liabilities	23 539	26 432	29 580	33 047	33 047	33 047	38 428	41 636	46 330
Total Current liabilities - Borrowing	23 620	26 492	29 580	33 047	33 047	33 047	38 428	41 636	46 330
Trade and other payables									
Trade and other creditors	64 303	71 328	80 535	73 773	73 773	73 773	87 052	83 537	65 648
Unspent conditional transfers	2 076	1 380	6 476						
VAT									
Total Trade and other payables	66 379	72 707	87 011	73 773	73 773	73 773	87 052	83 537	65 648
Non current liabilities - Borrowing									
Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Finance leases (including PPP asset element)		-							
Total Non current liabilities - Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Provisions - non-current									
Retirement benefits	107 290	110 245	122 588	129 943	129 943	129 943	141 638	152 969	154 499
List other major provision items									
Refuse landfill site rehabilitation	76 731	79 158	84 877	88 942	88 942	88 942	96 947	100 825	99 235
Other	9 207	9 861	9 673	10 268	10 268	10 268	11 192	12 087	12 813
Total Provisions - non-current	193 227	199 265	217 138	229 153	229 153	229 153	249 777	265 881	266 547
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	2 818 525	3 217 225	3 270 121	3 201 881	3 201 881	3 201 881	3 339 936	3 357 603	3 366 341
GRAP adjustments	461 430	(15 890)	(13 970)						
Restated balance	3 279 956	3 201 335	3 256 152	3 201 881	3 201 881	3 201 881	3 339 936	3 357 603	3 366 341
Surplus/(Deficit)	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Appropriations to Reserves									
Transfers from Reserves	1 314	1 201	1 935	1 300	1 300	1 300	2 000	1 500	1 000
Depreciation offsets									
Other adjustments					67 870	67 870			
Accumulated Surplus/(Deficit)	3 217 225	3 256 152	3 297 200	3 206 436	3 339 936	3 339 936	3 357 603	3 366 341	3 405 169
Reserves									
Housing Development Fund	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
TOTAL COMMUNITY WEALTH/EQUITY	3 219 796	3 258 329	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519

Table 65 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Estimate	Estimate	Estimate
Demographics											
Population		55 012	74 546	80 432	89 954	90 176	93 466	96 177	98 966	101 836	104 789
Females aged 5 - 14		2 770	5 837	5 228	5 847	5 861	6 031	7 280	7 491	7 709	7 932
Males aged 5 - 14		2 816	5 892	5 278	5 903	5 917	6 089	6 935	7 136	7 343	7 556
Females aged 15 - 34		5 561	11 567	13 139	14 694	14 731	15 158	15 386	15 832	16 292	16 764
Males aged 15 - 34		6 029	11 235	13 648	15 264	15 301	15 745	15 217	15 658	16 112	16 580
Unemployment		5 165	8 099	4 237	4 739	4 750	4 888	5 030	5 176	5 326	5 480
Monthly household income (no. of households)											
No income		2 226	770	4 585	5 128	5 290	5 443	5 601	5 763	5 930	6 102
R1 - R1 600		6 149	5 307	5 326	5 957	6 144	6 323	6 506	6 695	6 889	7 089
R1 601 - R3 200		3 742	3 177	4 878	5 455	5 628	5 791	5 959	6 131	6 309	6 492
R3 201 - R6 400		3 344	3 789	4 362	4 878	5 032	5 178	5 328	5 483	5 642	5 805
R6 401 - R12 800		2 303	2 750	3 830	4 283	4 419	4 547	4 678	4 814	4 954	5 097
R12 801 - R25 600		920	1 947	2 896	3 239	3 341	3 438	3 538	3 640	3 746	3 854
R25 601 - R51 200		227	1 066	1 456	1 628	1 680	1 728	1 779	1 830	1 883	1 938
R52 201 - R102 400		77	184	486	544	561	577	594	611	629	647
R102 401 - R204 800		44	176	109	122	126	129	133	137	141	145
R204 801 - R409 600				81	91	93	96	99	102	105	108
R409 601 - R819 200											
> R819 200											
Poverty profiles (no. of households)											
< R2 060 per household per month											
Insert description											
Household/demographics (000)											
Number of people in municipal area		55 012	74 546	80 432	89 954	90 176	93 466	96 177	98 966	101 836	104 789
Number of poor people in municipal area											
Number of households in municipal area		19 032	19 166	28 009	31 325	32 314	33 250	34 215	35 206	36 228	37 277
Number of poor households in municipal area											
Definition of poor household (R per month)											
Housing statistics											
Formal					25 328	25 362	25 395	25 796	26 306	26 951	
Informal					3 144	3 151	3 157	3 066	3 141	3 055	
Total number of households		-	-	-	28 472	28 512	28 552	28 862	29 447	30 006	-
Dwellings provided by municipality						220	341		100	220	
Dwellings provided by provincials											
Dwellings provided by private sector					373	382	391	401	410	425	
Total new housing dwellings		-	-	-	373	602	732	401	510	645	-
Economic											
Inflation/inflation outlook (CPIX)					5.6%	6.2%	6.6%	6.4%	5.3%	5.4%	5.5%
Interest rate - borrowing					9.950%	11.5%	11.75%	10.7%	10.9%	10.9%	10.9%
Interest rate - investment					6.0%	7.24%	7.45%	7.7%	7.6%	7.6%	7.6%
Remuneration increases					7.0%	7.0%	6.0%	7.4%	6.0%	6.0%	6.0%
Consumption growth (electricity)					0.3%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)					2.6%	4.4%	4.0%	2.2%	2.4%	2.5%	2.5%
Collection rates											
Property tax/service charges					99.6%	99.3%	99.3%	99.6%	100.0%	100.0%	100.0%
Rental of facilities & equipment					99.6%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					99.6%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Revenue from agency services					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 66 MBRR SA11 – Property rates summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Valuation:									
Date of valuation:	02/07/2012	02/07/2012	02/07/2016	02/07/2016					
Financial year valuation used	2012/2013	2012/2013	2016/2017	2016/2017			2017/2018		
Municipal by-laws s6 in place? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Municipal partnership s38 used? (Y/N)	No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	2	2	2	2	2	2	2	2	2
No. of data collectors (FTE)	6	6	6	6	6	6	6	6	6
No. of internal valuers (FTE)	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	3	3	3	3	3	3	3	3	3
No. of additional valuers (FTE)	-	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Implementation time of new valuation roll (mths)	12	12	60	60					
No. of properties	41 723	42 264	42 494	42 494	42 494	42 494	42 494	42 494	42 494
No. of sectional title values	2 686	2 686	2 555	2 560	2 560	2 560	2 560	2 560	2 560
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	2	1	1	1	1	1	1	1	1
No. of valuation roll amendments	-	-	6	12	12	12	12	12	12
No. of objections by rate payers	400	8	7	12	12	12	12	12	12
No. of appeals by rate payers	40	-	3	1	10	10	10	10	10
No. of successful objections	40	-	3	1	10	10	10	10	10
No. of successful objections > 10%	5	-	-	1	1	1	1	1	1
Supplementary valuation	2 533	2 323	2 322	2 500	2 500	2 500	2 500	2 500	2 500
Public service infrastructure value (Rm)	98	98	98	82	82	82	87	87	87
Municipality owned property value (Rm)	734	721	739	905	905	905	959	959	959
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)	98	98	98	82	82	82	87	87	87
Valuation reductions-nature reserves/park (Rm)	0	0	0	368	368	368	390	390	390
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	450	442	445	450	450	450	477	477	477
Valuation reductions-public worship (Rm)	155	150	151	158	158	158	167	167	167
Valuation reductions-other (Rm)	2 205	1 937	1 947	1 946	1 946	1 946	2 063	2 063	2 063
Total valuation reductions:	2 908	2 627	2 641	3 003	3 003	3 003	3 183	3 183	3 183
Total value used for rating (Rm)	42 062	42 093	42 303	43 689	43 689	43 689	46 311	46 311	46 311
Total land value (Rm)	22 143	22 138	22 249	21 274	21 274	21 274	22 551	22 551	22 551
Total value of improvements (Rm)	21 397	21 409	21 516	25 585	25 585	25 585	27 121	27 121	27 121
Total market value (Rm)	42 062	42 093	42 303	43 689	43 689	43 689	46 311	46 311	46 311
Rating:									
Residential rate used to determine rate for other categories? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Differential rates used? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)	No	No	No	No			No		
Special rating area used? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Phasing-in properties s21 (number)				No			No		
Rates policy accompanying budget? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)	100	220	220	220			220		
Non-residential prescribed ratio s19? (%)	51.4%	51.6%	51.5%	51.5%					
Rate revenue:									
Rate revenue budget (R'000)	152 573	164 448	197 140	212 784	212 784	212 784	234 279	248 336	263 236
Rate revenue expected to collect (R'000)	152 573	164 448	197 140	212 784	212 784	212 784	234 279	248 336	263 236
Expected cash collection rate (%)	99.8%	99.2%	98.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Special rating areas (R'000)	4 808	5 294	6 863	9 088	7 556	7 556	7 994	8 474	8 982
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)	401000	520000	604						
Rebates, exemptions - bona fide farm (R'000)	79 000	85 000	99						
Rebates, exemptions - other (R'000)	3 875 000	4 642 000	5 390						
Phase-in reductions/discounts (R'000)									
Total rebates, exemptns, reductns, discs (R'000)	4 355	5 247	6 093	-	-	-	-	-	-

Table 67 MBRR SA12a – Property rates by category (current year)

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2017/18																
Valuation:																
No. of properties	36 815	-	1 083	199	364	2 071	548	-	-	-	-	-	164	-	150	-
No. of sectional title property values	2 232	-	328	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	100 TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Frequency of valuation (select)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market						
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.						
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes						
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No						
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable						
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	82	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	368	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	450	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	-
Valuation reductions-other (Rm)	1 946	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	37 468	-	3 610	576	527	905	82	-	-	-	-	-	368	-	155	-
Total land value (Rm)	17 905	-	1 500	422	291	678	71	-	-	-	-	-	268	-	138	-
Total value of improvements (Rm)	22 550	-	2 110	154	236	226	10	-	-	-	-	-	100	-	200	-
Total market value (Rm)	37 468	-	3 610	576	527	905	82	-	-	-	-	-	368	-	338	-
Rating:																
Average rate	0.005090		0.007710	0.001273	0.007710											
Rate revenue budget (R '000)	167 917		31 479	930	3 371											
Rate revenue expected to collect (R'000)	167 917		31 479	930	3 371											
Expected cash collection rate (%)	100.0%		100.0%	100.0%	100.0%											
Special rating areas (R'000)	7 492		1 446		150											
Rebates, ex emptions - indigent (R'000)																
Rebates, ex emptions - pensioners (R'000)																
Rebates, ex emptions - bona fide farm. (R'000)																
Rebates, ex emptions - other (R'000)																
Phase-in reductions/discounts (R'000)																
Total rebates,exemptns,eductns,discs (R'000)																

Table 68 MBRR SA12b – Property rates by category (budget year)

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2018/19																
Valuation:																
No. of properties	36 815	-	1 083	199	364	2 071	548	-	-	-	-	-	164	-	150	-
No. of sectional title property values	2 232	-	328	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Frequency of valuation (select)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flatrate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	87	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	390	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	477	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167	-
Valuation reductions-other (Rm)	2 063	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	39 716	-	3 826	611	558	959	87	-	-	-	-	-	390	-	164	-
Total land value (Rm)	18 979	-	1 590	448	308	719	76	-	-	-	-	-	284	-	146	-
Total value of improvements (Rm)	23 903	-	2 236	163	250	240	11	-	-	-	-	-	106	-	212	-
Total market value (Rm)	39 716	-	3 826	611	558	959	87	-	-	-	-	-	390	-	164	-
Rating:																
Average rate	0.005395		0.008173	0.001349	0.008173											
Rate revenue budget (R '000)	187 790		34 476	734	3 285											
Rate revenue expected to collect (R'000)	187 790		34 476	734	3 285											
Expected cash collection rate (%)	100.0%		100.0%	100.0%	100.0%											
Special rating areas (R'000)	6 590		1 272		132											
Rebates, exemptions - indigent (R'000)																
Rebates, exemptions - pensioners (R'000)																
Rebates, exemptions - bona fide farm. (R'000)																
Rebates, exemptions - other (R'000)																
Phase-in reductions/discounts (R'000)																
Total rebates, exemptns, reductns, discs (R'000)																

Table 69 MBRR SA13a – Service tariffs by category

Description	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Property rates (rate in the Rand)								
Residential properties		0.0041	0.0044	0.0047	0.0051	0.0054	0.0058	0.0062
Residential properties - vacant land		0.0057	0.0061	0.0065	0.0070	0.0074	0.0079	0.0085
Formal/informal settlements								
Small holdings								
Farm properties - used		0.0010	0.0011	0.0012	0.0013	0.0013	0.0014	0.0016
Farm properties - not used								
Industrial properties								
Business and commercial properties		0.0063	0.0067	0.0072	0.0077	0.0082	0.0088	0.0094
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties		0.0063	0.0067	0.0072	0.0077	0.0082	0.0088	0.0094
Municipal properties								
Public service infrastructure								
Privately owned towns serviced by the owner								
State trust land								
Restitution and redistribution properties								
Protected areas								
National monuments properties								
Exemptions, reductions and rebates (Rands)								
Residential properties								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
Indigent rebate or exemption		100 000	220 000	220 000	220 000	220 000	220 000	220 000
Pensioners/social grants rebate or exemption		100 000	220 000	220 000	220 000	220 000	220 000	220 000
Temporary relief rebate or exemption		30-100%	40-100%	40-100%	40-100%	40-100%	40-100%	40-100%
Bona fide farmers rebate or exemption								
Other rebates or exemptions								
		75%	75%	75%	75%	75%	75%	75%
Water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		102	108	115	122	129	137	145
Service point - vacant land (Rands/month)		102	108	115	122	129	137	145
Water usage - flat rate tariff (c/kl)	0 - 6 kl	325	362	404	450	502	532	564
Water usage - life line tariff	7 - 18 kl	860	912	966	1 024	1 085	1 150	1 219
Water usage - Block 1 (c/kl)	19 - 30 kl	1 395	1 479	1 567	1 661	1 761	1 867	1 979
Water usage - Block 2 (c/kl)	31 - 45 kl	2 148	2 276	2 413	2 557	2 711	2 874	3 046
Water usage - Block 3 (c/kl)	46 - 60 kl	2 790	2 957	3 134	3 322	3 521	3 732	3 956
Water usage - Block 4 (c/kl)	> 60 kl	3 720	3 943	4 179	4 430	4 696	4 978	5 276
Other								
Waste water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		91	97	102	109	115	122	129
Service point - vacant land (Rands/month)		110	116	123	109	115	122	129
Waste water - flat rate tariff (c/kl)		1 026	1 088	1 153	1 222	1 296	1 374	1 456
Volumetric charge - Block 1 (c/kl)	Basic charge pumps	61	65	69	73	78	82	87
Volumetric charge - Block 2 (c/kl)	Service per pump	419	444	471	499	529	561	595
Volumetric charge - Block 3 (c/kl)	(fill in structure)							
Volumetric charge - Block 4 (c/kl)	(fill in structure)							
Other								
Electricity tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		205	217	255	268	292	309	328
Service point - vacant land (Rands/month)		205	217	255	268	292	309	328
FBE	(how is this targeted?)							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)	88	99	100	101	108	114	121
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid (c/kwh)								
Meter - IBT Block 1 (c/kwh)	Credit Meter							
Meter - IBT Block 2 (c/kwh)	0 - 350 kWh	96.0	108.0	109.0	109.0	115.6	122.6	129.9
Meter - IBT Block 3 (c/kwh)	351 - 600 kWh	130.0	146.0	157.0	158.0	169.1	179.2	190.0
Meter - IBT Block 4 (c/kwh)	> 600 kWh	157.0	176.0	189.0	193.0	206.9	219.3	232.5
Meter - IBT Block 5 (c/kwh)	Prepaid Meter						0.0	0.0
Prepaid - IBT Block 1 (c/kwh)	0 - 350 kWh	89.0	99.0	100.0	100.0	106.8	113.2	120.0
Prepaid - IBT Block 2 (c/kwh)	351 - 600 kWh	123.0	137.0	148.0	149.0	159.3	168.9	179.0
Prepaid - IBT Block 3 (c/kwh)	> 600 kWh	151.0	169.0	182.0	185.0	198.9	210.8	223.5
Prepaid - IBT Block 4 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
Other								
Waste management tariffs								
Domestic								
Street cleaning charge								
Basic charge/ fixed fee		130	130	146	155	164	174	185
80l bin - once a week								
250l bin - once a week		130	130	146	155	164	174	185

Table 70 MBRR SA13b – Service tariffs by category (explanatory)

Description	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Exemptions, reductions and rebates (Rands)								
<i>[Insert lines as applicable]</i>								
Water tariffs								
<i>[Insert blocks as applicable]</i>								
	Basic charge	102	108	115	122	129	137	145
	Basic charge	102	108	115	122	129	137	145
	0 - 6 kl	325	362	404	450	502	532	564
	7 - 18 kl	860	912	966	1 024	1 085	1 150	1 219
	19 - 30 kl	1 395	1 479	1 567	1 661	1 761	1 867	1 979
	31 - 45 kl	2 148	2 276	2 413	2 557	2 711	2 874	3 046
	46 - 60 kl	2 790	2 957	3 134	3 322	3 521	3 732	3 956
	> 60 kl	3 720	3 943	4 179	4 430	4 696	4 978	5 276
	(fill in thresholds)							
	(fill in thresholds)							
Waste water tariffs								
<i>[Insert blocks as applicable]</i>								
	Basic charge	91	97	102	109	115	122	129
	Basic charge	110	116	123	109	115	122	129
	Tariff per kl (c/kl)	1 026	1 088	1 153	1 222	1 296	1 374	1 456
	Basic charge - pumps	61	65	69	73	78	82	87
	Service per pump	419	444	471	499	529	561	595
	(fill in structure)							
	(fill in structure)							
	(fill in structure)							
Electricity tariffs								
<i>[Insert blocks as applicable]</i>								
	Basic charge/fixed fee	205	217	255	268	292	309	328
	Basic - Vacant Land	205	217	255	268	292	309	328
	Flat rate prepaid (c/kWh)	88	99	100	101	108	114	121
	Credit Meter							
	0 - 350 kWh	96.0	108.0	109.0	109.0	115.6	122.6	129.9
	351 - 600 kWh	130.0	146.0	157.0	158.0	169.1	179.2	190.0
	> 600 kWh	157.0	176.0	189.0	193.0	206.9	219.3	232.5
	Prepaid Meter							
	0 - 350 kWh	89.0	99.0	100.0	100.0	106.8	113.2	120.0
	351 - 600 kWh	123.0	137.0	148.0	149.0	159.3	168.9	179.0
	> 600 kWh	151.0	169.0	182.0	185.0	198.9	210.8	223.5
	(fill in thresholds)							
	(fill in thresholds)							

Table 71 MBRR SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Outsourcing of sub function solid waste recovery : Overstrand	Mths	107	Outsourcing of sub function solid waste recovery	30 October 2022	13 309
Outsourcing of sub function solid waste : Overstrand Municipality	Mths	96	Outsourcing of sub function solid waste	30 November 2018	22 200
Outsourcing of sub function water and waste water treatment	Yrs	15	Outsourcing of sub function water and waste water treatment	31 October 2030	830 057
<p>Note: Overstrand make use of contractual agreements to support the implementation of core function, but the definition of outsourcing do not apply to the other contracts entered into, due to ownership that is kept within the organisation</p>					

Table 72 MBRR SA38 – Consolidated detailed operational projects

Municipal Vote/Operational project	Program/Project description	Project number	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework				
			Audited Outcome 2016/17	Current Year 2017/18 Full Year	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		
Municipality:									
<i>List all operational projects grouped by Municipal Vote</i>									
Vote 1 - Council	Municipal Running Cost				32 916	34 567	37 100		
	Typical Work Streams : Functions and Events : Special Events and Functions				130				
Vote 2 - Municipal Manager	Municipal Running Cost				5 175	5 396	5 621		
Vote 3 - Management Services	Corrective Maintenance : Emergency : Computer Equipment				554	587	587		
	Corrective Maintenance : Planned : Furniture and Office Equipment				8	9	9		
	Information and Communication Infrastructure : Data Centres : Buildings				38	39	40		
	Intangible Assets : Licences and Rights : Computer Software and Applications				4 219	4 465	4 726		
	Municipal Running Cost				45 904	48 794	50 646		
	Preventative Maintenance : Interval Based : Computer Equipment				576	846	610		
	Preventative Maintenance : Interval Based : Transport Assets				7	7	7		
	Typical Work Streams : Capacity Building Training and Development : Induction Programmes New Staff				3	3	3		
	Typical Work Streams : Capacity Building Training and Development : Leadership Development				1	1	1		
	Typical Work Streams : Capacity Building Training and Development : Workshops, Seminars and Subject Matter Training				2 018	2 018	2 018		
	Typical Work Streams : Community Development : Gender Development				20	20	21		
	Typical Work Streams : Human Resources : Employee Assistance Programme				462	462	462		
	Typical Work Streams : Junior Council				63	65	66		
	Typical Work Streams : Strategic Management and Governance : IDP Implementation and Monitoring				182	200	220		
Vote 4 - Finance	Corrective Maintenance : Emergency : Furniture and Office Equipment				57	59	60		
	Municipal Running Cost				76 595	86 034	84 654		
	Operational Buildings : Stores : Buildings				38	38	38		
	Preventative Maintenance : Interval Based : Transport Assets				63	65	67		
	Typical Work Streams : Financial Management Grant : Financial Statements				525	525			
	Typical Work Streams : Financial Management Grant : Interns Compensation				6	500			
	Typical Work Streams : Financial Management Grant : Supply Chain Management, Internal Audit and Audit				525	525			
	Typical Work Streams : Financial Management Grant : Financial Systems				280	280			
Vote 5 - Community Services	Coastal Infrastructure : Promenades : Civil Structures				191	200	210		
	Community Facilities : Cemeteries/Crematoria : Land				44	56	60		
	Community Facilities : Parks : Land				545	576	613		
	Municipal Running Cost				349 212	365 004	378 485		
	Operational Buildings : Municipal Offices : Land				901	955	1 012		
	Preventative Maintenance : Interval Based : Transport Assets				5 568	5 763	5 964		
	Roads Infrastructure : Roads : Pavements				33 531	36 206	37 500		
	Sanitation Infrastructure : Outfall Sewers : Civil Structures				602	639	677		
	Sanitation Infrastructure : Reticulation : Municipal Service Connection				3 242	3 437	3 643		
	Solid Waste Disposal : Landfill Sites : Buildings				40	42	44		
	Solid Waste Disposal : Waste Drop-off Points : Buildings				46	49	52		
	Solid Waste Disposal : Waste Drop-off Points : Service Connections on Site				1 298	1 376	1 458		
	Solid Waste Disposal : Waste Processing Facilities : Buildings				70	74	79		
	Sport and Recreation Facilities : Outdoor Facilities : Buildings				114	121	128		
	Storm water Infrastructure : Storm water Conveyance : Civil Structures				350	371	393		
	Storm water Infrastructure : Storm water Conveyance : Drainage				2 639	2 798	2 965		
	Typical Work Streams : Community Development : Community Initiatives				74	74	74		
	Typical Work Streams : Sport Development : Marathons, Sport and Recreation				258	281	298		
	Typical Work Streams : Ward Committees : Ward Initiatives				1 200				
	Water Supply Infrastructure : Distribution : Municipal Service Connections				5 368	5 690	6 031		
	Water Supply Infrastructure : Distribution : Pipe Work				1 243	1 318	1 382		
Vote 6 - Local Economic Development	Community Development : Youth Projects : Youth Projects				16	17	17		
	Municipal Running Cost				7 603	8 142	8 511		
	Preventative Maintenance : Interval Based : Transport Assets				14	14	15		
	Typical Work Streams : Capacity Building Training and Development : Workshops, Seminars and Subject Matter Training				21	22	23		
	Typical Work Streams : Local Economic Development : Project Implementation				497	527	544		
	Typical Work Streams : Local Economic Development : Training				56	60	62		
	Typical Work Streams : Tourism : Tourism Development				122	129	133		
Vote 7 - Infrastructure & Planning	Electrical Infrastructure : LV Networks : Municipal Service Connections				1 362	1 420	1 505		
	Electrical Infrastructure : LV Networks : Public Lighting				840	890	101		
	Electrical Infrastructure : Power Plants : Electrical Equipment				2 748	2 882	3 054		
	Municipal Running Cost				422 749	451 862	489 654		
	Preventative Maintenance : Interval Based : Transport Assets				641	664	464		
	Solid Waste Disposal : Waste Separation Facilities : Mechanical Equipment				338	359			
	Typical Work Streams : Community Development : Housing Projects				24 333	51 660	24 842		
Vote 8 - Protection Services	Municipal Running Cost				84 641	90 879	92 548		
	Preventative Maintenance : Interval Based : Transport Assets				1 259	1 303			
	Typical Work Streams : Public Protection and Safety				48	51			
	Typical Work Streams : Ward Committees : Ward Initiatives				70				
Total Operational expenditure					1 124 257	1 221 414	1 249 501		

Table 73 MBRR SA33 – Contracts having future budgetary implications

Description	Preceding Years	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Total Contract Value
	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate							
R thousand													
Parent Municipality:													
Revenue Obligation By Contract													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Contract 1: SC1508/2014:Water and waste water treatment operations management contract</i>		38 233	40 961	42 310	45 537	48 724	52 135	55 837	59 801	64 047	68 594	73 533	589 711
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Operating Expenditure Implication	-	38 233	40 961	42 310	45 537	48 724	52 135	55 837	59 801	64 047	68 594	73 533	589 711
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-

2.15 Municipal manager's quality certificate

I, CC Groenewald, municipal manager of Overstrand Municipality, hereby certify that the draft annual budget for the **2018/2019 MTREF** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: CC Groenewald

Municipal manager of Overstrand Municipality (WC032)

Signature:

A handwritten signature in black ink, appearing to read 'Groenewald', written over a horizontal line. The signature is stylized and somewhat cursive.

Date:

26.03.2018

ANNEXURE A

DRAFT BUDGET SCHEDULES 1-10

SCHEDULE 1

WC032 Overstrand - Schedule 1 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Revenue by Vote									
Vote 1 - Council	52 212	64 991	73 145	21 675	21 675	21 675	24 988	26 998	29 854
Vote 2 - Municipal Manager	-	-	12	48	114	114	-	-	-
Vote 3 - Management Services	1 692	3 065	2 031	194	195	195	580	600	622
Vote 4 - Finance	172 583	189 358	231 209	239 556	247 304	247 304	264 683	279 336	294 588
Vote 5 - Community Services	270 453	293 898	319 854	319 477	332 518	332 518	338 686	359 845	383 338
Vote 6 - Local Economic Development	3 389	3 471	3 556	3 900	2 900	2 900	2 226	300	300
Vote 7 - Infrastructure & Planning	335 381	409 632	414 612	414 615	474 784	474 784	466 865	517 165	531 557
Vote 8 - Protection Services	24 371	26 927	42 387	41 592	41 592	41 592	41 896	44 408	47 070
Total Revenue by Vote	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329
Expenditure by Vote to be appropriated									
Vote 1 - Council	75 314	74 562	89 974	25 959	29 972	29 972	33 046	34 567	37 100
Vote 2 - Municipal Manager	3 903	4 094	3 922	5 000	4 892	4 892	5 175	5 396	5 621
Vote 3 - Management Services	36 148	38 242	40 697	50 326	48 545	48 545	54 054	57 516	59 417
Vote 4 - Finance	58 742	63 843	64 984	73 025	71 248	71 248	78 037	87 971	84 762
Vote 5 - Community Services	347 042	335 658	345 237	384 996	384 553	384 553	406 587	425 084	441 127
Vote 6 - Local Economic Development	10 226	8 905	10 220	10 076	9 995	9 995	8 329	8 912	9 306
Vote 7 - Infrastructure & Planning	339 813	356 481	411 814	407 638	421 918	421 918	453 011	509 737	519 620
Vote 8 - Protection Services	52 938	55 942	80 844	80 782	81 073	81 073	86 017	92 232	92 548
Total Expenditure by Vote	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

SCHEDULE 2

WC032 Overstrand - Schedule 2 - Budgeted Financial Performance (revenue and expenditure)

R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source									
Property rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges - electricity revenue	287 754	324 599	355 454	339 249	339 270	339 270	365 721	387 620	410 845
Service charges - water revenue	108 318	114 179	123 064	114 494	117 120	117 120	116 781	123 754	131 147
Service charges - sanitation revenue	68 581	72 651	79 177	67 869	72 870	72 870	73 164	77 554	82 207
Service charges - refuse revenue	56 770	61 689	66 215	55 388	56 888	56 888	60 990	64 649	68 528
Service charges - other	-	-	667	647					
Rental of facilities and equipment	9 253	9 915	11 394	4 933	4 933	4 933	3 679	3 897	4 128
Interest earned - external investments	8 144	12 209	20 347	13 962	19 462	19 462	16 001	16 001	16 001
Interest earned - outstanding debtors	2 279	2 735	2 671	3 203	3 201	3 201	3 700	3 922	4 157
Dividends received									
Fines, penalties and forfeits	19 357	21 682	36 521	33 260	33 261	33 261	34 964	37 059	39 280
Licences and permits	1 972	2 423	2 525	2 374	2 374	2 374	2 447	2 593	2 749
Agency services	2 790	3 211	3 480	3 419	3 419	3 419	3 726	3 970	4 187
Transfers and subsidies	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Other revenue	22 331	29 653	33 908	27 946	27 052	27 052	31 270	32 945	34 721
Gains on disposal of PPE	3 956	7 631	6 242		23 823	23 823			
Total Revenue (excluding capital transfers and contributions)	804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080
Expenditure By Type									
Employee related costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Remuneration of councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
Debt impairment	7 693	13 785	22 005	22 792	22 792	22 792	22 792	22 792	22 792
Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Finance charges	43 447	46 207	45 913	47 440	47 440	47 440	47 834	50 433	52 064
Bulk purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Other materials	27 754	19 605	20 273	49 647	57 090	57 090	57 605	89 033	74 164
Contracted services	95 295	112 447	129 647	173 424	178 460	178 460	195 642	215 879	217 715
Transfers and subsidies	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Other expenditure	131 401	93 542	104 414	57 710	58 486	58 486	64 171	68 969	70 420
Loss on disposal of PPE	0	392	8 133						
Total Expenditure	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(119 542)	(7 036)	5 432	(44 584)	(4 556)	(4 556)	(46 301)	(51 293)	(25 420)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	55 498	60 651	33 681	47 840	73 441	73 441	61 968	58 530	63 249
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers & contributions	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Taxation									
Surplus/(Deficit) after taxation	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

SCHEDULE 3

WC032 Overstrand - Schedule 3 - Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital Expenditure - Functional									
Governance and administration	11 973	4 809	957	2 705	2 355	2 355	5 836	20 000	20 000
Executive and council			72		-	-	-	-	-
Finance and administration	11 973	4 809	885	2 705	2 355	2 355	5 836	20 000	20 000
Internal audit							-	-	-
Community and public safety	39 184	32 729	14 135	26 908	50 209	50 209	54 414	34 980	37 813
Community and social services	5 258	3 169	644	3 607	2 675	2 675	4 514	2 500	2 500
Sport and recreation	1 565	3 311	1 837	2 266	6 449	6 449	5 557	2 500	1 500
Public safety		264	996	3 848	3 195	3 195	8 876	500	-
Housing	32 361	25 985	10 658	17 186	37 890	37 890	35 467	29 480	33 813
Health							-	-	-
Economic and environmental services	6 300	13 226	13 279	7 460	13 996	13 996	14 795	6 500	2 000
Planning and development			1 540	45	45	45	5 725	-	-
Road transport	6 300	13 226	11 739	7 415	13 951	13 951	9 070	6 500	2 000
Environmental protection							-	-	-
Trading services	52 444	44 369	63 498	60 575	50 060	50 060	96 691	71 550	77 436
Energy sources	13 682	18 237	30 496	19 790	16 520	16 520	24 772	20 040	21 400
Water management	16 275	14 232	15 772	9 300	4 037	4 037	32 077	32 072	32 075
Waste water management	13 221	11 875	17 217	29 875	27 923	27 923	38 342	19 438	23 961
Waste management	9 267	25	12	1 610	1 580	1 580	1 500	-	-
Other							-	-	-
Total Capital Expenditure - Functional	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Funded by:									
National Government	22 884	31 647	25 530	26 330	26 330	26 330	25 901	29 050	29 436
Provincial Government	31 850	29 004	7 681	21 510	47 106	47 106	36 067	29 480	33 813
District Municipality							-	-	-
Other transfers and grants	1 000		8 563				100	-	-
Transfers recognised - capital	55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Public contributions & donations	607	743	1 440				-	-	-
Borrowing	39 012	27 189	35 550	30 000	23 200	23 200	64 450	54 000	54 000
Internally generated funds	14 550	6 549	13 104	19 808	19 983	19 983	45 218	20 500	20 000
Total Capital Funding	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

SCHEDULE 4

WC032 Overstrand - Schedule 4 - Budgeted Financial Position

R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS									
Current assets									
Cash	78 935	73 518	89 087	214 936	382 460	382 460	410 460	428 053	433 053
Call investment deposits	26 051	101 263	170 727	-	-	-	-	-	-
Consumer debtors	53 289	57 820	60 453	72 588	72 588	72 588	78 188	85 488	86 255
Other debtors	51 677	46 519	46 423	49 874	49 874	49 874	49 845	55 895	65 615
Current portion of long-term receivables	15	14	12	10	10	10	10	7	3
Inventory	10 575	28 688	44 126	15 030	15 030	15 030	15 432	16 388	16 888
Total current assets	220 542	307 820	410 829	352 438	519 961	519 961	553 934	585 829	601 814
Non current assets									
Long-term receivables	53	40	27	20	20	20	10	4	1
Investments	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Investment property	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Investment in Associate									
Property, plant and equipment	3 583 596	3 541 376	3 501 664	3 479 176	3 495 837	3 495 837	3 537 211	3 541 365	3 550 715
Agricultural									
Biological									
Intangible	5 506	6 713	6 287	5 942	5 942	5 942	5 942	5 942	5 942
Other non-current assets									
Total non current assets	3 757 127	3 731 761	3 701 228	3 681 110	3 647 086	3 647 086	3 695 574	3 707 060	3 723 982
TOTAL ASSETS	3 977 669	4 039 581	4 112 057	4 033 548	4 167 047	4 167 047	4 249 508	4 292 889	4 325 796
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	23 620	26 492	29 580	33 047	33 047	33 047	38 428	41 636	46 330
Consumer deposits	41 743	43 943	37 039	49 215	49 215	49 215	53 152	57 404	60 848
Trade and other payables	66 379	72 707	87 011	73 773	73 773	73 773	87 052	83 537	65 648
Provisions	23 939	26 444	28 343	30 432	30 432	30 432	36 518	38 710	34 193
Total current liabilities	155 682	169 587	181 973	186 466	186 466	186 466	215 151	221 287	207 020
Non current liabilities									
Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Provisions	193 227	199 265	217 138	229 153	229 153	229 153	249 777	265 881	266 547
Total non current liabilities	602 191	611 666	629 633	638 205	638 205	638 205	673 454	701 922	710 257
TOTAL LIABILITIES	757 873	781 253	811 606	824 671	824 671	824 671	888 605	923 209	917 277
NET ASSETS	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3 217 225	3 256 152	3 297 200	3 206 436	3 339 936	3 339 936	3 357 603	3 366 341	3 405 169
Reserves	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
TOTAL COMMUNITY WEALTH/EQUITY	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519

SCHEDULE 5

WC032 Overstrand - Schedule 5 - Budgeted Cash Flows

R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	152 186	162 962	195 733	211 275	213 247	213 247	233 460	247 092	263 833
Service charges	518 153	570 606	622 776	573 549	582 043	582 043	612 618	648 315	692 173
Other revenue	55 358	65 644	80 337	67 761	65 566	65 566	78 951	75 924	76 350
Government - operating	59 769	103 190	118 349	113 688	129 218	129 218	130 515	167 058	162 087
Government - capital	54 852	60 394	34 841	47 840	73 441	73 441	61 968	58 530	63 249
Interest	10 423	14 944	23 018	17 165	22 663	22 663	19 701	19 923	20 158
Dividends							-	-	-
Payments									
Suppliers and employees	(637 438)	(719 905)	(790 356)	(858 220)	(871 724)	(871 724)	(905 973)	(1 028 002)	(1 091 485)
Finance charges	(43 433)	(46 193)	(45 910)	(47 440)	(47 440)	(47 440)	(47 834)	(50 433)	(52 064)
Transfers and Grants	(50 392)	(51 090)	(56 136)	(1 778)	(1 778)	(1 778)	(500)	(278)	(292)
NET CASH FROM/(USED) OPERATING ACTIVITIES	119 478	160 551	182 651	123 839	165 237	165 237	182 906	138 129	134 009
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	13 552	845	2 943	-	76 818	76 818	-	-	-
Decrease (Increase) in non-current debtors				-	-	-	-	-	-
Decrease (increase) other non-current receivables	15	15	15	11	11	11	10	10	7
Decrease (increase) in non-current investments	(4 980)	(4 980)	(4 980)	(6 019)	(6 019)	(6 019)	(7 124)	(7 339)	(7 575)
Payments									
Capital assets	(109 902)	(95 133)	(91 868)	(97 648)	(116 620)	(116 620)	(171 736)	(133 030)	(137 249)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(101 315)	(99 253)	(93 891)	(103 656)	(45 810)	(45 810)	(178 850)	(140 359)	(144 817)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-	-	-
Borrowing long term/refinancing	40 000	30 000	30 000	30 000	30 000	30 000	54 000	54 000	54 000
Increase (decrease) in consumer deposits	3 983	2 200	(6 904)	2 786	2 786	2 786	3 937	4 252	3 444
Payments									
Repayment of borrowing	(20 317)	(23 704)	(26 822)	(29 976)	(29 568)	(29 568)	(33 993)	(38 428)	(41 636)
NET CASH FROM/(USED) FINANCING ACTIVITIES	23 666	8 496	(3 727)	2 810	3 218	3 218	23 944	19 824	15 808
NET INCREASE/ (DECREASE) IN CASH HELD	41 828	69 794	85 034	22 992	122 645	122 645	28 000	17 594	5 000
Cash/cash equivalents at the year begin:	63 158	104 987	174 780	191 944	259 814	259 814	382 460	410 460	428 053
Cash/cash equivalents at the year end:	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053

SCHEDULE 6

WC032 Overstrand - Schedule 6 - Cash backed reserves/accumulated surplus reconciliation

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Cash and investments available									
1. Local/District municipalities to i	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053
Other current investments > 90 days	-	-	-	-	-	-	(0)	(0)	0
Investments - Investment in Associate	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Cash and investments available:	128 136	204 521	297 796	258 358	425 881	425 881	461 006	485 938	498 513
Application of cash and investments									
Total Trade and other payables	2 076	1 380	6 476	-	-	-	-	-	-
Unspent borrowing	2 800	-	-	-	10 450	10 450	-	-	-
Statutory requirements									
Other working capital requirements	(39 810)	(32 015)	(24 811)	(46 872)	(46 710)	(46 710)	(40 110)	(55 596)	(84 243)
Other provisions									
Long term investments committed	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Reserves to be backed by cash/investments	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
Total Application of cash and investments:	(9 214)	1 281	22 898	(1 010)	9 602	9 602	13 737	5 630	(15 433)
Surplus(shortfall)	137 349	203 239	274 898	259 368	416 279	416 279	447 269	480 309	513 946

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<u>Total Upgrading of Existing Assets</u>	-	-	-	31 742	30 040	30 040	46 281	18 000	-
Roads Infrastructure	-	-	-	180	180	180	3 800	4 000	-
Storm water Infrastructure	-	-	-	6 800	8 355	8 355	350	-	-
Electrical Infrastructure	-	-	-	-	-	-	17 150	12 000	-
Water Supply Infrastructure	-	-	-	4 500	2 500	2 500	3 514	2 000	-
Sanitation Infrastructure	-	-	-	17 025	17 025	17 025	18 187	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	28 505	28 060	28 060	43 001	18 000	-
Community Facilities	-	-	-	2 877	1 920	1 920	3 230	-	-
Sport and Recreation Facilities	-	-	-	300	-	-	50	-	-
Community Assets	-	-	-	3 177	1 920	1 920	3 280	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	60	60	60	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	60	60	60	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	7 621	16 352	14 069	7 415	13 951	13 951	8 570	6 500	2 000
Roads Infrastructure	-	-	-	7 050	8 635	8 635	1 994	2 038	4 000
Storm water Infrastructure	13 682	18 237	30 496	19 790	16 520	16 520	22 772	20 040	21 400
Electrical Infrastructure	16 275	14 232	15 772	9 300	4 037	4 037	32 077	32 072	32 075
Water Supply Infrastructure	11 901	8 748	14 887	22 825	19 288	19 288	28 037	17 400	19 961
Sanitation Infrastructure	45 362	25	10 670	1 610	1 580	1 580	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	94 840	57 595	85 895	67 990	64 011	64 011	93 450	78 050	79 436
Community Facilities	6 823	32 729	3 477	7 455	5 300	5 300	15 815	3 000	2 500
Sport and Recreation Facilities	-	-	-	2 266	6 449	6 449	5 157	2 500	1 500
Community Assets	6 823	32 729	3 477	9 721	11 749	11 749	20 972	5 500	4 000
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	8 239	4 809	2 497	60	60	60	1 000	-	-
Housing	-	-	-	17 186	37 890	37 890	35 467	29 480	33 813
Other Assets	8 239	4 809	2 497	17 246	37 950	37 950	36 467	29 480	33 813
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	1 620	1 620	1 620	4 136	-	-
Furniture and Office Equipment	-	-	-	120	120	120	195	-	-
Machinery and Equipment	-	-	-	-	570	570	1 566	-	-
Transport Assets	-	-	-	950	600	600	14 950	20 000	20 000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)									
Roads Infrastructure	1 268 078	1 267 105	1 239 685	1 217 699	1 225 820	1 225 820	1 197 614	1 167 385	1 135 006
Storm water Infrastructure									
Electrical Infrastructure	538 590	533 176	534 751	528 140	524 870	524 870	522 493	517 384	513 635
Water Supply Infrastructure	527 212	518 431	505 838	494 283	489 020	489 020	493 635	498 264	503 086
Sanitation Infrastructure	379 316	378 863	376 119	384 300	380 763	380 763	392 501	393 491	397 109
Solid Waste Infrastructure	43 182	29 766	35 559	31 962	31 932	31 932	27 169	24 941	22 763
Rail Infrastructure									
Coastal Infrastructure									
Information and Communication Infrastructure									
Infrastructure	2 756 378	2 727 341	2 691 953	2 656 384	2 652 405	2 652 405	2 633 412	2 601 465	2 571 599
Community Facilities									
Sport and Recreation Facilities									
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	124 182	124 182	124 182	124 182	124 182	124 182	124 182	124 182	124 182
Revenue Generating									
Non-revenue Generating	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Investment properties	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Operational Buildings	636 129	628 734	626 854	681 424	682 274	682 274	633 723	627 195	619 157
Housing				17 186	36 977	36 977	72 444	101 924	135 737
Other Assets	636 129	628 734	626 854	698 610	719 251	719 251	706 167	729 119	754 894
Biological or Cultivated Assets									
Servitudes									
Licences and Rights	5 506	6 713	6 287	5 942	5 942	5 942	5 942	5 942	5 942
Intangible Assets	5 506	6 713	6 287	5 942	5 942	5 942	5 942	5 942	5 942
Computer Equipment									
Furniture and Office Equipment	13 439	11 794	10 659				10 245	8 928	6 675
Machinery and Equipment	4 878	3 518	3 763				6 778	3 993	2 398
Transport Assets	48 591	45 807	44 254				56 427	73 677	90 967
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	3 733 924	3 701 981	3 663 220	3 637 668	3 603 644	3 603 644	3 645 018	3 649 171	3 658 522
EXPENDITURE OTHER ITEMS									
Depreciation	122 559	123 514	124 787	130 287	130 287	130 287	130 362	128 876	127 899
Repairs and Maintenance by Asset Class	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833
Roads Infrastructure	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
Storm water Infrastructure	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
Electrical Infrastructure	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
Water Supply Infrastructure	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
Sanitation Infrastructure	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
Solid Waste Infrastructure	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	136 009	99 836	110 392	132 746	139 160	139 160	162 843	177 256	188 312
Community Facilities	6 601	-	4 867	5 895	7 327	7 327	26 556	28 467	29 977
Sport and Recreation Facilities	737	-	-	4 654	6 471	6 471	12 168	12 475	13 208
Community Assets	7 338	-	4 867	10 549	13 798	13 798	38 724	40 942	43 185
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	10 110	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Housing	177	-	-	-	-	-	-	-	-
Other Assets	10 287	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	4 392	-	5 536	5 384	5 787	5 787	5 387	5 937	5 964
Furniture and Office Equipment	-	-	-	13 663	23 288	23 288	7 725	9 338	8 802
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	280 585	232 891	245 582	299 570	321 521	321 521	349 303	366 764	378 731
Renewal and upgrading of Existing Assets as % of total	29.8%	16.7%	37.5%	44.1%	32.4%	32.4%	34.8%	29.3%	10.2%
Renewal and upgrading of Existing Assets as % of dep R&M as a % of PPE	26.7%	12.9%	27.6%	33.0%	29.0%	29.0%	45.9%	30.3%	10.9%
Renewal and upgrading and R&M as a % of PPE	4.4%	3.1%	3.4%	4.9%	5.5%	5.5%	6.2%	6.7%	7.1%
Renewal and upgrading and R&M as a % of PPE	5.0%	3.0%	4.0%	6.0%	6.0%	6.0%	8.0%	8.0%	7.0%

SCHEDULE 8

WC032 Overstrand - Schedule 8 - Basic service delivery measurement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets									
Water:									
Piped water inside dwelling	32 071	32 544	34 449	29 329	29 329	29 329	30 209	31 115	32 049
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	3 144	3 106	3 067	2 817	2 817	2 817	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	35 215	35 650	37 516	32 146	32 146	32 146	30 209	31 115	32 049
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	35 215	35 650	37 516	32 146	32 146	32 146	30 209	31 115	32 049
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Energy:									
Electricity (at least min.service level)	6 625	6 565	6 356	5 653	5 653	5 653	5 370	5 102	4 834
Electricity - prepaid (min.service level)	18 379	17 810	18 530	20 935	20 935	20 935	22 191	23 522	24 853
<i>Minimum Service Level and Above sub-total</i>	25 004	24 375	24 886	26 588	26 588	26 588	27 561	28 624	29 687
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	1 000	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	1 000	-	-	-	-	-	-	-	-
Total number of households	26 004	24 375	24 886	26 588	26 588	26 588	27 561	28 624	29 687
Refuse:									
Removed at least once a week	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
<i>Minimum Service Level and Above sub-total</i>	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
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	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Sanitation (free minimum level service)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Electricity/other energy (50kwh per household per month)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Refuse (removed at least once a week)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	1 240	1 320	1 726	11 060	11 060	11 060	14 612	16 880	21 399
Sanitation (free sanitation service to indigent households)	-	-	-	10 776	10 776	10 776	15 697	18 134	22 988
Electricity/other energy (50kwh per indigent household per month)	2 822	2 215	3 448	27 867	27 867	27 867	33 723	38 958	49 386
Refuse (removed once a week for indigent households)	-	-	-	13 954	13 954	13 954	15 223	17 586	22 293
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	4 062	3 535	5 174	63 657	63 657	63 657	79 256	91 557	116 066
Highest level of free service provided per household									
Property rates (R value threshold)	100 000	220 000	220 000	220 000	220 000	220 000	220 000	220 000	220 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)	61	65	69	73	73	73	78	82	87
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	210	210	210	210	210	210	210	210	210
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	1 786	1 947	2 135	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	36 411	39 791	48 431	51 711	51 711	51 711	50 983	54 042	57 285
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	2 276	2 276	2 276	779	849	1 015
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	271	271	271	318	346	414
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	1 657	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	858	-	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	33 727	29 916	29 916	59 100	81 140	69 000
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	38 196	41 738	50 566	90 499	84 174	84 174	111 180	136 378	127 714

SCHEDULE 9

WC032 Overstrand - Schedule 9 - Budgeted Financial Performance (revenue and expenditure by functional classification)

Standard Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Revenue - Functional									
<i>Governance and administration</i>	236 294	273 519	315 623	262 309	293 947	293 947	290 873	307 609	325 754
Executive and council	52 212	64 991	74 405	21 759	21 759	21 759	25 110	27 147	29 991
Finance and administration	184 082	208 528	241 206	240 502	272 074	272 074	265 764	280 462	295 763
Internal audit	-	-	12	48	114	114	-	-	-
<i>Community and public safety</i>	49 167	70 859	54 775	59 370	93 932	93 932	79 591	107 729	88 500
Community and social services	5 334	3 184	3 609	9 557	8 603	8 603	7 337	10 149	3 228
Sport and recreation	7 939	9 743	10 371	10 558	10 258	10 258	11 500	14 686	14 413
Public safety	736	1 437	461	2 928	2 928	2 928	1 272	1 348	1 429
Housing	35 158	56 496	40 333	36 327	72 143	72 143	59 482	81 545	69 430
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	41 563	51 914	65 909	56 638	61 878	61 878	56 563	60 504	66 651
Planning and development	9 861	13 627	13 713	11 967	11 967	11 967	11 398	10 041	10 643
Road transport	31 684	38 278	52 187	44 650	49 890	49 890	45 164	50 463	56 008
Environmental protection	19	9	9	22	22	22	-	-	-
<i>Trading services</i>	533 058	595 050	650 498	662 740	671 325	671 325	712 897	752 809	806 423
Energy sources	289 929	334 747	363 310	370 050	370 410	370 410	398 292	425 983	451 913
Water management	109 654	118 583	136 174	130 926	131 026	131 026	135 326	143 633	154 132
Waste water management	76 614	79 988	84 686	91 423	97 978	97 978	102 669	101 244	112 737
Waste management	56 861	61 733	66 329	70 340	71 910	71 910	76 610	81 949	87 641
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329
Expenditure - Functional									
<i>Governance and administration</i>	232 730	233 036	253 631	211 792	212 955	212 955	221 910	239 106	242 975
Executive and council	94 661	95 246	110 304	48 861	52 173	52 173	56 029	58 819	62 446
Finance and administration	138 069	137 790	141 426	160 383	158 331	158 331	163 015	177 271	177 359
Internal audit	-	-	1 901	2 548	2 451	2 451	2 866	3 016	3 170
<i>Community and public safety</i>	108 732	84 724	102 799	113 495	123 693	123 693	143 061	179 208	165 776
Community and social services	35 196	30 985	31 538	14 904	14 555	14 555	15 827	16 776	17 796
Sport and recreation	16 677	13 956	15 886	42 993	43 264	43 264	57 262	59 847	62 337
Public safety	24 212	24 608	34 493	30 817	32 333	32 333	39 035	43 899	43 036
Housing	32 647	15 175	20 882	24 781	33 541	33 541	30 936	58 686	42 607
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	128 949	185 614	217 152	193 013	191 471	191 471	195 539	205 586	211 337
Planning and development	23 230	63 258	75 344	36 431	37 001	37 001	35 662	37 333	39 215
Road transport	100 057	117 597	136 405	150 568	148 536	148 536	147 890	155 374	159 246
Environmental protection	5 662	4 758	5 402	6 014	5 934	5 934	11 986	12 879	12 876
<i>Trading services</i>	453 715	434 352	471 097	518 289	522 902	522 902	560 317	593 888	625 649
Energy sources	229 494	261 110	285 447	282 999	287 123	287 123	305 112	324 261	344 382
Water management	71 697	67 325	65 931	104 872	105 055	105 055	109 996	116 316	119 828
Waste water management	57 717	57 091	63 101	73 606	72 822	72 822	78 529	83 497	87 320
Waste management	94 806	48 826	56 618	56 813	57 903	57 903	66 680	69 814	74 119
<i>Other</i>	-	-	3 012	1 213	1 175	1 175	3 429	3 627	3 764
Total Expenditure - Functional	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

SCHEDULE 10

WC032 Overstrand - Schedule 10 - Budgeted Capital Expenditure by directorate

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	2 658	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	89 992	17 900	53 713	45 963	56 953	56 953	64 297	68 210	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	15 839	8 501	30 496	14 000	10 710	10 710	58 239	39 770	-
Vote 8 - Protection Services	-	-	-	-	-	-	500	-	-
Total Capital Expenditure - Vote	108 489	26 401	84 209	59 963	67 663	67 663	123 036	107 980	-
Single-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 413	3 848	72	1 640	1 290	1 290	4 106	-	-
Vote 4 - Finance	-	-	885	30	30	30	30	-	-
Vote 5 - Community Services	-	54 342	4 167	24 722	37 007	37 007	30 823	14 800	82 036
Vote 6 - Local Economic Development	-	-	-	25	25	25	5 625	-	-
Vote 7 - Infrastructure & Planning	-	10 246	1 540	7 420	7 410	7 410	1 100	9 750	55 213
Vote 8 - Protection Services	-	295	996	3 848	3 195	3 195	7 016	500	-
Capital single-year expenditure sub-total	1 413	68 732	7 659	37 685	48 956	48 956	48 699	25 050	137 249
Total Capital Expenditure - Vote	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

ANNEXURE B

A1 SCHEDULE & A2 BUDGET CHARTS

**Municipal annual budgets
and MTREF
&
supporting tables**

mSCOA Version 6.2

Munisipaliteit • U-Masipala • Municipality

OVERSTRAND



Municipality Name: WC032 Overstrand

SANTIE REYNEKE-NAUDE

CFO Name: 028 3138040 028 3138128

cfo@overstrand.gov.za Fax:

E-Mail: 2018

Budget for MTREF starting: No

Budget Year: 2018/19

Does this municipality have Entities? Consolidated Infor

If YES: Identify type of report:

Organisational Structure Votes		Complete Votes & Sub-Votes	Select Org. Structure
Vote 1 - Council	Vote 1	Council	
Vote 2 - Municipal Manager	1.1	Council General	1.1 - Council General
Vote 3 - Management Services	1.2	Mayor's Office	1.2 - Mayor's Office
Vote 4 - Finance	1.3	Pensioners & Continued Members	1.3 - Pensioners & Continued Members
Vote 5 - Community Services	Vote 2	Municipal Manager	
Vote 6 - Local Economic Development	2.1	Municipal Manager	2.1 - Municipal Manager
Vote 7 - Infrastructure & Planning	2.2	Internal Audit	2.2 - Internal Audit
Vote 8 - Protection Services	Vote 3	Management Services	
	3.1	Director: Management Services	3.1 - Director: Management Services
	3.2	Communication	3.2 - Communication
	3.3	Legal Services	3.3 - Legal Services
	3.4	Strategic Services	3.4 - Strategic Services
	3.5	Human Resources	3.5 - Human Resources
	3.6	Info & Communication Technology	3.6 - Info & Communication Technology
	3.7	Council Support Services	3.7 - Council Support Services
	3.8	Social Development	3.8 - Social Development
	3.9	Risk Management	3.9 - Risk Management
	3.10	Municipal Court	3.10 - Municipal Court
	Vote 4	Finance	
	4.1	Director: Finance	4.1 - Director: Finance
	4.2	Deputy Director: Finance	4.2 - Deputy Director: Finance
	4.3	Accounting Services	4.3 - Accounting Services
	4.4	Expenditure & Asset Management	4.4 - Expenditure & Asset Management
	4.5	Revenue	4.5 - Revenue
	4.6	Supply Chain Management	4.6 - Supply Chain Management
	4.7	Data Control	4.7 - Data Control
	4.8	Assessment Rates	4.8 - Assessment Rates
	Vote 5	Community Services	
	5.1	Director & Administration	5.1 - Director & Administration
	5.2	Offices & Community Buildings	5.2 - Offices & Community Buildings
	5.3	Parks & Townlands, Cemeteries	5.3 - Parks & Townlands, Cemeteries
	5.4	Libraries	5.4 - Libraries
	5.5	Sport & Recreation	5.5 - Sport & Recreation
	5.6	Housing & Social Upliftment	5.6 - Housing & Social Upliftment
	5.7	Roads & Stormwater	5.7 - Roads & Stormwater
	5.8	Water	5.8 - Water
	5.9	Sewerage	5.9 - Sewerage
	5.10	Refuse	5.10 - Refuse
	Vote 6	Local Economic Development	
	6.1	Director: Economic Development & Planning	6.1 - Director: Economic Development & Planning
	6.2	Tourism	6.2 - Tourism
	6.3	Parking Services	6.3 - Parking Services
	6.4	EPWP	6.4 - EPWP
	Vote 7	Infrastructure & Planning	
	7.1	Director: Infrastructure & Planning	7.1 - Director: Infrastructure & Planning
	7.2	Deputy Director: Engineering Planning	7.2 - Deputy Director: Engineering Planning
	7.3	Engineering Services & Housing Development	7.3 - Engineering Services & Housing Development
	7.4	Town Planning	7.4 - Town Planning
	7.5	Geographical Info System (GIS)	7.5 - Geographical Info System (GIS)
	7.6	Building Control Services	7.6 - Building Control Services
	7.7	Environmental Management Services	7.7 - Environmental Management Services
	7.8	Electricity	7.8 - Electricity
	7.9	Solid Waste Planning & Solid Waste Disposal	7.9 - Solid Waste Planning & Solid Waste Disposal
	7.10	Property Administration	7.10 - Property Administration
	Vote 8	Protection Services	
	8.1	Director: Protection Services	8.1 - Director: Protection Services
	8.2	Traffic	8.2 - Traffic
	8.3	Law Enforcement	8.3 - Law Enforcement
	8.4	Vehicle testing	8.4 - Vehicle testing
	8.5	Fire Brigade	8.5 - Fire Brigade
	8.6	Vehicle Licensing	8.6 - Vehicle Licensing
	8.7	Special Task Team Unit	8.7 - Special Task Team Unit
	8.8	Disaster Management	8.8 - Disaster Management
	8.9	Security Services	8.9 - Security Services

WC032 Overstrand - Contact Information			
A. GENERAL INFORMATION			
Municipality	WC032 Overstrand		
Grade		1 Grade in terms of the Remuneration of Public Office Bearers Act.	
Province	WC WESTERN CAPE		
Web Address	www.overstrand.gov.za		
e-mail Address	bking@overstrand.gov.za		
B. CONTACT INFORMATION			
Postal address:			
P.O. Box	P.O. BOX 20		
City / Town	HERMANUS		
Postal Code	7200		
Street address			
Building	MUNICIPAL OFFICE		
Street No. & Name	MAGNOLIA STREET		
City / Town	HERMANUS		
Postal Code	7200		
General Contacts			
Telephone number	028 313 8000		
Fax number	028 313 8128		
C. POLITICAL LEADERSHIP			
Speaker:		Secretary/PA to the Speaker:	
ID Number	600826 5162 08 8	ID Number	
Title	Mr	Title	
Name	ANTON COETSEE	Name	
Telephone number	028 3164454	Telephone number	
Cell number	083 2835 237	Cell number	
Fax number	086 603 6114	Fax number	
E-mail address	antoncoetsee@hermanus.co.za	E-mail address	
Mayor/Executive Mayor:		Secretary/PA to the Mayor/Executive Mayor:	
ID Number	470721 5075 08 2	ID Number	700621 0297 08 1
Title	Mr	Title	Ms
Name	DUDLEY COETZEE	Name	DORET TALJAARD
Telephone number	028 3138016	Telephone number	028 3138052
Cell number	082 5744 404	Cell number	060 8368 895
Fax number	028 313 8067	Fax number	028 3138067
E-mail address	dcoetzee@overstrand.gov.za	E-mail address	dtaljaard@overstrand.gov.za
Deputy Mayor/Executive Mayor:		Secretary/PA to the Deputy Mayor/Executive Mayor:	
ID Number	750427 0161 08 0	ID Number	880922 0040 08 9
Title	Mrs	Title	Mrs
Name	Elnora Gillion	Name	Madeleine De Villiers
Telephone number	028 313 8016	Telephone number	028 313 8002
Cell number	0606520214	Cell number	074 777 7640
Fax number		Fax number	
E-mail address	egillion@overstrand.gov.za	E-mail address	maycomsec@overstrand.gov.za
D. MANAGEMENT LEADERSHIP			
Municipal Manager:		Secretary/PA to the Municipal Manager:	
ID Number	5510065096086	ID Number	5904010048088
Title	Mr	Title	Mrs
Name	COENIE GROENEWALD	Name	RENTIA PRETORIUS
Telephone number	028 3138003	Telephone number	028 3138909
Cell number	082 5529 555	Cell number	
Fax number	0865689726	Fax number	865689726
E-mail address	cgroenewald@overstrand.gov.za	E-mail address	rpretorius@overstrand.gov.za
Chief Financial Officer		Secretary/PA to the Chief Financial Officer	
ID Number	6407080098081	ID Number	5612020062086
Title	Mrs	Title	Mrs
Name	SANTIE REYNEKE-NAUDE	Name	RITA LE ROUX
Telephone number	028 3138040	Telephone number	028 313 8074
Cell number	082 551 4499	Cell number	
Fax number	028 3138128	Fax number	028 313 8128
E-mail address	cfo@overstrand.gov.za	E-mail address	rleroux@overstrand.gov.za
Official responsible for submitting financial information		Official responsible for submitting financial information	
ID Number		ID Number	
Title	Mr	Title	Ms
Name	BERNARD KING	Name	VERONICA ALLEN
Telephone number	028 3138154	Telephone number	028 3138131
Cell number		Cell number	
Fax number	028 313 8128	Fax number	028 313 8128
E-mail address	bking@overstrand.gov.za	E-mail address	vallen@overstrand.gov.za
Official responsible for submitting financial information		Official responsible for submitting financial information	
ID Number		ID Number	
Title	Mrs	Title	
Name	GEORGIA BUCCHIANERI	Name	
Telephone number	028 3138913	Telephone number	
Cell number		Cell number	
Fax number	028 313 8128	Fax number	
E-mail address	gbucchianeri@overstrand.gov.za	E-mail address	

WC032 Overstrand - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands									
Financial Performance									
Property rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges	521 423	573 118	624 577	577 648	586 148	586 148	616 656	653 578	692 727
Investment revenue	8 144	12 209	20 347	13 962	19 462	19 462	16 001	16 001	16 001
Transfers recognised - operational	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Other own revenue	61 937	77 249	96 741	75 134	98 062	98 062	79 786	84 386	89 221
Total Revenue (excluding capital transfers and contributions)	804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080
Employee costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Remuneration of councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Finance charges	43 447	46 207	45 913	47 440	47 440	47 440	47 834	50 433	52 064
Materials and bulk purchases	195 414	214 224	237 796	261 093	273 537	273 537	289 893	338 343	341 720
Transfers and grants	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Other expenditure	234 390	220 166	264 199	253 926	259 737	259 737	282 605	307 640	310 927
Total Expenditure	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(119 542)	(7 036)	5 432	(44 584)	(4 556)	(4 556)	(46 301)	(51 293)	(25 420)
Transfers and subsidies - capital (monetary allocations)	55 498	60 651	33 681	47 840	73 441	73 441	61 968	58 530	63 249
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Capital expenditure & funds sources									
Capital expenditure	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Transfers recognised - capital	55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Public contributions & donations	607	743	1 440	-	-	-	-	-	-
Borrowing	39 012	27 189	35 550	30 000	23 200	23 200	64 450	54 000	54 000
Internally generated funds	14 550	6 549	13 104	19 808	19 983	19 983	45 218	20 500	20 000
Total sources of capital funds	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Financial position									
Total current assets	220 542	307 820	410 829	352 438	519 961	519 961	553 934	585 829	601 814
Total non current assets	3 757 127	3 731 761	3 701 228	3 681 110	3 647 086	3 647 086	3 695 574	3 707 060	3 723 982
Total current liabilities	155 682	169 587	181 973	186 466	186 466	186 466	215 151	221 287	207 020
Total non current liabilities	602 191	611 666	629 633	638 205	638 205	638 205	673 454	701 922	710 257
Community wealth/Equity	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519
Cash flows									
Net cash from (used) operating	119 478	160 551	182 651	123 839	165 237	165 237	182 906	138 129	134 009
Net cash from (used) investing	(101 315)	(99 253)	(93 891)	(103 656)	(45 810)	(45 810)	(178 850)	(140 359)	(144 817)
Net cash from (used) financing	23 666	8 496	(3 727)	2 810	3 218	3 218	23 944	19 824	15 808
Cash/cash equivalents at the year end	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053
Cash backing/surplus reconciliation									
Cash and investments available	128 136	204 521	297 796	258 358	425 881	425 881	461 006	485 938	498 513
Application of cash and investments	(9 214)	1 281	22 898	(1 010)	9 602	9 602	13 737	5 630	(15 433)
Balance - surplus (shortfall)	137 349	203 239	274 898	259 368	416 279	416 279	447 269	480 309	513 946
Asset management									
Asset register summary (WDV)	3 733 924	3 701 981	3 663 220	3 637 668	3 603 644	3 603 644	3 645 018	3 649 171	3 658 522
Depreciation	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Renewal of Existing Assets	32 727	15 884	34 479	11 280	7 713	7 713	13 550	21 000	14 000
Repairs and Maintenance	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833
Free services									
Cost of Free Basic Services provided	4 062	3 535	5 174	63 657	63 657	63 657	79 256	91 557	116 066
Revenue cost of free services provided	38 196	41 738	50 566	90 499	84 174	84 174	111 180	136 378	127 714
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	1	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-

WC032 Overstrand - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Revenue - Functional									
Governance and administration	236 294	273 519	315 623	262 309	293 947	293 947	290 873	307 609	325 754
Executive and council	52 212	64 991	74 405	21 759	21 759	21 759	25 110	27 147	29 991
Finance and administration	184 082	208 528	241 206	240 502	272 074	272 074	265 764	280 462	295 763
Internal audit	-	-	12	48	114	114	-	-	-
Community and public safety	49 167	70 859	54 775	59 370	93 932	93 932	79 591	107 729	88 500
Community and social services	5 334	3 184	3 609	9 557	8 603	8 603	7 337	10 149	3 228
Sport and recreation	7 939	9 743	10 371	10 558	10 258	10 258	11 500	14 686	14 413
Public safety	736	1 437	461	2 928	2 928	2 928	1 272	1 348	1 429
Housing	35 158	56 496	40 333	36 327	72 143	72 143	59 482	81 545	69 430
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	41 563	51 914	65 909	56 638	61 878	61 878	56 563	60 504	66 651
Planning and development	9 861	13 627	13 713	11 967	11 967	11 967	11 398	10 041	10 643
Road transport	31 684	38 278	52 187	44 650	49 890	49 890	45 164	50 463	56 008
Environmental protection	19	9	9	22	22	22	-	-	-
Trading services	533 058	595 050	650 498	662 740	671 325	671 325	712 897	752 809	806 423
Energy sources	289 929	334 747	363 310	370 050	370 410	370 410	398 292	425 983	451 913
Water management	109 654	118 583	136 174	130 926	131 026	131 026	135 326	143 633	154 132
Waste water management	76 614	79 988	84 686	91 423	97 978	97 978	102 669	101 244	112 737
Waste management	56 861	61 733	66 329	70 340	71 910	71 910	76 610	81 949	87 641
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329
Expenditure - Functional									
Governance and administration	232 730	233 036	253 631	211 792	212 955	212 955	221 910	239 106	242 975
Executive and council	94 661	95 246	110 304	48 861	52 173	52 173	56 029	58 819	62 446
Finance and administration	138 069	137 790	141 426	160 383	158 331	158 331	163 015	177 271	177 359
Internal audit	-	-	1 901	2 548	2 451	2 451	2 866	3 016	3 170
Community and public safety	108 732	84 724	102 799	113 495	123 693	123 693	143 061	179 208	165 776
Community and social services	35 196	30 985	31 538	14 904	14 555	14 555	15 827	16 776	17 796
Sport and recreation	16 677	13 956	15 886	42 993	43 264	43 264	57 262	59 847	62 337
Public safety	24 212	24 608	34 493	30 817	32 333	32 333	39 035	43 899	43 036
Housing	32 647	15 175	20 882	24 781	33 541	33 541	30 936	58 686	42 607
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	128 949	185 614	217 152	193 013	191 471	191 471	195 539	205 586	211 337
Planning and development	23 230	63 258	75 344	36 431	37 001	37 001	35 662	37 333	39 215
Road transport	100 057	117 597	136 405	150 568	148 536	148 536	147 890	155 374	159 246
Environmental protection	5 662	4 758	5 402	6 014	5 934	5 934	11 986	12 879	12 876
Trading services	453 715	434 352	471 097	518 289	522 902	522 902	560 317	593 888	625 649
Energy sources	229 494	261 110	285 447	282 999	287 123	287 123	305 112	324 261	344 382
Water management	71 697	67 325	65 931	104 872	105 055	105 055	109 996	116 316	119 828
Waste water management	57 717	57 091	63 101	73 606	72 822	72 822	78 529	83 497	87 320
Waste management	94 806	48 826	56 618	56 813	57 903	57 903	66 680	69 814	74 119
Other	-	-	3 012	1 213	1 175	1 175	3 429	3 627	3 764
Total Expenditure - Functional	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

WC032 Overstrand - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
Municipal governance and administration	236 294	273 519	315 623	262 309	293 947	293 947	290 873	307 609	325 754
Executive and council	52 212	64 991	74 405	21 759	21 759	21 759	25 110	27 147	29 991
<i>Mayor and Council</i>	52 212	64 991	73 145	21 675	21 675	21 675	24 988	26 998	29 854
<i>Municipal Manager, Town Secretary and Chief</i>			1 260	84	84	84	122	149	137
Finance and administration	184 082	208 528	241 206	240 502	272 074	272 074	265 764	280 462	295 763
<i>Administrative and Corporate Support</i>	9 807	17 593	7 014	336	337	337	359	376	394
<i>Asset Management</i>									
<i>Budget and Treasury Office</i>	172 583	187 870		16 961	22 461	22 461	18 000	18 000	18 000
<i>Finance</i>			227 698	222 585	224 832	224 832	246 618	261 267	276 515
<i>Fleet Management</i>				0	0	0	0	0	0
<i>Human Resources</i>	755	835	865	143	143	143	240	240	240
<i>Information Technology</i>	935	2 230	(5)						
<i>Legal Services</i>									
<i>Marketing, Customer Relations, Publicity and</i>									
<i>Property Services</i>			5 633	467	467	467	482	510	541
<i>Risk Management</i>									
<i>Security Services</i>									
<i>Supply Chain Management</i>				10	10	10	65	69	73
<i>Valuation Service</i>					23 824	23 824			
Internal audit	-	-	12	48	114	114	-	-	-
<i>Governance Function</i>			12	48	114	114			
Community and public safety	49 167	70 859	54 775	59 370	93 932	93 932	79 591	107 729	88 500
Community and social services	5 334	3 184	3 609	9 557	8 603	8 603	7 337	10 149	3 228
<i>Aged Care</i>									
<i>Agricultural</i>									
<i>Animal Care and Diseases</i>									
<i>Cemeteries, Funeral Parlours and</i>	209	235	212	191	191	191	198	210	222
<i>Child Care Facilities</i>									
<i>Community Halls and Facilities</i>	5 016	2 820	3 255	1 803	308	308	334	2 748	2 863
<i>Consumer Protection</i>									
<i>Cultural Matters</i>									
<i>Disaster Management</i>									
<i>Education</i>									
<i>Indigenous and Customary Law</i>									
<i>Industrial Promotion</i>									
<i>Language Policy</i>									
<i>Libraries and Archives</i>	109	129	142	7 563	8 104	8 104	6 805	7 191	143
<i>Literacy Programmes</i>									
<i>Media Services</i>									
<i>Museums and Art Galleries</i>									
<i>Population Development</i>									
<i>Provincial Cultural Matters</i>									
<i>Theatres</i>									
<i>Zoo's</i>									
Sport and recreation	7 939	9 743	10 371	10 558	10 258	10 258	11 500	14 686	14 413
<i>Beaches and Jetties</i>				648	648	648	682	720	760
<i>Casinos, Racing, Gambling, Wagering</i>									
<i>Community Parks (including Nurseries)</i>				2 912	2 912	2 912	3 804	4 032	4 273
<i>Recreational Facilities</i>	7 939	9 743	10 371	6 690	6 690	6 690	6 993	7 413	7 858
<i>Sports Grounds and Stadiums</i>				309	9	9	20	2 521	1 523
Public safety	736	1 437	461	2 928	2 928	2 928	1 272	1 348	1 429
<i>Civil Defence</i>	80	289							
<i>Cleansing</i>									
<i>Control of Public Nuisances</i>									
<i>Fencing and Fences</i>									
<i>Fire Fighting and Protection</i>	657	1 147	461	2 742	2 742	2 742	1 040	1 102	1 169
<i>Licensing and Control of Animals</i>				186	186	186	232	246	261
Housing	35 158	56 496	40 333	36 327	72 143	72 143	59 482	81 545	69 430
<i>Housing</i>	35 158	56 496	40 333	36 327	72 143	72 143	59 482	81 545	69 430
<i>Informal Settlements</i>									
Health	-	-	-	-	-	-	-	-	-
<i>Ambulance</i>									
<i>Health Services</i>									
<i>Laboratory Services</i>									
<i>Food Control</i>									
<i>Health Surveillance and Prevention of</i>									
<i>Vector Control</i>									
<i>Chemical Safety</i>									
Economic and environmental services	41 563	51 914	65 909	56 638	61 878	61 878	56 563	60 504	66 651
Planning and development	9 861	13 627	13 713	11 967	11 967	11 967	11 398	10 041	10 643
<i>Billboards</i>									
<i>Corporate Wide Strategic Planning (IDPs,</i>									
<i>Central City Improvement District</i>									
<i>Development Facilitation</i>									
<i>Economic Development/Planning</i>	3 389	3 977	12 155	2 300	2 300	2 300	1 926	-	-
<i>Regional Planning and Development</i>									
<i>Town Planning, Building Regulations and</i>	6 472	9 650	1 558	8 496	8 496	8 496	9 472	10 041	10 643
<i>Project Management Unit</i>				1 171	1 171	1 171			
<i>Provincial Planning</i>									
<i>Support to Local Municipalities</i>									

Road transport	31 684	38 278	52 187	44 650	49 890	49 890	45 164	50 463	56 008
<i>Police Forces, Traffic and Street Parking</i>	23 635	26 208	41 768	40 264	39 264	39 264	40 924	43 359	45 940
<i>Pounds</i>									
<i>Public Transport</i>									
<i>Road and Traffic Regulation</i>									
<i>Roads</i>	8 048	12 071	10 419	4 385	10 625	10 625	4 240	7 104	10 068
<i>Taxi Ranks</i>									
Environmental protection	19	9	9	22	22	22	-	-	-
<i>Biodiversity and Landscape</i>	19	9	9	22	22	22			
<i>Coastal Protection</i>									
<i>Indigenous Forests</i>									
<i>Nature Conservation</i>									
<i>Pollution Control</i>									
<i>Soil Conservation</i>									
Trading services	533 058	595 050	650 498	662 740	671 325	671 325	712 897	752 809	806 423
Energy sources	289 929	334 747	363 310	370 050	370 410	370 410	398 292	425 983	451 913
<i>Electricity</i>	289 929	334 747	363 310	370 050	370 050	370 050	398 292	425 983	451 913
<i>Street Lighting and Signal Systems</i>					360	360			
<i>Nonelectric Energy</i>									
Water management	109 654	118 583	136 174	130 926	131 026	131 026	135 326	143 633	154 132
<i>Water Treatment</i>				0	100	100			
<i>Water Distribution</i>	109 654	118 583	136 174	130 926	130 926	130 926	135 326	143 633	154 132
<i>Water Storage</i>									
Waste water management	76 614	79 988	84 686	91 423	97 978	97 978	102 669	101 244	112 737
<i>Public Toilets</i>					-	-			
<i>Sewerage</i>	75 414	77 211	82 291	84 523	84 788	84 788	101 205	99 105	108 637
<i>Storm Water Management</i>	1 200	2 777	2 394	6 900	13 190	13 190	1 464	2 138	4 100
<i>Waste Water Treatment</i>					-	-			
Waste management	56 861	61 733	66 329	70 340	71 910	71 910	76 610	81 949	87 641
<i>Recycling</i>									
<i>Solid Waste Disposal (Landfill Sites)</i>				1 088	1 158	1 158	1 146	1 215	1 288
<i>Solid Waste Removal</i>	56 861	61 733	66 329	69 252	70 752	70 752	75 464	80 734	86 353
<i>Street Cleaning</i>									
Other	-	-	-	-	-	-	-	-	-
<i>Abattoirs</i>									
<i>Air Transport</i>									
<i>Forestry</i>									
<i>Licensing and Regulation</i>									
<i>Markets</i>									
<i>Tourism</i>									
Total Revenue - Functional	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329
Expenditure - Functional									
Municipal governance and administration	232 730	233 036	253 631	211 792	212 955	212 955	221 910	239 106	242 975
Executive and council	94 661	95 246	110 304	48 861	52 173	52 173	56 029	58 819	62 446
<i>Mayor and Council</i>	92 630	93 119	89 980	27 343	31 206	31 206	33 144	34 657	37 183
<i>Municipal Manager, Town Secretary and Chief</i>	2 031	2 127	20 324	21 518	20 967	20 967	22 886	24 162	25 263
Finance and administration	138 069	137 790	141 426	160 383	158 331	158 331	163 015	177 271	177 359
<i>Administrative and Corporate Support</i>	46 788	41 929	40 230	42 467	42 416	42 416	32 346	32 883	34 471
<i>Asset Management</i>					-	-			
<i>Budget and Treasury Office</i>	58 742	63 826		6 243	6 223	6 223	32 083	33 338	34 583
<i>Finance</i>			64 980	56 661	57 941	57 941	34 719	42 851	38 376
<i>Fleet Management</i>				4 761	4 685	4 685	7 099	7 310	7 498
<i>Human Resources</i>	9 050	8 665	9 730	11 958	11 576	11 576	12 154	12 345	12 868
<i>Information Technology</i>	11 371	11 530	12 168	16 188	15 398	15 398	20 429	22 678	23 038
<i>Legal Services</i>				5 803	4 703	4 703	4 678	4 924	5 162
<i>Marketing, Customer Relations, Publicity and</i>				1 844	1 640	1 640	2 962	3 103	3 223
<i>Property Services</i>	12 118	11 840	14 317	4 202	5 292	5 292	5 209	5 949	6 224
<i>Risk Management</i>									
<i>Security Services</i>									
<i>Supply Chain Management</i>				10 207	8 407	8 407	11 286	11 837	11 861
<i>Valuation Service</i>				50	50	50	50	53	56
Internal audit	-	-	1 901	2 548	2 451	2 451	2 866	3 016	3 170
<i>Governance Function</i>			1 901	2 548	2 451	2 451	2 866	3 016	3 170
Community and public safety	108 732	84 724	102 799	113 495	123 693	123 693	143 061	179 208	165 776
Community and social services	35 196	30 985	31 538	14 904	14 555	14 555	15 827	16 776	17 796
<i>Aged Care</i>				8	8	8	8	8	8
<i>Agricultural</i>									
<i>Animal Care and Diseases</i>									
<i>Cemeteries, Funeral Parlours and</i>	416	441	502	519	499	499	1 164	1 255	1 325
<i>Child Care Facilities</i>				15	10	10	15	15	15
<i>Community Halls and Facilities</i>	28 858	23 746	23 886	6 173	6 047	6 047	5 982	6 343	6 777
<i>Consumer Protection</i>									
<i>Cultural Matters</i>									
<i>Disaster Management</i>									
<i>Education</i>									
<i>Indigenous and Customary Law</i>									
<i>Industrial Promotion</i>									
<i>Language Policy</i>									
<i>Libraries and Archives</i>	5 923	6 797	7 150	8 189	7 990	7 990	8 659	9 154	9 672
<i>Literacy Programmes</i>									
<i>Media Services</i>									
<i>Museums and Art Galleries</i>									
<i>Population Development</i>									
<i>Provincial Cultural Matters</i>									
<i>Theatres</i>									
<i>Zoo's</i>									

Sport and recreation	16 677	13 956	15 886	42 993	43 264	43 264	57 262	59 847	62 337
<i>Beaches and Jetties</i>				4 637	6 005	6 005	5 125	5 938	6 284
<i>Casinos, Racing, Gambling, Wagering</i>									
<i>Community Parks (including Nurseries)</i>	16 677	13 956		22 547	22 226	22 226	24 713	26 273	27 510
<i>Recreational Facilities</i>			15 886	10 234	9 908	9 908	10 969	11 664	12 328
<i>Sports Grounds and Stadiums</i>				5 575	5 125	5 125	16 455	15 973	16 216
Public safety	24 212	24 608	34 493	30 817	32 333	32 333	39 035	43 899	43 036
<i>Civil Defence</i>	11 558	11 254					2 467	2 611	2 763
<i>Cleansing</i>				817	811	811			
<i>Control of Public Nuisances</i>			10 415	11 372	10 406	10 406	12 943	14 590	14 519
<i>Fencing and Fences</i>									
<i>Fire Fighting and Protection</i>	12 654	13 354	24 078	18 628	21 116	21 116	23 626	26 698	25 754
<i>Licensing and Control of Animals</i>									
Housing	32 647	15 175	20 882	24 781	33 541	33 541	30 936	58 686	42 607
<i>Housing</i>	32 647	15 175	20 882	24 781	33 541	33 541	30 936	58 686	42 607
<i>Informal Settlements</i>									
Health	-	-	-	-	-	-	-	-	-
<i>Ambulance</i>									
<i>Health Services</i>									
<i>Laboratory Services</i>									
<i>Food Control</i>									
<i>Health Surveillance and Prevention of</i>									
<i>Vector Control</i>									
<i>Chemical Safety</i>									
Economic and environmental services	128 949	185 614	217 152	193 013	191 471	191 471	195 539	205 586	211 337
Planning and development	23 230	63 258	75 344	36 431	37 001	37 001	35 662	37 333	39 215
<i>Billboards</i>									
<i>Corporate Wide Strategic Planning (IDPs,</i>				2 884	2 877	2 877	4 022	4 234	4 464
<i>Central City Improvement District</i>									
<i>Development Facilitation</i>									
<i>Economic Development/Planning</i>	10 226	48 398	66 444	8 764	8 846	8 846	4 888	5 276	5 533
<i>Regional Planning and Development</i>									
<i>Town Planning, Building Regulations and</i>	13 004	14 861	8 901	18 436	18 643	18 643	19 475	20 169	21 165
<i>Project Management Unit</i>				6 346	6 636	6 636	7 277	7 654	8 053
<i>Provincial Planning</i>									
<i>Support to Local Municipalities</i>									
Road transport	100 057	117 597	136 405	150 568	148 536	148 536	147 890	155 374	159 246
<i>Police Forces, Traffic and Street Parking</i>	28 726	31 098	46 351	49 791	48 466	48 466	47 675	49 022	50 294
<i>Pounds</i>									
<i>Public Transport</i>									
<i>Roads</i>				1 411	1 380	1 380	1 135	1 243	1 262
<i>Taxi Ranks</i>	71 331	86 500	90 054	99 326	98 651	98 651	99 080	105 109	107 690
<i>Environmental protection</i>				40	40	40			
Environmental protection	5 662	4 758	5 402	6 014	5 934	5 934	11 986	12 879	12 876
<i>Biodiversity and Landscape</i>	5 662	4 758		1 650	1 650	1 650	11 375	12 240	12 209
<i>Coastal Protection</i>									
<i>Indigenous Forests</i>									
<i>Nature Conservation</i>			5 402	4 364	4 284	4 284	611	639	668
<i>Pollution Control</i>									
<i>Soil Conservation</i>									
Trading services	453 715	434 352	471 097	518 289	522 902	522 902	560 317	593 888	625 649
Energy sources	229 494	261 110	285 447	282 999	287 123	287 123	305 112	324 261	344 382
<i>Electricity</i>	229 494	261 110	285 447	282 809	287 003	287 003	305 022	324 165	344 281
<i>Street Lighting and Signal Systems</i>				190	120	120	90	95	101
<i>Nonelectric Energy</i>									
Water management	71 697	67 325	65 931	104 872	105 055	105 055	109 996	116 316	119 828
<i>Water Treatment</i>				59 114	59 172	59 172	56 375	59 574	60 603
<i>Water Distribution</i>	71 697	67 325	65 931	41 347	41 472	41 472	49 210	51 934	54 218
<i>Water Storage</i>				4 411	4 411	4 411	4 412	4 808	5 006
Waste water management	57 717	57 091	63 101	73 606	72 822	72 822	78 529	83 497	87 320
<i>Public Toilets</i>	287	265	320	460	350	350	479	507	537
<i>Sewerage</i>	50 443	48 544	51 256	47 865	48 308	48 308	46 529	49 365	51 839
<i>Storm Water Management</i>	6 987	8 282	11 524	10 173	9 682	9 682	12 784	13 946	14 377
<i>Waste Water Treatment</i>				15 107	14 482	14 482	18 737	19 679	20 567
Waste management	94 806	48 826	56 618	56 813	57 903	57 903	66 680	69 814	74 119
<i>Recycling</i>				319	319	319	338	359	380
<i>Solid Waste Disposal (Landfill Sites)</i>	94 806	48 826	56 618	28 647	29 441	29 441	30 260	33 995	36 441
<i>Solid Waste Removal</i>				27 846	28 143	28 143	35 221	34 548	36 330
<i>Street Cleaning</i>							861	913	968
Other	-	-	3 012	1 213	1 175	1 175	3 429	3 627	3 764
<i>Abattoirs</i>									
<i>Air Transport</i>									
<i>Forestry</i>									
<i>Licensing and Regulation</i>									
<i>Markets</i>									
<i>Tourism</i>			3 012	1 213	1 175	1 175	3 429	3 627	3 764
Total Expenditure - Functional	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

WC032 Overstrand - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Revenue by Vote									
Vote 1 - Council	52 212	64 991	73 145	21 675	21 675	21 675	24 988	26 998	29 854
Vote 2 - Municipal Manager	-	-	12	48	114	114	-	-	-
Vote 3 - Management Services	1 692	3 065	2 031	194	195	195	580	600	622
Vote 4 - Finance	172 583	189 358	231 209	239 556	247 304	247 304	264 683	279 336	294 588
Vote 5 - Community Services	270 453	293 898	319 854	319 477	332 518	332 518	338 686	359 845	383 338
Vote 6 - Local Economic Development	3 389	3 471	3 556	3 900	2 900	2 900	2 226	300	300
Vote 7 - Infrastructure & Planning	335 381	409 632	414 612	414 615	474 784	474 784	466 865	517 165	531 557
Vote 8 - Protection Services	24 371	26 927	42 387	41 592	41 592	41 592	41 896	44 408	47 070
Total Revenue by Vote	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329
Expenditure by Vote to be appropriated									
Vote 1 - Council	75 314	74 562	89 974	25 959	29 972	29 972	33 046	34 567	37 100
Vote 2 - Municipal Manager	3 903	4 094	3 922	5 000	4 892	4 892	5 175	5 396	5 621
Vote 3 - Management Services	36 148	38 242	40 697	50 326	48 545	48 545	54 054	57 516	59 417
Vote 4 - Finance	58 742	63 843	64 984	73 025	71 248	71 248	78 037	87 971	84 762
Vote 5 - Community Services	347 042	335 658	345 237	384 996	384 553	384 553	406 587	425 084	441 127
Vote 6 - Local Economic Development	10 226	8 905	10 220	10 076	9 995	9 995	8 329	8 912	9 306
Vote 7 - Infrastructure & Planning	339 813	356 481	411 814	407 638	421 918	421 918	453 011	509 737	519 620
Vote 8 - Protection Services	52 938	55 942	80 844	80 782	81 073	81 073	86 017	92 232	92 548
Total Expenditure by Vote	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

WC032 Overstrand - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 1 - Council	52 212	64 991	73 145	21 675	21 675	21 675	24 988	26 998	29 854
1.1 - Council General	52 212	64 991	73 145	21 675	21 675	21 675	24 988	26 998	29 854
1.2 - Mayor's Office									
1.3 - Pensioners & Continued Members									
Vote 2 - Municipal Manager	-	-	12	48	114	114	-	-	-
2.1 - Municipal Manager			12	48	114	114			
2.2 - Internal Audit									
Vote 3 - Management Services	1 692	3 065	2 031	194	195	195	580	600	622
3.1 - Director: Management Services			1 164	50	50	50	60	64	67
3.2 - Communication									
3.3 - Legal Services									
3.4 - Strategic Services									
3.5 - Human Resources	755	835	865	144	144	144	520	537	555
3.6 - Info & Communication Technology	935	2 230							
3.7 - Council Support Services	1	0	2		1	1			
3.8 - Social Development									
3.9 - Risk Management									
3.10 - Municipal Court									
Vote 4 - Finance	172 583	189 358	231 209	239 556	247 304	247 304	264 683	279 336	294 588
4.1 - Director: Finance									
4.2 - Deputy Director: Finance	1 407	1 042	1 475	1 550	1 830	1 830	1 830	1 830	1 550
4.3 - Accounting Services	9 353	13 791	23 580	16 961	22 461	22 461	18 000	18 000	18 000
4.4 - Expenditure & Asset Management	16	1 363	289	29	29	29	29	30	30
4.5 - Revenue	9 038	8 500	8 708	8 221	8 221	8 221	9 760	10 309	10 891
4.6 - Supply Chain Management	64	106	110	10	10	10	65	69	73
4.7 - Data Control	3								
4.8 - Assessment Rates	152 703	164 554	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Vote 5 - Community Services	270 453	293 898	319 854	319 477	332 518	332 518	338 686	359 845	383 338
5.1 - Director & Administration	5 767	7 482	7 258	7 569	8 107	8 107	6 845	7 231	181
5.2 - Offices & Community Buildings	2 670	1 182	1 012	2 508	1 013	1 013	1 067	3 544	3 686
5.3 - Parks & Townlands, Cemeteries	2 533	2 572	3 115	3 103	3 103	3 103	4 002	4 241	4 495
5.4 - Libraries	109	129	142	125	128	128	130	136	143
5.5 - Sport & Recreation	7 939	9 743	10 370	7 646	7 346	7 346	7 696	10 654	10 140
5.6 - Housing & Social Upliftment	403	414	350	1 501	1 501	1 501	382	405	430
5.7 - Roads & Stormwater	9 248	14 847	12 813	11 286	23 816	23 816	5 424	8 945	13 853
5.8 - Water	109 509	118 583	136 174	130 926	130 926	130 926	135 326	143 633	154 132
5.9 - Sewerage	75 414	77 211	82 291	84 523	84 788	84 788	101 205	99 105	108 637
5.10 - Refuse	56 861	61 733	66 329	70 290	71 790	71 790	76 610	81 949	87 641
Vote 6 - Local Economic Development	3 389	3 471	3 556	3 900	2 900	2 900	2 226	300	300
6.1 - Director: Economic Development & Planning	1 768								
6.2 - Tourism									
6.3 - Parking Services	1 621	2 292	1 634	1 600	600	600	300	300	300
6.4 - EPWP		1 179	1 922	2 300	2 300	2 300	1 926	-	-
Vote 7 - Infrastructure & Planning	335 381	409 632	414 612	414 615	474 784	474 784	466 865	517 165	531 557
7.1 - Director: Infrastructure & Planning	941								
7.2 - Deputy Director: Engineering Planning	1 162	506	571	50	220	220	0	0	0
7.3 - Engineering Services & Housing Development	34 898	56 081	41 634	35 997	71 812	71 812	59 100	81 140	69 000
7.4 - Town Planning	1 200	1 480	1 558	1 498	1 498	1 498	1 089	1 155	1 224
7.5 - Geographical Info System (GIS)									
7.6 - Building Control Services	5 272	8 170	7 498	6 997	6 997	6 997	8 383	8 886	9 419
7.7 - Environmental Management Services	19	9	9	22	22	22	0	0	0
7.8 - Electricity	289 929	334 747	363 310	370 050	370 410	370 410	398 292	425 983	451 913
7.9 - Solid Waste Planning & Solid Waste Disposal	4 095								
7.10 - Property Administration	(2 135)	8 639	32		23 824	23 824			
Vote 8 - Protection Services	24 371	26 927	42 387	41 592	41 592	41 592	41 896	44 408	47 070
8.1 - Director: Protection Services									
8.2 - Traffic	23 635	25 490	41 480	38 664	38 664	38 664	40 624	43 059	45 640
8.3 - Law Enforcement	80	289	288	186	186	186	232	246	261
8.4 - Vehicle testing									
8.5 - Fire Brigade	657	1 147	619	2 742	2 742	2 742	1 040	1 102	1 169
8.6 - Vehicle Licensing									
8.7 - Special Task Team Unit									
8.8 - Disaster Management									
8.9 - Security Services									
Total Revenue by Vote	860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329

WC032 Overstrand - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote									
Vote 1 - Council	75 314	74 562	89 974	25 959	29 972	29 972	33 046	34 567	37 100
1.1 - Council General	74 524	73 737	88 915	24 755	28 833	28 833	31 587	33 174	35 638
1.2 - Mayor's Office	782	817	1 057	1 203	1 139	1 139	1 458	1 393	1 462
1.3 - Pensioners & Continued Members	8	8	1	0	0	0	1	1	1
Vote 2 - Municipal Manager	3 903	4 094	3 922	5 000	4 892	4 892	5 175	5 396	5 621
2.1 - Municipal Manager	2 031	2 127	2 021	2 452	2 442	2 442	2 309	2 380	2 450
2.2 - Internal Audit	1 872	1 967	1 901	2 548	2 451	2 451	2 866	3 016	3 170
Vote 3 - Management Services	36 148	38 242	40 697	50 326	48 545	48 545	54 054	57 516	59 417
3.1 - Director: Management Services	6 534	7 323	6 278	6 936	6 871	6 871	5 464	5 704	5 932
3.2 - Communication	1 670	2 099	2 406	3 224	2 870	2 870	2 962	3 103	3 223
3.3 - Legal Services	2 174	2 401	3 260	3 748	2 645	2 645	2 423	2 543	2 669
3.4 - Strategic Services	1 316	1 429	1 550	1 798	1 731	1 731	1 872	1 978	2 092
3.5 - Human Resources	9 050	8 665	9 897	11 958	11 576	11 576	12 149	12 341	12 863
3.6 - Info & Communication Technology	11 371	11 530	12 182	16 170	15 380	15 380	20 429	22 678	23 038
3.7 - Council Support Services	3 069	3 331	3 595	4 435	4 362	4 362	5 055	5 318	5 601
3.8 - Social Development	872	995	905	1 308	1 121	1 121	1 444	1 469	1 505
3.9 - Risk Management	-	-	-	-	-	-	-	-	-
3.10 - Municipal Court	93	469	623	750	1 989	1 989	2 256	2 381	2 492
Vote 4 - Finance	58 742	63 843	64 984	73 025	71 248	71 248	78 037	87 971	84 762
4.1 - Director: Finance	1 909	2 034	2 100	2 252	2 273	2 273	2 285	2 410	2 542
4.2 - Deputy Director: Finance	6 253	5 868	6 277	6 632	6 968	6 968	7 158	7 899	7 376
4.3 - Accounting Services	5 221	5 486	5 309	6 243	6 223	6 223	6 404	6 672	6 459
4.4 - Expenditure & Asset Management	8 734	10 808	10 497	12 119	11 993	11 993	12 647	13 294	13 992
4.5 - Revenue	21 813	22 849	23 569	26 694	26 060	26 060	28 376	29 553	31 230
4.6 - Supply Chain Management	8 103	7 760	7 702	10 207	8 407	8 407	10 338	10 836	10 803
4.7 - Data Control	637	599	612	1 347	1 347	1 347	1 376	1 432	1 492
4.8 - Assessment Rates	6 072	8 438	8 920	7 531	7 977	7 977	9 452	15 875	10 867
#REF!									
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Vote 5 - Community Services	347 042	335 658	345 237	384 996	384 553	384 553	406 587	425 084	441 127
5.1 - Director & Administration	35 270	44 762	39 869	46 356	47 046	47 046	53 987	55 644	58 140
5.2 - Offices & Community Buildings	5 427	5 724	6 232	18 329	19 315	19 315	7 799	8 289	8 843
5.3 - Parks & Townlands, Cemeteries	23 846	19 431	19 913	23 666	23 372	23 372	25 710	27 322	28 604
5.4 - Libraries	5 923	6 797	7 150	8 153	7 955	7 955	8 659	9 154	9 672
5.5 - Sport & Recreation	16 964	12 881	15 885	20 571	20 217	20 217	32 839	33 881	35 143
5.6 - Housing & Social Upliftment	5 045	4 165	4 556	7 142	6 924	6 924	6 604	7 026	7 420
5.7 - Roads & Stormwater	104 015	94 871	101 571	107 603	106 460	106 460	108 844	115 936	118 846
5.8 - Water	71 697	67 335	65 931	66 582	66 420	66 420	68 191	71 346	73 675
5.9 - Sewerage	50 443	48 810	51 577	52 551	52 259	52 259	54 924	57 933	60 410
5.10 - Refuse	28 412	30 882	32 554	34 043	34 584	34 584	39 032	38 552	40 375
Vote 6 - Local Economic Development	10 226	8 905	10 220	10 076	9 995	9 995	8 329	8 912	9 306
6.1 - Director: Economic Development & Planning	5 259	2 922	3 182	4 137	3 774	3 774	3 004	5 319	5 578
6.2 - Tourism	2 615	2 691	3 012	3 219	3 182	3 182	3 391	3 588	3 723
6.3 - Parking Services	2 352	2 074	2 092	420	740	740	8	5	5
6.4 - EPWP		1 219	1 934	2 300	2 300	2 300	1 926	-	-
Vote 7 - Infrastructure & Planning	339 813	356 481	411 814	407 638	421 918	421 918	453 011	509 737	519 620
7.1 - Director: Infrastructure & Planning	2 285	2 348	2 427	2 652	2 711	2 711	2 661	2 781	2 909
7.2 - Deputy Director: Engineering Planning	7 662	32 384	47 283	51 524	52 004	52 004	56 001	60 090	62 391
7.3 - Engineering Services & Housing Development	1 906	13 969	19 296	21 024	29 982	29 982	27 921	55 440	39 170
7.4 - Town Planning	8 557	10 323	8 860	10 457	10 741	10 741	12 060	12 348	12 890
7.5 - Geographical Info System (GIS)	1 288	1 392	1 654	1 761	1 757	1 757	1 897	2 006	2 123
7.6 - Building Control Services	4 447	4 537	4 902	6 218	6 145	6 145	6 214	6 516	6 853
7.7 - Environmental Management Services	5 662	4 756	5 402	6 014	5 934	5 934	11 986	12 879	12 876
7.8 - Electricity	229 494	261 042	285 447	282 729	286 923	286 923	304 947	324 101	344 231
7.9 - Solid Waste Planning & Solid Waste Disposal	66 394	13 779	23 984	22 719	23 199	23 199	26 717	30 350	32 776
7.10 - Property Administration	12 118	11 950	12 559	2 539	2 523	2 523	2 607	3 227	3 400
Vote 8 - Protection Services	52 938	55 942	80 844	80 782	81 073	81 073	86 017	92 232	92 548
8.1 - Director: Protection Services	1 729	2 049	2 061	2 233	2 299	2 299	2 407	2 539	2 680
8.2 - Traffic	25 892	28 030	49 983	46 878	45 562	45 562	47 084	48 401	49 644
8.3 - Law Enforcement	11 558	11 254	12 938	11 372	10 406	10 406	12 573	14 201	14 109
8.4 - Vehicle testing	396	370	330	369	395	395	412	479	456
8.5 - Fire Brigade	12 654	13 354	14 310	18 353	20 840	20 840	17 763	20 490	19 180
8.6 - Vehicle Licensing	709	884	935	1 042	985	985	1 093	1 153	1 216
8.7 - Special Task Team Unit			288	260	310	310	275	292	301
8.8 - Disaster Management				275	275	275	298	316	334
8.9 - Security Services							4 113	4 363	4 628
Total Expenditure by Vote	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

WC032 Overstrand - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Revenue By Source									
Property rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges - electricity revenue	287 754	324 599	355 454	339 249	339 270	339 270	365 721	387 620	410 845
Service charges - water revenue	108 318	114 179	123 064	114 494	117 120	117 120	116 781	123 754	131 147
Service charges - sanitation revenue	68 581	72 651	79 177	67 869	72 870	72 870	73 164	77 554	82 207
Service charges - refuse revenue	56 770	61 689	66 215	55 388	56 888	56 888	60 990	64 649	68 528
Service charges - other	-	-	667	647					
Rental of facilities and equipment	9 253	9 915	11 394	4 933	4 933	4 933	3 679	3 897	4 128
Interest earned - external investments	8 144	12 209	20 347	13 962	19 462	19 462	16 001	16 001	16 001
Interest earned - outstanding debtors	2 279	2 735	2 671	3 203	3 201	3 201	3 700	3 922	4 157
Dividends received									
Fines, penalties and forfeits	19 357	21 682	36 521	33 260	33 261	33 261	34 964	37 059	39 280
Licences and permits	1 972	2 423	2 525	2 374	2 374	2 374	2 447	2 593	2 749
Agency services	2 790	3 211	3 480	3 419	3 419	3 419	3 726	3 970	4 187
Transfers and subsidies	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Other revenue	22 331	29 653	33 908	27 946	27 052	27 052	31 270	32 945	34 721
Gains on disposal of PPE	3 956	7 631	6 242		23 823	23 823			
Total Revenue (excluding capital transfers and contributions)	804 584	930 691	1 053 123	993 217	1 047 640	1 047 640	1 077 956	1 170 121	1 224 080
Expenditure By Type									
Employee related costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Remuneration of councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
Debt impairment	7 693	13 785	22 005	22 792	22 792	22 792	22 792	22 792	22 792
Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Finance charges	43 447	46 207	45 913	47 440	47 440	47 440	47 834	50 433	52 064
Bulk purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Other materials	27 754	19 605	20 273	49 647	57 090	57 090	57 605	89 033	74 164
Contracted services	95 295	112 447	129 647	173 424	178 460	178 460	195 642	215 879	217 715
Transfers and subsidies	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Other expenditure	131 401	93 542	104 414	57 710	58 486	58 486	64 171	68 969	70 420
Loss on disposal of PPE	0	392	8 133						
Total Expenditure	924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(119 542)	(7 036)	5 432	(44 584)	(4 556)	(4 556)	(46 301)	(51 293)	(25 420)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	55 498	60 651	33 681	47 840	73 441	73 441	61 968	58 530	63 249
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers & contributions	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Taxation									
Surplus/(Deficit) after taxation	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829

WC032 Overstrand - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	2 658	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	89 992	17 900	53 713	45 963	56 953	56 953	64 297	68 210	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	15 839	8 501	30 496	14 000	10 710	10 710	58 239	39 770	-
Vote 8 - Protection Services	-	-	-	-	-	-	500	-	-
Capital multi-year expenditure sub-total	108 489	26 401	84 209	59 963	67 663	67 663	123 036	107 980	-
Single-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	1 413	3 848	72	1 640	1 290	1 290	4 106	-	-
Vote 4 - Finance	-	-	885	30	30	30	30	-	-
Vote 5 - Community Services	-	54 342	4 167	24 722	37 007	37 007	30 823	14 800	82 036
Vote 6 - Local Economic Development	-	-	-	25	25	25	5 625	-	-
Vote 7 - Infrastructure & Planning	-	10 246	1 540	7 420	7 410	7 410	1 100	9 750	55 213
Vote 8 - Protection Services	-	295	996	3 848	3 195	3 195	7 016	500	-
Capital single-year expenditure sub-total	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total Capital Expenditure - Vote	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Capital Expenditure - Functional									
Governance and administration	11 973	4 809	957	2 705	2 355	2 355	5 836	20 000	20 000
Executive and council	-	-	72	-	-	-	-	-	-
Finance and administration	11 973	4 809	885	2 705	2 355	2 355	5 836	20 000	20 000
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	39 184	32 729	14 135	26 908	50 209	50 209	54 414	34 980	37 813
Community and social services	5 258	3 169	644	3 607	2 675	2 675	4 514	2 500	2 500
Sport and recreation	1 565	3 311	1 837	2 266	6 449	6 449	5 557	2 500	1 500
Public safety	-	264	996	3 848	3 195	3 195	8 876	500	-
Housing	32 361	25 985	10 658	17 186	37 890	37 890	35 467	29 480	33 813
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	6 300	13 226	13 279	7 460	13 996	13 996	14 795	6 500	2 000
Planning and development	-	-	1 540	45	45	45	5 725	-	-
Road transport	6 300	13 226	11 739	7 415	13 951	13 951	9 070	6 500	2 000
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	52 444	44 369	63 498	60 575	50 060	50 060	96 691	71 550	77 436
Energy sources	13 682	18 237	30 496	19 790	16 520	16 520	24 772	20 040	21 400
Water management	16 275	14 232	15 772	9 300	4 037	4 037	32 077	32 072	32 075
Waste water management	13 221	11 875	17 217	29 875	27 923	27 923	38 342	19 438	23 961
Waste management	9 267	25	12	1 610	1 580	1 580	1 500	-	-
Other									
Total Capital Expenditure - Functional	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
Funded by:									
National Government	22 884	31 647	25 530	26 330	26 330	26 330	25 901	29 050	29 436
Provincial Government	31 850	29 004	7 681	21 510	47 106	47 106	36 067	29 480	33 813
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	1 000	-	8 563	-	-	-	100	-	-
Transfers recognised - capital	55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Public contributions & donations	607	743	1 440	-	-	-	-	-	-
Borrowing	39 012	27 189	35 550	30 000	23 200	23 200	64 450	54 000	54 000
Internally generated funds	14 550	6 549	13 104	19 808	19 983	19 983	45 218	20 500	20 000
Total Capital Funding	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

WC032 Overstrand - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
1.1 - Council General									
1.2 - Mayor's Office									
1.3 - Pensioners & Continued Members									
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
2.1 - Municipal Manager									
2.2 - Internal Audit									
Vote 3 - Management Services	2 658	-	-	-	-	-	-	-	-
3.1 - Director: Management Services									
3.2 - Communication									
3.3 - Legal Services									
3.4 - Strategic Services									
3.5 - Human Resources	2 658								
3.6 - Info & Communication Technology									
3.7 - Council Support Services									
3.8 - Social Development									
3.9 - Risk Management									
3.10 - Municipal Court									
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
4.1 - Director: Finance									
4.2 - Deputy Director: Finance									
4.3 - Accounting Services									
4.4 - Expenditure & Asset Management									
4.5 - Revenue									
4.6 - Supply Chain Management									
4.7 - Data Control									
4.8 - Assessment Rates									
Vote 5 - Community Services	89 992	17 900	53 713	45 963	56 953	56 953	64 297	68 210	-
5.1 - Director & Administration	8 918		644	1 495	1 495	1 495	11 150	20 000	-
5.2 - Offices & Community Buildings								2 500	-
5.3 - Parks & Townlands, Cemeteries									-
5.4 - Libraries	1 961	3 031							-
5.5 - Sport & Recreation	1 690	3 314		300	300	300	4 017	2 500	-
5.6 - Housing & Social Upliftment	32 361		10 658	10 023	29 813	29 813			-
5.7 - Roads & Stormwater	7 621		11 739	10 800	10 800	10 800	10 034	4 038	-
5.8 - Water	16 275	10 594	15 772	8 510	3 247	3 247	22 700	21 772	-
5.9 - Sewerage	11 970	962	14 887	14 835	11 298	11 298	16 396	17 400	-
5.10 - Refuse	9 198		12						-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
6.1 - Director: Economic Development & Planning									
6.2 - Tourism									
6.3 - Parking Services									
6.4 - EPWP									
Vote 7 - Infrastructure & Planning	15 839	8 501	30 496	14 000	10 710	10 710	58 239	39 770	-
7.1 - Director: Infrastructure & Planning									
7.2 - Deputy Director: Engineering Planning									
7.3 - Engineering Services & Housing Development							35 467	29 480	-
7.4 - Town Planning									
7.5 - Geographical Info System (GIS)									
7.6 - Building Control Services									
7.7 - Environmental Management Services		8 501							
7.8 - Electricity	13 682		30 496	14 000	10 710	10 710	22 772	10 290	-
7.9 - Solid Waste Planning & Solid Waste Disposal									
7.10 - Property Administration	2 157								
Vote 8 - Protection Services	-	-	-	-	-	-	500	-	-
8.1 - Director: Protection Services									
8.2 - Traffic									
8.3 - Law Enforcement									
8.4 - Vehicle testing									
8.5 - Fire Brigade							500		
8.6 - Vehicle Licensing									
8.7 - Special Task Team Unit									
8.8 - Disaster Management									
8.9 - Security Services									
Capital multi-year expenditure sub-total	108 489	26 401	84 209	59 963	67 663	67 663	123 036	107 980	-

Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
1.1 - Council General									
1.2 - Mayor's Office									
1.3 - Pensioners & Continued Members									
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
2.1 - Municipal Manager									
2.2 - Internal Audit									
Vote 3 - Management Services	1 413	3 848	72	1 640	1 290	1 290	4 106	-	-
3.1 - Director: Management Services			72	20	20	20	40	-	-
3.2 - Communication							-	-	-
3.3 - Legal Services							-	-	-
3.4 - Strategic Services							-	-	-
3.5 - Human Resources							-	-	-
3.6 - Info & Communication Technology	1 413	3 848		1 620	1 270	1 270	4 066	-	-
3.7 - Council Support Services							-	-	-
3.8 - Social Development							-	-	-
3.9 - Risk Management							-	-	-
3.10 - Municipal Court							-	-	-
Vote 4 - Finance	-	-	885	30	30	30	30	-	-
4.1 - Director: Finance			885	30	30	30	30	-	-
4.2 - Deputy Director: Finance							-	-	-
4.3 - Accounting Services							-	-	-
4.4 - Expenditure & Asset Management							-	-	-
4.5 - Revenue							-	-	-
4.6 - Supply Chain Management							-	-	-
4.7 - Data Control							-	-	-
4.8 - Assessment Rates							-	-	-
Vote 5 - Community Services	-	54 342	4 167	24 722	37 007	37 007	30 823	14 800	82 036
5.1 - Director & Administration		2 982		2 016	545	545	5 914	-	20 000
5.2 - Offices & Community Buildings							100	-	2 500
5.3 - Parks & Townlands, Cemeteries							-	-	-
5.4 - Libraries				1 132	1 670	1 670	-	-	-
5.5 - Sport & Recreation		6	1 837	1 966	6 149	6 149	-	-	1 500
5.6 - Housing & Social Upliftment		25 974		7 164	8 077	8 077	-	-	-
5.7 - Roads & Stormwater		17 297	2 330	3 665	11 786	11 786	530	4 500	6 000
5.8 - Water		3 639		790	790	790	9 377	10 300	32 075
5.9 - Sewerage		4 432		7 990	7 990	7 990	14 902	-	19 961
5.10 - Refuse		13		-	-	-	-	-	-
Vote 6 - Local Economic Development	-	-	-	25	25	25	5 625	-	-
6.1 - Director: Economic Development & Planning				25	25	25	5 625	-	-
6.2 - Tourism							-	-	-
6.3 - Parking Services							-	-	-
6.4 - EPWP							-	-	-
Vote 7 - Infrastructure & Planning	-	10 246	1 540	7 420	7 410	7 410	1 100	9 750	55 213
7.1 - Director: Infrastructure & Planning			1 540	20	20	20	100	-	-
7.2 - Deputy Director:Engineering Planning							-	-	-
7.3 - Engineering Services & Housing Development							1 000	-	33 813
7.4 - Town Planning							-	-	-
7.5 - Geographical Info System (GIS)							-	-	-
7.6 - Building Control Services							-	-	-
7.7 - Environmental Management Services							-	-	-
7.8 - Electricity		9 734		5 790	5 810	5 810	-	9 750	21 400
7.9 - Solid Waste Planning & Solid Waste Disposal				1 610	1 580	1 580	-	-	-
7.10 - Property Administration		512					-	-	-
Vote 8 - Protection Services	-	295	996	3 848	3 195	3 195	7 016	500	-
8.1 - Director: Protection Services		295					316	-	-
8.2 - Traffic							-	-	-
8.3 - Law Enforcement							220	-	-
8.4 - Vehicle testing							-	-	-
8.5 - Fire Brigade			996	3 848	3 195	3 195	6 480	500	-
8.6 - Vehicle Licensing							-	-	-
8.7 - Special Task Team Unit							-	-	-
8.8 - Disaster Management							-	-	-
8.9 - Security Services							-	-	-
Capital single-year expenditure sub-total	1 413	68 732	7 659	37 685	48 956	48 956	48 699	25 050	137 249
Total Capital Expenditure	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

WC032 Overstrand - Table A6 Budgeted Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSETS									
Current assets									
Cash	78 935	73 518	89 087	214 936	382 460	382 460	410 460	428 053	433 053
Call investment deposits	26 051	101 263	170 727	-	-	-	-	-	-
Consumer debtors	53 289	57 820	60 453	72 588	72 588	72 588	78 188	85 488	86 255
Other debtors	51 677	46 519	46 423	49 874	49 874	49 874	49 845	55 895	65 615
Current portion of long-term receivables	15	14	12	10	10	10	10	7	3
Inventory	10 575	28 688	44 126	15 030	15 030	15 030	15 432	16 388	16 888
Total current assets	220 542	307 820	410 829	352 438	519 961	519 961	553 934	585 829	601 814
Non current assets									
Long-term receivables	53	40	27	20	20	20	10	4	1
Investments	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Investment property	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Investment in Associate									
Property, plant and equipment	3 583 596	3 541 376	3 501 664	3 479 176	3 495 837	3 495 837	3 537 211	3 541 365	3 550 715
Agricultural									
Biological									
Intangible	5 506	6 713	6 287	5 942	5 942	5 942	5 942	5 942	5 942
Other non-current assets									
Total non current assets	3 757 127	3 731 761	3 701 228	3 681 110	3 647 086	3 647 086	3 695 574	3 707 060	3 723 982
TOTAL ASSETS	3 977 669	4 039 581	4 112 057	4 033 548	4 167 047	4 167 047	4 249 508	4 292 889	4 325 796
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	23 620	26 492	29 580	33 047	33 047	33 047	38 428	41 636	46 330
Consumer deposits	41 743	43 943	37 039	49 215	49 215	49 215	53 152	57 404	60 848
Trade and other payables	66 379	72 707	87 011	73 773	73 773	73 773	87 052	83 537	65 648
Provisions	23 939	26 444	28 343	30 432	30 432	30 432	36 518	38 710	34 193
Total current liabilities	155 682	169 587	181 973	186 466	186 466	186 466	215 151	221 287	207 020
Non current liabilities									
Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Provisions	193 227	199 265	217 138	229 153	229 153	229 153	249 777	265 881	266 547
Total non current liabilities	602 191	611 666	629 633	638 205	638 205	638 205	673 454	701 922	710 257
TOTAL LIABILITIES	757 873	781 253	811 606	824 671	824 671	824 671	888 605	923 209	917 277
NET ASSETS	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3 217 225	3 256 152	3 297 200	3 206 436	3 339 936	3 339 936	3 357 603	3 366 341	3 405 169
Reserves	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
TOTAL COMMUNITY WEALTH/EQUITY	3 219 796	3 258 328	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519

WC032 Overstrand - Table A7 Budgeted Cash Flows

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	152 186	162 962	195 733	211 275	213 247	213 247	233 460	247 092	263 833
Service charges	518 153	570 606	622 776	573 549	582 043	582 043	612 618	648 315	692 173
Other revenue	55 358	65 644	80 337	67 761	65 566	65 566	78 951	75 924	76 350
Government - operating	59 769	103 190	118 349	113 688	129 218	129 218	130 515	167 058	162 087
Government - capital	54 852	60 394	34 841	47 840	73 441	73 441	61 968	58 530	63 249
Interest	10 423	14 944	23 018	17 165	22 663	22 663	19 701	19 923	20 158
Dividends							-	-	-
Payments									
Suppliers and employees	(637 438)	(719 905)	(790 356)	(858 220)	(871 724)	(871 724)	(905 973)	(1 028 002)	(1 091 485)
Finance charges	(43 433)	(46 193)	(45 910)	(47 440)	(47 440)	(47 440)	(47 834)	(50 433)	(52 064)
Transfers and Grants	(50 392)	(51 090)	(56 136)	(1 778)	(1 778)	(1 778)	(500)	(278)	(292)
NET CASH FROM/(USED) OPERATING ACTIVITIES	119 478	160 551	182 651	123 839	165 237	165 237	182 906	138 129	134 009
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	13 552	845	2 943	-	76 818	76 818	-	-	-
Decrease (Increase) in non-current debtors				-	-	-	-	-	-
Decrease (increase) other non-current receivables	15	15	15	11	11	11	10	10	7
Decrease (increase) in non-current investments	(4 980)	(4 980)	(4 980)	(6 019)	(6 019)	(6 019)	(7 124)	(7 339)	(7 575)
Payments									
Capital assets	(109 902)	(95 133)	(91 868)	(97 648)	(116 620)	(116 620)	(171 736)	(133 030)	(137 249)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(101 315)	(99 253)	(93 891)	(103 656)	(45 810)	(45 810)	(178 850)	(140 359)	(144 817)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-	-	-
Borrowing long term/refinancing	40 000	30 000	30 000	30 000	30 000	30 000	54 000	54 000	54 000
Increase (decrease) in consumer deposits	3 983	2 200	(6 904)	2 786	2 786	2 786	3 937	4 252	3 444
Payments									
Repayment of borrowing	(20 317)	(23 704)	(26 822)	(29 976)	(29 568)	(29 568)	(33 993)	(38 428)	(41 636)
NET CASH FROM/(USED) FINANCING ACTIVITIES	23 666	8 496	(3 727)	2 810	3 218	3 218	23 944	19 824	15 808
NET INCREASE/ (DECREASE) IN CASH HELD	41 828	69 794	85 034	22 992	122 645	122 645	28 000	17 594	5 000
Cash/cash equivalents at the year begin:	63 158	104 987	174 780	191 944	259 814	259 814	382 460	410 460	428 053
Cash/cash equivalents at the year end:	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053

WC032 Overstrand - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	104 987	174 780	259 814	214 936	382 460	382 460	410 460	428 053	433 053
Other current investments > 90 days	-	-	-	-	-	-	(0)	(0)	0
Non current assets - Investments	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Cash and investments available:	128 136	204 521	297 796	258 358	425 881	425 881	461 006	485 938	498 513
Application of cash and investments									
Unspent conditional transfers	2 076	1 380	6 476	-	-	-	-	-	-
Unspent borrowing	2 800	-	-	-	10 450	10 450	-	-	-
Statutory requirements									
Other working capital requirements	(39 810)	(32 015)	(24 811)	(46 872)	(46 710)	(46 710)	(40 110)	(55 596)	(84 243)
Other provisions									
Long term investments committed	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Reserves to be backed by cash/investments	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
Total Application of cash and investments:	(9 214)	1 281	22 898	(1 010)	9 602	9 602	13 737	5 630	(15 433)
Surplus(shortfall)	137 349	203 239	274 898	259 368	416 279	416 279	447 269	480 309	513 946

WC032 Overstrand - Table A9 Asset Management

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	77 176	79 249	57 389	54 626	78 867	78 867	111 905	94 030	123 249
Roads Infrastructure	1 320	16 352	2 260	5 155	11 691	11 691	4 770	2 500	2 000
Storm water Infrastructure	-	-	-	2 150	280	280	1 644	2 038	4 000
Electrical Infrastructure	10 581	18 237	30 496	18 790	15 520	15 520	5 622	8 040	21 400
Water Supply Infrastructure	470	3 772	5 276	3 900	637	637	16 363	10 472	18 075
Sanitation Infrastructure	8 833	6 217	5 718	-	-	-	8 550	16 000	19 961
Solid Waste Infrastructure	42 473	25	8 930	110	110	110	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	63 679	44 603	52 681	28 205	28 238	28 238	36 949	39 050	65 436
Community Facilities	5 258	29 837	2 212	4 579	3 380	3 380	12 585	3 000	2 500
Sport and Recreation Facilities	-	-	-	1 966	6 449	6 449	5 057	2 500	1 500
Community Assets	5 258	29 837	2 212	6 545	9 829	9 829	17 642	5 500	4 000
Heritage Assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	8 239	4 809	2 497	-	-	-	1 000	-	-
Housing	-	-	-	17 186	37 890	37 890	35 467	29 480	33 813
Other Assets	8 239	4 809	2 497	17 186	37 890	37 890	36 467	29 480	33 813
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	1 620	1 620	1 620	4 136	-	-
Furniture and Office Equipment	-	-	-	120	120	120	195	-	-
Machinery and Equipment	-	-	-	-	570	570	1 566	-	-
Transport Assets	-	-	-	950	600	600	14 950	20 000	20 000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	32 727	15 884	34 479	11 280	7 713	7 713	13 550	21 000	14 000
Roads Infrastructure	6 300	-	11 809	2 080	2 080	2 080	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	3 100	-	-	1 000	1 000	1 000	-	-	-
Water Supply Infrastructure	15 805	10 460	10 496	900	900	900	12 200	19 600	14 000
Sanitation Infrastructure	3 067	2 531	9 169	5 800	2 263	2 263	1 300	1 400	-
Solid Waste Infrastructure	2 889	-	1 740	1 500	1 470	1 470	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	31 161	12 992	33 214	11 280	7 713	7 713	13 500	21 000	14 000
Community Facilities	1 565	2 893	1 265	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	50	-	-
Community Assets	1 565	2 893	1 265	-	-	-	50	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	-	-	-	31 742	30 040	30 040	46 281	18 000	-
Roads Infrastructure	-	-	-	180	180	180	3 800	4 000	-
Storm water Infrastructure	-	-	-	6 800	8 355	8 355	350	-	-
Electrical Infrastructure	-	-	-	-	-	-	17 150	12 000	-
Water Supply Infrastructure	-	-	-	4 500	2 500	2 500	3 514	2 000	-
Sanitation Infrastructure	-	-	-	17 025	17 025	17 025	18 187	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	28 505	28 060	28 060	43 001	18 000	-
Community Facilities	-	-	-	2 877	1 920	1 920	3 230	-	-
Sport and Recreation Facilities	-	-	-	300	-	-	50	-	-
Community Assets	-	-	-	3 177	1 920	1 920	3 280	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	60	60	60	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	60	60	60	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	7 621	16 352	14 069	7 415	13 951	13 951	8 570	6 500	2 000
Roads Infrastructure	-	-	-	7 050	8 635	8 635	1 994	2 038	4 000
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	13 682	18 237	30 496	19 790	16 520	16 520	22 772	20 040	21 400
Water Supply Infrastructure	16 275	14 232	15 772	9 300	4 037	4 037	32 077	32 072	32 075
Sanitation Infrastructure	11 901	8 748	14 887	22 825	19 288	19 288	28 037	17 400	19 961
Solid Waste Infrastructure	45 362	25	10 670	1 610	1 580	1 580	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-

Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	94 840	57 595	85 895	67 990	64 011	64 011	93 450	78 050	79 436
Community Facilities	6 823	32 729	3 477	7 455	5 300	5 300	15 815	3 000	2 500
Sport and Recreation Facilities	-	-	-	2 266	6 449	6 449	5 157	2 500	1 500
Community Assets	6 823	32 729	3 477	9 721	11 749	11 749	20 972	5 500	4 000
Heritage Assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	8 239	4 809	2 497	60	60	60	1 000	-	-
Housing	-	-	-	17 186	37 890	37 890	35 467	29 480	33 813
Other Assets	8 239	4 809	2 497	17 246	37 950	37 950	36 467	29 480	33 813
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	1 620	1 620	1 620	4 136	-	-
Furniture and Office Equipment	-	-	-	120	120	120	195	-	-
Machinery and Equipment	-	-	-	-	570	570	1 566	-	-
Transport Assets	-	-	-	950	600	600	14 950	20 000	20 000
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249
ASSET REGISTER SUMMARY - PPE (WDV)									
Roads Infrastructure	1 268 078	1 267 105	1 239 685	1 217 699	1 225 820	1 225 820	1 197 614	1 167 385	1 135 006
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	538 590	533 176	534 751	528 140	524 870	524 870	522 493	517 384	513 635
Water Supply Infrastructure	527 212	518 431	505 838	494 283	489 020	489 020	493 635	498 264	503 086
Sanitation Infrastructure	379 316	378 863	376 119	384 300	380 763	380 763	392 501	393 491	397 109
Solid Waste Infrastructure	43 182	29 766	35 559	31 962	31 932	31 932	27 169	24 941	22 763
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	2 756 378	2 727 341	2 691 953	2 656 384	2 652 405	2 652 405	2 633 412	2 601 465	2 571 599
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	124 182								
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	144 823	153 892	155 269	152 550	101 865	101 865	101 865	101 865	101 865
Investment properties	144 823	153 892	155 269	152 550	101 865				
Operational Buildings	636 129	628 734	626 854	681 424	682 274	682 274	632 723	627 195	619 157
Housing	-	-	-	17 186	36 977	36 977	72 444	101 924	135 737
Other Assets	636 129	628 734	626 854	698 610	719 251	719 251	706 167	729 119	754 894
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	5 506	6 713	6 287	5 942					
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	13 439	11 794	10 659	-	-	-	10 245	8 928	6 675
Machinery and Equipment	4 878	3 518	3 763	-	-	-	6 778	3 993	2 398
Transport Assets	48 591	45 807	44 254	-	-	-	56 427	73 677	90 967
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	3 733 924	3 701 981	3 663 220	3 637 668	3 603 644	3 603 644	3 645 018	3 649 171	3 658 522
EXPENDITURE OTHER ITEMS									
Depreciation	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Repairs and Maintenance by Asset Class	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833
Roads Infrastructure	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
Storm water Infrastructure	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
Electrical Infrastructure	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
Water Supply Infrastructure	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
Sanitation Infrastructure	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
Solid Waste Infrastructure	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	136 009	99 836	110 392	132 746	139 160	139 160	162 843	177 256	188 312
Community Facilities	6 601	-	4 867	5 895	7 327	7 327	26 556	28 467	29 977
Sport and Recreation Facilities	737	-	-	4 654	6 471	6 471	12 168	12 475	13 208
Community Assets	7 338	-	4 867	10 549	13 798	13 798	38 724	40 942	43 185
Heritage Assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	10 110	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Housing	177	-	-	-	-	-	-	-	-
Other Assets	10 287	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	4 392	-	5 536	5 384	5 787	5 787	5 387	5 937	5 964
Furniture and Office Equipment	-	-	-	13 663	23 288	23 288	7 725	9 338	8 802
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	280 585	232 287	253 258	299 570	321 521	321 521	349 303	366 764	378 731
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	29.8%	16.7%	37.5%	44.1%	32.4%	32.4%	34.8%	29.3%	10.2%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>	26.7%	12.9%	26.0%	33.0%	29.0%	29.0%	45.9%	30.3%	10.9%
<i>R&M as a % of PPE</i>	4.4%	3.1%	3.4%	4.9%	5.5%	5.5%	6.2%	6.7%	7.1%
<i>Renewal and upgrading and R&M as a % of PPE</i>	5.0%	3.0%	4.0%	6.0%	6.0%	6.0%	8.0%	8.0%	7.0%

WC032 Overstrand - Table A10 Basic service delivery measurement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets									
Water:									
Piped water inside dwelling	32 071	32 544	34 449	29 329	29 329	29 329	30 209	31 115	32 049
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	3 144	3 106	3 067	2 817	2 817	2 817	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	35 215	35 650	37 516	32 146	32 146	32 146	30 209	31 115	32 049
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	35 215	35 650	37 516	32 146	32 146	32 146	30 209	31 115	32 049
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	31 202	28 183	28 841	28 841	28 841	28 841	29 706	30 597	31 515
Energy:									
Electricity (at least min.service level)	6 625	6 565	6 356	5 653	5 653	5 653	5 370	5 102	4 834
Electricity - prepaid (min.service level)	18 379	17 810	18 530	20 935	20 935	20 935	22 191	23 522	24 853
<i>Minimum Service Level and Above sub-total</i>	25 004	24 375	24 886	26 588	26 588	26 588	27 561	28 624	29 687
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	1 000	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	1 000	-	-	-	-	-	-	-	-
Total number of households	26 004	24 375	24 886	26 588	26 588	26 588	27 561	28 624	29 687
Refuse:									
Removed at least once a week	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
<i>Minimum Service Level and Above sub-total</i>	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
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	32 697	31 132	32 029	32 029	32 029	32 029	32 990	33 980	34 999
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Sanitation (free minimum level service)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Electricity/other energy (50kwh per household per month)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Refuse (removed at least once a week)	6 923	7 297	-	7 500	7 500	7 500	7 900	8 400	8 900
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	1 240	1 320	1 726	11 060	11 060	11 060	14 612	16 880	21 399
Sanitation (free sanitation service to indigent households)	-	-	-	10 776	10 776	10 776	15 697	18 134	22 988
Electricity/other energy (50kwh per indigent household per month)	2 822	2 215	3 448	27 867	27 867	27 867	33 723	38 958	49 386
Refuse (removed once a week for indigent households)	-	-	-	13 954	13 954	13 954	15 223	17 586	22 293
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	4 062	3 535	5 174	63 657	63 657	63 657	79 256	91 557	116 066
Highest level of free service provided per household									
Property rates (R value threshold)	100 000	220 000	220 000	220 000	220 000	220 000	220 000	220 000	220 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)	61	65	69	73	73	73	78	82	87
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	210	210	210	210	210	210	210	210	210
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	1 786	1 947	2 135	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	36 411	39 791	48 431	51 711	51 711	51 711	50 983	54 042	57 285
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	2 276	2 276	2 276	779	849	1 015
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	271	271	271	318	346	414
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	1 657	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	858	-	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	33 727	29 916	29 916	59 100	81 140	69 000
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	38 196	41 738	50 566	90 499	84 174	84 174	111 180	136 378	127 714

WC032 Overstrand - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	189 017	204 277	245 478	264 495	266 462	266 462	285 982	303 141	321 329
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>	36 411	39 791	48 431	51 711	51 711	51 711	50 983	54 042	57 285
Net Property Rates	152 607	164 486	197 047	212 784	214 752	214 752	234 998	249 098	264 044
Service charges - electricity revenue									
Total Service charges - electricity revenue	290 576	326 815	358 902	368 773	368 794	368 794	399 445	426 578	460 231
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>				1 657	1 657	1 657			
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	2 822	2 215	3 448	27 867	27 867	27 867	33 723	38 958	49 386
Net Service charges - electricity revenue	287 754	324 599	355 454	339 249	339 270	339 270	365 721	387 620	410 845
Service charges - water revenue									
Total Service charges - water revenue	109 557	115 499	124 790	127 831	130 456	130 456	132 172	141 484	153 561
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>				2 276	2 276	2 276	779	849	1 015
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	1 240	1 320	1 726	11 060	11 060	11 060	14 612	16 880	21 399
Net Service charges - water revenue	108 318	114 179	123 064	114 494	117 120	117 120	116 781	123 754	131 147
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	68 581	72 651	79 177	78 917	83 917	83 917	89 179	96 034	105 609
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>				271	271	271	318	346	414
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>	-	-	-	10 776	10 776	10 776	15 697	18 134	22 988
Net Service charges - sanitation revenue	68 581	72 651	79 177	67 869	72 870	72 870	73 164	77 554	82 207
Service charges - refuse revenue									
Total refuse removal revenue	56 770	61 689	66 215	70 200	71 700	71 700	76 212	82 234	90 821
Total landfill revenue									
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>				858	858	858			
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>	-	-	-	13 954	13 954	13 954	15 223	17 586	22 293
Net Service charges - refuse revenue	56 770	61 689	66 215	55 388	56 888	56 888	60 990	64 649	68 528
Other Revenue by source									
Building Plan Approval	4 893	8 057	7 382	7 367	7 367	7 367	8 668	9 188	9 739
Camping Fees				6 106	6 106	6 106	6 473	6 861	7 273
Gains				3 000	3 000	3 000	2 000	2 000	2 000
Collection Charges	3 506	2 811	2 889	2 703	2 703	2 703	3 800	4 028	4 270
Development Charges	2 652	7 486	3 710	2 059	2 059	2 059	2 475	2 579	3 688
Parking Fees				1 706	706	706	420	427	435
Management Fees				1 025	1 025	1 025	976	1 034	1 096
Registration Fees				657	657	657	697	738	783
Clearance Certificates	459	484	594	594	594	594	500	530	562
Fire Services				530	530	530	1 000	1 060	1 124
Administrative Handling Fees				490	491	491	250	265	281
OTHER	10 822	10 814	19 333	1 709	1 813	1 813	4 012	4 235	3 471
Total 'Other' Revenue	22 331	29 653	33 908	27 946	27 052	27 052	31 270	32 945	34 721
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	177 732	183 952	199 704	214 753	210 022	210 022	220 949	235 316	247 469
Pension and UIF Contributions	27 068	29 587	33 606	35 806	35 564	35 564	39 089	41 683	44 063
Medical Aid Contributions	9 363	9 829	10 523	12 625	12 433	12 433	13 697	14 225	14 659
Overtime	14 765	15 732	15 610	15 622	16 076	16 076	23 325	24 701	26 159
Performance Bonus					-	-			
Motor Vehicle Allowance	9 634	7 222	7 602	8 213	8 213	8 213	8 595	8 295	8 299
Cellphone Allowance	1 750	1 582	1 643	1 649	1 624	1 624	2 243	2 366	2 477
Housing Allowances	944	4 608	5 064	5 405	5 340	5 340	2 542	2 542	2 542
Other benefits and allowances	10 957	11 569	12 362	29 993	27 235	27 235	37 726	39 879	41 990
Payments in lieu of leave	1 414	1 815	1 385	765	965	965	1 062	1 168	1 285
Long service awards	1 816	2 288	1 836	669	1 769	1 769	1 946	2 140	2 354
Post-retirement benefit obligations	14 378	6 381	12 585	7 724	9 924	9 924	10 916	12 008	13 209
sub-total	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
<i>Less: Employees costs capitalised to PPE</i>									
Total Employee related costs	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507
Contributions recognised - capital									
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	119 417	122 214	124 787	130 287	130 287	130 287	130 362	128 876	127 899
Lease amortisation	65								
Capital asset impairment	3 077	695	7 676						
Depreciation resulting from revaluation of PPE									
Total Depreciation & asset impairment	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899
Bulk purchases									
Electricity Bulk Purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Water Bulk Purchases									
Total bulk purchases	167 660	194 620	217 523	211 447	216 447	216 447	232 288	249 310	267 556
Transfers and grants									
Cash transfers and grants	43 933	50 757	56 103	1 778	1 778	1 778	500	278	292
Non-cash transfers and grants	6 459	333	32	-	-	-	-	-	-
Total transfers and grants	50 392	51 090	56 136	1 778	1 778	1 778	500	278	292
Contracted services									
Sewerage Services		23 944	38 327	44 653	44 753	44 753	47 972	51 916	55 986
Maintenance of Unspecified Assets		16 105	21 797	35 513	35 743	35 743	40 038	40 003	42 034
Infrastructure and Planning		6 892	6 787	12 654	12 654	12 654	13 413	14 218	15 071
Maintenance of Buildings and Facilities		14 014	10 291	10 096	11 523	11 523	12 199	14 536	15 106
Business and Advisory		2 313	681	7 485	7 541	7 541	1 641	1 697	1 475
Haulage		5 021	6 193	7 410	7 410	7 410	7 855	8 326	8 826
Litter Picking and Street Cleaning		6 652	5 451	6 905	6 905	6 905	7 370	7 759	8 225
Mini Dumping Sites		2 494	5 035	6 200	6 200	6 200	8 342	10 752	11 878
Legal Cost		5 477	3 832	6 193	6 193	6 193	3 189	3 333	3 417
Security Services		4 349	6 897	5 688	6 688	6 688	7 089	7 514	7 965
Traffic Fines Management		2 130	3 434	4 168	4 168	4 168	4 419	4 684	4 838
Safeguard and Security		4 990	5 778	4 012	4 012	4 012	5 639	5 974	6 328
Chipping		2 301	2 742	2 893	2 893	2 893	3 355	3 623	3 904
Meter Management		4 033	4 207	2 223	2 223	2 223	2 430	2 544	2 697
Maintenance of Equipment		2 474	965	2 116	1 816	1 816	2 258	2 517	2 482
Management of Informal Settlements				2 100	2 100	2 100	2 169	2 359	2 500
Laboratory Services		1 653	1 626	2 020	2 020	2 020	2 141	2 270	2 406
Clearing and Grass Cutting Services				1 656	1 656	1 656	1 803	3 039	2 344
Swimming Supervision				1 442	1 681	1 681	1 562	1 658	1 755
Refuse Removal				955	955	955	1 012	1 073	1 137
Event Promoters			575	808	808	808	632	657	678
Connection/Dis-connection			418	676	676	676	716	759	805
Fire Services			1 425	636	1 136	1 136	861	1 592	986
Building			269	626	626	626	664	704	746
Contractors	95 295	7 605	2 918	4 296	6 080	6 080	16 874	22 374	14 127
sub-total	95 295	112 447	129 647	173 424	178 460	178 460	195 642	215 879	217 715
Allocations to organs of state:									
Electricity									
Water									
Sanitation									
Other									
Total contracted services	95 295	112 447	129 647	173 424	178 460	178 460	195 642	215 879	217 715
Other Expenditure By Type									
Collection costs									
Contributions to 'other' provisions									
Consultant fees									
Audit fees	3 886	4 277	4 015	4 800	4 800	4 800	5 088	5 241	5 398
General expenses	116 312	83 873	64 137	1 296	1 631	1 631			
External Computer Service				6 930	6 477	6 477	8 962	10 858	9 243
Municipal Services				5 657	5 657	5 657	6 022	6 323	6 640
Commission	4 852	1 019	4 874	5 167	5 167	5 167	5 764	6 109	6 476
Communication			2 904	5 164	5 164	5 164	6 213	6 524	6 850
Professional Bodies, Membership and Subscription			3 067	3 171	3 171	3 171	3 639	3 821	4 012
Insurance Underwriting	2 457	2 088	2 816	3 031	3 031	3 031	3 400	3 570	3 749
Contribution to Provisions			5 546	2 876	3 376	3 376	3 714	4 085	4 494
Uniform and Protective Clothing			2 759	2 627	2 707	2 707	3 082	3 236	3 398
Advertising, Publicity and Marketing	1 820	2 284	2 072	2 584	2 584	2 584	2 712	2 848	2 990
Skills Development Fund Levy			2 422	2 433	2 748	2 748	2 941	3 088	3 243
OPERATING LEASES				1 816	1 810	1 810	1 365	1 433	1 505
Workmen's Compensation Fund				1 690	1 690	1 690	1 791	1 880	1 974
Bank Charges, Facility and Card Fees			1 340	1 377	1 377	1 377	1 446	1 519	1 594
Travel and Subsistence			1 120	1 103	1 193	1 193	1 265	1 329	1 395
Assets less than the Capitalisation Threshold			775	993	908	908	932	979	1 028
Vehicle Tracking				964	964	964	1 021	1 072	1 126
Bursaries (Employees)			2 306	941	941	941	1 301	1 366	1 435
Printing, Publications and Books		2 075	779	876	876	876	896	941	988
Levies Paid - Water Resource Management Charges			805	779	779	779	992	1 042	1 094
Remuneration to Ward Committees			481	649	649	649	688	722	758
Hire Charges			2 198	436	436	436	565	593	622
Wet Fuel				350	350	350	371	390	409
Total 'Other' Expenditure	131 401	93 542	104 414	57 710	58 486	58 486	64 171	68 969	70 420
by Expenditure Item									
Employee related costs	37 737	38 175	50 261	53 689	53 537	53 537	119 082	126 435	133 653
Other materials	9 317	14 541	3 500	34 624	25 013	25 013	14 629	17 297	18 332
Contracted Services	34 342	30 494	36 145	72 415	79 144	79 144	77 506	84 817	90 046
Other Expenditure	76 630	26 167	30 890	8 555	33 541	33 541	7 125	9 338	8 802
Total Repairs and Maintenance Expenditure	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833

WC032 Overstrand - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.

Description	Vote 1 - Council	Vote 2 - Municipal Manager	Vote 3 - Management Services	Vote 4 - Finance	Vote 5 - Community Services	Vote 6 - Local Economic Development	Vote 7 - Infrastructure & Planning	Vote 8 - Protection Services	Total
R thousand									
Revenue By Source									
Property rates				234 998	2 629				237 628
Service charges - electricity revenue				60			365 661		365 721
Service charges - water revenue				550	116 231				116 781
Service charges - sanitation revenue					73 164			0	73 164
Service charges - refuse revenue					60 990		0		60 990
Service charges - other									-
Rental of facilities and equipment					3 213		0		3 214
Interest earned - external investments				16 001	5				16 007
Interest earned - outstanding debtors				3 700					3 700
Dividends received									-
Fines, penalties and forfeits					239		160	34 565	34 964
Licences and permits					476			1 971	2 447
Agency services								3 700	3 700
Other revenue	180		580	7 543	8 021	300	10 817	1 660	29 101
Transfers and subsidies	24 808			1 830	52 080	1 926	49 897		130 541
Gains on disposal of PPE									-
Total Revenue (excluding capital transfers and contri	24 988	-	580	264 683	317 047	2 226	426 536	41 896	1 077 956
Expenditure By Type									
Employee related costs	14 200	4 666	26 881	44 552	164 175	5 355	57 071	45 189	362 090
Remuneration of councillors	10 972								10 972
Debt impairment								22 792	22 792
Depreciation & asset impairment	3	6	2 159	122	102 408	13	25 406	246	130 362
Finance charges				93	30 940		16 802		47 834
Bulk purchases							232 288		232 288
Other materials	41	29	635	559	23 725	960	28 955	2 701	57 605
Contracted services	256	230	8 544	13 710	73 079	1 110	85 577	13 136	195 642
Transfers and subsidies	500								500
Other expenditure	7 073	245	15 835	19 053	12 210	891	6 912	1 953	64 171
Loss on disposal of PPE									-
Total Expenditure	33 046	5 175	54 054	78 089	406 536	8 329	453 011	86 017	1 124 257
Surplus/(Deficit)	(8 058)	(5 175)	(53 474)	186 594	(89 488)	(6 103)	(26 476)	(44 121)	(46 301)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					21 639		40 329		61 968
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)									-
Transfers and subsidies - capital (in-kind - all)									-
Surplus/(Deficit) after capital transfers & contributions	(8 058)	(5 175)	(53 474)	186 594	(67 849)	(6 103)	13 854	(44 121)	15 667

WC032 Overstrand - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSETS									
Call investment deposits									
Call deposits	26 051	101 263	170 727						
Other current investments									
Total Call investment deposits	26 051	101 263	170 727	-	-	-	-	-	-
Consumer debtors									
Consumer debtors	70 260	76 918	81 046	91 588	91 588	91 588	99 188	106 788	107 855
Less: Provision for debt impairment	(16 972)	(19 098)	(20 593)	(19 000)	(19 000)	(19 000)	(21 000)	(21 300)	(21 600)
Total Consumer debtors	53 289	57 820	60 453	72 588	72 588	72 588	78 188	85 488	86 255
Debt impairment provision									
Balance at the beginning of the year	16 359	16 972	19 098	17 096	17 096	17 096	19 000	21 000	21 300
Contributions to the provision	1 252	2 785	2 601	2 404	2 404	2 404	2 500	800	800
Bad debts written off	(639)	(658)	(1 106)	(500)	(500)	(500)	(500)	(500)	(500)
Balance at end of year	16 972	19 098	20 593	19 000	19 000	19 000	21 000	21 300	21 600
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	5 385 400	5 459 595	5 534 384	5 660 234	5 676 895	5 676 895	5 848 631	5 981 661	6 118 910
Leases recognised as PPE							-	-	-
Less: Accumulated depreciation	1 801 804	1 918 219	2 032 719	2 181 058	2 181 058	2 181 058	2 311 420	2 440 296	2 568 195
Total Property, plant and equipment (PPE)	3 583 596	3 541 376	3 501 664	3 479 176	3 495 837	3 495 837	3 537 211	3 541 365	3 550 715
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	80	60							
Current portion of long-term liabilities	23 539	26 432	29 580	33 047	33 047	33 047	38 428	41 636	46 330
Total Current liabilities - Borrowing	23 620	26 492	29 580	33 047	33 047	33 047	38 428	41 636	46 330
Trade and other payables									
Trade and other creditors	64 303	71 328	80 535	73 773	73 773	73 773	87 052	83 537	65 648
Unspent conditional transfers	2 076	1 380	6 476						
VAT									
Total Trade and other payables	66 379	72 707	87 011	73 773	73 773	73 773	87 052	83 537	65 648
Non current liabilities - Borrowing									
Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Finance leases (including PPP asset element)		-							
Total Non current liabilities - Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Provisions - non-current									
Retirement benefits	107 290	110 245	122 588	129 943	129 943	129 943	141 638	152 969	154 499
List other major provision items									
Refuse landfill site rehabilitation	76 731	79 158	84 877	88 942	88 942	88 942	96 947	100 825	99 235
Other	9 207	9 861	9 673	10 268	10 268	10 268	11 192	12 087	12 813
Total Provisions - non-current	193 227	199 265	217 138	229 153	229 153	229 153	249 777	265 881	266 547
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	2 818 525	3 217 225	3 270 121	3 201 881	3 201 881	3 201 881	3 339 936	3 357 603	3 366 341
GRAP adjustments	461 430	(15 890)	(13 970)						
Restated balance	3 279 956	3 201 335	3 256 152	3 201 881	3 201 881	3 201 881	3 339 936	3 357 603	3 366 341
Surplus/(Deficit)	(64 044)	53 616	39 114	3 256	68 885	68 885	15 667	7 237	37 829
Appropriations to Reserves									
Transfers from Reserves	1 314	1 201	1 935	1 300	1 300	1 300	2 000	1 500	1 000
Depreciation offsets									
Other adjustments					67 870	67 870			
Accumulated Surplus/(Deficit)	3 217 225	3 256 152	3 297 200	3 206 436	3 339 936	3 339 936	3 357 603	3 366 341	3 405 169
Reserves									
Housing Development Fund	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves	2 571	2 177	3 251	2 440	2 440	2 440	3 300	3 340	3 350
TOTAL COMMUNITY WEALTH/EQUITY	3 219 796	3 258 329	3 300 451	3 208 877	3 342 376	3 342 376	3 360 903	3 369 681	3 408 519
Total capital expenditure includes expenditure on nationally significant priorities:									
Provision of basic services									

WC032 Overstrand - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
The provision of democratic, accountable and ethical governance	Good Governance	1	280 413	334 121	315 623	262 309	293 947	293 947	290 873	307 609	325 754
The provision and maintenance of municipal services	Basic Service Delivery	2	530 543	597 907	650 498	662 740	671 325	671 325	712 897	752 809	806 423
The encouragement of structured community participation in the matters of the municipality	Good Governance	3									
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	31 198	37 676	54 775	59 370	93 932	93 932	79 591	107 729	88 500
The promotion of tourism, economic and social development	Economic Development and Social upliftment	5	17 928	21 639	65 909	56 638	61 878	61 878	56 563	60 504	66 651
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			860 082	991 343	1 086 805	1 041 057	1 121 081	1 121 081	1 139 924	1 228 651	1 287 329

WC032 Overstrand - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
The provision of democratic, accountable and ethical governance	Good Governance	1	293 362	324 575	251 838	208 841	211 213	211 213	220 640	237 706	241 375
The provision and maintenance of municipal services	Basic Service Delivery	2	466 577	384 960	471 097	518 289	522 902	522 902	560 317	593 888	625 649
The encouragement of structured community participation in the matters of the municipality	Good Governance	3	1 443	1 835	1 793	2 951	1 742	1 742	1 270	1 400	1 600
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4	52 938	71 285	102 799	113 495	123 693	123 693	143 061	179 208	165 776
The promotion of tourism, economic and social development	Economic Development and Social upliftment	5	109 806	155 072	220 164	194 226	192 646	192 646	198 968	209 213	215 101
Allocations to other priorities											
Total Expenditure			924 126	937 727	1 047 691	1 037 801	1 052 197	1 052 197	1 124 257	1 221 414	1 249 501

WC032 Overstrand - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
The provision of democratic, accountable and ethical governance	Good Governance	1	2 526	4 929	957	2 705	2 355	2 355	5 836	20 000	20 000
The provision and maintenance of municipal services	Basic Service Delivery	2	52 449	57 595	63 498	60 575	50 060	50 060	96 691	71 550	77 436
The encouragement of structured community participation in the matters of the municipality	Good Governance	3	5 580	6 480	3 729	3 458	3 491	3 491	5 230	5 230	5 230
The creation and maintenance of a safe and healthy environment	Safe and Healthy Environment	4		264	10 406	23 450	46 718	46 718	49 184	29 750	32 583
The promotion of tourism, economic and social development	Economic Development and Social upliftment	5	49 347	25 865	13 279	7 460	13 996	13 996	14 795	6 500	2 000
Allocations to other priorities											
Total Capital Expenditure			109 902	95 133	91 868	97 648	116 620	116 620	171 736	133 030	137 249

WC032 Overstrand - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - vote name										
Council and Municipal Manager										
Municipal Manager										
	% of capital budget spent	88.2%	92.0%	98.0%	95.0%		95.0%	95.0%	95.0%	95.0%
<i>Percentage of a municipality's capital budget actually spent on capital projects identified for 2018/19 in terms of the municipality's IDP ((Actual amount spent and commitments on projects as identified for the year in the IDP/Total amount budgeted on capital projects)X100)</i>										
Sign section 56 performance agreements with all directors by the end of July 2018	Number of agreements signed	no kpi set	no kpi set	6	6		6	6	6	6
Monitor the implementation of the action plan developed to address all the issues raised in the management letter of the Auditor General and submit quarterly progress reports to Executive Mayor	Number of progress reports monitored and submitted to Executive Mayor	no kpi set	no kpi set	4	4		4	4	4	4
Bi-annual formal performance appraisals of the section 56 appointees for the previous financial period April to June 2018 to be completed by Sept 2018 and the current period October to December 2018 to be completed by February 2019.	Number of appraisals	no kpi set	no kpi set	12	12		12	12	12	12
Submit the final Annual report and oversight report of Council before 31 March 2019	Final Annual report and oversight report completed	no kpi set	no kpi set	1	1		1	1	1	1
Prepare the final IDP for submission to Council by the end of May 2019	Final IDP submitted	no kpi set	no kpi set	1	1		1	1	1	1
Draft the annual report and submit to the Auditor-General by the end of August 2018	Draft Annual report completed	no kpi set	no kpi set	1	1		1	1	1	1
Submit the Final MTREF budget by the end of May 2019	Budget submitted	no kpi set	no kpi set	1	1		1	1	1	1
Management Services										
Director: Management Services										
Human Resources										
92% of the approved and funded organogram filled ((actual number of posts filled divided by the funded posts budgeted) x100)	% filled	92.31%	92.8%	89.0%	92%		92.0%	92.0%	92.0%	92.0%
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	The number of people from EE target groups employed	60	62	63	60	65	65	65	65	65
The percentage of a municipality's budget (training budget) actually spent on implementing its workplace skills plan	% of the training budget spent on implementation of the WSP	100.0%	100.0%	99.5%	100%		100%	100.0%	100.0%	100.0%
Review the Municipal Organisational Staff Structure by the end of June 2019	Structure reviewed	1	1	1	1		1	1	1	1
Corporate Support Services										
Revise the Section 14 Access to Information Manual by the end of June 2019 to ensure compliant and up to date policies	Manual revised	1	1	1	1		1	1	1	1
Risk Management										
Submit progress reports on the revision of the top 10 risks as a corrective action to the Executive Management Team	Number of progress reports submitted	4	4	3	4		4	4	4	4
Finance										
Director: Finance										
Director Finance										
Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	3.72%	3.84	5.18%	1.5	3	3	3	3	3
Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year) (%)	Ratio achieved	17.13%	17.77%	20.09%	15.0%	12%	12.0%	12.0%	12.0%	12.0%
Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	10.36%	10.34%	9.86%	12.2		12.2%	12.2%	12.2%	12.2%
Submit a reviewed long term financial plan by the end of October 2018	Submission of long term financial plan	1	1	1	1		1	1	1	1
Financial statements submitted to the Auditor General by 31 August 2018	Financial statements submitted	1	1	1	1		1	1	1	1
Provision of free basic electricity, refuse removal, sanitation and water in terms of the equitable share requirements	Number of indigent households	6842	7512	7418	7500	7 300	7300	7350	7350	7350
(Receipts/total billed for 12 months period x 100)	% Recovered	97.73%	97.9%	99.44%	96%		96%	96%	96%	96%
Community Services										

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Director: Community Services										
Director: Community Services										
98% of the operational conditional grant (Libraries, CDW) spent (Actual expenditure divided by the total grant received)	% of total conditional operational grants spent (Libraries, CDW)	100.0%	100.0%	86.07%	98%		98.0%	98.0%	98.0%	98.0%
m ² of roads patched and resealed according to approved Pavement Management System within available budget	m ² of roads patched and resealed	163240	171881	135298	100000		100 000	100 000	100 000	100 000
Limit unaccounted water to less than 20% ((Number of kiloliter water purified - Number of kiloliter water sold)/Number of kiloliter purified x 100)	% of water unaccounted for	19.33%	20.86%	19.14%	20%		20.0%	20.0%	20.0%	20.0%
Ward committee meetings held to facilitate consistent and regular communication with residents	No of ward committee meetings per ward per annum	8	8	9	8		8	8	8	8
Provision of water to informal households based on the standard of 1 water point to 25 households	The number of taps installed in relation to the number of informal households Note: Unit of measurement & target revised in 2015/16 mid-year assessment	3144	138	252	119	252	252	252	252	252
Provision of cleaned piped water to all formal households within 200 m from households	No of formal households that meet agreed service standards for piped water	32544	32976	34449	33132	29 329	29329	30209	30209	30209
Provision of refuse removal, refuse dumps and solid waste disposal to all formal households at least once a week (A household is a residential unit being billed for the particular services rendered by way of the financial system (SAMRAS))	Number of formal households for which refuse is removed at least once a week	33224	31132	32029	31754	32 029	32029	32990	32990	32990
Provision of refuse removal, refuse dumps and solid waste disposal to all informal households at least once a week	Number of weekly removal of refuse in informal households (once per week = 52 weeks per annum)	3144	52	52	52		52	52	52	52
The provision of sanitation services to informal households based on the standard of 1 toilette to 5 households	The number of toilet structures provided in relation to the number of informal households Note: Unit of measurement & target revised in 2015/16 mid-year assessment	3144	724	794	593	794	794	794	794	794
Provision of sanitation services to formal residential households (A household is a residential unit being billed for the particular services rendered by way of the financial system (SAMRAS))	No of formal residential households which are billed for sewerage in accordance to the SAMRAS financial system	31719	28183	28841	32872	28 841	28841	29841	29841	29841
Infrastructure & Planning										
Director: Infrastructure and Planning										
Water Treatment										
Quality of effluent comply 90% with license and/or general limit in terms of the Water Act (Act 36 of 1998)	% compliance	88.0%	87.25%	92.93%	90%		90.0%	90.0%	90.0%	90.0%
Quality of potable water comply 95% with SANS 241	% compliance with SANS 241	96.0%	99.0%	99.0%	95%		95.0%	95.0%	95.0%	95.0%
Report on the implementation of the Water Service Development plan annually by the end of October	Report submitted	1	1	1	1		1	1	1	1
Electricity										
Limit electricity losses to 7.5% or less ((Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) x 100)	% of electricity unaccounted for	5.8%	6.34%	7.37%	7.5%		7.5%	7.5%	7.5%	7.5%
Provision of Electricity: Number of metered electrical connections in formal area (Eskom Areas excluded) (Definition: refers to residential households (RE) and pensioners (PR) as per the Finance department's billed households)	Number of formal household that meet agreed service standards	26476	20467	20916	20400		20400	20700	20700	20700
MIG										
100% of the Municipal Infrastructure Grant (MIG) spent by 30 June 2019 (Actual MIG expenditure/Allocation received)	% Expenditure of allocated funds	no kpi set	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%
Protection Services										

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Director Protection Services										
Protection Services										
Arrange public awareness sessions on Protection Services	Number of sessions held	88	58	88	90		90	90	90	90
Collect R20 000 000 Public Safety Income by 30 June 2019	R-value of public safety collected income (excluding fines impairment amount) (Note kpi & target reviewed in 2017/18 mid-year assessment)	R 14 285 330	R 34,949,821	R40,357,315	15,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Disaster and Fire Management										
Annually review and submit Disaster Management Plan to the District by the end of June 2019	Reviewed plan submitted	1	1	1	1		1	1	1	1
Annually review the Fire Management Plan by the end of June 2018	Plan reviewed	1	0	1	0		0	0	0	1
Local Economic Development										
Director: LED										
LED										
Provide three reports on LED and Tourism initiatives to Council by end June 2019	Number of reports on LED & Tourism initiatives	no kpi set	1	3	3		3	3	3	3
Report to Executive Mayor on Grants to festival organisers through Service Level Agreements (SLA) by end July 2018	Number of reports submitted	no kpi set	1	1	1		1	1	1	1
Support 100 SMME's in terms of the SMME Development Programme by 30 June 2019	Number of SMME's supported	73	59	92	80		80	100	100	100
Support 50 Emerging Contractors in terms of the Emerging Contractor Development Programme by 30 June 2019	Number of emerging contractors supported	no kpi set	no kpi set	48	30		30	50	50	50
Solicit support of financial and non-financial assistance for local economic development initiatives <i>(KPI reworded for 2018/19)</i>	Number of application letters submitted/confirmation letters received <i>(reworded for 2018/19)</i>	4	4	1	6		6	10	10	10
Manager LED report quarterly to Director LED on linkages established with other spheres of government, agencies, donors, SALGA and other relevant bodies for benefit of local area/Stakeholder engagement and creation of partnerships to broaden economic benefit for local communities	Quarterly report on linkages established. Database of Stakeholders/ No of initiatives	4	4	4	4		4	4	4	4
The number of job opportunities created through the EPWP programme and as per set targets (grant agreement - FTE's, translates to 1000 work opportunities)	Number of temporary jobs created	512	564	828	500		500	1000	1000	1000
Monthly monitor the statistics on the usage of the LED Walk-in Centre (outreach & referral purposes) through the attendance registers	Monthly registers on LED outreach statistics (walk in centre)	no kpi set	12	12	12		12	12	12	12

WC032 Overstrand - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.9%	7.5%	1.8%	17.1%	16.9%	16.9%	7.3%	7.3%	7.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.6%	8.5%	7.7%	8.8%	8.4%	8.4%	8.6%	8.9%	8.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	38.7%	30.7%	19.9%	19.9%	0.0%	0.0%	0.0%
Safety of Capital										
Gearing	Long Term Borrowing/ Funds & Reserves	15906.6%	18944.5%	12687.3%	16762.6%	16762.6%	16762.6%	12838.7%	13055.1%	13245.1%
Liquidity										
Current Ratio	Current assets/current liabilities	1.4	1.8	2.3	1.9	2.8	2.8	2.6	2.6	2.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.8	2.3	1.9	2.8	2.8	2.6	2.6	2.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	1.0	1.4	1.2	2.1	2.1	1.9	1.9	2.1
Revenue Management										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing %		99.5%	99.5%	99.6%	99.3%	99.3%	0.0%	99.3%	99.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.5%	99.5%	99.6%	99.3%	99.3%	99.3%	99.3%	99.2%	99.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.1%	11.2%	10.2%	12.3%	11.7%	11.7%	11.9%	12.1%	12.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	97.2%	97.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	98.0%	98.0%	99.5%	98.0%	98.0%	98.0%	99.0%	99.0%	99.0%
Creditors to Cash and Investments		61.2%	40.8%	31.0%	34.3%	19.3%	19.3%	21.2%	19.5%	15.2%
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	13272396	15046015	18113084	18734060	18734060	19420071	19375560	20038240	20722780
	Total Cost of Losses (Rand '000)	987	2009	4002	4567	4567	4567	5211	5943	6776
	% Volume (units purchased and generated less units sold)/units purchased and generated	5.77%	6.34%	7.37%	7.42%	7.42%	7.65%	7.46%	7.51%	7.55%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	1 281	1 428	1 444	1 440	1 440	1 453	1 368	1 368	1 365
	Total Cost of Losses (Rand '000)	5019	5299	2210.719	5217	5217	5400	5700	6000	6300
	% Volume (units purchased and generated less units sold)/units purchased and generated	19.33%	20.86%	21.29%	19.80%	19.80%	20.03%	19.69%	19.16%	18.61%
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.5%	29.5%	28.7%	33.6%	31.4%	31.4%	33.6%	32.8%	33.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.5%	30.4%	29.5%	34.6%	32.4%	32.4%	34.6%	33.8%	34.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	19.6%	11.8%	11.5%	17.0%	18.3%	18.3%	20.3%	20.3%	20.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.6%	18.2%	16.9%	17.9%	17.0%	17.0%	16.5%	15.3%	14.7%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19.3	16.6	0.2	17.0	17.0	17.0	16.2	16.2	17.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15.4%	14.0%	9.9%	15.4%	0.0%	0.0%	15.0%	15.6%	15.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.6	2.7	0.1	3.2	-	-	5.1	4.9	4.8

WC032 Overstrand - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population		55	75	80	90	90	93	96	99	102	105
Females aged 5 - 14		3	6	5	6	6	6	7	7	8	8
Males aged 5 - 14		3	6	5	6	6	6	7	7	7	8
Females aged 15 - 34		6	12	13	15	15	15	15	16	16	17
Males aged 15 - 34		6	11	14	15	15	16	15	16	16	17
Unemployment		5	8	4	5	5	5	5	5	5	5
Monthly household income (no. of households)											
No income		2 226	770	4 585	5 128	5 290	5 443	5 601	5 763	5 930	6 102
R1 - R1 600		6 149	5 307	5 326	5 957	6 144	6 323	6 506	6 695	6 889	7 089
R1 601 - R3 200		3 742	3 177	4 878	5 455	5 628	5 791	5 959	6 131	6 309	6 492
R3 201 - R6 400		3 344	3 789	4 362	4 878	5 032	5 178	5 328	5 483	5 642	5 805
R6 401 - R12 800		2 303	2 750	3 830	4 283	4 419	4 547	4 678	4 814	4 954	5 097
R12 801 - R25 600		920	1 947	2 896	3 239	3 341	3 438	3 538	3 640	3 746	3 854
R25 601 - R51 200		227	1 066	1 456	1 628	1 680	1 728	1 779	1 830	1 883	1 938
R52 201 - R102 400		77	184	486	544	561	577	594	611	629	647
R102 401 - R204 800		44	176	109	122	126	129	133	137	141	145
R204 801 - R409 600				81	91	93	96	99	102	105	108
R409 601 - R819 200											
> R819 200											
Poverty profiles (no. of households)											
< R2 060 per household per month	# households earning less than R1600 based on monthly				11084.00	11513.50	11943.00	12397.00	12868.00		
Insert description											
Household/demographics (000)											
Number of people in municipal area	Stats SA	55 012	74 546	80 432	90	90	93	96	99	102	105
Number of poor people in municipal area											
Number of households in municipal area	Stats SA	19 032	19 166	28 009	31	32	33	34	35	36	37
Number of poor households in municipal area											
Definition of poor household (R per month)											
Housing statistics											
Formal					25 328	25 362	25 395	25 796	26 306	26 951	
Informal					3 144	3 151	3 157	3 066	3 141	3 055	
Total number of households					28 472	28 512	28 552	28 862	29 447	30 006	-
Dwellings provided by municipality		-	-	-		220	341		100	220	
Dwellings provided by province/s											
Dwellings provided by private sector					373	382	391	401	410	425	
Total new housing dwellings		-	-	-	373	602	732	401	510	645	-
Economic											
Inflation/inflation outlook (CPIX)					5.6%	6.2%	6.6%	6.4%	5.3%	5.4%	5.5%
Interest rate - borrowing					9,950%	11,5%	11,75%	10.7%	10.9%	10.9%	10.9%
Interest rate - investment					6.0%	7,24%	7,45%	7.7%	7.6%	7.6%	7.6%
Remuneration increases					7.0%	7.0%	6.0%	7.4%	6.0%	6.0%	6.0%
Consumption growth (electricity)					0.3%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)					2.6%	4.4%	4.0%	2.2%	2.4%	2.5%	2.5%
Collection rates											
Property tax/service charges					99.6%	99.3%	99.3%	99.6%	100.0%	100.0%	100.0%
Rental of facilities & equipment					99.6%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					99.6%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Revenue from agency services					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

WC032 Overstrand Supporting Table SA10 Funding measurement

Description	MFMA section	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	104 987	174 780	259 814	214 936	382 460	382 460	-	410 460	428 053	433 053
Cash + investments at the yr end less applications - R'000	18(1)b	137 349	203 239	274 898	259 368	416 279	416 279	-	447 269	480 309	513 946
Cash year end/monthly employee/supplier payments	18(1)b	1.6	2.7	0.1	3.2	-	-	-	5.1	4.9	4.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(64 044)	53 616	39 114	3 256	68 885	68 885	-	15 667	7 237	37 829
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	3.4%	5.4%	(9.8%)	(4.7%)	(6.0%)	(106.0%)	0.3%	(0.0%)	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	99.1%	99.0%	98.5%	98.5%	98.4%	98.4%	0.0%	99.3%	98.4%	98.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	1.1%	1.9%	2.7%	2.9%	2.8%	2.8%	0.0%	2.7%	2.5%	2.4%
Capital payments % of capital expenditure	18(1)c;19	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a								100.1%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(0.6%)	2.4%	14.6%	0.0%	0.0%	(100.0%)	4.5%	10.4%	7.4%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(24.6%)	(33.8%)	(24.5%)	0.0%	0.0%	(100.0%)	(49.1%)	(64.4%)	(84.7%)
R&M % of Property Plant & Equipment	20(1)(vi)	4.4%	3.1%	3.4%	4.9%	5.5%	5.5%	0.0%	6.2%	6.7%	7.1%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

WC032 Overstrand - Supporting Table SA11 Property rates summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Valuation:									
Date of valuation:	02/07/2012	02/07/2012	02/07/2016	02/07/2016					
Financial year valuation used	2012/2013	2012/2013	2016/2017	2016/2017			2017/2018		
Municipal by-laws s6 in place? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Municipal partnership s38 used? (Y/N)	No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	2	2	2	2	2	2	2	2	2
No. of data collectors (FTE)	6	6	6	6	6	6	6	6	6
No. of internal valuers (FTE)	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	3	3	3	3	3	3	3	3	3
No. of additional valuers (FTE)	-	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Implementation time of new valuation roll (mths)	12	12	60	60					
No. of properties	41 723	42 264	42 494	42 494	42 494	42 494	42 494	42 494	42 494
No. of sectional title values	2 686	2 686	2 555	2 560	2 560	2 560	2 560	2 560	2 560
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	2	1	1	1	1	1	1	1	1
No. of valuation roll amendments	-	-	6	12	12	12	12	12	12
No. of objections by rate payers	400	8	7	12	12	12	12	12	12
No. of appeals by rate payers	40	-	3	1	10	10	10	10	10
No. of successful objections	40	-	3	1	10	10	10	10	10
No. of successful objections > 10%	5	-	-	1	1	1	1	1	1
Supplementary valuation	2 533	2 323	2 322	2 500	2 500	2 500	2 500	2 500	2 500
Public service infrastructure value (Rm)	98	98	98	82	82	82	87	87	87
Municipality owned property value (Rm)	734	721	739	905	905	905	959	959	959
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)	98	98	98	82	82	82	87	87	87
Valuation reductions-nature reserves/park (Rm)	0	0	0	368	368	368	390	390	390
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	450	442	445	450	450	450	477	477	477
Valuation reductions-public worship (Rm)	155	150	151	158	158	158	167	167	167
Valuation reductions-other (Rm)	2 205	1 937	1 947	1 946	1 946	1 946	2 063	2 063	2 063
Total valuation reductions:	2 908	2 627	2 641	3 003	3 003	3 003	3 183	3 183	3 183
Total value used for rating (Rm)	42 062	42 093	42 303	43 689	43 689	43 689	46 311	46 311	46 311
Total land value (Rm)	22 143	22 138	22 249	21 274	21 274	21 274	22 551	22 551	22 551
Total value of improvements (Rm)	21 397	21 409	21 516	25 585	25 585	25 585	27 121	27 121	27 121
Total market value (Rm)	42 062	42 093	42 303	43 689	43 689	43 689	46 311	46 311	46 311
Rating:									
Residential rate used to determine rate for other categories? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Differential rates used? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)	No	No	No	No			No		
Special rating area used? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Phasing-in properties s21 (number)				No			No		
Rates policy accompanying budget? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)	100	220	220	220			220		
Non-residential prescribed ratio s19? (%)	51.4%	51.6%	51.5%	51.5%					
Rate revenue:									
Rate revenue budget (R'000)	152 573	164 448	197 140	212 784	212 784	212 784	234 279	248 336	263 236
Rate revenue expected to collect (R'000)	152 573	164 448	197 140	212 784	212 784	212 784	234 279	248 336	263 236
Expected cash collection rate (%)	99.8%	99.2%	98.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Special rating areas (R'000)	4 808	5 294	6 863	9 088	7 556	7 556	7 994	8 474	8 982
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)	401	520	604						
Rebates, exemptions - bona fide farm. (R'000)	79	85	99						
Rebates, exemptions - other (R'000)	3 875	4 642	5 390						
Phase-in reductions/discounts (R'000)									
Total rebates, exemptns, reductns, discs (R'000)	4 355	5 247	6 093	-	-	-	-	-	-

WC032 Overstrand - Supporting Table SA12a Property rates by category (current year)

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2017/18																
Valuation:																
No. of properties	36 815	-	1 083	199	364	2 071	548	-	-	-	-	-	164	-	150	-
No. of sectional title property values	2 232	-	328	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	100	TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Frequency of valuation (select)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market						
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.						
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes						
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No						
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable						
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	82	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	368	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	450	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	-
Valuation reductions-other (Rm)	1 946	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	37 468	-	3 610	576	527	905	82	-	-	-	-	-	368	-	155	-
Total land value (Rm)	17 905	-	1 500	422	291	678	71	-	-	-	-	-	268	-	138	-
Total value of improvements (Rm)	22 550	-	2 110	154	236	226	10	-	-	-	-	-	100	-	200	-
Total market value (Rm)	37 468	-	3 610	576	527	905	82	-	-	-	-	-	368	-	338	-
Rating:																
Average rate	0.005090		0.007710	0.001273	0.007710											
Rate revenue budget (R'000)	167 917		31 479	930	3 371											
Rate revenue expected to collect (R'000)	167 917		31 479	930	3 371											
Expected cash collection rate (%)	100.0%		100.0%	100.0%	100.0%											
Special rating areas (R'000)	7 492		1 446		150											
Rebates, exemptions - indigent (R'000)																
Rebates, exemptions - pensioners (R'000)																
Rebates, exemptions - bona fide farm. (R'000)																
Rebates, exemptions - other (R'000)																
Phase-in reductions/discounts (R'000)																
Total rebates, exemptns, reductns, discs (R'000)																

WC032 Overstrand - Supporting Table SA12b Property rates by category (budget year)

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2018/19																
Valuation:																
No. of properties	36 815	-	1 083	199	364	2 071	548	-	-	-	-	-	164	-	150	-
No. of sectional title property values	2 232	-	328	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Frequency of valuation (select)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market						
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.						
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes						
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No						
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable						
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	87	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	390	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	477	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167	-
Valuation reductions-other (Rm)	2 063	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	39 716	-	3 826	611	558	959	87	-	-	-	-	-	390	-	164	-
Total land value (Rm)	18 979	-	1 590	448	308	719	76	-	-	-	-	-	284	-	146	-
Total value of improvements (Rm)	23 903	-	2 236	163	250	240	11	-	-	-	-	-	106	-	212	-
Total market value (Rm)	39 716	-	3 826	611	558	959	87	-	-	-	-	-	390	-	164	-
Rating:																
Average rate	0.005395		0.008173	0.001349	0.008173											
Rate revenue budget (R '000)	187 790		34 476	734	3 285											
Rate revenue expected to collect (R'000)	187 790		34 476	734	3 285											
Expected cash collection rate (%)	100.0%		100.0%	100.0%	100.0%											
Special rating areas (R'000)	6 590		1 272		132											
Rebates, exemptions - indigent (R'000)																
Rebates, exemptions - pensioners (R'000)																
Rebates, exemptions - bona fide farm. (R'000)																
Rebates, exemptions - other (R'000)																
Phase-in reductions/discounts (R'000)																
Total rebates, exemptns, reductns, discs (R'000)																

WC032 Overstrand - Supporting Table SA13a Service Tariffs by category

Description	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Property rates (rate in the Rand)								
Residential properties		0.0041	0.0044	0.0047	0.0051	0.0054	0.0058	0.0062
Residential properties - vacant land		0.0057	0.0061	0.0065	0.0070	0.0074	0.0079	0.0085
Formal/informal settlements								
Small holdings								
Farm properties - used	0.0010	0.0011	0.0012	0.0013	0.0013	0.0014	0.0016	
Farm properties - not used								
Industrial properties								
Business and commercial properties	0.0063	0.0067	0.0072	0.0077	0.0082	0.0088	0.0094	
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
State-owned properties	0.0063	0.0067	0.0072	0.0077	0.0082	0.0088	0.0094	
Municipal properties								
Public service infrastructure								
Exemptions, reductions and rebates (Rands)								
Residential properties								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
Indigent rebate or exemption		100 000	220 000	220 000	220 000	220 000	220 000	220 000
Pensioners/social grants rebate or exemption		100 000	220 000	220 000	220 000	220 000	220 000	220 000
Temporary relief rebate or exemption		30-100%	40-100%	40-100%	40-100%	40-100%	40-100%	40-100%
Bona fide farmers rebate or exemption								
Other rebates or exemptions								
		75%	75%	75%	75%	75%	75%	75%
Water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		102	108	115	122	129	137	145
Service point - vacant land (Rands/month)		102	108	115	122	129	137	145
Water usage - flat rate tariff (c/kl)	0 - 6 kl	325	362	404	450	502	532	564
Water usage - life line tariff	7 - 18 kl	860	912	966	1 024	1 085	1 150	1 219
Water usage - Block 1 (c/kl)	19 - 30 kl	1 395	1 479	1 567	1 661	1 761	1 867	1 979
Water usage - Block 2 (c/kl)	31 - 45 kl	2 148	2 276	2 413	2 557	2 711	2 874	3 046
Water usage - Block 3 (c/kl)	46 - 60 kl	2 790	2 957	3 134	3 322	3 521	3 732	3 956
Water usage - Block 4 (c/kl)	> 60 kl	3 720	3 943	4 179	4 430	4 696	4 978	5 276
Other								
Waste water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		91	97	102	109	115	122	129
Service point - vacant land (Rands/month)		110	116	123	109	115	122	129
Waste water - flat rate tariff (c/kl)		1 026	1 088	1 153	1 222	1 296	1 374	1 456
Volumetric charge - Block 1 (c/kl)	Basic charge pumps	61	65	69	73	78	82	87
Volumetric charge - Block 2 (c/kl)	Service per pump	419	444	471	499	529	561	595
Volumetric charge - Block 3 (c/kl)	(fill in structure)							
Volumetric charge - Block 4 (c/kl)	(fill in structure)							
Other								
Electricity tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		205	217	255	268	292	309	328
Service point - vacant land (Rands/month)		205	217	255	268	292	309	328
FBE	(how is this targeted?)							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)	88	99	100	101	108	114	121
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid (c/kwh)								
Meter - IBT Block 1 (c/kwh)	Credit Meter							
Meter - IBT Block 2 (c/kwh)	0 - 350 kWh	96	108	109	109	116	123	130
Meter - IBT Block 3 (c/kwh)	351 - 600 kWh	130	146	157	158	169	179	190
Meter - IBT Block 4 (c/kwh)	> 600 kWh	157	176	189	193	207	219	232
Meter - IBT Block 5 (c/kwh)	Prepaid Meter							
Prepaid - IBT Block 1 (c/kwh)	0 - 350 kWh	89	99	100	100	107	113	120
Prepaid - IBT Block 2 (c/kwh)	351 - 600 kWh	123	137	148	149	159	169	179
Prepaid - IBT Block 3 (c/kwh)	> 600 kWh	151	169	182	185	199	211	223
Prepaid - IBT Block 4 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
Other								
Waste management tariffs								
Domestic								
Street cleaning charge								
Basic charge/ fixed fee		130	130	146	155	164	174	185
80l bin - once a week								
250l bin - once a week		130	130	146	155	164	174	185

WC032 Overstrand - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Exemptions, reductions and rebates (Rands)								
<i>[Insert lines as applicable]</i>								
Water tariffs								
<i>[Insert blocks as applicable]</i>								
	Basic charge	102	108	115	122	129	137	145
	Basic charge	102	108	115	122	129	137	145
	0 - 6 kl	325	362	404	450	502	532	564
	7 - 18 kl	860	912	966	1 024	1 085	1 150	1 219
	19 - 30 kl	1 395	1 479	1 567	1 661	1 761	1 867	1 979
	31 - 45 kl	2 148	2 276	2 413	2 557	2 711	2 874	3 046
	46 - 60 kl	2 790	2 957	3 134	3 322	3 521	3 732	3 956
	> 60 kl	3 720	3 943	4 179	4 430	4 696	4 978	5 276
	(fill in thresholds)							
	(fill in thresholds)							
Waste water tariffs								
<i>[Insert blocks as applicable]</i>								
	Basic charge	91	97	102	109	115	122	129
	Basic charge	110	116	123	109	115	122	129
	Tariff per kl (c/kl)	1 026	1 088	1 153	1 222	1 296	1 374	1 456
	Basic charge - pumps	61	65	69	73	78	82	87
	Service per pump	419	444	471	499	529	561	595
	(fill in structure)							
	(fill in structure)							
	(fill in structure)							
Electricity tariffs								
<i>[Insert blocks as applicable]</i>								
	Basic charge/fixed fee	205	217	255	268	292	309	328
	Basic - Vacant Land	205	217	255	268	292	309	328
	Flat rate prepaid (c/kWh)	88	99	100	101	108	114	121
	Credit Meter							
	0 - 350 kWh	96	108	109	109	116	123	130
	351 - 600 kWh	130	146	157	158	169	179	190
	> 600 kWh	157	176	189	193	207	219	232
	Prepaid Meter							
	0 - 350 kWh	89	99	100	100	107	113	120
	351 - 600 kWh	123	137	148	149	159	169	179
	> 600 kWh	151	169	182	185	199	211	223
	(fill in thresholds)							
	(fill in thresholds)							

WC032 Overstrand - Supporting Table SA14 Household bills

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	179.40	191.53	205.32	220.57	220.57	220.57	6.0%	233.78	247.81	262.68
Electricity: Basic levy	204.56	216.83	254.78	267.52	267.52	267.52	9.0%	291.60	309.10	327.64
Electricity: Consumption	1 219.02	1 367.73	1 445.42	1 464.97	1 464.97	1 464.97	7.0%	1 567.80	1 661.87	1 761.58
Water: Basic levy	102.28	108.42	114.93	121.83	121.83	121.83	6.0%	129.14	136.89	145.10
Water: Consumption	294.95	313.77	333.62	354.92	354.92	354.92	6.4%	377.69	400.35	424.37
Sanitation	306.60	325.09	344.53	365.16	365.16	365.16	6.0%	387.25	410.49	435.11
Refuse removal	130.18	137.99	146.26	155.04	155.04	155.04	6.0%	164.34	174.20	184.65
Other	41.70	41.70	41.70	41.70	41.70	41.70	28.4%	53.54	53.54	53.54
sub-total	2 478.69	2 703.06	2 886.56	2 991.71	2 991.71	2 991.71	7.1%	3 205.14	3 394.24	3 594.68
VAT on Services	321.90	351.61	375.37	387.96	387.96	387.96		445.70	471.96	499.80
Total large household bill:	2 800.59	3 054.67	3 261.93	3 379.67	3 379.67	3 379.67	8.0%	3 650.84	3 866.20	4 094.48
% increase/-decrease		9.1%	6.8%	3.6%	-	-	8.0%	8.0%	5.9%	5.9%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	124.20	132.60	142.15	152.70	152.70	152.70	6.0%	161.85	171.56	181.85
Electricity: Basic levy	204.56	216.83	254.78	267.52	267.52	267.52	9.0%	291.60	309.10	327.64
Electricity: Consumption	494.02	554.27	571.30	574.61	574.61	574.61	6.7%	612.87	649.64	688.62
Water: Basic levy	102.28	108.42	114.93	121.83	121.83	121.83	6.0%	129.14	136.89	145.10
Water: Consumption	222.11	236.54	251.79	268.19	268.19	268.19	6.5%	285.74	302.88	321.06
Sanitation	270.69	287.01	304.18	322.39	322.39	322.39	6.0%	341.89	362.40	384.15
Refuse removal	130.18	137.99	146.26	155.04	155.04	155.04	6.0%	164.34	174.20	184.65
Other	41.70	41.70	41.70	41.70	41.70	41.70	28.4%	53.54	53.54	53.54
sub-total	1 589.74	1 715.36	1 827.09	1 903.98	1 903.98	1 903.98	7.2%	2 040.97	2 160.22	2 286.62
VAT on Services	205.18	221.59	235.89	245.18	245.18	245.18		281.87	298.30	315.71
Total small household bill:	1 794.92	1 936.95	2 062.98	2 149.16	2 149.16	2 149.16	8.1%	2 322.84	2 458.52	2 602.33
% increase/-decrease		7.9%	6.5%	4.2%	-	-	8.1%	8.1%	5.8%	5.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	69.00	73.67	78.97	84.83	84.83	84.83	6.0%	89.92	95.32	101.03
Electricity: Basic levy	204.56	216.83	254.78	267.52	267.52	267.52	9.0%	291.60	309.10	327.64
Electricity: Consumption	310.24	348.08	351.58	351.05	351.05	351.05	6.5%	373.87	396.30	420.08
Water: Basic levy	102.28	108.42	114.93	121.83	121.83	121.83	6.0%	129.14	136.89	145.10
Water: Consumption	152.36	162.59	173.44	185.14	185.14	185.14	6.8%	197.69	209.55	222.12
Sanitation	234.78	248.93	263.82	279.62	279.62	279.62	6.0%	296.53	314.32	333.18
Refuse removal	130.18	137.99	146.26	155.04	155.04	155.04	6.0%	164.34	174.20	184.65
Other	(635.06)	(676.99)	(743.13)	(807.20)	(807.20)	(807.20)		(867.47)	(918.81)	(973.23)
sub-total	568.34	619.52	640.65	637.83	637.83	637.83	5.9%	675.62	716.87	760.59
VAT on Services	69.91	76.42	78.64	77.42	77.42	77.42		87.86	93.23	98.93
Total small household bill:	638.25	695.94	719.29	715.25	715.25	715.25	6.7%	763.48	810.10	859.52
% increase/-decrease		9.0%	3.4%	(0.6%)	-	-	6.7%	6.7%	6.1%	6.1%

WC032 Overstrand - Supporting Table SA15 Investment particulars by type

Investment type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	26 051	101 263	170 727						
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	23 149	29 740	37 982	43 422	43 422	43 422	50 546	57 885	65 460
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	49 200	131 003	208 709	43 422	43 422	43 422	50 546	57 885	65 460
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	49 200	131 003	208 709	43 422	43 422	43 422	50 546	57 885	65 460

WC032 Overstrand - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	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	Yrs/Months												
Parent municipality													
LIBERTY 15934476	15 Years	Policy	Yes	Variable	Fair Value Adjustment			01/09/2025	12 923	886		1 500	15 309
LIBERTY 21196964	14 Years	Policy	Yes	Variable	Fair Value Adjustment			01/09/2025	21 220	1 034		3 120	25 374
MOMENTUM 3853776	15 Years	Policy	Yes	Variable	Fair Value Adjustment			01/07/2026	2 349	30		360	2 739
													-
													-
													-
Municipality sub-total									36 492		-	4 980	43 422
Entities													-
													-
													-
													-
Entities sub-total									-		-	-	-
TOTAL INVESTMENTS AND INTEREST									36 492		-	4 980	43 422

WC032 Overstrand - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Parent municipality									
Annuity and Bullet Loans	308 904	312 402	312 495	309 052	309 052	309 052	323 677	336 040	343 710
Long-Term Loans (non-annuity)	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Local registered stock									
Instalment Credit									
Financial Leases	60								
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Entities									
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	408 964	412 402	412 495	409 052	409 052	409 052	423 677	436 040	443 710
Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	2 800				10 450	10 450			
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	2 800	-	-	-	10 450	10 450	-	-	-
Total Unspent Borrowing	2 800	-	-	-	10 450	10 450	-	-	-

WC032 Overstrand - Supporting Table SA18 Transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Operating Transfers and Grants									
National Government:	56 511	67 709	76 347	88 073	88 073	88 073	99 544	107 933	119 224
Local Government Equitable Share	52 021	64 598	72 950	84 223	84 223	84 223	96 068	106 383	117 674
Finance Management	1 450	1 450	1 475	1 550	1 550	1 550	1 550	1 550	1 550
Municipal Systems Improvement									
EPWP Incentive	1 768	1 661	1 922	2 300	2 300	2 300	1 926		
Disaster recovery grant	1 272								
Provincial Government:	4 481	35 118	41 312	24 378	38 673	38 673	30 731	59 125	42 863
Human Settlements Development Grant	632	29 425	35 101	17 639	31 519	31 519	23 633	51 660	35 187
Library Services Grant	3 182	5 307	5 889	6 306	6 306	6 306	6 147	7 111	7 502
Financial Management Capacity Building Grant				240	240	240	360		
Community Development Workers Operational Support Grant	70	72	75	54	54	54	74	74	74
Maintenance & Constnction of Transport Infrastructure	83	114	137	139	139	139	137		
Western Cape Financial Management Support Grant					280	280	280	280	
Local Government Internship Grant			60		66	66			
Greenest Municipality Competition			50		70	70			
Thusong Service Centre		200					100		100
District Municipality: <i>[insert description]</i>	-	-	-	-	-	-	-	-	-
Other grant providers: <i>Spaces 4 Sport/Friedrich Naumann Foundation</i> <i>Table Mountain Fund/ ACIP/Friedrich Naumann</i>	165	-	-	-	-	-	-	-	-
	165								
Total Operating Transfers and Grants	61 158	102 827	117 659	112 451	126 746	126 746	130 275	167 058	162 087
Capital Transfers and Grants									
National Government:	23 608	31 647	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Municipal Infrastructure Grant (MIG)	20 674	21 417	21 030	22 330	22 330	22 330	21 639	22 010	23 036
INEP	2 000	8 000	5 000	4 000	4 000	4 000	4 262	7 040	6 400
Finance Management		1 300							
Municipal Systems Improvement	934	930							
Provincial Government:	30 195	29 110	10 490	19 878	44 028	44 028	36 067	29 480	33 813
Human Settlements Development Grant	28 045	26 080	8 290	17 186	36 977	36 977	35 467	29 480	33 813
Library Services Grant	2 150	3 031	1 000	700	700	700	600		
Development of Sport & Recreation Facilities				1 171	1 171	1 171			
Fire Service Capacity Building Grant			1 200	800	800	800			
Community Development Workers Operational Support Grant				21	21	21			
Municipal Service Delivery and Capacity Building Grant					360	360			
Public Transport Non- motorised Infrastructure					4 000	4 000			
District Municipality: <i>[insert description]</i>	-	-	-	-	-	-	-	-	-
Other grant providers: <i>National Lotto</i> <i>DWA ACIP</i>	2 000	-	-	-	-	-	-	-	-
	1 000								
	1 000								
Total Capital Transfers and Grants	55 803	60 757	36 520	46 208	70 358	70 358	61 968	58 530	63 249
TOTAL RECEIPTS OF TRANSFERS & GRANTS	116 961	163 584	154 179	158 659	197 104	197 104	192 243	225 588	225 336

WC032 Overstrand - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	3 900	3 701	3 397	3 850	3 850	3 850	3 476	1 550	1 550
Local Government Equitable Share									
Finance Management	860	2 040	1 475	1 550	1 550	1 550	1 550	1 550	1 550
Municipal Systems Improvement									
EPWP Incentive	1 768	1 661	1 922	2 300	2 300	2 300	1 926		
Disaster recovery grant	1 272								
Provincial Government:	4 551	36 630	38 034	25 615	41 144	41 144	30 731	59 125	42 863
Human Settlements Development Grant	632	29 425	31 921	18 779	33 892	33 892	23 633	51 660	35 187
Library Services Grant	3 182	5 307	5 889	6 306	6 306	6 306	6 147	7 111	7 502
Financial Management Capacity Building Grant				240	240	240	360		
Community Development Workers Operational Support Grant	70	72	75	54	54	54	74	74	74
Maintenance & Constuction of Transport Infrastructure	83	114	137	139	139	139	137		
Greenest Municipality Competition	38			50	120	120			
Local Government Internship Graduate Grant			12	48	114	114			
Western Cape Financial Management Support Grant	547	1 513			280	280	280	280	
Thusong Service Centre		200					100		100
District Municipality: <i>[insert description]</i>	-	-	-	-	-	-	-	-	-
Other grant providers: <i>Spaces 4 Sport/Friedrich Naumann Foundation</i>	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	8 452	40 331	41 431	29 465	44 994	44 994	34 207	60 675	44 413
Capital expenditure of Transfers and Grants									
National Government:	23 608	30 347	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Municipal Infrastructure Grant (MIG)	20 674	21 417	21 030	22 330	22 330	22 330	21 639	22 010	23 036
INEP	2 000	8 000	5 000	4 000	4 000	4 000	4 262	7 040	6 400
Finance Management									
Municipal Systems Improvement	934	930							
Provincial Government:	31 890	29 004	7 681	21 510	47 111	47 111	36 067	29 480	33 813
Human Settlements Development Grant	29 740	25 974	7 651	17 186	37 890	37 890	35 467	29 480	33 813
Library Services Grant	2 150	3 031	30	1 132	1 670	1 670	600		
Development of Sport & Recreation Facilities				1 171	1 171	1 171			
Fire Service Capacity Building Grant				2 000	2 000	2 000			
Community Development Workers Operational Support Grant				21	21	21			
Municipal Service Delivery and Capacity Building Grant					360	360			
Public Transport Non- motorised Infrastructure					4 000	4 000			
District Municipality: <i>[insert description]</i>	-	-	-	-	-	-	-	-	-
Other grant providers: <i>National Lotto</i>	1 000	-	-	-	-	-	-	-	-
	1 000								
Total capital expenditure of Transfers and Grants	56 498	59 351	33 711	47 840	73 441	73 441	61 968	58 530	63 249
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	64 949	99 683	75 143	77 305	118 435	118 435	96 175	119 205	107 662

WC032 Overstrand - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year		590							
Current year receipts	56 511	67 709	76 347	88 073	88 073	88 073	99 544	107 933	119 224
Conditions met - transferred to revenue	55 921	68 299	76 347	88 073	88 073	88 073	99 544	107 933	119 224
Conditions still to be met - transferred to liabilities	590								
Provincial Government:									
Balance unspent at beginning of the year	683	213	2 944	1 238	2 471	2 471	240		
Current year receipts	4 081	35 118	41 312	24 378	38 673	38 673	30 731	59 125	42 863
Conditions met - transferred to revenue	4 551	35 330	38 064	25 615	41 144	41 144	30 971	59 125	42 863
Conditions still to be met - transferred to liabilities	213		6 192						
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	60 473	103 629	114 411	113 688	129 217	129 217	130 515	167 058	162 087
Total operating transfers and grants - CTBM	802	-	6 192	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	23 608	30 347	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Conditions met - transferred to revenue	23 608	30 347	26 030	26 330	26 330	26 330	25 901	29 050	29 436
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year	2 618			1 632	3 078	3 078			
Current year receipts	29 508	30 410	10 490	19 878	44 028	44 028	36 067	29 480	33 813
Conditions met - transferred to revenue	32 126	30 304	10 490	21 510	47 106	47 106	36 067	29 480	33 813
Conditions still to be met - transferred to liabilities		106							
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year							100		
Current year receipts			5 254						
Conditions met - transferred to revenue	-	-	5 254	-	-	-	100	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	55 734	60 651	41 774	47 840	73 436	73 436	62 068	58 530	63 249
Total capital transfers and grants - CTBM	-	106	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	116 206	164 281	156 186	161 528	202 653	202 653	192 583	225 588	225 336
TOTAL TRANSFERS AND GRANTS - CTBM	802	106	6 192	-	-	-	-	-	-

WC032 Overstrand - Supporting Table SA21 Transfers and grants made by the municipality

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Cash Transfers to other municipalities <i>Insert description</i>										
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>										
Total Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State <i>Insert description</i>										
Total Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations <i>Grant-in-aid</i> <i>Tourism Buro's</i>	278 1 733	348 1 508	348 1 468	278 1 500	278 1 500	278 1 500		500	278	292
Total Cash Transfers To Organisations	2 011	1 856	1 817	1 778	1 778	1 778	-	500	278	292
Cash Transfers to Groups of Individuals <i>Low income house-hold subsidies</i>	41 922	48 900	54 287							
Total Cash Transfers To Groups Of Individuals:	41 922	48 900	54 287	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	43 933	50 757	56 103	1 778	1 778	1 778	-	500	278	292
Non-Cash Transfers to other municipalities <i>Insert description</i>										
Total Non-Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>										
Total Non-Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State <i>Insert description</i>	6 459	333	32							
Total Non-Cash Transfers To Other Organs Of State:	6 459	333	32	-	-	-	-	-	-	-
Non-Cash Grants to Organisations <i>Insert description</i>										
Total Non-Cash Grants To Organisations	-	-	-	-	-	-	-	-	-	-
Groups of Individuals <i>Insert description</i>										
Total Non-Cash Grants To Groups Of Individuals:	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS	6 459	333	32	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	50 392	51 090	56 136	1 778	1 778	1 778	-	500	278	292

WC032 Overstrand - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	7 533	7 961	8 608	9 393	9 166	9 166	9 862	10 357	10 877
Pension and UIF Contributions					-	-			
Medical Aid Contributions					-	-			
Motor Vehicle Allowance					-	-			
Cellphone Allowance	570	606	657	660	1 086	1 086	1 110	1 161	1 215
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	8 104	8 566	9 265	10 053	10 253	10 253	10 972	11 518	12 091
% increase		5.7%	8.2%	8.5%	2.0%	-	7.0%	5.0%	5.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	9 190	9 543	9 944	10 753	10 753	10 753	10 954	11 507	12 091
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance	147	154	158	175	175	175	194	203	212
Housing Allowances									
Other benefits and allowances		32							
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	9 337	9 729	10 102	10 928	10 928	10 928	11 148	11 710	12 303
% increase		4.2%	3.8%	8.2%	-	-	2.0%	5.0%	5.1%
Other Municipal Staff									
Basic Salaries and Wages	168 541	175 857	175 723	204 000	199 269	199 269	209 995	223 809	235 378
Pension and UIF Contributions	27 068	29 587	30 114	35 806	35 564	35 564	39 089	41 683	44 063
Medical Aid Contributions	9 363	9 829	10 523	12 625	12 433	12 433	13 697	14 225	14 659
Overtime	14 765	15 724	15 613	15 622	16 076	16 076	23 325	24 701	26 159
Performance Bonus				-	-	-			
Motor Vehicle Allowance	9 634	7 222	7 602	8 213	8 213	8 213	8 595	8 295	8 299
Cellphone Allowance	1 750	1 119	1 483	1 475	1 450	1 450	2 049	2 163	2 265
Housing Allowances	944	4 608	5 064	5 405	5 340	5 340	2 542	2 542	2 542
Other benefits and allowances	11 228	10 248	26 398	29 993	27 235	27 235	37 726	39 879	41 990
Payments in lieu of leave	996	1 815	1 385	765	965	965	1 062	1 168	1 285
Long service awards	1 161	2 288	1 836	669	1 769	1 769	1 946	2 140	2 354
Post-retirement benefit obligations	15 032	6 539	16 076	7 724	9 924	9 924	10 916	12 008	13 209
Sub Total - Other Municipal Staff	260 483	264 835	291 817	322 297	318 237	318 237	350 942	372 615	392 204
% increase		1.7%	10.2%	10.4%	(1.3%)	-	10.3%	6.2%	5.3%
Total Parent Municipality	277 924	283 130	311 185	343 277	339 418	339 418	373 062	395 843	416 598
		1.9%	9.9%	10.3%	(1.1%)	-	9.9%	6.1%	5.2%
TOTAL SALARY, ALLOWANCES & BENEFITS	277 924	283 130	311 185	343 277	339 418	339 418	373 062	395 843	416 598
% increase		1.9%	9.9%	10.3%	(1.1%)	-	9.9%	6.1%	5.2%
TOTAL MANAGERS AND STAFF	269 820	274 564	301 919	333 225	329 165	329 165	362 090	384 325	404 507

WC032 Overstrand - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	669 066		44 412			713 478
Chief Whip							-
Executive Mayor	1	817 552		44 412			861 964
Deputy Executive Mayor	1	668 568		44 412			712 980
Executive Committee	4	3 134 662		222 060			3 356 722
Total for all other councillors	18	4 572 112		755 004			5 327 116
Total Councillors	25	9 861 960	-	1 110 300			10 972 260
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 700 000		28 536			1 728 536
Chief Finance Officer	1	1 727 185		25 536			1 752 721
Community Services Director	1	1 490 236		28 536			1 518 772
Management Services Director	1	1 469 138		28 536			1 497 674
LED Director	1	1 433 440		25 536			1 458 976
Infrastructure and Planning Director	1	1 732 691		28 536			1 761 227
Protection Services Director	1	1 401 393		28 536			1 429 929
							-
Total Senior Managers of the Municipality	7	10 954 083	-	193 752	-		11 147 835
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	32	20 816 043	-	1 304 052	-		22 120 095

WC032 Overstrand - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2016/17			Current Year 2017/18			Budget Year 2018/19		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	25	7		25	7		25	7	
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	7	7		7	7		7	7	
Other Managers	55	52		55	53		56	54	
Professionals	57	43	–	23	19	–	23	21	–
<i>Finance</i>	23	17		20	16		20	18	
<i>Spatial/town planning</i>	8	7							
<i>Information Technology</i>				1	1		1	1	
<i>Roads</i>	8	6							
<i>Electricity</i>	8	6							
<i>Water</i>	4	1							
<i>Sanitation</i>	3	3							
<i>Refuse</i>	3	3							
<i>Other</i>				2	2		2	2	
Technicians	202	190	–	190	167	–	188	167	–
<i>Finance</i>									
<i>Spatial/town planning</i>	6	5		13	12		13	12	
<i>Information Technology</i>	4	3		5	3		5	3	
<i>Roads</i>	3	3		9	9		9	8	
<i>Electricity</i>	22	18		30	25		30	24	
<i>Water</i>	5	4		20	16		19	18	
<i>Sanitation</i>	6	6		2	2		2	2	
<i>Refuse</i>	3	3		5	5		4	4	
<i>Other</i>	153	148		106	95		106	96	
Clerks (Clerical and administrative)	186	173		263	232		262	234	
Service and sales workers	144	105		128	96		104	95	
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	25	24		63	54		59	55	
Elementary Occupations	466	434		418	400		423	405	
TOTAL PERSONNEL NUMBERS	1 167	1 035	–	1 172	1 035	–	1 147	1 045	–
% increase				0.4%	–	–	(2.1%)	1.0%	–
Total municipal employees headcount	1 112	1 028		1 147	1 028		1 122	1 038	
Finance personnel headcount	113	100		113	103		113	100	
Human Resources personnel headcount	18	17		18	17		18	18	

WC032 Overstrand - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Revenue By Source															
Property rates	19 309	19 309	19 309	19 309	19 309	20 952	19 309	19 309	19 309	19 309	19 309	20 952	234 998	249 098	264 044
Service charges - electricity revenue	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	30 477	365 721	387 620	410 845
Service charges - water revenue	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	9 732	116 781	123 754	131 147
Service charges - sanitation revenue	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	6 097	73 164	77 554	82 207
Service charges - refuse revenue	5 082	5 082	5 082	5 082	5 082	5 083	5 082	5 082	5 082	5 082	5 082	5 082	60 990	64 649	68 528
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	302	302	314	302	302	319	302	302	314	302	302	319	3 679	3 897	4 128
Interest earned - external investments	1 333	1 333	1 333	1 333	1 333	1 334	1 333	1 333	1 333	1 333	1 333	1 334	16 001	16 001	16 001
Interest earned - outstanding debtors	308	308	308	308	308	308	308	308	308	308	308	308	3 700	3 922	4 157
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	34 964	37 059	39 280
Licences and permits	198	198	209	198	198	221	198	198	209	198	198	221	2 447	2 593	2 749
Agency services	308	308	315	308	308	315	308	308	315	308	308	315	3 726	3 970	4 187
Transfers and subsidies	846	846	28 387	846	846	28 387	846	846	28 387	846	846	38 587	130 515	167 058	162 087
Other revenue	2 248	2 248	2 693	2 248	2 248	2 945	2 248	2 248	2 248	2 248	2 248	4 957	31 270	32 945	34 721
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contrib	79 151	79 151	107 177	79 151	79 151	109 090	79 151	79 151	107 177	79 151	79 151	121 302	1 077 956	1 170 121	1 224 080
Expenditure By Type															
Employee related costs	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	30 174	362 090	384 325	404 507
Remuneration of councillors	914	914	914	914	914	914	914	914	914	914	914	914	10 972	11 518	12 091
Debt impairment	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	22 792	22 792	22 792
Depreciation & asset impairment	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	9 876	21 724	130 362	128 876	127 899
Finance charges	-	-	-	-	-	23 917	-	-	-	-	-	23 917	47 834	50 433	52 064
Bulk purchases	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	232 288	249 310	267 556
Other materials	2 446	2 441	9 408	2 446	2 441	9 432	2 446	2 441	9 408	2 446	2 441	9 806	57 605	89 033	74 164
Contracted services	12 400	12 400	16 413	12 400	12 400	30 976	12 400	12 400	16 429	12 400	12 400	32 623	195 642	215 879	217 715
Transfers and subsidies	42	42	42	42	42	42	42	42	42	42	42	42	500	278	292
Other expenditure	5 970	4 627	5 352	4 627	4 627	5 396	4 627	4 627	5 352	5 075	4 627	9 265	64 171	68 969	70 420
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	83 080	81 731	93 436	81 736	81 731	131 984	81 736	81 731	93 452	82 184	81 731	149 723	1 124 257	1 221 414	1 249 501
Surplus/(Deficit)	(3 928)	(2 580)	13 741	(2 585)	(2 580)	(22 895)	(2 585)	(2 580)	13 725	(3 033)	(2 580)	(28 421)	(46 301)	(51 293)	(25 420)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	11 215	-	-	11 215	-	-	11 215	-	-	28 324	61 968	58 530	63 249
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829

WC032 Overstrand - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Revenue by Vote															
Vote 1 - Council	15	15	6 217	15	15	6 217	15	15	6 217	15	15	6 217	24 988	26 998	29 854
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	28	28	31	28	28	146	28	28	31	28	28	146	580	600	622
Vote 4 - Finance	21 590	21 590	21 662	21 590	21 590	23 313	21 590	21 590	21 662	21 590	21 590	25 324	264 683	279 336	294 588
Vote 5 - Community Services	22 545	22 545	39 457	22 545	22 545	39 601	22 545	22 545	39 457	22 545	22 545	39 812	338 686	359 845	383 338
Vote 6 - Local Economic Development	186	186	186	186	186	186	186	186	186	186	186	186	2 226	300	300
Vote 7 - Infrastructure & Planning	31 386	31 386	47 168	31 386	31 386	47 169	31 386	31 386	47 168	31 386	31 386	74 269	466 865	517 165	531 557
Vote 8 - Protection Services	3 401	3 401	3 672	3 401	3 401	3 673	3 401	3 401	3 672	3 401	3 401	3 673	41 896	44 408	47 070
Total Revenue by Vote	79 151	79 151	118 392	79 151	79 151	120 304	79 151	79 151	118 392	79 151	79 151	149 626	1 139 924	1 228 651	1 287 329
Expenditure by Vote to be appropriated															
Vote 1 - Council	3 845	2 502	2 824	2 502	2 502	2 824	2 502	2 502	2 824	2 949	2 502	2 772	33 046	34 567	37 100
Vote 2 - Municipal Manager	405	405	473	405	405	474	405	405	473	405	405	515	5 175	5 396	5 621
Vote 3 - Management Services	4 123	4 123	4 153	4 123	4 123	4 230	4 123	4 123	4 153	4 123	4 123	8 533	54 054	57 516	59 417
Vote 4 - Finance	6 471	6 471	6 541	6 471	6 471	6 592	6 471	6 471	6 541	6 471	6 471	6 593	78 037	87 971	84 762
Vote 5 - Community Services	26 571	26 571	31 260	26 571	26 571	59 027	26 571	26 571	31 260	26 571	26 571	72 472	406 587	425 084	441 127
Vote 6 - Local Economic Development	677	671	722	677	671	738	677	671	738	677	671	738	8 329	8 912	9 306
Vote 7 - Infrastructure & Planning	33 866	33 866	40 202	33 866	33 866	50 838	33 866	33 866	40 202	33 866	33 866	50 839	453 011	509 737	519 620
Vote 8 - Protection Services	7 122	7 122	7 261	7 122	7 122	7 261	7 122	7 122	7 261	7 122	7 122	7 261	86 017	92 232	92 548
Total Expenditure by Vote	83 080	81 731	93 436	81 736	81 731	131 984	81 736	81 731	93 452	82 184	81 731	149 723	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) before assoc.	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829

WC032 Overstrand - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Revenue - Functional															
<i>Governance and administration</i>	21 672	21 672	27 981	21 672	21 672	29 760	21 672	21 672	27 981	21 672	21 672	31 772	290 873	307 609	325 754
Executive and council	18	18	6 235	18	18	6 247	18	18	6 235	18	18	6 247	25 110	27 147	29 991
Finance and administration	21 654	21 654	21 746	21 654	21 654	23 513	21 654	21 654	21 746	21 654	21 654	25 525	265 764	280 462	295 763
Internal audit												-	-	-	-
<i>Community and public safety</i>	1 612	1 612	9 965	1 612	1 612	9 973	1 612	1 612	9 965	1 612	1 612	36 793	79 591	107 729	88 500
Community and social services	586	586	661	586	586	664	586	586	661	586	586	664	7 337	10 149	3 228
Sport and recreation	952	952	969	952	952	973	952	952	969	952	952	973	11 500	14 686	14 413
Public safety	19	19	280	19	19	281	19	19	280	19	19	281	1 272	1 348	1 429
Housing	55	55	8 055	55	55	8 055	55	55	8 055	55	55	34 875	59 482	81 545	69 430
Health												-	-	-	-
<i>Economic and environmental services</i>	4 357	4 357	5 242	4 357	4 357	5 367	4 357	4 357	5 242	4 357	4 357	5 857	56 563	60 504	66 651
Planning and development	950	950	950	950	950	950	950	950	950	950	950	950	11 398	10 041	10 643
Road transport	3 407	3 407	4 292	3 407	3 407	4 417	3 407	3 407	4 292	3 407	3 407	4 907	45 164	50 463	56 008
Environmental protection						0						(0)			
<i>Trading services</i>	51 510	51 510	75 203	51 510	51 510	75 204	51 510	51 510	75 203	51 510	51 510	75 204	712 897	752 809	806 423
Energy sources	30 597	30 597	38 379	30 597	30 597	38 379	30 597	30 597	38 379	30 597	30 597	38 379	398 292	425 983	451 913
Water management	9 698	9 698	14 435	9 698	9 698	14 435	9 698	9 698	14 435	9 698	9 698	14 435	135 326	143 633	154 132
Waste water management	6 130	6 130	13 408	6 130	6 130	13 408	6 130	6 130	13 408	6 130	6 130	13 408	102 669	101 244	112 737
Waste management	5 085	5 085	8 982	5 085	5 085	8 982	5 085	5 085	8 982	5 085	5 085	8 982	76 610	81 949	87 641
<i>Other</i>															
Total Revenue - Functional	79 151	79 151	118 392	79 151	79 151	120 304	79 151	79 151	118 392	79 151	79 151	149 626	1 139 924	1 228 651	1 287 329
Expenditure - Functional															
<i>Governance and administration</i>	18 512	17 168	19 529	17 168	17 168	19 662	17 168	17 168	19 529	17 616	17 168	24 051	221 910	239 106	242 975
Executive and council	5 249	3 906	5 736	3 906	3 906	5 738	3 906	3 906	5 736	4 354	3 906	5 779	56 029	58 819	62 446
Finance and administration	13 045	13 045	13 510	13 045	13 045	13 642	13 045	13 045	13 510	13 045	13 045	17 990	163 015	177 271	177 359
Internal audit	217	217	283	217	217	283	217	217	283	217	217	283	2 866	3 016	3 170
<i>Community and public safety</i>	8 127	8 127	16 095	8 127	8 127	16 529	8 127	8 127	16 095	8 127	8 127	29 326	143 061	179 208	165 776
Community and social services	1 287	1 287	1 380	1 287	1 287	1 383	1 287	1 287	1 380	1 287	1 287	1 287	15 827	16 776	17 796
Sport and recreation	3 260	3 260	4 383	3 260	3 260	4 813	3 260	3 260	4 383	3 260	3 260	17 603	57 262	59 847	62 337
Public safety	3 230	3 230	3 298	3 230	3 230	3 298	3 230	3 230	3 298	3 230	3 230	3 298	39 035	43 899	43 036
Housing	350	350	7 034	350	350	7 034	350	350	7 034	350	350	7 034	30 936	58 686	42 607
Health															
<i>Economic and environmental services</i>	13 949	13 944	14 663	13 949	13 944	27 256	13 949	13 944	14 663	13 949	13 944	27 384	195 539	205 586	211 337
Planning and development	2 970	2 964	2 981	2 970	2 964	2 981	2 970	2 964	2 981	2 970	2 964	2 982	35 662	37 333	39 215
Road transport	9 981	9 981	10 683	9 981	9 981	23 276	9 981	9 981	10 683	9 981	9 981	23 402	147 890	155 374	159 246
Environmental protection	999	999	999	999	999	999	999	999	999	999	999	999	11 986	12 879	12 876
<i>Trading services</i>	42 222	42 222	42 844	42 222	42 222	68 216	42 222	42 222	42 844	42 222	42 222	68 641	560 317	593 888	625 649
Energy sources	24 051	24 051	24 051	24 051	24 051	32 303	24 051	24 051	24 051	24 051	24 051	32 303	305 112	324 261	344 382
Water management	7 251	7 251	7 283	7 251	7 251	18 676	7 251	7 251	7 283	7 251	7 251	18 750	109 996	116 316	119 828
Waste water management	5 597	5 597	5 768	5 597	5 597	10 932	5 597	5 597	5 768	5 597	5 597	11 282	78 529	83 497	87 320
Waste management	5 323	5 323	5 742	5 323	5 323	6 306	5 323	5 323	5 742	5 323	5 323	6 306	66 680	69 814	74 119
<i>Other</i>	270	270	305	270	270	321	270	270	321	270	270	321	3 429	3 627	3 764
Total Expenditure - Functional	83 080	81 731	93 436	81 736	81 731	131 984	81 736	81 731	93 452	82 184	81 731	149 723	1 124 257	1 221 414	1 249 501
Surplus/(Deficit) before assoc.	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829
Share of surplus/ (deficit) of associate															
Surplus/(Deficit)	(3 928)	(2 580)	24 956	(2 585)	(2 580)	(11 680)	(2 585)	(2 580)	24 940	(3 033)	(2 580)	(97)	15 667	7 237	37 829

WC032 Overstrand - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Multi-year expenditure to be appropriated															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	16 074	-	-	16 074	-	-	16 074	-	-	16 074	64 297	68 210	-
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	-	14 560	-	-	14 560	-	-	14 560	-	-	14 560	58 239	39 770	-
Vote 8 - Protection Services	-	-	125	-	-	125	-	-	125	-	-	125	500	-	-
Capital multi-year expenditure sub-total	-	-	30 759	-	-	30 759	-	-	30 759	-	-	30 759	123 036	107 980	-
Single-year expenditure to be appropriated															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	1 027	-	-	1 027	-	-	1 027	-	-	1 027	4 106	-	-
Vote 4 - Finance	3	3	3	3	3	3	3	3	3	3	3	3	30	-	-
Vote 5 - Community Services	-	-	7 706	-	-	7 706	-	-	7 706	-	-	7 706	30 823	14 800	82 036
Vote 6 - Local Economic Development	-	-	1 406	-	-	1 406	-	-	1 406	-	-	1 406	5 625	-	-
Vote 7 - Infrastructure & Planning	-	-	275	-	-	275	-	-	275	-	-	275	1 100	9 750	55 213
Vote 8 - Protection Services	-	-	1 754	-	-	1 754	-	-	1 754	-	-	1 754	7 016	500	-
Capital single-year expenditure sub-total	3	3	12 170	3	3	12 170	3	3	12 170	3	3	#REF!	#REF!	#REF!	#REF!
Total Capital Expenditure	3	3	42 929	3	3	42 929	3	3	42 929	3	3	#REF!	#REF!	#REF!	#REF!

WC032 Overstrand - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Capital Expenditure - Functional															
<i>Governance and administration</i>	3	3	-	3	3	-	3	3	-	3	3	5 816	5 836	20 000	20 000
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	3	3	-	3	3	-	3	3	-	3	3	5 816	5 836	20 000	20 000
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	-	30 759	-	-	4 514	-	-	-	-	-	19 141	54 414	34 980	37 813
Community and social services	-	-	-	-	-	4 514	-	-	-	-	-	-	4 514	2 500	2 500
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	5 557	5 557	2 500	1 500
Public safety	-	-	-	-	-	-	-	-	-	-	-	8 876	8 876	500	-
Housing	-	-	30 759	-	-	-	-	-	-	-	-	4 708	35 467	29 480	33 813
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	-	-	5 700	-	-	-	-	-	-	-	-	9 095	14 795	6 500	2 000
Planning and development	-	-	5 700	-	-	-	-	-	-	-	-	25	5 725	-	-
Road transport	-	-	-	-	-	-	-	-	-	-	-	9 070	9 070	6 500	2 000
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	6 470	-	-	38 415	-	-	42 929	-	-	8 877	96 691	71 550	77 436
Energy sources	-	-	6 470	-	-	18 302	-	-	-	-	-	-	24 772	20 040	21 400
Water management	-	-	-	-	-	20 113	-	-	11 964	-	-	-	32 077	32 072	32 075
Waste water management	-	-	-	-	-	-	-	-	30 965	-	-	7 377	38 342	19 438	23 961
Waste management	-	-	-	-	-	-	-	-	-	-	-	1 500	1 500	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	3	42 929	3	3	42 929	3	3	42 929	3	3	42 929	171 736	133 030	137 249
Funded by:															
National Government	-	-	15 000	-	-	10 901	-	-	-	-	-	-	25 901	29 050	29 436
Provincial Government	-	-	2 908	-	-	22 000	-	-	11 159	-	-	-	36 067	29 480	33 813
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	100	-	-	-	100	-	-
Transfers recognised - capital	-	-	17 908	-	-	32 901	-	-	11 259	-	-	-	62 068	58 530	63 249
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	3	3	25 021	3	3	10 028	3	3	29 380	3	3	-	64 450	54 000	54 000
Internally generated funds	-	-	-	-	-	-	-	-	2 290	-	-	42 928	45 218	20 500	20 000
Total Capital Funding	3	3	42 929	3	3	42 929	3	3	42 930	3	3	42 928	171 736	133 030	137 249

WC032 Overstrand - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20
Cash Receipts By Source													1		
Property rates	19 183	19 183	19 183	19 183	19 183	20 817	19 183	19 183	19 183	19 183	19 183	20 817	233 460	247 092	263 833
Service charges - electricity revenue	30 276	30 276	30 276	30 276	30 276	30 281	30 276	30 276	30 276	30 276	30 276	30 281	363 327	384 499	410 517
Service charges - water revenue	9 668	9 668	9 668	9 668	9 668	9 669	9 668	9 668	9 668	9 668	9 668	9 669	116 016	122 758	131 042
Service charges - sanitation revenue	6 057	6 057	6 057	6 057	6 057	6 058	6 057	6 057	6 057	6 057	6 057	6 058	72 685	76 929	82 141
Service charges - refuse revenue	5 049	5 049	5 049	5 049	5 049	5 050	5 049	5 049	5 049	5 049	5 049	5 050	60 590	64 128	68 473
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	300	300	312	300	300	317	300	300	312	300	300	317	3 655	3 866	4 124
Interest earned - external investments	1 333	1 333	1 333	1 333	1 333	1 334	1 333	1 333	1 333	1 333	1 333	1 334	16 001	16 001	16 001
Interest earned - outstanding debtors	308	308	308	308	308	308	308	308	308	308	308	308	3 700	3 922	4 157
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	2 910	2 910	2 920	34 964	37 059	39 280
Licences and permits	198	198	209	198	198	221	198	198	209	198	198	221	2 447	2 593	2 749
Agency services	308	308	315	308	308	315	308	308	315	308	308	315	3 726	3 970	4 187
Transfer receipts - operational	846	846	28 387	846	846	28 387	846	846	28 387	846	846	38 587	130 515	167 058	162 087
Other revenue	2 488	2 488	2 934	2 488	2 488	3 186	2 488	2 488	2 934	2 488	2 488	5 198	34 159	28 436	26 010
Cash Receipts by Source	78 925	78 925	106 951	78 925	78 925	108 864	78 925	78 925	106 951	78 925	78 925	121 076	1 075 245	1 158 312	1 214 602
Other Cash Flows by Source															
Transfer receipts - capital	-	-	11 215	-	-	11 215	-	-	11 215	-	-	28 324	61 968	58 530	63 249
Transfers and subsidies - capital (monetary allocations (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	54 000	-	-	-	-	-	-	54 000	54 000	54 000
Increase (decrease) in consumer deposit:	328	328	328	328	328	328	328	328	328	328	328	328	3 937	4 252	3 444
Decrease (Increase) in non-current debtor:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable:	1	1	1	1	1	1	1	1	1	1	1	1	10	10	7
Decrease (increase) in non-current investment:	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(594)	(7 124)	(7 339)	(7 575)
Total Cash Receipts by Source	78 661	78 661	117 901	78 661	78 661	173 814	78 661	78 661	117 901	78 661	78 661	149 135	1 188 036	1 267 765	1 327 727
Cash Payments by Type															
Employee related costs	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	29 143	349 720	372 751	403 478
Remuneration of councillors	914	914	914	914	914	914	914	914	914	914	914	914	10 972	11 518	12 091
Finance charges	-	-	-	-	-	23 917	-	-	-	-	-	23 917	47 834	50 433	52 064
Bulk purchases - Electricity	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	19 357	232 288	249 310	267 556
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	2 446	2 441	9 408	2 446	2 441	9 432	2 446	2 441	9 408	2 446	2 441	9 806	57 605	89 033	74 164
Contracted services	12 400	12 400	16 413	12 400	12 400	30 976	12 400	12 400	16 429	12 400	12 400	32 623	195 642	215 879	217 715
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	42	42	42	42	42	42	42	42	42	42	42	42	500	278	292
Other expenditure	5 601	4 258	4 983	4 258	4 258	5 027	4 258	4 258	4 983	4 706	4 258	8 897	59 746	89 511	116 481
Cash Payments by Type	69 904	68 556	80 261	68 561	68 556	118 809	68 561	68 556	80 277	69 009	68 556	124 700	954 307	1 078 713	1 143 842
Other Cash Flows/Payments by Type															
Capital assets	3	3	42 929	3	3	42 929	3	3	42 929	3	3	42 929	171 736	133 030	137 249
Repayment of borrowing	1 451	1 050	949	6 626	1 360	4 808	1 515	1 129	1 011	7 009	1 439	5 646	33 993	38 428	41 636
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	71 358	69 608	124 139	75 190	69 919	166 546	70 079	69 687	124 217	76 020	69 998	173 274	1 160 036	1 250 171	1 322 727
NET INCREASE/(DECREASE) IN CASH HELD	7 302	9 052	(6 238)	3 471	8 742	7 267	8 581	8 973	(6 315)	2 640	8 663	(24 139)	28 000	17 594	5 000
Cash/cash equivalents at the month/year begin	382 460	389 762	398 814	392 576	396 047	404 789	412 056	420 637	429 611	423 295	425 936	434 599	382 460	410 460	428 053
Cash/cash equivalents at the month/year end	389 762	398 814	392 576	396 047	404 789	412 056	420 637	429 611	423 295	425 936	434 599	410 460	410 460	428 053	433 053

WC032 Overstrand - NOT REQUIRED - municipality does not have entities

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

WC032 Overstrand - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
Outsourcing of sub function solid waste recovery : Overstrand	Mths	107	Outsourcing of sub function solid waste recovery	30 October 2022	13 309
Outsourcing of sub function solid waste : Overstrand Municipality	Mths	96	Outsourcing of sub function solid waste	30 November 2018	22 200
Outsourcing of sub function water and waste water treatment	Yrs	15	Outsourcing of sub function water and waste water treatment	31 October 2030	830 057
Note: Overstrand make use of contractual agreements to support the implementation of core function, but the definition of outsourcing do not apply to the other contracts entered into, due to ownership that is kept within the organisation					

WC032 Overstrand - Supporting Table SA33 Contracts having future budgetary implications

Description	Preceding Years	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Total Contract Value
	Total	Original Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Estimate							
R thousand													
Parent Municipality:													
<u>Revenue Obligation By Contract</u>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>													
<i>Contract 1: SC1508/2014:Water and waste water treatment operations management contract</i>		38 233	40 961	42 310	45 537	48 724	52 135	55 837	59 801	64 047	68 594	73 533	589 711
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Operating Expenditure Implication	-	38 233	40 961	42 310	45 537	48 724	52 135	55 837	59 801	64 047	68 594	73 533	589 711
<u>Capital Expenditure Obligation By Contract</u>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	-	38 233	40 961	42 310	45 537	48 724	52 135	55 837	59 801	64 047	68 594	73 533	589 711
Entities:													
<u>Revenue Obligation By Contract</u>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Operating Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>													
<i>Contract 1</i>													-
<i>Contract 2</i>													-
<i>Contract 3 etc</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-

WC032 Overstrand - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	63 679	44 603	52 681	28 205	28 238	28 238	36 949	39 050	65 436
Roads Infrastructure	1 320	16 352	2 260	5 155	11 691	11 691	4 770	2 500	2 000
Roads	1 320	16 352	2 260	5 155	11 691	11 691	4 770	2 500	2 000
Road Structures									
Road Furniture									
Capital Spares									
Storm water Infrastructure	–	–	–	250	280	280	1 644	2 038	4 000
Drainage Collection				250	280	280			
Storm water Conveyance							1 644	2 038	4 000
Attenuation									
Electrical Infrastructure	10 581	18 237	30 496	18 790	15 520	15 520	5 622	8 040	21 400
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors	10 581	18 237	30 496						
MV Substations				3 000	3 000	3 000	5 622	8 040	21 400
MV Switching Stations									
MV Networks									
LV Networks				15 790	12 520	12 520			
Capital Spares									
Water Supply Infrastructure	470	3 772	5 276	3 900	637	637	16 363	10 472	18 075
Dams and Weirs									
Boreholes									
Reservoirs				3 900	637	637	16 363	10 472	18 075
Pump Stations									
Water Treatment Works	470	3 772	5 276						
Bulk Mains									
Distribution									
Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	8 833	6 217	5 718	–	–	–	8 550	16 000	19 961
Pump Station									
Reticulation									
Waste Water Treatment Works	8 833	6 217	5 718						
Outfall Sewers							8 550	16 000	19 961
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	42 473	25	8 930	110	110	110	–	–	–
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points	42 473	25	8 930	110	110	110			
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Community Assets	5 258	29 837	2 212	6 545	9 829	9 829	17 642	5 500	4 000
Community Facilities	5 258	29 837	2 212	4 579	3 380	3 380	12 585	3 000	2 500
Halls	5 258	29 837	2 212	421	445	445	3 664	2 500	2 500
Centres									
Crèches				100	100	100	100		
Clinics/Care Centres									
Fire/Ambulance Stations				3 798	2 575	2 575	3 096	500	

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<i>Testing Stations</i>									
<i>Museums</i>									
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>									
<i>Cemeteries/Crematoria</i>				260	260	260			
<i>Police</i>									
<i>Parks</i>									
<i>Public Open Space</i>							5 725		
<i>Nature Reserves</i>									
<i>Public Ablution Facilities</i>									
<i>Taxi Ranks/Bus Terminals</i>									
<i>Capital Spares</i>									
Sport and Recreation Facilities	-	-	-	1 966	6 449	6 449	5 057	2 500	1 500
<i>Indoor Facilities</i>									
<i>Outdoor Facilities</i>				1 966	6 449	6 449	5 057	2 500	1 500
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Other assets	8 239	4 809	2 497	17 186	37 890	37 890	36 467	29 480	33 813
Operational Buildings	8 239	4 809	2 497	-	-	-	1 000	-	-
<i>Municipal Offices</i>	8 239	4 809	2 497				1 000	-	-
<i>Pay/Enquiry Points</i>									
<i>Building Plan Offices</i>									
<i>Workshops</i>									
<i>Yards</i>									
<i>Stores</i>									
<i>Laboratories</i>									
<i>Training Centres</i>									
<i>Manufacturing Plant</i>									
<i>Depots</i>									
<i>Capital Spares</i>									
Housing	-	-	-	17 186	37 890	37 890	35 467	29 480	33 813
<i>Staff Housing</i>									
<i>Social Housing</i>				17 186	37 890	37 890	35 467	29 480	33 813
<i>Capital Spares</i>									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>									
<i>Effluent Licenses</i>									
<i>Solid Waste Licenses</i>									
<i>Computer Software and Applications</i>									
<i>Load Settlement Software Applications</i>									
<i>Unspecified</i>									
Computer Equipment	-	-	-	1 620	1 620	1 620	4 136	-	-
Computer Equipment				1 620	1 620	1 620	4 136		
Furniture and Office Equipment	-	-	-	120	120	120	195	-	-
Furniture and Office Equipment				120	120	120	195		
Machinery and Equipment	-	-	-	-	570	570	1 566	-	-
Machinery and Equipment					570	570	1 566		
Transport Assets	-	-	-	950	600	600	14 950	20 000	20 000
Transport Assets				950	600	600	14 950	20 000	20 000
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Capital Expenditure on new assets	77 176	79 249	57 389	54 626	78 867	78 867	111 905	94 030	123 249

WC032 Overstrand - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	31 161	12 992	33 214	11 280	7 713	7 713	13 500	21 000	14 000
Roads Infrastructure	6 300	-	11 809	2 080	2 080	2 080	-	-	-
<i>Roads</i>	6 300		11 809	2 080	2 080	2 080			
<i>Road Structures</i>									
<i>Road Furniture</i>									
<i>Capital Spares</i>									
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>									
<i>Attenuation</i>									
Electrical Infrastructure	3 100	-	-	1 000	1 000	1 000	-	-	-
<i>Power Plants</i>									
<i>HV Substations</i>									
<i>HV Switching Station</i>									
<i>HV Transmission Conductors</i>	3 100								
<i>MV Substations</i>									
<i>MV Switching Stations</i>									
<i>MV Networks</i>				1 000	1 000	1 000			
<i>LV Networks</i>									
<i>Capital Spares</i>									
Water Supply Infrastructure	15 805	10 460	10 496	900	900	900	12 200	19 600	14 000
<i>Dams and Weirs</i>									
<i>Boreholes</i>									
<i>Reservoirs</i>									
<i>Pump Stations</i>									
<i>Water Treatment Works</i>	15 805	10 460	10 496	900	900	900	12 200	19 600	14 000
<i>Bulk Mains</i>									
<i>Distribution</i>									
<i>Distribution Points</i>									
<i>PRV Stations</i>									
<i>Capital Spares</i>									
Sanitation Infrastructure	3 067	2 531	9 169	5 800	2 263	2 263	1 300	1 400	-
<i>Pump Station</i>									
<i>Reticulation</i>									
<i>Waste Water Treatment Works</i>	3 067	2 531	9 169	5 800	2 263	2 263	1 300	1 400	
<i>Outfall Sewers</i>									
<i>Toilet Facilities</i>									
<i>Capital Spares</i>									
Solid Waste Infrastructure	2 889	-	1 740	1 500	1 470	1 470	-	-	-
<i>Landfill Sites</i>									
<i>Waste Transfer Stations</i>	2 889		1 740	1 500	1 470	1 470			
<i>Waste Processing Facilities</i>									
<i>Waste Drop-off Points</i>									
<i>Waste Separation Facilities</i>									
<i>Electricity Generation Facilities</i>									
<i>Capital Spares</i>									
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Community Assets	1 565	2 893	1 265	-	-	-	50	-	-
Community Facilities	1 565	2 893	1 265	-	-	-	-	-	-
<i>Halls</i>	1 565	2 893	1 265						
<i>Centres</i>									
<i>Crèches</i>									
<i>Clinics/Care Centres</i>									
<i>Fire/Ambulance Stations</i>									

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<i>Testing Stations</i>									
<i>Museums</i>									
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>									
<i>Cemeteries/Crematoria</i>									
<i>Police</i>									
<i>Parks</i>									
<i>Public Open Space</i>									
<i>Nature Reserves</i>									
<i>Public Ablution Facilities</i>									
<i>Taxi Ranks/Bus Terminals</i>									
<i>Capital Spares</i>									
Sport and Recreation Facilities	-	-	-	-	-	-	50	-	-
<i>Indoor Facilities</i>									
<i>Outdoor Facilities</i>							50		
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Other assets	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
<i>Municipal Offices</i>									
<i>Pay/Enquiry Points</i>									
<i>Building Plan Offices</i>									
<i>Workshops</i>									
<i>Yards</i>									
<i>Stores</i>									
<i>Laboratories</i>									
<i>Training Centres</i>									
<i>Manufacturing Plant</i>									
<i>Depots</i>									
<i>Capital Spares</i>									
Housing	-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>									
<i>Social Housing</i>									
<i>Capital Spares</i>									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>									
<i>Effluent Licenses</i>									
<i>Solid Waste Licenses</i>									
<i>Computer Software and Applications</i>									
<i>Load Settlement Software Applications</i>									
<i>Unspecified</i>									
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Capital Expenditure on renewal of existing assets	32 727	15 884	34 479	11 280	7 713	7 713	13 550	21 000	14 000

WC032 Overstrand - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	136 009	99 836	110 392	132 746	139 160	139 160	162 843	177 256	188 312
Roads Infrastructure	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
<i>Roads</i>	60 328	45 521	55 545	64 747	64 747	64 747	69 479	74 118	77 707
<i>Road Structures</i>									
<i>Road Furniture</i>									
<i>Capital Spares</i>									
Storm water Infrastructure	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>	5 398	5 260	6 392	6 168	6 168	6 168	6 747	7 938	8 408
<i>Attenuation</i>									
Electrical Infrastructure	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
<i>Power Plants</i>									
<i>HV Substations</i>									
<i>HV Switching Station</i>									
<i>HV Transmission Conductors</i>	26 276	16 972	17 747	18 903	18 970	18 970	23 105	24 427	25 812
<i>MV Substations</i>									
<i>MV Switching Stations</i>									
<i>MV Networks</i>									
<i>LV Networks</i>									
<i>Capital Spares</i>									
Water Supply Infrastructure	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
<i>Dams and Weirs</i>									
<i>Boreholes</i>									
<i>Reservoirs</i>									
<i>Pump Stations</i>									
<i>Water Treatment Works</i>	25 811	18 056	16 489	17 549	17 549	17 549	18 505	19 973	21 065
<i>Bulk Mains</i>									
<i>Distribution</i>									
<i>Distribution Points</i>									
<i>PRV Stations</i>									
<i>Capital Spares</i>									
Sanitation Infrastructure	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
<i>Pump Station</i>									
<i>Reticulation</i>									
<i>Waste Water Treatment Works</i>	16 060	11 512	11 672	16 500	16 525	16 525	21 604	23 940	26 245
<i>Outfall Sewers</i>									
<i>Toilet Facilities</i>									
<i>Capital Spares</i>									
Solid Waste Infrastructure	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
<i>Landfill Sites</i>									
<i>Waste Transfer Stations</i>	2 136	2 516	2 546	8 879	15 201	15 201	23 403	26 859	29 075
<i>Waste Processing Facilities</i>									
<i>Waste Drop-off Points</i>									
<i>Waste Separation Facilities</i>									
<i>Electricity Generation Facilities</i>									
<i>Capital Spares</i>									
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Community Assets	7 338	-	4 867	10 549	13 798	13 798	38 724	40 942	43 185
Community Facilities	6 601	-	4 867	5 895	7 327	7 327	26 556	28 467	29 977
<i>Halls</i>	1 166			2 523	2 718	2 718	3 590	3 903	4 130
<i>Centres</i>									
<i>Crèches</i>									
<i>Clinics/Care Centres</i>									
<i>Fire/Ambulance Stations</i>	1 352								

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<i>Testing Stations</i>									
<i>Museums</i>									
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>	107			205	205	205	24	25	26
<i>Cemeteries/Crematoria</i>	74			57	57	57	837	896	948
<i>Police</i>	829								
<i>Parks</i>									
<i>Public Open Space</i>	314		4 867	3 110	4 347	4 347	22 106	23 643	24 872
<i>Nature Reserves</i>									
<i>Public Ablution Facilities</i>	2 759								
<i>Taxi Ranks/Bus Terminals</i>									
<i>Capital Spares</i>									
<i>Sport and Recreation Facilities</i>	737	-	-	4 654	6 471	6 471	12 168	12 475	13 208
<i>Indoor Facilities</i>									
<i>Outdoor Facilities</i>	737			4 654	6 471	6 471	12 168	12 475	13 208
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
<i>Non-revenue Generating</i>	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Other assets	10 287	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
<i>Operational Buildings</i>	10 110	9 541	-	6 942	9 202	9 202	4 262	4 413	4 570
<i>Municipal Offices</i>	10 110	9 541		6 942	9 202	9 202	4 262	4 413	4 570
<i>Pay/Enquiry Points</i>									
<i>Building Plan Offices</i>									
<i>Workshops</i>									
<i>Yards</i>									
<i>Stores</i>									
<i>Laboratories</i>									
<i>Training Centres</i>									
<i>Manufacturing Plant</i>									
<i>Depots</i>									
<i>Capital Spares</i>									
<i>Housing</i>	177	-	-	-	-	-	-	-	-
<i>Staff Housing</i>									
<i>Social Housing</i>	177								
<i>Capital Spares</i>									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>									
<i>Licences and Rights</i>	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>									
<i>Effluent Licenses</i>									
<i>Solid Waste Licenses</i>									
<i>Computer Software and Applications</i>									
<i>Load Settlement Software Applications</i>									
<i>Unspecified</i>									
Computer Equipment	4 392	-	5 536	5 384	5 787	5 787	5 387	5 937	5 964
<i>Computer Equipment</i>	4 392		5 536	5 384	5 787	5 787	5 387	5 937	5 964
Furniture and Office Equipment	-	-	-	13 663	23 288	23 288	7 725	9 338	8 802
<i>Furniture and Office Equipment</i>				13 663	23 288	23 288	7 725	9 338	8 802
Machinery and Equipment	-	-	-	-	-	-	-	-	-
<i>Machinery and Equipment</i>									
Transport Assets	-	-	-	-	-	-	-	-	-
<i>Transport Assets</i>									
Libraries	-	-	-	-	-	-	-	-	-
<i>Libraries</i>									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>									
Total Repairs and Maintenance Expenditure	158 026	109 377	120 795	169 284	191 235	191 235	218 941	237 887	250 833

WC032 Overstrand - Supporting Table SA34d Depreciation by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Depreciation by Asset Class/Sub-class									
Infrastructure	106 949	106 893	115 226	112 337	112 337	112 337	112 443	109 997	109 303
Roads Infrastructure	31 182	31 216	31 811	36 600	36 600	36 600	32 858	32 855	32 473
<i>Roads</i>	31 182	31 216	31 811	36 600	36 600	36 600	32 858	32 855	32 473
<i>Road Structures</i>									
<i>Road Furniture</i>									
<i>Capital Spares</i>									
Storm water Infrastructure	5 390	5 500	5 741	3 465	3 465	3 465	5 912	5 912	5 906
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>	5 390	5 500	5 741	3 465	3 465	3 465	5 912	5 912	5 906
<i>Attenuation</i>									
Electrical Infrastructure	26 096	24 084	27 997	25 118	25 118	25 118	25 149	25 149	25 149
<i>Power Plants</i>									
<i>HV Substations</i>									
<i>HV Switching Station</i>									
<i>HV Transmission Conductors</i>	26 096	24 084	27 997	25 118	25 118	25 118	25 149	25 149	25 149
<i>MV Substations</i>									
<i>MV Switching Stations</i>									
<i>MV Networks</i>									
<i>LV Networks</i>									
<i>Capital Spares</i>									
Water Supply Infrastructure	26 612	26 570	28 338	27 354	27 354	27 354	27 462	27 443	27 253
<i>Dams and Weirs</i>									
<i>Boreholes</i>									
<i>Reservoirs</i>									
<i>Pump Stations</i>									
<i>Water Treatment Works</i>	26 612	26 570	28 338	11 598	11 598	11 598	27 462	27 443	27 253
<i>Bulk Mains</i>									
<i>Distribution</i>				15 756	15 756	15 756			
<i>Distribution Points</i>									
<i>PRV Stations</i>									
<i>Capital Spares</i>									
Sanitation Infrastructure	15 477	15 609	17 631	15 886	15 886	15 886	16 299	16 410	16 344
<i>Pump Station</i>									
<i>Reticulation</i>	15 477	15 609	17 631	12 467	12 467	12 467	16 299	16 410	16 344
<i>Waste Water Treatment Works</i>				3 419	3 419	3 419			
<i>Outfall Sewers</i>									
<i>Toilet Facilities</i>									
<i>Capital Spares</i>									
Solid Waste Infrastructure	2 192	3 915	3 709	3 915	3 915	3 915	4 763	2 229	2 178
<i>Landfill Sites</i>									
<i>Waste Transfer Stations</i>	2 192	3 915	3 709	3 915	3 915	3 915	4 763	2 229	2 178
<i>Waste Processing Facilities</i>									
<i>Waste Drop-off Points</i>									
<i>Waste Separation Facilities</i>									
<i>Electricity Generation Facilities</i>									
<i>Capital Spares</i>									
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Community Assets	-	-	2 452	766	766	766	3 029	3 029	3 017
Community Facilities	-	-	-	-	-	-	-	-	-
<i>Halls</i>									
<i>Centres</i>									
<i>Crèches</i>									
<i>Clinics/Care Centres</i>									
<i>Fire/Ambulance Stations</i>									

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<i>Testing Stations</i>									
<i>Museums</i>									
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>									
<i>Cemeteries/Crematoria</i>									
<i>Police</i>									
<i>Parks</i>									
<i>Public Open Space</i>									
<i>Nature Reserves</i>									
<i>Public Ablution Facilities</i>									
<i>Taxi Ranks/Bus Terminals</i>									
<i>Capital Spares</i>									
Sport and Recreation Facilities	-	-	2 452	766	766	766	3 029	3 029	3 017
<i>Indoor Facilities</i>									
<i>Outdoor Facilities</i>			2 452	766	766	766	3 029	3 029	3 017
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Other assets	10 422	10 489	8 201	11 067	11 067	11 067	8 818	8 998	9 022
Operational Buildings	10 422	10 489	8 201	11 067	11 067	11 067	8 818	8 998	9 022
<i>Municipal Offices</i>	10 422	10 489	8 201	11 067	11 067	11 067	8 818	8 998	9 022
<i>Pay/Enquiry Points</i>									
<i>Building Plan Offices</i>									
<i>Workshops</i>									
<i>Yards</i>									
<i>Stores</i>									
<i>Laboratories</i>									
<i>Training Centres</i>									
<i>Manufacturing Plant</i>									
<i>Depots</i>									
<i>Capital Spares</i>									
Housing	-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>									
<i>Social Housing</i>									
<i>Capital Spares</i>									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	404	214	448	615	615	615	653	891	-
Servitudes									
Licences and Rights	404	214	448	615	615	615	653	891	-
<i>Water Rights</i>									
<i>Effluent Licenses</i>									
<i>Solid Waste Licenses</i>									
<i>Computer Software and Applications</i>	404	214	448	615	615	615	653	891	-
<i>Load Settlement Software Applications</i>									
<i>Unspecified</i>									
Computer Equipment	-	-	1 416	788	788	788	1 347	1 243	1 065
Computer Equipment			1 416	788	788	788	1 347	1 243	1 065
Furniture and Office Equipment	2 019	2 176	904	4 035	4 035	4 035	609	1 317	2 252
Furniture and Office Equipment	2 019	2 176	904	4 035	4 035	4 035	609	1 317	2 252
Machinery and Equipment	1 122	781	694	-	-	-	687	652	531
Machinery and Equipment	1 122	781	694				687	652	531
Transport Assets	1 643	2 356	3 122	678	678	678	2 777	2 750	2 710
Transport Assets	1 643	2 356	3 122	678	678	678	2 777	2 750	2 710
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Depreciation	122 559	122 909	132 463	130 287	130 287	130 287	130 362	128 876	127 899

WC032 Overstrand - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	28 505	28 060	28 060	43 001	18 000	-
Roads Infrastructure	-	-	-	180	180	180	3 800	4 000	-
Roads				180	180	180	3 800	4 000	
Road Structures									
Road Furniture									
Capital Spares									
Storm water Infrastructure	-	-	-	6 800	8 355	8 355	350	-	-
Drainage Collection				6 800	8 355	8 355			
Storm water Conveyance							350		
Attenuation									
Electrical Infrastructure	-	-	-	-	-	-	17 150	12 000	-
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors									
MV Substations									
MV Switching Stations									
MV Networks							17 150	12 000	
LV Networks									
Capital Spares									
Water Supply Infrastructure	-	-	-	4 500	2 500	2 500	3 514	2 000	-
Dams and Weirs									
Boreholes									
Reservoirs									
Pump Stations									
Water Treatment Works									
Bulk Mains									
Distribution				4 500	2 500	2 500	3 514	2 000	
Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	-	-	-	17 025	17 025	17 025	18 187	-	-
Pump Station				5 000	5 000	5 000			
Reticulation				3 100	3 100	3 100			
Waste Water Treatment Works				8 585	8 585	8 585	18 187		
Outfall Sewers				340	340	340			
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	3 177	1 920	1 920	3 280	-	-
Community Facilities	-	-	-	2 877	1 920	1 920	3 230	-	-
Halls				1 695	200	200			
Centres									
Crèches							80		
Clinics/Care Centres									
Fire/Ambulance Stations				50	50	50	2 480		

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<i>Testing Stations</i>									
<i>Museums</i>									
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>				1 132	1 670	1 670	600		
<i>Cemeteries/Crematoria</i>							70		
<i>Police</i>									
<i>Parks</i>									
<i>Public Open Space</i>									
<i>Nature Reserves</i>									
<i>Public Ablution Facilities</i>									
<i>Taxi Ranks/Bus Terminals</i>									
<i>Capital Spares</i>									
Sport and Recreation Facilities	-	-	-	300	-	-	50	-	-
<i>Indoor Facilities</i>									
<i>Outdoor Facilities</i>				300	-	-	50		
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Other assets	-	-	-	60	60	60	-	-	-
Operational Buildings	-	-	-	60	60	60	-	-	-
<i>Municipal Offices</i>				60	60	60			
<i>Pay/Enquiry Points</i>									
<i>Building Plan Offices</i>									
<i>Workshops</i>									
<i>Yards</i>									
<i>Stores</i>									
<i>Laboratories</i>									
<i>Training Centres</i>									
<i>Manufacturing Plant</i>									
<i>Depots</i>									
<i>Capital Spares</i>									
Housing	-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>									
<i>Social Housing</i>									
<i>Capital Spares</i>									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>									
<i>Effluent Licenses</i>									
<i>Solid Waste Licenses</i>									
<i>Computer Software and Applications</i>									
<i>Load Settlement Software Applications</i>									
<i>Unspecified</i>									
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Capital Expenditure on upgrading of existing assets	-	-	-	31 742	30 040	30 040	46 281	18 000	-

WC032 Overstrand - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
R thousand							
Capital expenditure							
Vote 1 - Council	-	-	-				
Vote 2 - Municipal Manager	-	-	-				
Vote 3 - Management Services	4 106	-	-				
Vote 4 - Finance	30	-	-				
Vote 5 - Community Services	95 120	83 010	82 036				Project phases become operational after completion
Vote 6 - Local Economic Development	5 625	-	-				
Vote 7 - Infrastructure & Planning	59 339	49 520	55 213				Project phases become operational after completion
Vote 8 - Protection Services	7 516	500	-				
Total Capital Expenditure	171 736	133 030	137 249	-	-	-	-
Future operational costs by vote							
Vote 1 - Council							
Vote 2 - Municipal Manager							
Vote 3 - Management Services							
Vote 4 - Finance							
Vote 5 - Community Services		2 482	6 069	10 320	10 800	11 280	140 402
Vote 6 - Local Economic Development							
Vote 7 - Infrastructure & Planning		4 244	8 562	15 278	15 988	16 699	207 850
Vote 8 - Protection Services							
Total future operational costs	-	6 726	14 631	25 598	26 789	27 979	348 252
Future revenue by source							
Property rates							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	171 736	139 756	151 880	25 598	26 789	27 979	348 252

WC032 Overstrand - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
R thousand				6	3	3	5								
FINANCE AND ADMINISTRATION	FINANCE AND ADMINISTRATION								957	2 355					
ICT -PABX TELEPHONY DEVICES	ICT -PABX TELEPHONY DEVICES			Yes	Information and Communication Infrastructure	Other	Overstrand wide				1 500			Overstrand	New
ICT -WI-FI PROJECTS TO SEE THE VIABILITY OF OFFERING SERVICES TO THE COMMUNITY	ICT -WI-FI PROJECTS TO SEE THE VIABILITY OF OFFERING SERVICES TO THE COMMUNITY			Yes	Information and Communication Infrastructure	Other	Overstrand wide				250			Overstrand	New
ICT -MANAGE ENGINE LICENSES	ICT -MANAGE ENGINE LICENSES			Yes	Information and Communication Infrastructure	Other	Overstrand wide				200			Overstrand	New
ICT -DISK STORAGE	ICT -DISK STORAGE			Yes	Information and Communication Infrastructure	Other	Overstrand wide				1 000			Overstrand	New
ICT -KRONOS: MANAGER FOR WORKFORCE CENTRAL LICENSES	ICT -KRONOS: MANAGER FOR WORKFORCE CENTRAL LICENSES			Yes	Information and Communication Infrastructure	Other	Overstrand wide				16			Overstrand	New
ICT -REPLACE HOSTING SERVERS	ICT -REPLACE HOSTING SERVERS			Yes	Information and Communication Infrastructure	Other	Overstrand wide				800			Overstrand	New
MINOR ASSETS -FINANCE	MINOR ASSETS -FINANCE			Yes	Furniture and Office Equipment	Other	Overstrand wide				30			Overstrand	New
MINOR ASSETS - COUNCIL	MINOR ASSETS - COUNCIL			Yes	Furniture and Office Equipment	Other	Overstrand wide				20			Overstrand	New
MINOR ASSETS- MANAGEMENT SERVICES	MINOR ASSETS- MANAGEMENT SERVICES			Yes	Furniture and Office Equipment	Other	Overstrand wide				20			Overstrand	New
MINOR ASSETS-ICT- ORGANIZATION WIDE	MINOR ASSETS-ICT- ORGANIZATION WIDE			Yes	Information and Communication Infrastructure	Other	Overstrand wide				300			Overstrand	New
VEHICLES-FINANCE & ADMINISTRATION	VEHICLES-FINANCE & ADMINISTRATION			Yes	Transport Assets	Other	Overstrand wide				1 700			Overstrand	New
SURPLUS	SURPLUS			Yes	Transport Assets	Other	Overstrand wide					20 000	20 000	Overstrand	New
PUBLIC SAFETY	PUBLIC SAFETY								996	3 195					
LAW ENFORCEMENT FACILITIES: ALTERATIONS AND ADDITIONS	LAW ENFORCEMENT FACILITIES: ALTERATIONS AND ADDITIONS			Yes	Operational Buildings	Municipal Offices	-34.402 19.211				1 000			Ward 04	New
JAWS OF LIFE	JAWS OF LIFE			Yes	Machinery and Equipment	Other	Overstrand wide				800			Overstrand	New
UPGRADING OF FACILITIES - FIRE SERVICES BUILDING	UPGRADING OF FACILITIES - FIRE SERVICES BUILDING			Yes	Operational Buildings	Municipal Offices	19.226 -34.420				2 480			Overstrand	Upgrading
MINOR ASSETS -PROTECTION SERVICES	MINOR ASSETS -PROTECTION SERVICES			Yes	Machinery and Equipment	Other	Overstrand wide				316			Overstrand	New
FENCING OF LANGE STREET, LUSIBA BASKETBALL COURT ,NXUMALO ST	FENCING OF LANGE STREET, LUSIBA BASKETBALL COURT ,NXUMALO ST			Yes	Community Facilities	Public Open Space	19°21'50"E 34°43'10"S				150			Ward 06	New
FENCING OF THE FOOTPATH (HEUNINGKLOOF)	FENCING OF THE FOOTPATH (HEUNINGKLOOF)			Yes	Community Facilities	Public Open Space	34°20'09.6"S 19°02'38.4"E				80			Ward 09	New
FENCING AT NETBALL COURT	FENCING AT NETBALL COURT			Yes	Community Facilities	Public Open Space	34°20'25.5"S 19°01'06.6"E				30			Ward 09	New
CCTV CAMERAS	CCTV CAMERAS			Yes	Community Facilities	Police	34.4310° S, 19.2148° E				100			Ward 05	New
CCTV / SECURITY – ENTRANCE TO FISHERHAVEN & SLIPWAY	CCTV / SECURITY – ENTRANCE TO FISHERHAVEN & SLIPWAY			Yes	Community Facilities	Police	34.3644° S, 19.1315° E				120			Ward 08	New
CCTV CAMERAS	CCTV CAMERAS			Yes	Community Facilities	Police	19448;-34453				100			Ward 11	New
VEHICLES-PUBLIC SAFETY	VEHICLES-PUBLIC SAFETY			Yes	Transport Assets	Other	Overstrand wide				3 200			Overstrand	New
CCTV CAMERAS	CCTV CAMERAS			Yes	Community Facilities	Police	Overstrand wide				500	500		Overstrand	New
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT								1 540	45					
MINOR ASSETS -LED	MINOR ASSETS -LED			Yes	Furniture and Office Equipment	Other	Overstrand wide				25			Overstrand	New
HAWSTON INDUSTRIAL(BUSINESS) HUB	HAWSTON INDUSTRIAL(BUSINESS) HUB			Yes	Community Facilities	Public Open Space	19.134 -34.396				5 000			Ward 08	New
VEHICLES-PLANNING & DEVELOPMENT	VEHICLES-PLANNING & DEVELOPMENT			Yes	Transport Assets	Other	Overstrand wide				600			Overstrand	New
MINOR ASSETS- INFRASTRUCTURE & PLANNING	MINOR ASSETS- INFRASTRUCTURE & PLANNING			Yes	Furniture and Office Equipment	Other	Overstrand wide				100			Overstrand	New
COMMUNITY AND SOCIAL SERVICES	COMMUNITY AND SOCIAL SERVICES								614	1 005					
EXTENSION OF THUSONG CENTRE	EXTENSION OF THUSONG CENTRE			Yes	Community Facilities	Halls	-34.392 19.135 Degrees					2 500	2 500	Ward 08	New
FENCING OF THUSONG CENTRE	FENCING OF THUSONG CENTRE			Yes	Community Facilities	Police	19°13'40"E 34°39'20"S				1 235			Ward 08	New
FENCING OF HAWSTON CAMPING SITE	FENCING OF HAWSTON CAMPING SITE			Yes	Community Facilities	Police	19°12'70"E 34°39'70"S				1 956			Ward 08	New
MINOR ASSETS- COMMUNITY SERVICES	MINOR ASSETS- COMMUNITY SERVICES			Yes	Machinery and Equipment	Other	Overstrand				473			Overstrand	New
EARLY CHILDHOOD DEVELOPMENT-STRUCTURES	EARLY CHILDHOOD DEVELOPMENT-STRUCTURES			Yes	Community Facilities	Crèches	19349;-34596				100			Ward 02	New
BAMBANANI CRÈCHE	BAMBANANI CRÈCHE			Yes	Community Facilities	Crèches	34°20'18.2"S 19°00'31.6"E				50			Ward 10	Upgrading
SIYABULELA CRÈCHE	SIYABULELA CRÈCHE			Yes	Community Facilities	Crèches	34°20'19.7"S 19°00'36.4"E				30			Ward 10	Upgrading
CEMETERY	CEMETERY			Yes	Community Facilities	Cemeteries/Crematoria	19349;-34596				70			Ward 02	Upgrading
LIBRARIES	LIBRARIES								30	1 670					
GANSBAAI LIBRARY UPGRADE	GANSBAAI LIBRARY UPGRADE			Yes	Community Facilities	Libraries	19351;-34589				150			Ward 01&02	Upgrading
ELUXOLWENI LIBRARY UPGRADE	ELUXOLWENI LIBRARY UPGRADE			Yes	Community Facilities	Libraries	19488;-34654				420			Ward 11	Upgrading
BETTY'S BAY LIBRARY UPGRADE	BETTY'S BAY LIBRARY UPGRADE			Yes	Community Facilities	Libraries	34°21'21.7"S 18°53'53.6"E				30			Ward 10	Upgrading
SPORT & RECREATION	SPORT & RECREATION								1 837	6 449					
ARTIFICIAL TURF SOCCERFIELD	ARTIFICIAL TURF SOCCERFIELD			Yes	Sport and Recreation Facilities	Outdoor Facilities						2 500	1 500		
MINOR ASSETS -SPACES FOR SPORT	MINOR ASSETS -SPACES FOR SPORT			Yes	Machinery and Equipment	Other	Overstrand				100			Ward 01&02	New
HERMANUS SPORTS CLUB PROJECT	HERMANUS SPORTS CLUB PROJECT			Yes	Sport and Recreation Facilities	Outdoor Facilities	34.408 19.244 Degrees				4 017			Ward 03	New
PLAYPARKS	PLAYPARKS			Yes	Sport and Recreation Facilities	Outdoor Facilities	19358;-34592				50			Ward 01	New
TIDAL POOL & PLAY PARK	TIDAL POOL & PLAY PARK			Yes	Sport and Recreation Facilities	Outdoor Facilities	19353;-34618				100			Ward 02	Renewal
SAFETY FENCE: OFFICE BUILDING	SAFETY FENCE: OFFICE BUILDING			Yes	Community Facilities	Public Open Space	19351;-34589				400			Ward 02	New
ROOF FOR ZWELIHLI BOXING GYM & SAFETY GATES	ROOF FOR ZWELIHLI BOXING GYM & SAFETY GATES			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'50"E 34°43'20"S				100			Ward 06	New
PURCHASING OF PLAY PARK EQUIPMENT -MSHENXISWA VILLAGE	PURCHASING OF PLAY PARK EQUIPMENT -MSHENXISWA VILLAGE			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'00"E 34°43'10"S				60			Ward 06	New
INSTALLATION OF ASTRO TURF	INSTALLATION OF ASTRO TURF			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'70"E 34°43'20"S				100			Ward 06	New
CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS	CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'70"E 34°43'20"S				60			Ward 06	New
UPGRADE OF PLAY PARK AT SLIPWAY	UPGRADE OF PLAY PARK AT SLIPWAY			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°12'50"E 34°35'80"S				70			Ward 08	New
OUTDOOR TRIM GYM - MAIN BEACH	OUTDOOR TRIM GYM - MAIN BEACH			Yes	Sport and Recreation Facilities	Outdoor Facilities	34°20'24.0"S 19°02'13.2"E				10			Ward 09	New
UPGRADE OF PUBLIC LAUNCHING SITE	UPGRADE OF PUBLIC LAUNCHING SITE			Yes	Community Facilities	Public Open Space	19604;-34746				50			Ward 11	Upgrading
PURCHASING OF PLAY PARK EQUIPMENT LANDA , SIYAZAMA STREET ,	PURCHASING OF PLAY PARK EQUIPMENT LANDA , SIYAZAMA STREET ,			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'10"E 34°42'50"S				30			Ward 12	New
PURCHASING OF OUTDOOR GYM EQUIPMENT	PURCHASING OF OUTDOOR GYM EQUIPMENT			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°20'90"E 34°42'00"S				20			Ward 12	New
PURCHASING OF CONTAINERS FOR CHANGING ROOMS AT JIKELEZA	PURCHASING OF CONTAINERS FOR CHANGING ROOMS AT JIKELEZA			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°21'30"E 34°42'50"S				70			Ward 12	New
CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS	CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°20'90"E 34°42'00"S				80			Ward 12	New
INSTALLATION OF ASTRO TURF	INSTALLATION OF ASTRO TURF			Yes	Sport and Recreation Facilities	Outdoor Facilities	19°20'90"E 34°42'00"S				100			Ward 12	New
RE-DESIGN OF ONRUS BEACH AREA	RE-DESIGN OF ONRUS BEACH AREA			Yes	Community Facilities	Other	19°17'80"E 34°41'90"S				100			Ward 13	New
VEHICLES-PARKS	VEHICLES-PARKS			Yes	Transport Assets	Other	Overstrand				400			Overstrand	New
HOUSING	HOUSING								10 658	37 890					
MASAKHANE	MASAKHANE			Yes	Housing	Social Housing	-34.59319,362				8 449	14 085	18 917	Ward 01	New
ZWELIHLI PROJECT-TRANSIT CAMP(166)	ZWELIHLI PROJECT-TRANSIT CAMP(166)			Yes	Housing	Social Housing	-34.42619,216				1 500	8 406	-	Ward 06	New

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information		
									Audited Outcome 2016/17	Current Year 2017/18 Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal	
R thousand				6	3	3	5									
ZWELIHLE PROJECT-MANDELA SQUARE	ZWELIHLE PROJECT-MANDELA SQUARE			Yes	Housing	Social Housing	-34.42919.21				1 464	-	-	4 887	Ward 06	New
ZWELIHLE:TAMBO SQUARE PROJECT	ZWELIHLE:TAMBO SQUARE PROJECT			Yes	Housing	Social Housing	-34.42619.216							4 887	Ward 05	New
STANFORD IRDP	STANFORD IRDP			Yes	Housing	Social Housing	-34.44719.448				5 518	6 989		10 009	Ward 11	New
BLOMPARK PROJECT	BLOMPARK PROJECT			Yes	Housing	Social Housing	-24.59419.344				16 313	-	-	-	Ward 02	New
BEVERLY HILLS UISP	BEVERLY HILLS UISP			Yes	Housing	Social Housing	-34.59619.342				2 223	-	-	-	Ward 02	New
ROADS	ROADS								11 739	13 951						
REHABILITATE ROADS - BLOMPARK	REHABILITATE ROADS - BLOMPARK			Yes	Roads Infrastructure	Roads	19°20'51"E 34°35'43"S				1 500	2 000			Ward 02	Upgrading
REHABILITATE ROADS - STANFORD	REHABILITATE ROADS - STANFORD			Yes	Roads Infrastructure	Roads	19°26'53"E 34°27'12"S				2 000	2 000			Ward 11	Upgrading
CBD REGENERATION PROGRAM	CBD REGENERATION PROGRAM			Yes	Roads Infrastructure	Roads	19°26'53"E 34°41'9"S				3 000				Ward 03	New
CBD REVITALISATION - HIGH STREET UPGRADE	CBD REVITALISATION - HIGH STREET UPGRADE			Yes	Roads Infrastructure	Roads	19°24'40"E 34°41'80"S				200				Ward 03	New
NEW SIDEWALKS	NEW SIDEWALKS			Yes	Roads Infrastructure	Roads	19358; 34592				100				Ward 01	New
UPGRADE OF SIDEWALKS	UPGRADE OF SIDEWALKS			Yes	Roads Infrastructure	Roads	19349; 34596				100				Ward 02	Upgrading
WESTCLIFF SPEED CALMING MEASURES	WESTCLIFF SPEED CALMING MEASURES			Yes	Roads Infrastructure	Roads	19°23'20"E 34°42'50"S				225				Ward 04	New
UPGRADING OUTSIDE HUIS LETTIE THERON FRONT AREA	UPGRADING OUTSIDE HUIS LETTIE THERON FRONT AREA			Yes	Roads Infrastructure	Roads	19°23'10"E 34°42'20"S				50				Ward 04	New
SPEED CALMING MEASURE(ANGELIER,DAHLLIA, MALVA,ORIGDEE)	SPEED CALMING MEASURE(ANGELIER,DAHLLIA, MALVA,ORIGDEE)			Yes	Roads Infrastructure	Roads	19°21'70"E 34°42'00"S				75				Ward 04	New
SIDEWALKS HEIDE UITKYK,CHINA TOWM,DAHLLIA,ANGELIER,ASTRA	SIDEWALKS HEIDE UITKYK,CHINA TOWM,DAHLLIA,ANGELIER,ASTRA			Yes	Roads Infrastructure	Roads	19°21'70"E 34°42'00"S				150				Ward 04	New
SPEED CALMING MEASURES SOBUKHWE , STEVE BIKO,	SPEED CALMING MEASURES SOBUKHWE , STEVE BIKO,			Yes	Roads Infrastructure	Roads	19°21'80"E 34°42'60"S				50				Ward 05	New
SIDE WALK MAMSUKWENI	SIDE WALK MAMSUKWENI			Yes	Roads Infrastructure	Roads	19°21'40"E 34°42'80"S				100				Ward 05	New
NEW STREETS & SIDEWALKS	NEW STREETS & SIDEWALKS			Yes	Roads Infrastructure	Roads	19°20'40"E 34°42'70"S				500				Ward 07	New
PAVING OF ANEMONE ROAD IN ROOI ELS	PAVING OF ANEMONE ROAD IN ROOI ELS			Yes	Roads Infrastructure	Roads	34°18'05.8"S 18°48'58.0"E				150				Ward 10	Upgrading
CONSTRUCTION OF SIDEWALK - PRINGLE BAY	CONSTRUCTION OF SIDEWALK - PRINGLE BAY			Yes	Roads Infrastructure	Roads	34°20'55.3"S 18°49'12.0"E				50				Ward 10	Upgrading
TRAFFIC CALMING	TRAFFIC CALMING			Yes	Roads Infrastructure	Roads	19494; 34662				50				Ward 11	New
TRAFFIC CALMING	TRAFFIC CALMING			Yes	Roads Infrastructure	Roads	19448; 34453				50				Ward 11	New
ATLANTIC DRIVE WALKWAY	ATLANTIC DRIVE WALKWAY			Yes	Roads Infrastructure	Roads	19°17'70"E 34°42'00"S				100				Ward 13	New
SIDEWALKS - DOUGLAS STREET	SIDEWALKS - DOUGLAS STREET			Yes	Roads Infrastructure	Roads	19°17'00"E 34°41'00"S				50				Ward 13	New
RAISED PEDESTRIAN CROSSING NEAR NEGESTER, ONRUS MAIN ROAD	RAISED PEDESTRIAN CROSSING NEAR NEGESTER, ONRUS MAIN ROAD			Yes	Roads Infrastructure	Roads	19°18'00"E 34°41'10"S				70				Ward 13	New
VEHICLES-ROADS	VEHICLES-ROADS			Yes	Transport Assets	Other	Overstrand				500				Overstrand	New
BLOMPARK HOUSING PROJECT BUS ROUTE	BLOMPARK HOUSING PROJECT BUS ROUTE			Yes	Roads Infrastructure	Roads	34°35'54.86"S 19°20'49.51"E							2 000	Ward 02	New
STANFORD HOUSING PROJECT BUS ROUTE	STANFORD HOUSING PROJECT BUS ROUTE			Yes	Roads Infrastructure	Roads	34.446248 & 19.448291								Ward 11	New
MASAKHANE HOUSING PROJECT BUS ROUTE	MASAKHANE HOUSING PROJECT BUS ROUTE			Yes	Roads Infrastructure	Roads	19°21'39"E 34°35'30"S								Ward 01	New
HAWSTON HOUSING PROJECT BUS ROUTE	HAWSTON HOUSING PROJECT BUS ROUTE			Yes	Roads Infrastructure	Roads	34.386799 & 19.139259							2 500	Ward 08	New
ELECTRICITY	ELECTRICITY								30 496	16 520						
FRANSKRAAL,KLEINBAAI & BIRKENHEAD: MV/LV & MINISUB UPGRADE	FRANSKRAAL,KLEINBAAI & BIRKENHEAD: MV/LV & MINISUB UPGRADE			Yes	Electrical Infrastructure	MV Networks	19.393991; -34.603726				2 500	2 250			Ward 01	Upgrading
FKRAAL,KBAAI & BHEAD: NEW 66/11KV SUBSTATION	FKRAAL,KBAAI & BHEAD: NEW 66/11KV SUBSTATION			Yes	Electrical Infrastructure	MV Substations	19.349477; -34.607311							15 000	Ward 01&02	New
STANFORD: MV UPGRADE	STANFORD: MV UPGRADE			Yes	Electrical Infrastructure	MV Networks	19.447407; -34.440390				1 000	750			Ward 11	Upgrading
ELECTRIFICATION OF LOW COST HOUSING AREAS (INEP)	ELECTRIFICATION OF LOW COST HOUSING AREAS (INEP)			Yes	Electrical Infrastructure	MV Networks	34°23'13.07"S 19°08'19.23"E				4 262	7 040	6 400		Ward 04,05,06	New
STREET LIGHT HLOBO STREET (OPPOSITE LIBRARY)	STREET LIGHT HLOBO STREET (OPPOSITE LIBRARY)			Yes	Electrical Infrastructure	MV Networks	34°28'38.77"S 19°12'56.90"E				250				Ward 05	New
CHRISTMAS LIGHTS	CHRISTMAS LIGHTS			Yes	Electrical Infrastructure	MV Networks	34°23'38.02"S 19°12'44.92"E				10				Ward 06	New
CHRISTMAS LIGHTS	CHRISTMAS LIGHTS			Yes	Electrical Infrastructure	MV Networks	34°23'09.17"S 19°08'07.33"E				30				Ward 08	New
NEW STREETLIGHTS - CLINIC STR, LONG STR, KOPIE STR	NEW STREETLIGHTS - CLINIC STR, LONG STR, KOPIE STR			Yes	Electrical Infrastructure	MV Networks	34°23'35.89"S 19°07'55.68"E				40				Ward 08	New
STREETLIGHTS	STREETLIGHTS			Yes	Electrical Infrastructure	MV Networks	34°24'32.82"S 19°09'59.96"E				30				Ward 13	New
VEHICLES-ELECTRICITY	VEHICLES-ELECTRICITY			Yes	Transport Assets	Other	Overstrand				2 000				Overstrand	New
HERMANUS: MV & LV UPGRADE/REPLACEMENT	HERMANUS: MV & LV UPGRADE/REPLACEMENT			Yes	Electrical Infrastructure	MV Networks	34°24'13.34"S 19°16'07.01"E				10 150	5 000			Ward 03	Upgrading
KLEINMOND: MV & LV NETWORK UPGRADE	KLEINMOND: MV & LV NETWORK UPGRADE			Yes	Electrical Infrastructure	MV Networks	34°20'21.16"S 19°01'34.39"E				1 750	2 000			Ward 09	Upgrading
HAWSTON: MV & LV UPGRADE/REPLACEMENT	HAWSTON: MV & LV UPGRADE/REPLACEMENT			Yes	Electrical Infrastructure	MV Networks	34°22'57.94"S 19°07'49.73"E				1 750	2 000			Ward 08	Upgrading
ELECTRICITY TRANSFORMERS(CAPITAL REPLACEMENT CONTINGENCY)	ELECTRICITY TRANSFORMERS(CAPITAL REPLACEMENT CONTINGENCY)			Yes	Electrical Infrastructure	MV Networks	Overstrand				1 000	1 000			Overstrand	New
WATER	WATER								15 772	4 037						
WATER MASTER PLAN IMPLEMENTATION	WATER MASTER PLAN IMPLEMENTATION			Yes	Water Supply Infrastructure	Distribution	Overstrand				10 000	10 000	10 000		Overstrand	Renewal
DIRECT WASTE WATER RE-USE PLANT	DIRECT WASTE WATER RE-USE PLANT			Yes	Water Supply Infrastructure	Water Treatment Works	S34.336437 / E19.006527							11 000	Ward 03	New
WATER TREATMENT PLANT FOR BUFFELJAGSBAAI	WATER TREATMENT PLANT FOR BUFFELJAGSBAAI			Yes	Water Supply Infrastructure	Water Treatment Works	S34.336437 / E19.006527				2 000				Ward 11	Upgrading
REFURBISHMENT OF BULK WATER PIPELINES	REFURBISHMENT OF BULK WATER PIPELINES			Yes	Water Supply Infrastructure	Distribution	Overstrand							900	Overstrand	Renewal
FENCING AT WATER INSTALLATIONS	FENCING AT WATER INSTALLATIONS			Yes	Water Supply Infrastructure	Distribution	Overstrand				800	700			Overstrand	Renewal
REPLACEMENT OF OVERSTRAND WATER PIPES	REPLACEMENT OF OVERSTRAND WATER PIPES			Yes	Water Supply Infrastructure	Distribution	Overstrand				-	2 900			Overstrand	Renewal
BUFFELS RIVER AND DE BOS DAM INTAKE STRUCTURES AND EQUIPMENT	BUFFELS RIVER AND DE BOS DAM INTAKE STRUCTURES AND EQUIPMENT			Yes	Water Supply Infrastructure	Distribution	Overstrand				1 200	1 300			Ward 09	Renewal
WATER FACILITIES (CONTINGENCY)	WATER FACILITIES (CONTINGENCY)			Yes	Water Supply Infrastructure	Distribution	Overstrand				200	300	400		Overstrand	Renewal
NEW 4ML RESERVOIR	NEW 4ML RESERVOIR			Yes	Water Supply Infrastructure	Reservoirs	19°21'32"E 34°35'27"S				2 000	5 472	3 075		Ward 1 & 2	New
UPGRADE BULK WATER	UPGRADE BULK WATER			Yes	Water Supply Infrastructure	Bulk Mains	19°20'50"E 34°35'50"S				3 514				Ward 02	Upgrading
UPGRADE WATER LINES	UPGRADE WATER LINES			Yes	Water Supply Infrastructure	Bulk Mains	34°35'54.86"S 19°20'49.51"E							2 000	Ward 01	New
NEW BOOSTER PUMPSTATION & VALVES	NEW BOOSTER PUMPSTATION & VALVES			Yes	Water Supply Infrastructure	Pump Stations	19°21'39"E 34°35'30"S							2 000	Ward 01	New
UPGRADE BULK WATER	UPGRADE BULK WATER			Yes	Water Supply Infrastructure	Bulk Mains	34.446248 & 19.448291							-	Ward 11	New
UPGRADE HERMANUS WELL FIELDS PHASE 1	UPGRADE HERMANUS WELL FIELDS PHASE 1			Yes	Water Supply Infrastructure	Distribution	S34°24.512' / E19°12.474'				7 000	4 000			Ward 04	New
WATER STABILIZATION PLANT FOR STANFORD	WATER STABILIZATION PLANT FOR STANFORD			Yes	Water Supply Infrastructure	Distribution	S34.336437 / E19.006527				1 500	1 000			Ward 11	Upgrading
NEW RESERVOIR FOR PRINGLE BAY	NEW RESERVOIR FOR PRINGLE BAY			Yes	Water Supply Infrastructure	Reservoirs	S34.336437 / E19.006527				5 863				Ward 10	New
REFURBISHMENT OF KLEINMOND & BUFFELS RIVER WTW	REFURBISHMENT OF KLEINMOND & BUFFELS RIVER WTW			Yes	Water Supply Infrastructure	Water Treatment Works	Overstrand					2 400	2 000		Ward 10	Renewal
KLEINMOND PALMIET PUMP STATION AND BULK PIPELINE REFURBISH	KLEINMOND PALMIET PUMP STATION AND BULK PIPELINE REFURBISH			Yes	Water Supply Infrastructure	Distribution	S34.336437 / E19.006527					2 000			Ward 09	Renewal
SEWERAGE	SEWERAGE								14 887	14 553						
SEWERAGE FACILITIES (CONTINGENCY)	SEWERAGE FACILITIES (CONTINGENCY)			Yes	Sanitation Infrastructure	Distribution	Overstrand				500	600			Overstrand	Renewal
KLEINMOND - SEWER NETWORK EXTENSION	KLEINMOND - SEWER NETWORK EXTENSION			Yes	Sanitation Infrastructure	Distribution	S34°20.44' / E19°1.91'				4 000	5 000	5 000		Ward 09	New
UPGRADING OF KIDBROOKE PIPELINE	UPGRADING OF KIDBROOKE PIPELINE			Yes	Sanitation Infrastructure	Distribution	S34°24.810' / E19°10.001'				3 585				Ward 13	Renewal & New
WWTW UPGRADE - STANFORD	WWTW UPGRADE - STANFORD			Yes	Sanitation Infrastructure	Waste Water Treatment Works	S34.446248 / E19.448291				6 602				Ward 11	Upgrading
WWTW UPGRADE - STANFORD	WWTW UPGRADE - STANFORD			Yes	Sanitation Infrastructure	Waste Water Treatment Works	S34.446248 / E19.448291				8 000				Ward 11	Upgrading

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information		
									Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal	
R thousand				6	3	3	5									
PROVISION OF BULK SEWER SUPPLY	PROVISION OF BULK SEWER SUPPLY			Yes	Sanitation Infrastructure	Distribution	19°20'50"E 34°35'50"S				3 261				Ward 02	New
KLEINMOND WWTW REFURBISH & UPGRADE	KLEINMOND WWTW REFURBISH & UPGRADE			Yes	Sanitation Infrastructure	Waste Water Treatment Works	34°20'21.16"S 19°01' 34.39" E								Ward 10	New
UPGRADE LINK SEWER SUPPLY	UPGRADE LINK SEWER SUPPLY			Yes	Sanitation Infrastructure	Distribution	-34.59319,362								Ward 01	New
UPGRADE BULK SEWER	UPGRADE BULK SEWER			Yes	Sanitation Infrastructure	Distribution	-34.59319,362								Ward 01	New
UPGRADE BULK SEWER	UPGRADE BULK SEWER			Yes	Sanitation Infrastructure	Distribution	19.447407 ; -34.440390								Ward 11	New
UPGRADE ZWELIHLI SEWER	UPGRADE ZWELIHLI SEWER			Yes	Sanitation Infrastructure	Distribution	19°20'50"E 34°42'00"S					3 000			Ward 12	New
REHABILITATE MAIN BULK SEWER TO WWTW PH1	REHABILITATE MAIN BULK SEWER TO WWTW PH1			Yes	Sanitation Infrastructure	Distribution	34°20'24.0"S-19°02'13.2"E						4 000		Ward 09	New
FENCING AT SEWERAGE INSTALLATIONS	FENCING AT SEWERAGE INSTALLATIONS			Yes	Sanitation Infrastructure	Distribution	Overstrand					800	800		Overstrand	Renewal
SEWERAGE NETWORK EXTENSION AND REPLACEMENT	SEWERAGE NETWORK EXTENSION AND REPLACEMENT			Yes	Sanitation Infrastructure	Overstrand	Overstrand					4 000	4 000	4 000	Overstrand	New
GANSBAAI CBD SEWER NETWORK EXTENSION	GANSBAAI CBD SEWER NETWORK EXTENSION			Yes	Sanitation Infrastructure	Distribution	19°20'51"E 34°35'43"S								Ward 02	New
EXTENSION OF THE SEWER NETWORK (MOUNTAIN AVENUES)	EXTENSION OF THE SEWER NETWORK (MOUNTAIN AVENUES)			Yes	Sanitation Infrastructure	Distribution	S34°35.377' / E19°21.087'					300			Ward 09	New
VEHICLES-SEWERAGE	VEHICLES-SEWERAGE			Yes	Transport Assets	Other	Overstrand					5 050			Overstrand	New
UPGRADING OF PUMPSTATIONS & RISING MAINS	UPGRADING OF PUMPSTATIONS & RISING MAINS			Yes	Sanitation Infrastructure	Pump Stations	Overstrand						500		Overstrand	New
EXTENSION OF SEWER LINE 12th STREET VOËLKLIP	EXTENSION OF SEWER LINE 12th STREET VOËLKLIP			Yes	Sanitation Infrastructure	Distribution	S34°20.44' / E19°1.91'					250			Ward 03	New
STORMWATER	STORMWATER										2 330	13 370				
BLOMPARK HOUSING PROJECT BULK STORMWATER	BLOMPARK HOUSING PROJECT BULK STORMWATER			Yes	Storm water Infrastructure	Storm water Conveyance	19°20'50"E 34°35'50"S					1 364	2 038		Ward 02	New
STORMWATER (AD HOC)	STORMWATER (AD HOC)			Yes	Storm water Infrastructure	Storm water Conveyance	19358;-34592					50			Ward 01	Upgrading
STORMWATER (AD HOC)	STORMWATER (AD HOC)			Yes	Storm water Infrastructure	Storm water Conveyance	19398;-34606					50			Ward 01	Upgrading
STORMWATER (AD HOC)	STORMWATER (AD HOC)			Yes	Storm water Infrastructure	Storm water Conveyance	19350;34580					50			Ward 02	Upgrading
STORMWATER (AD HOC)	STORMWATER (AD HOC)			Yes	Storm water Infrastructure	Storm water Conveyance	19494;-34662					50			Ward 11	Upgrading
STORMWATER (AD HOC)	STORMWATER (AD HOC)			Yes	Storm water Infrastructure	Storm water Conveyance	19570;-34588					50			Ward 11	Upgrading
STORMWATER (AD HOC)	STORMWATER (AD HOC)			Yes	Storm water Infrastructure	Storm water Conveyance	19448;-34453					50			Ward 11	Upgrading
HAWSTON: STORM WATER IN CLOSSES	HAWSTON: STORM WATER IN CLOSSES			Yes	Storm water Infrastructure	Storm water Conveyance	19°13'50"E 34°38'30"S					130			Ward 08	New
STORMWATER PIPING - ACCESS ROAD BETTY'S BAY	STORMWATER PIPING - ACCESS ROAD BETTY'S BAY			Yes	Storm water Infrastructure	Storm water Conveyance	34°21'28.5"S-18°54'15.7"E					50			Ward 10	Upgrading
SHEARWATER CRESCENT-STORM WATER CHANNEL TO BE PIPED	SHEARWATER CRESCENT-STORM WATER CHANNEL TO BE PIPED			Yes	Storm water Infrastructure	Storm water Conveyance	19°16'00"E 34°41'30"S					50			Ward 13	New
CATCH PITS FOR WARD 12 STREETS QHAYIYA ,MANDELA, LUXOLWENI,	CATCH PITS FOR WARD 12 STREETS QHAYIYA ,MANDELA, LUXOLWENI,			Yes	Storm water Infrastructure	Storm water Conveyance	19°21'10"E 34°42'20"S					100			Ward 12	New
MASAKHANE HOUSING PROJECT BULK STORMWATER	MASAKHANE HOUSING PROJECT BULK STORMWATER			Yes	Storm water Infrastructure	Storm water Conveyance	-34.59319,362								Ward 01	New
STANFORD HOUSING PROJECT BULK STORMWATER	STANFORD HOUSING PROJECT BULK STORMWATER			Yes	Storm water Infrastructure	Storm water Conveyance	19.447407 ; -34.440390								Ward 11	New
WASTE MANAGEMENT	WASTE MANAGEMENT										12	1 580				
VEHICLES-WASTE MANAGEMENT	VEHICLES-WASTE MANAGEMENT			Yes	Transport Assets	Other	Overstrand								Overstrand	New
Total Capital expenditure											91 868	116 620	171 736	133 030	137 249	

WC032 Overstrand - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
							Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
						Year					
R thousand											
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>			<i>Examples</i>	<i>Examples</i>							
LAW ENFORCEMENT FACILITIES: ALTERATIONS AND ADDITIONS HERMANUS: MV & LV UPGRADE/REPLACEMENT NEW RESERVOIR FOR PRINGLE BAY UPGRADING OF KIDBROOKE PIPELINE WWTW UPGRADE - STANFORD	LAW ENFORCEMENT FACILITIES: ALTERATIONS AND ADDITIONS HERMANUS: MV & LV UPGRADE/REPLACEMENT NEW RESERVOIR FOR PRINGLE BAY UPGRADING OF KIDBROOKE PIPELINE WWTW UPGRADE - STANFORD		Operational Buildings Electrical Infrastructure Water Supply Infrastructure Sanitation Infrastructure Sanitation Infrastructure	Municipal Offices MV Networks Reservoirs Distribution Waste Water Treatment Works	-34.402 19.211 34°24'13.34"S 19° 16' 07.01" E S34.336437° / E19.006527° S34°24.810' / E19°10.001' S34.446248° / E19.448291°		1 500 4 650 3 810 3 100 4 152	500 1 000 547 1 315 2 400	1 000 3 650 3 263 1 785 1 752		

WC032 Overstrand - Supporting Table SA38 Consolidated detailed operational projects

Municipal Vote/Operational project	Program/Project description	Project number	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	
Parent municipality:									
<i>List all operational projects grouped by Municipal Vote</i>									
Vote 1 - Council	Municipal Running Cost				32 916	34 567	37 100		
	Typical Work Streams : Functions and Events : Special Events and Functions				130				
Vote 2 - Municipal Manager	Municipal Running Cost				5 175	5 396	5 621		
Vote 3 - Management Services	Corrective Maintenance : Emergency : Computer Equipment				554	587	587		
	Corrective Maintenance : Planned : Furniture and Office Equipment				8	9	9		
	Information and Communication Infrastructure : Data Centres : Buildings				38	39	40		
	Intangible Assets : Licences and Rights : Computer Software and Applications				4 219	4 465	4 726		
	Municipal Running Cost				45 904	48 794	50 646		
	Preventative Maintenance : Interval Based : Computer Equipment				576	846	610		
	Preventative Maintenance : Interval Based : Transport Assets				7	7	7		
	Typical Work Streams : Capacity Building Training and Development : Induction Programmes New Staff				3	3	3		
	Typical Work Streams : Capacity Building Training and Development : Leadership Development				1	1	1		
	Typical Work Streams : Capacity Building Training and Development : Workshops, Seminars and Subject Matter Training				2 018	2 018	2 018		
	Typical Work Streams : Community Development : Gender Development				20	20	21		
	Typical Work Streams : Human Resources : Employee Assistance Programme				462	462	462		
	Typical Work Streams : Junior Council				63	65	66		
	Typical Work Streams : Strategic Management and Governance : IDP Implementation and Monitoring				182	200	220		
Vote 4 - Finance	Corrective Maintenance : Emergency : Furniture and Office Equipment				57	59	60		
	Municipal Running Cost				76 595	86 034	84 654		
	Operational Buildings : Stores : Buildings				38	38	38		
	Preventative Maintenance : Interval Based : Transport Assets				63	65	67		
	Typical Work Streams : Financial Management Grant : Financial Statements				525	525			
	Typical Work Streams : Financial Management Grant : Interns Compensation				6	500			
	Typical Work Streams : Financial Management Grant : Supply Chain Management, Internal Audit and Audit				525	525			
	Typical Work Streams : Financial Management Grant : Financial Systems				280	280			
Vote 5 - Community Services	Coastal Infrastructure : Promenades : Civil Structures				191	200	210		
	Community Facilities : Cemeteries/Crematoria : Land				44	56	60		
	Community Facilities : Parks : Land				545	576	613		
	Municipal Running Cost				349 212	365 004	378 485		
	Operational Buildings : Municipal Offices : Land				901	955	1 012		
	Preventative Maintenance : Interval Based : Transport Assets				5 568	5 763	5 964		
	Roads Infrastructure : Roads : Pavements				33 531	36 206	37 500		
	Sanitation Infrastructure : Outfall Sewers : Civil Structures				602	639	677		
	Sanitation Infrastructure : Reticulation : Municipal Service Connection				3 242	3 437	3 643		
	Solid Waste Disposal : Landfill Sites : Buildings				40	42	44		
	Solid Waste Disposal : Waste Drop-off Points : Buildings				46	49	52		
	Solid Waste Disposal : Waste Drop-off Points : Service Connections on Site				1 298	1 376	1 458		
	Solid Waste Disposal : Waste Processing Facilities : Buildings				70	74	79		
	Sport and Recreation Facilities : Outdoor Facilities : Buildings				114	121	128		
	Storm water Infrastructure : Storm water Conveyance : Civil Structures				350	371	393		
	Storm water Infrastructure : Storm water Conveyance : Drainage				2 639	2 798	2 965		
	Typical Work Streams : Community Development : Community Initiatives				74	74	74		
	Typical Work Streams : Sport Development : Marathons, Sport and Recreation				258	281	298		
	Typical Work Streams : Ward Committees : Ward Initiatives				1 200				
	Water Supply Infrastructure : Distribution : Municipal Service Connections				5 368	5 690	6 031		
	Water Supply Infrastructure : Distribution : Pipe Work				1 243	1 318	1 382		
Vote 6 - Local Economic Development	Community Development : Youth Projects : Youth Projects				16	17	17		
	Municipal Running Cost				7 603	8 142	8 511		
	Preventative Maintenance : Interval Based : Transport Assets				14	14	15		
	Typical Work Streams : Capacity Building Training and Development : Workshops, Seminars and Subject Matter Training				21	22	23		
	Typical Work Streams : Local Economic Development : Project Implementation				497	527	544		
	Typical Work Streams : Local Economic Development : Training				56	60	62		
	Typical Work Streams : Tourism : Tourism Development				122	129	133		
Vote 7 - Infrastructure & Planning	Electrical Infrastructure : LV Networks : Municipal Service Connections				1 362	1 420	1 505		
	Electrical Infrastructure : LV Networks : Public Lighting				840	890	101		
	Electrical Infrastructure : Power Plants : Electrical Equipment				2 748	2 882	3 054		
	Municipal Running Cost				422 749	451 862	489 654		
	Preventative Maintenance : Interval Based : Transport Assets				641	664	464		
	Solid Waste Disposal : Waste Separation Facilities : Mechanical Equipment				338	359			
	Typical Work Streams : Community Development : Housing Projects				24 333	51 660	24 842		
Vote 8 - Protection Services	Municipal Running Cost				84 641	90 879	92 548		
	Preventative Maintenance : Interval Based : Transport Assets				1 259	1 303			
	Typical Work Streams : Public Protection and Safety				48	51			
	Typical Work Streams : Ward Committees : Ward Initiatives				70				
Total Operational expenditure					-	-	1 124 257	1 221 414	1 249 501

Municipal manager's quality certificate

I, CC Groenewald, municipal manager of Overstrand Municipality, hereby certify that the draft annual budget for the **2018/2019 MTREF** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: CC Groenewald

Municipal manager of Overstrand Municipality (WC032)

Signature: _____

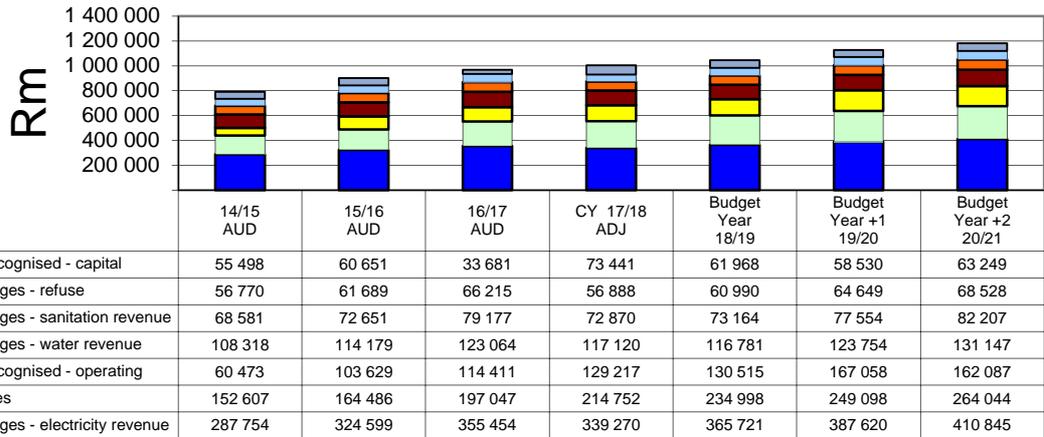
Handwritten signature of CC Groenewald in black ink, written over a horizontal line.

Date: _____

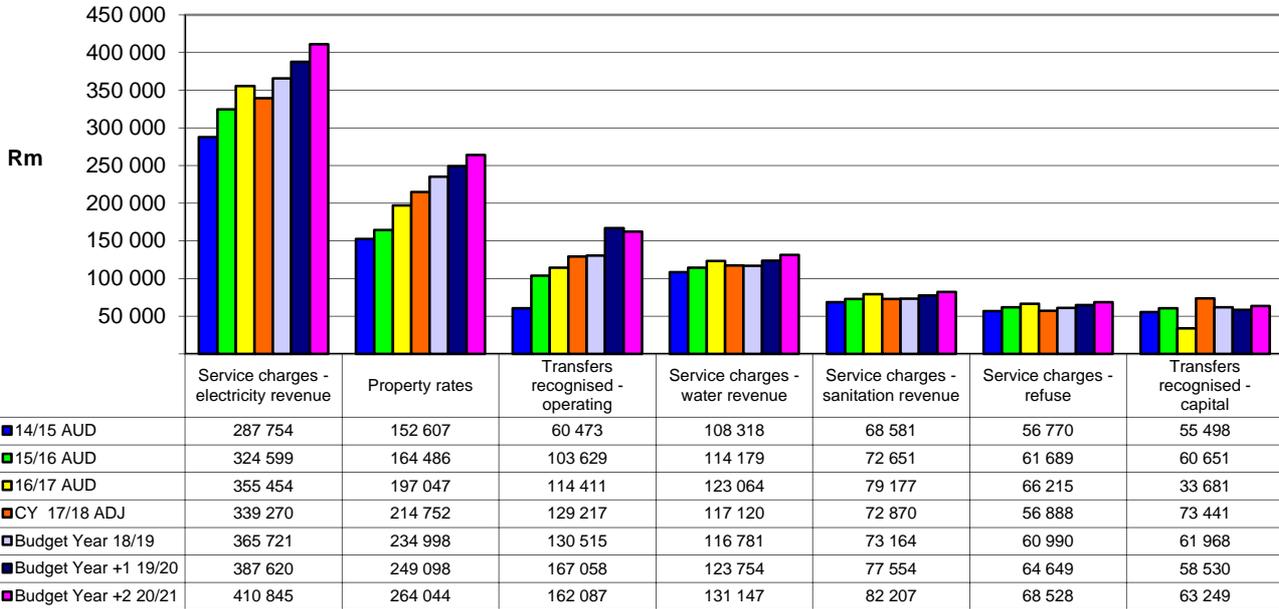
26.03.2018

OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

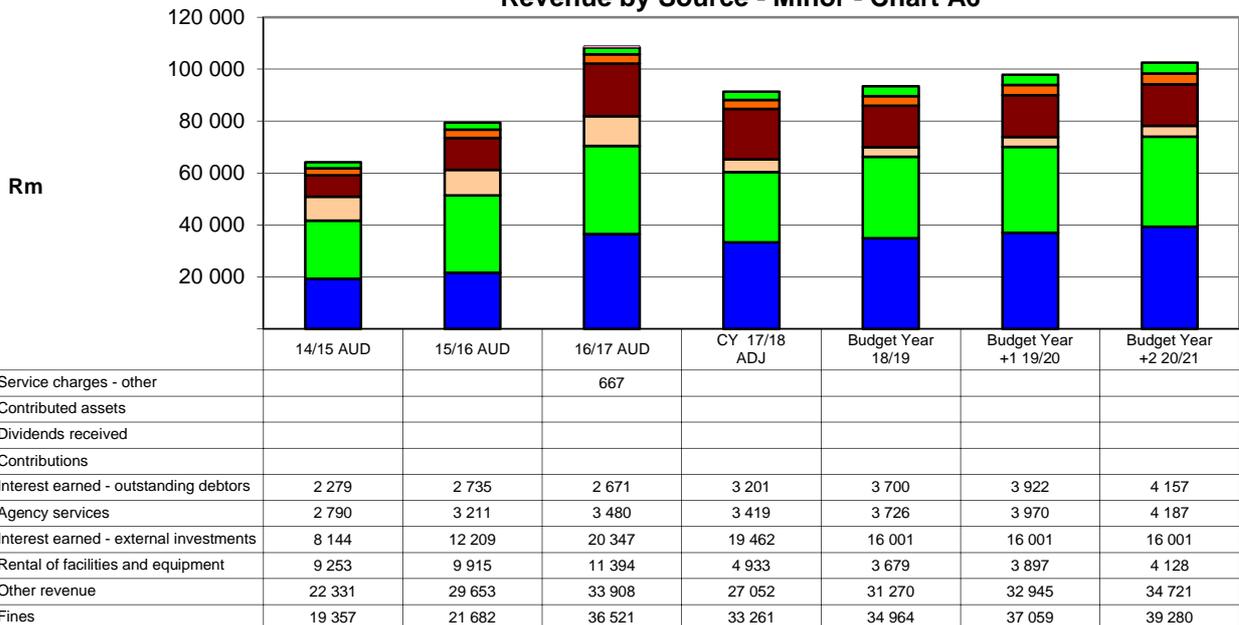
Revenue by Source - Major - Chart A5(a)



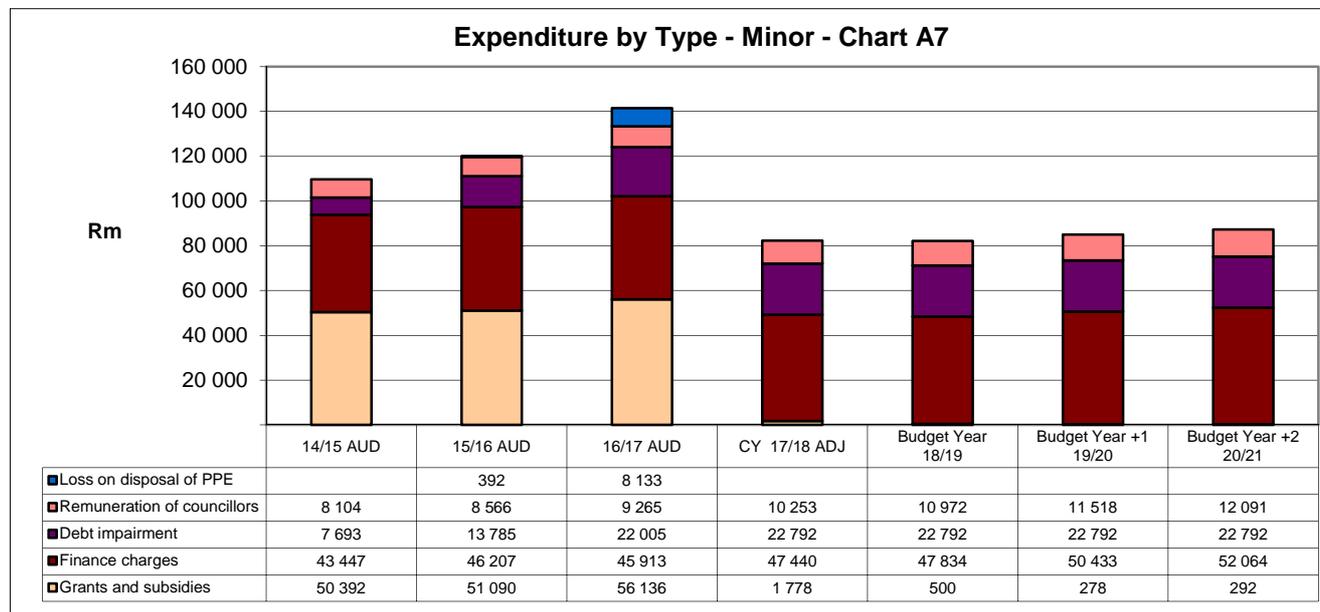
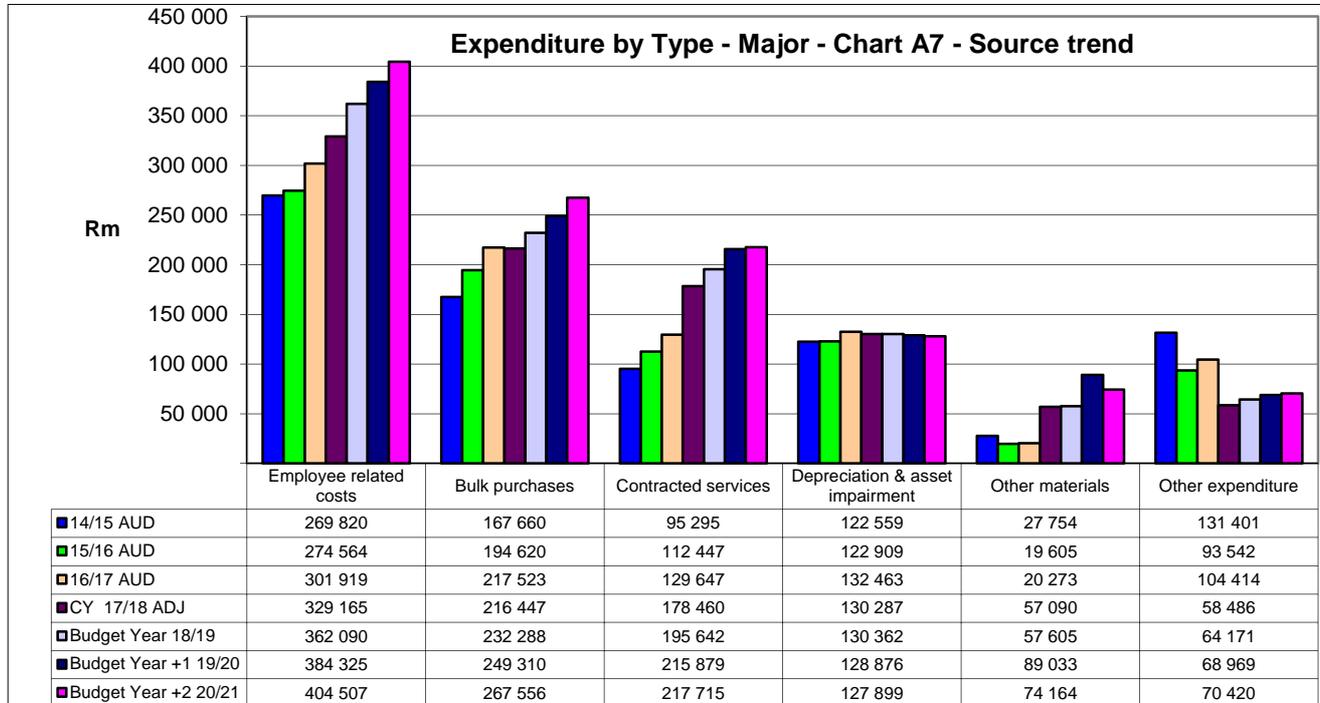
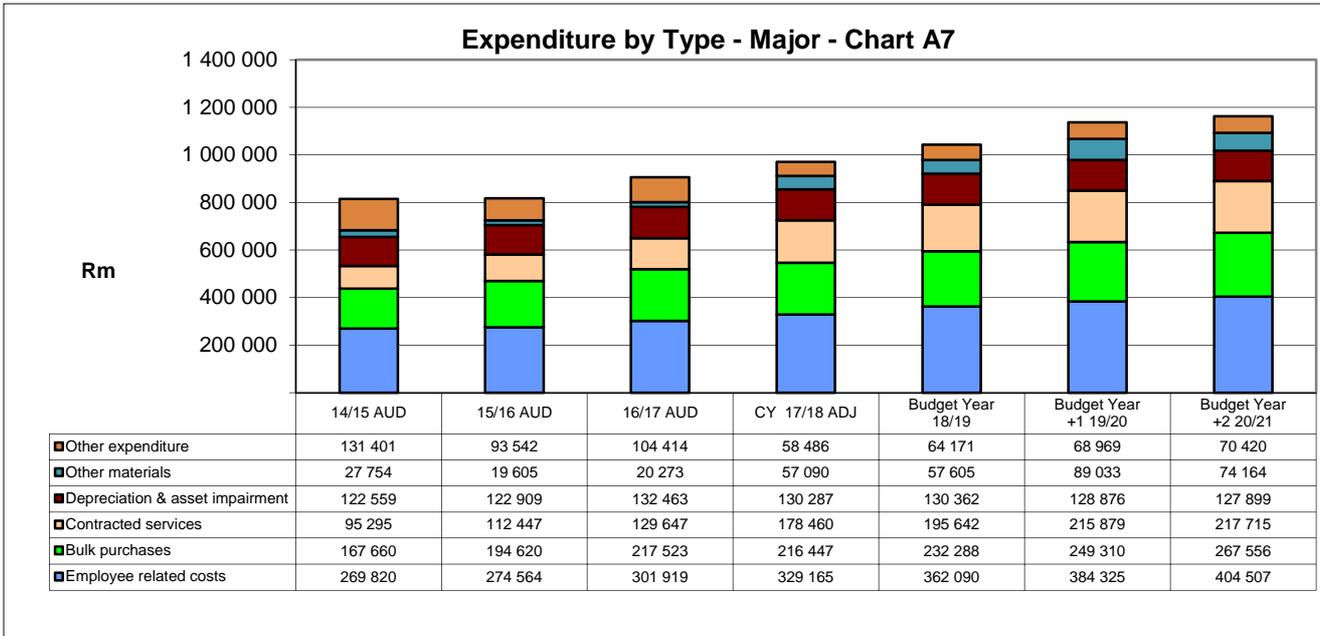
Revenue by Source - Major - Chart A5(b) - source trend



Revenue by Source - Minor - Chart A6

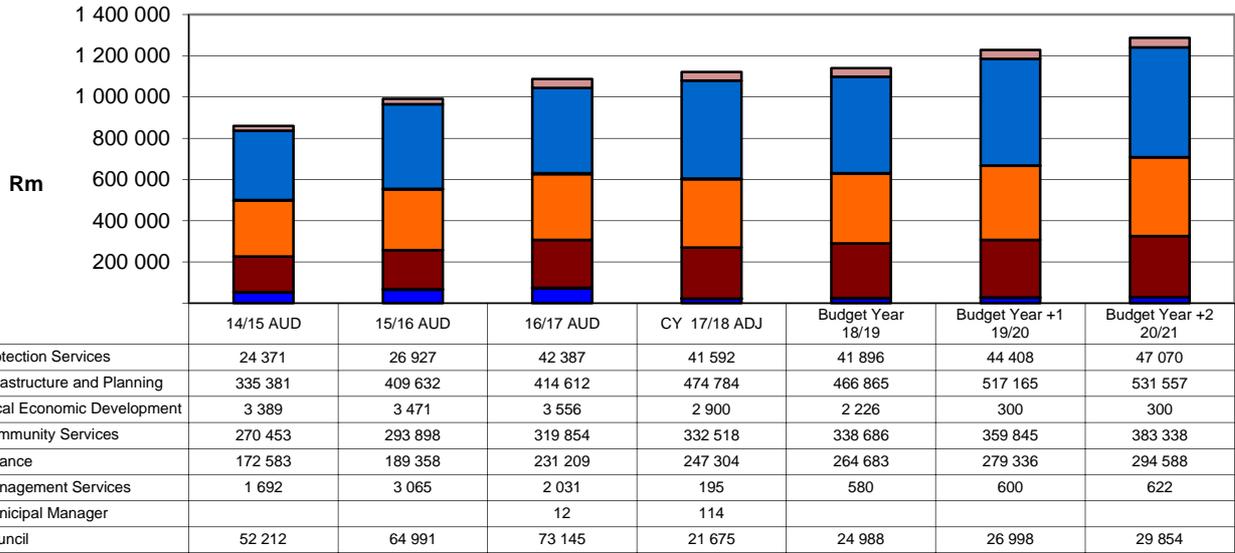


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

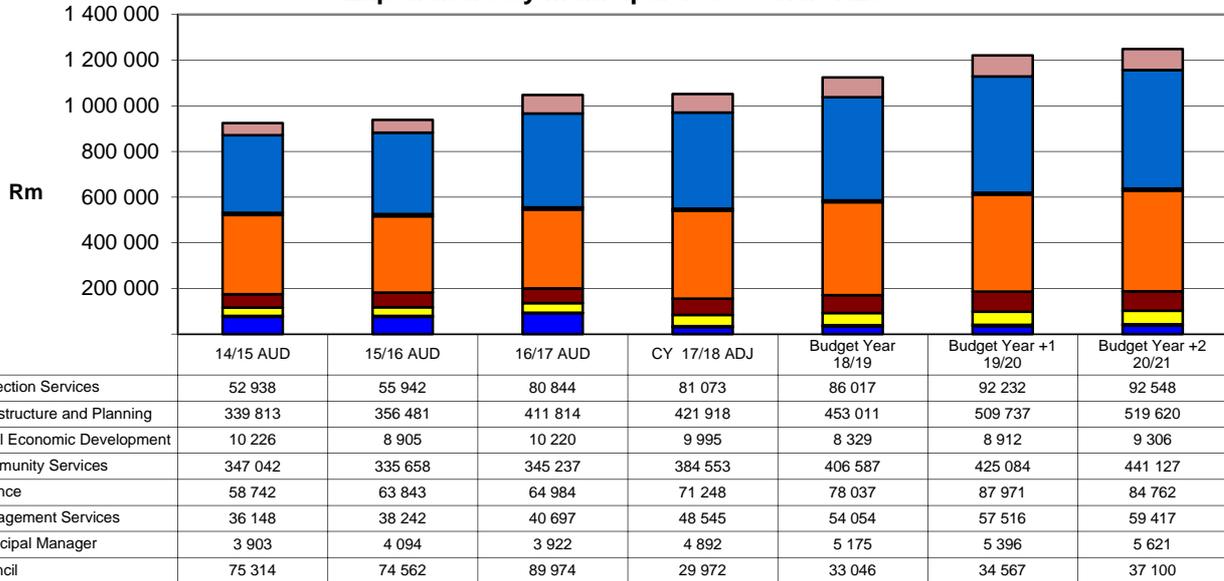


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

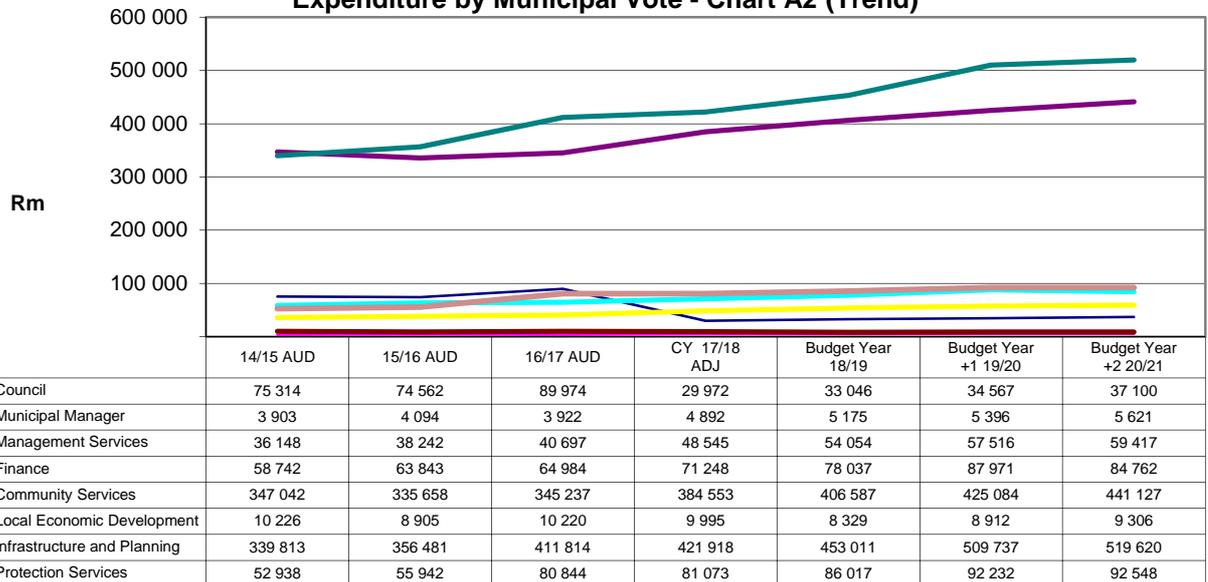
Revenue by Municipal Vote classification - Chart A1



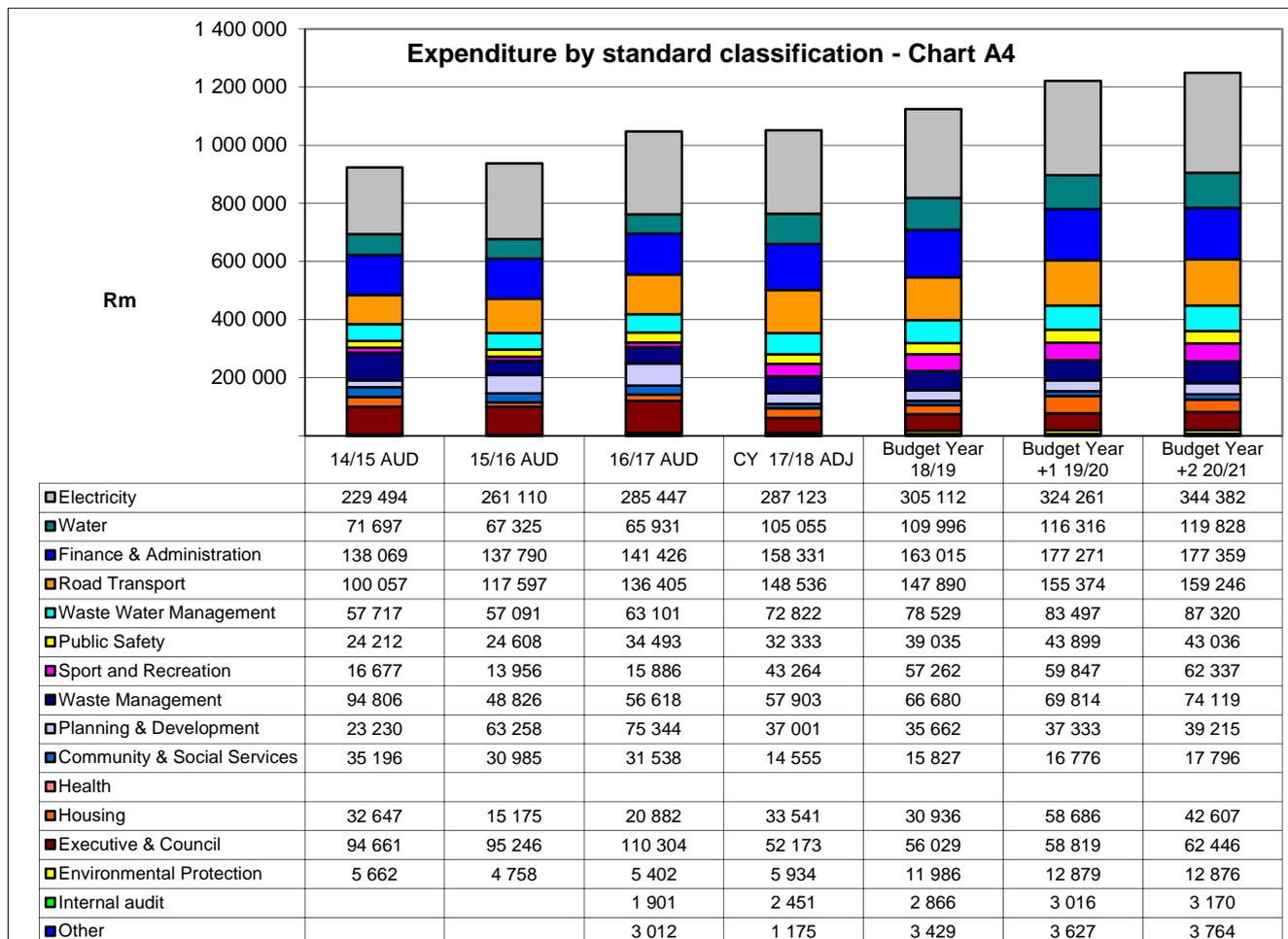
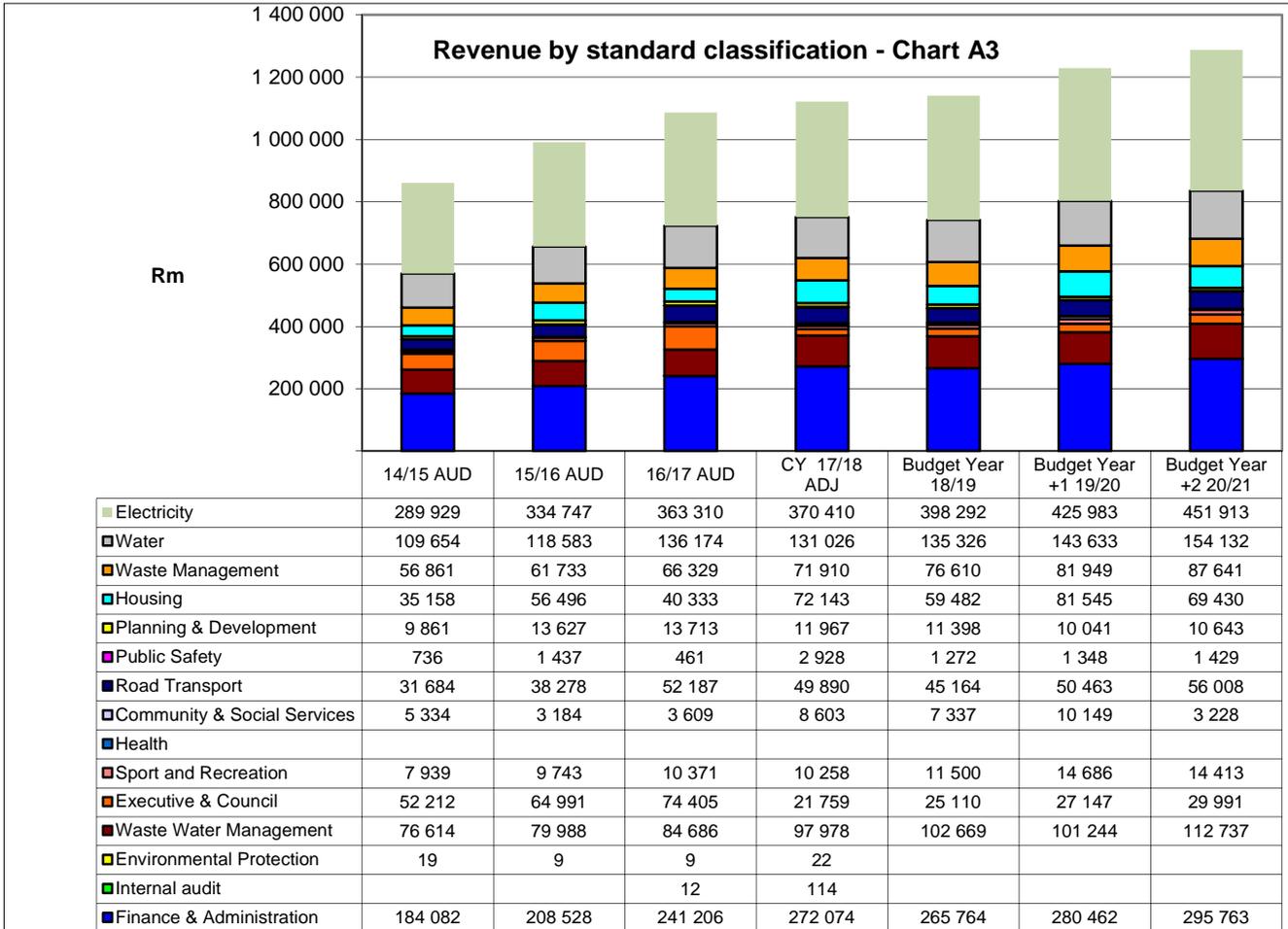
Expenditure by Municipal Vote - Chart A2a



Expenditure by Municipal Vote - Chart A2 (Trend)

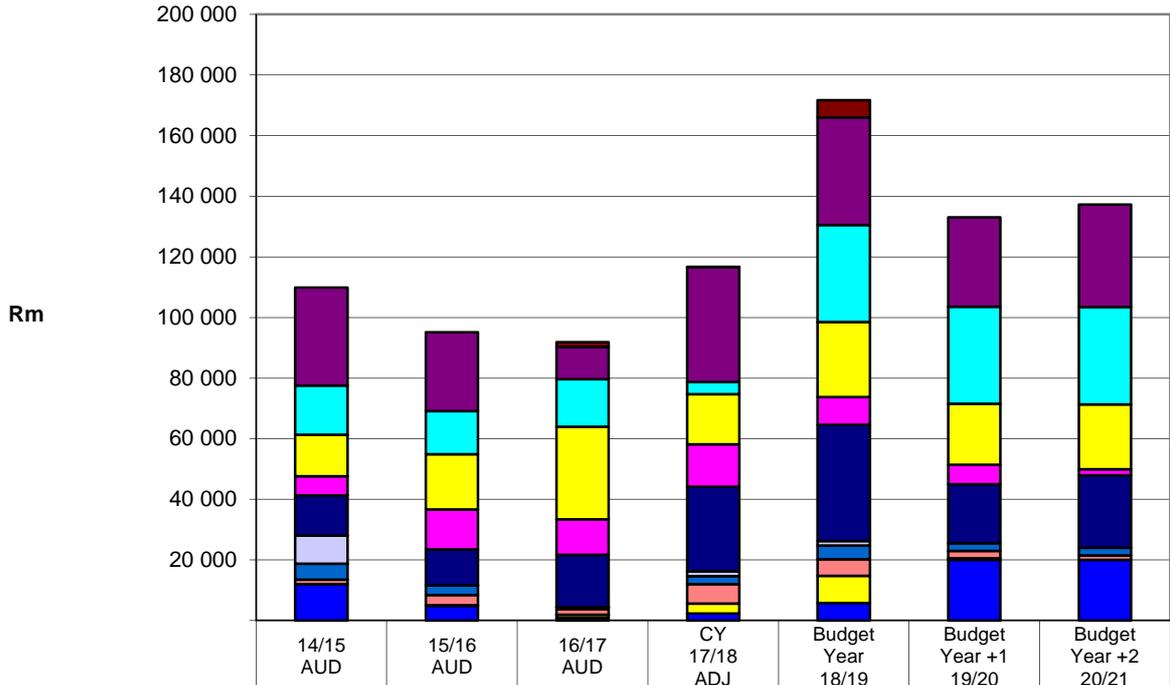


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET



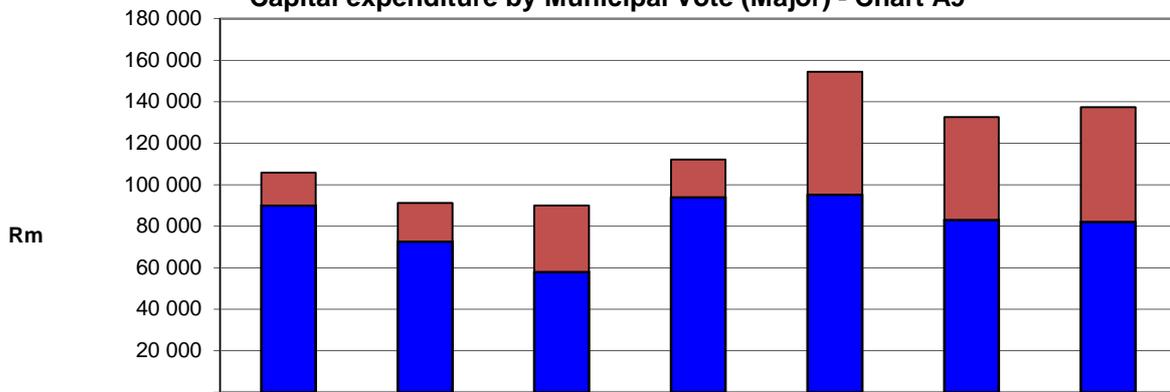
OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

Capital expenditure by Standard Classification - Chart A11



	14/15 AUD	15/16 AUD	16/17 AUD	CY 17/18 ADJ	Budget Year 18/19	Budget Year +1 19/20	Budget Year +2 20/21
■ Planning & Development			1 540	45	5 725		
■ Housing	32 361	25 985	10 658	37 890	35 467	29 480	33 813
■ Water	16 275	14 232	15 772	4 037	32 077	32 072	32 075
■ Electricity	13 682	18 237	30 496	16 520	24 772	20 040	21 400
■ Road Transport	6 300	13 226	11 739	13 951	9 070	6 500	2 000
■ Waste Water Management	13 221	11 875	17 217	27 923	38 342	19 438	23 961
■ Waste Management	9 267	25	12	1 580	1 500		
■ Community & Social Services	5 258	3 169	644	2 675	4 514	2 500	2 500
■ Sport and Recreation	1 565	3 311	1 837	6 449	5 557	2 500	1 500
■ Health							
■ Executive & Council			72				
■ Public Safety		264	996	3 195	8 876	500	
■ Environmental Protection							
■ Finance & Administration	11 973	4 809	885	2 355	5 836	20 000	20 000

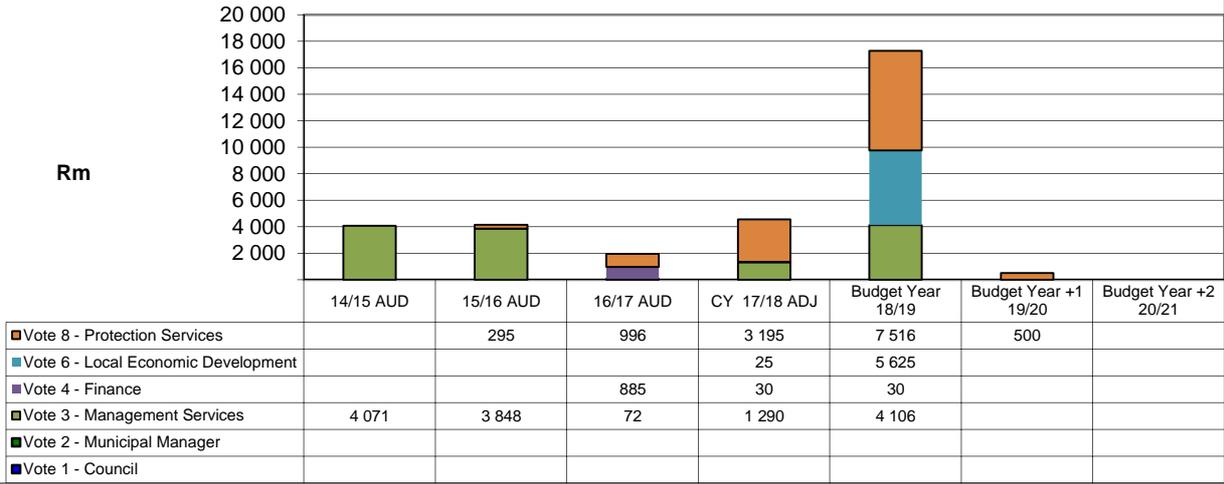
Capital expenditure by Municipal Vote (Major) - Chart A9



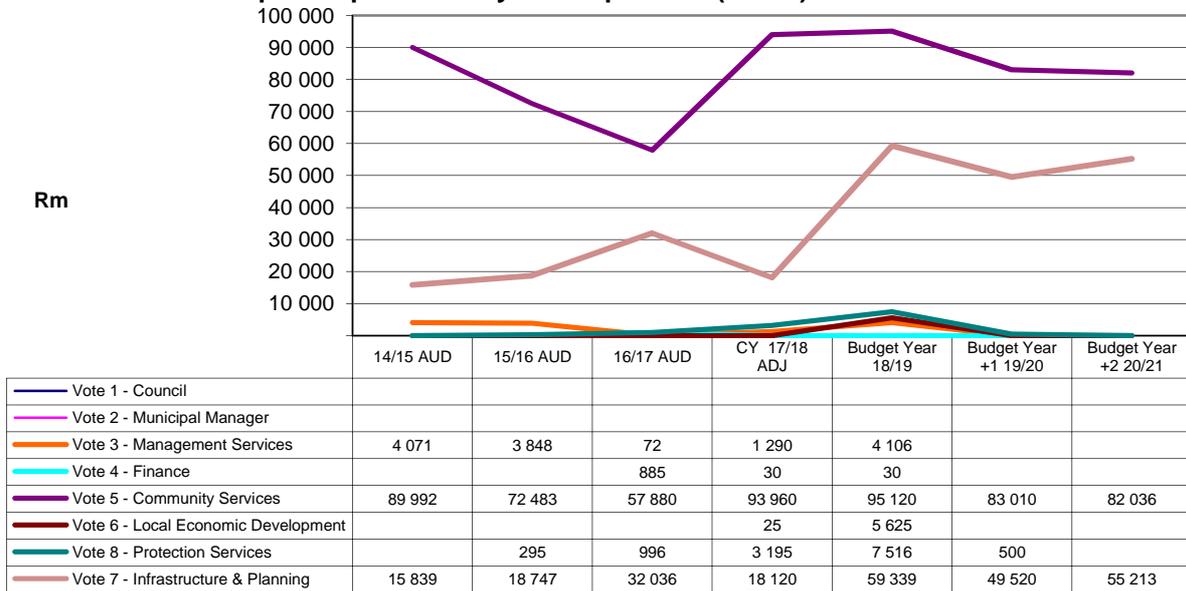
	14/15 AUD	15/16 AUD	16/17 AUD	CY 17/18 ADJ	Budget Year 18/19	Budget Year +1 19/20	Budget Year +2 20/21
■ Vote 7 - Infrastructure & Planning	15 839	18 747	32 036	18 120	59 339	49 520	55 213
■ Vote 5 - Community Services	89 992	72 483	57 880	93 960	95 120	83 010	82 036

OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

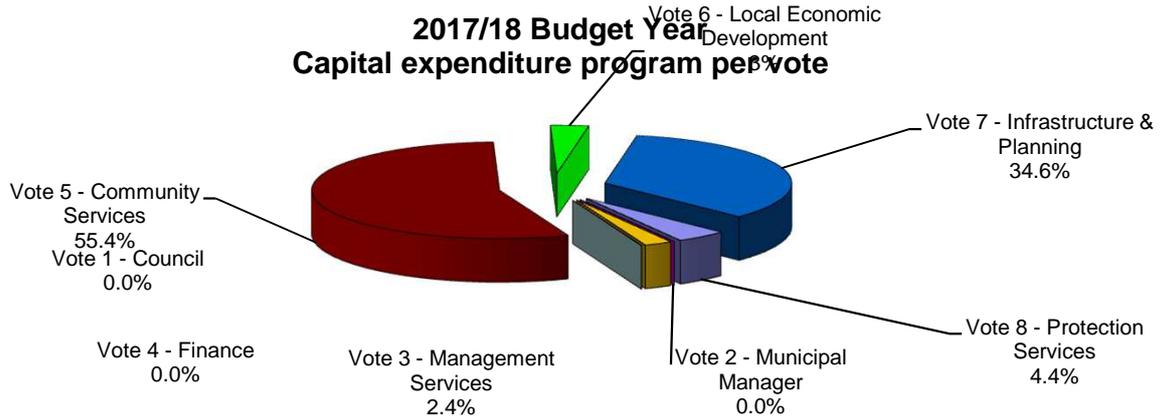
Capital expenditure by Municipal Vote (Minor) - Chart A10



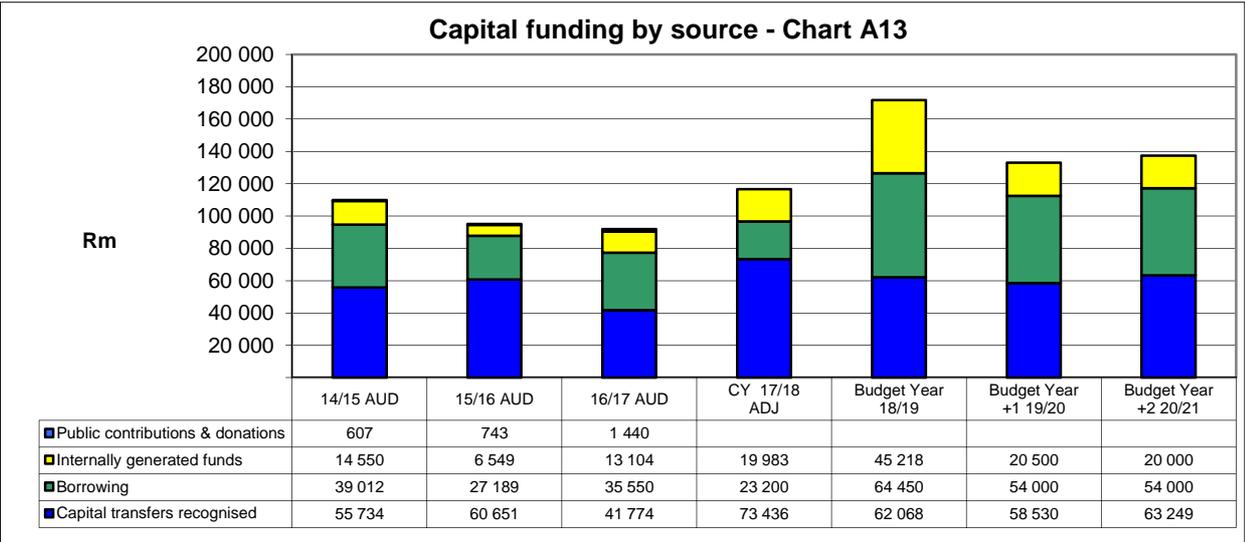
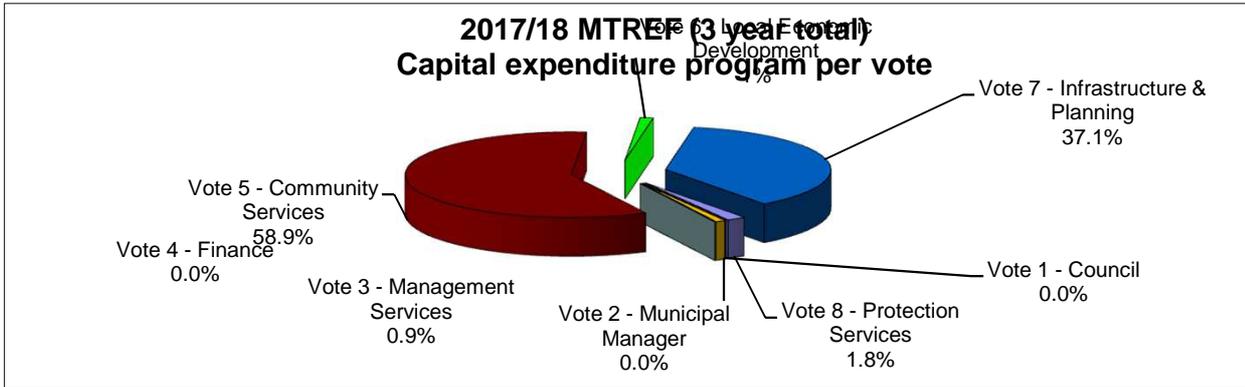
Capital expenditure by Municipal Vote (Trend) - Chart A12



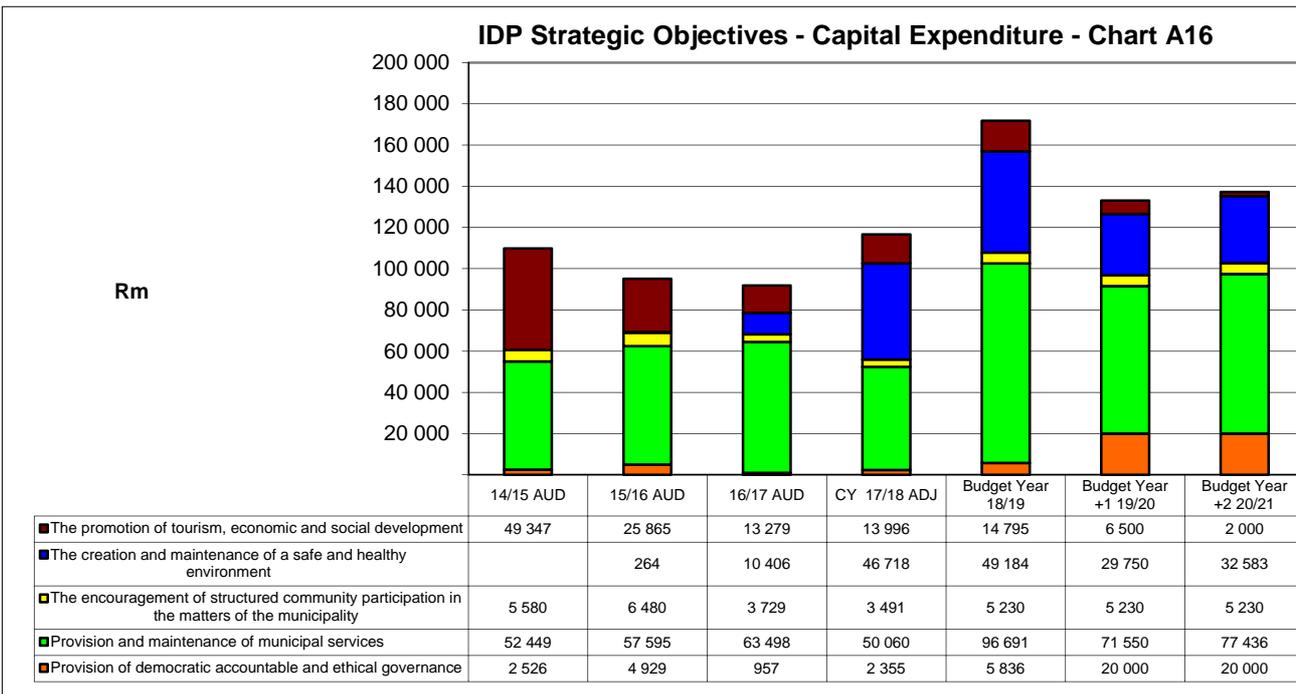
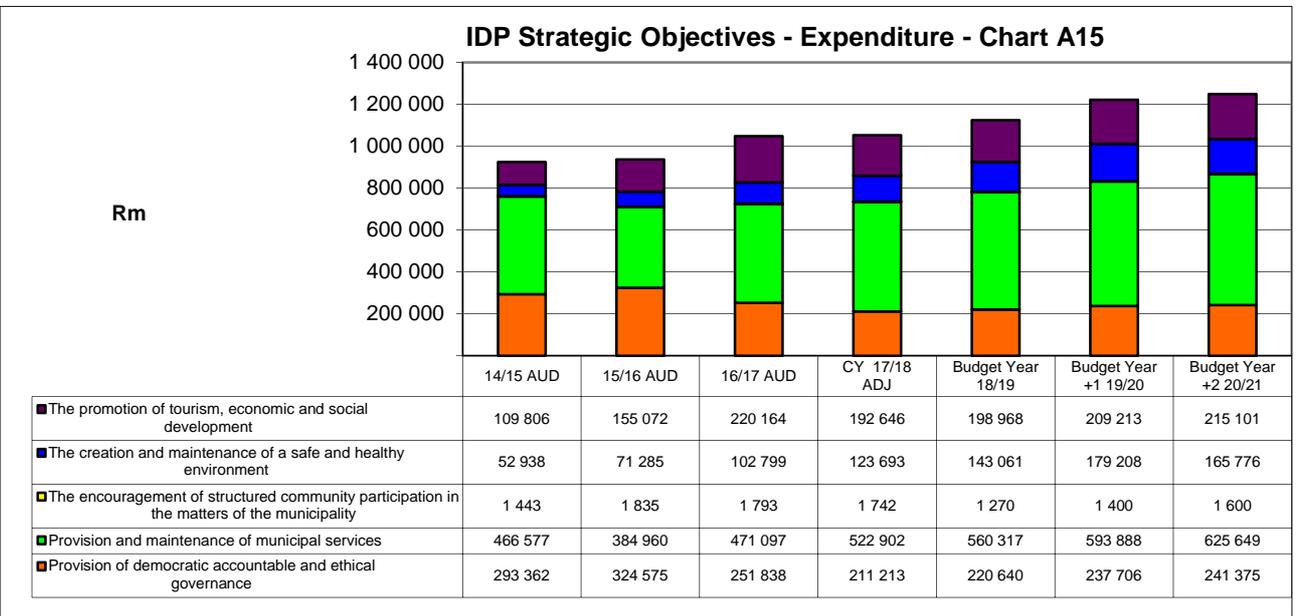
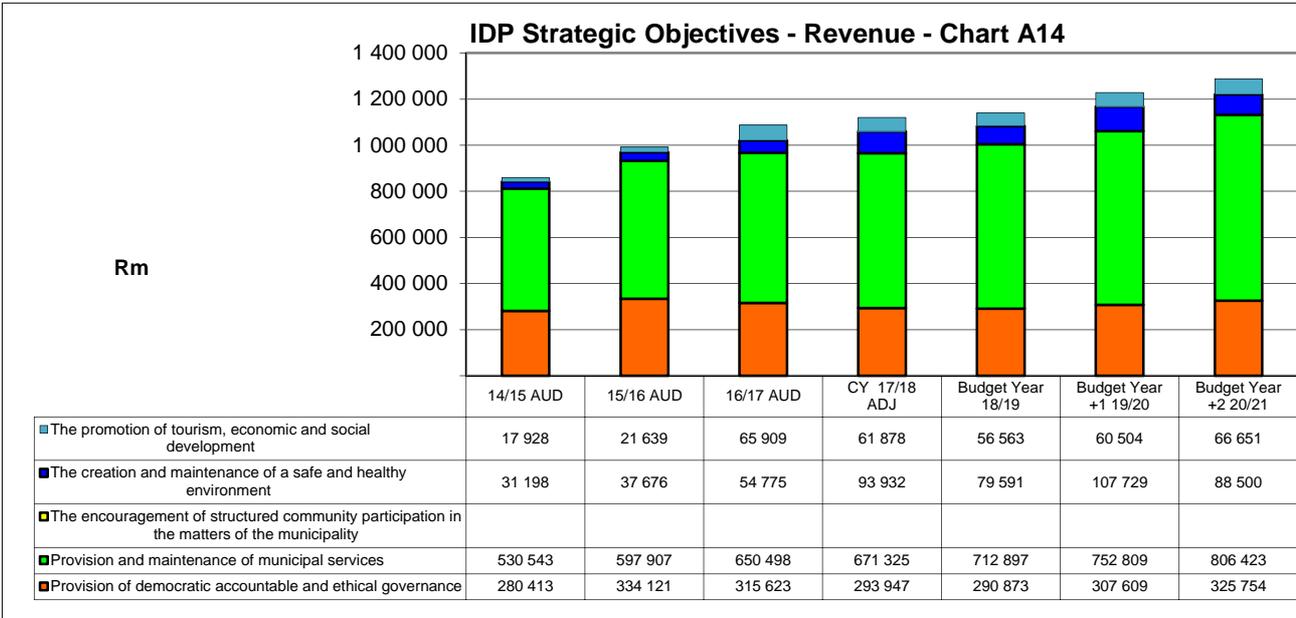
2017/18 Budget Year
Capital expenditure program per vote



OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

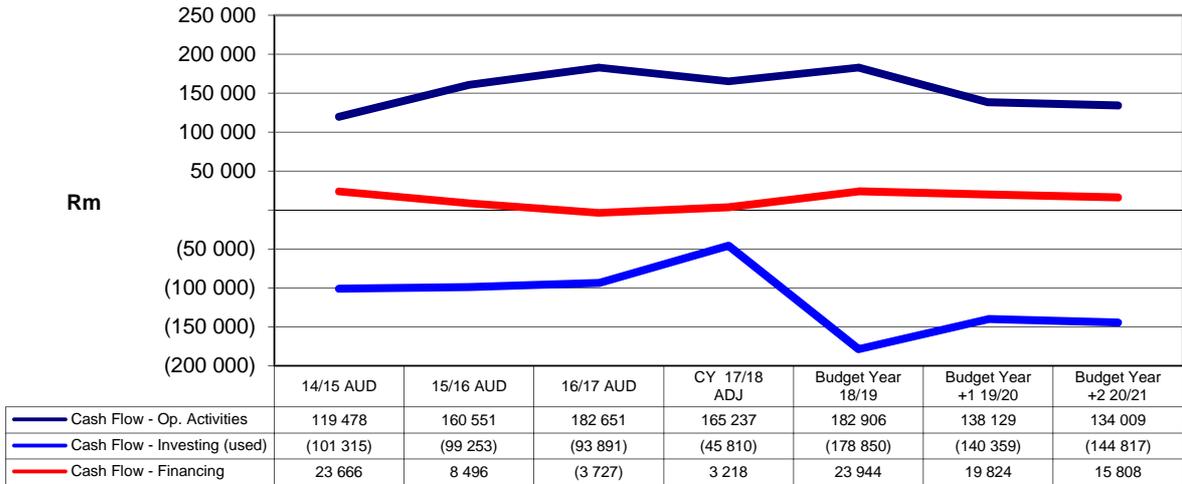


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

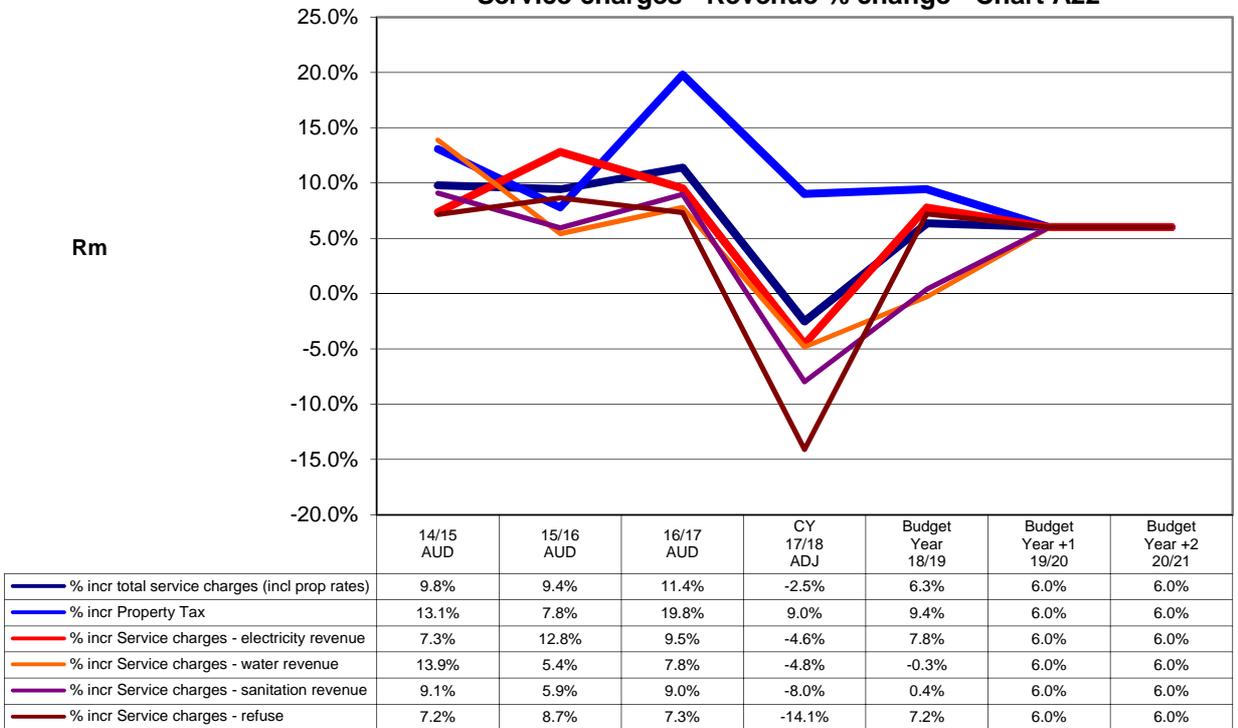


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

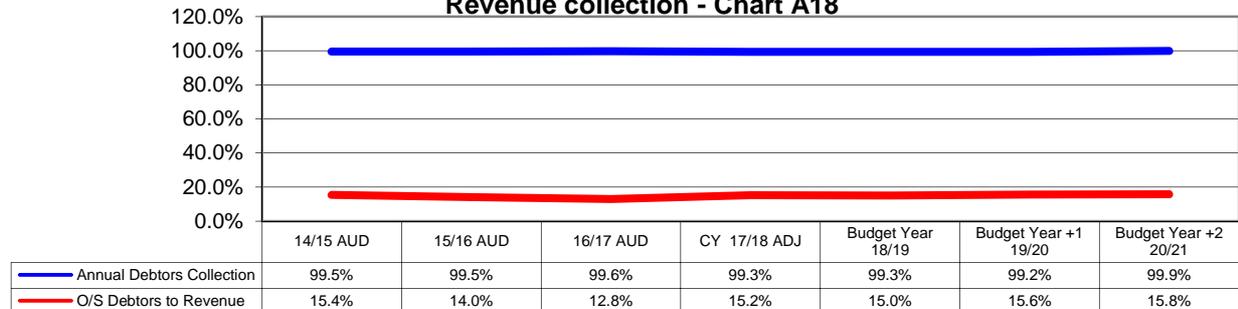
Cash flow trend - Chart A23



Service charges - Revenue % change - Chart A22

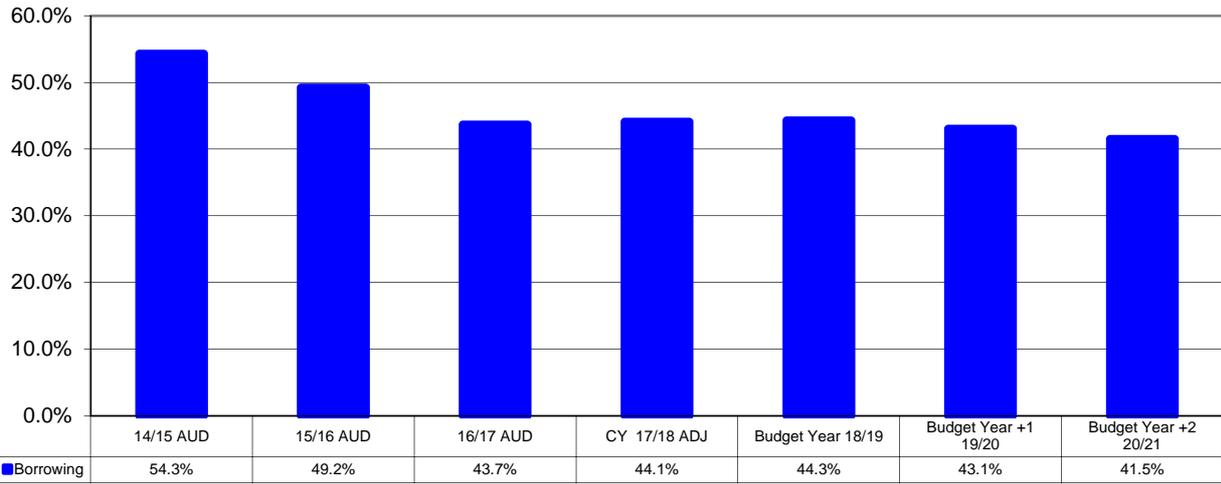


Revenue collection - Chart A18

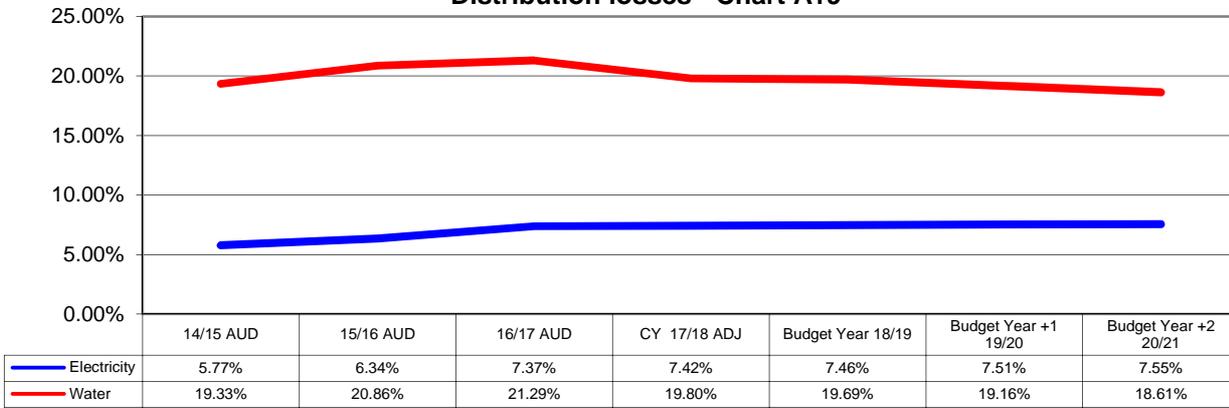


OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET

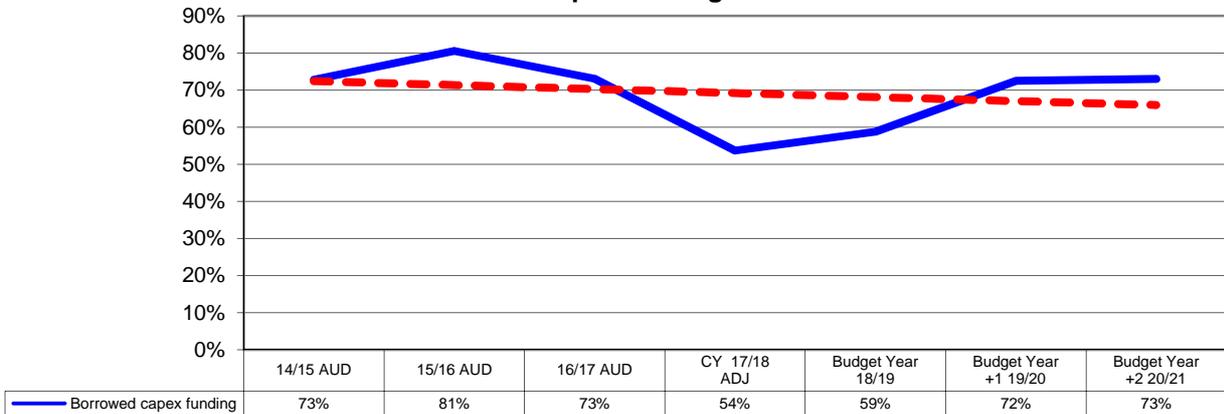
Debt (borrowing as a % of total revenue collection) - Chart A17



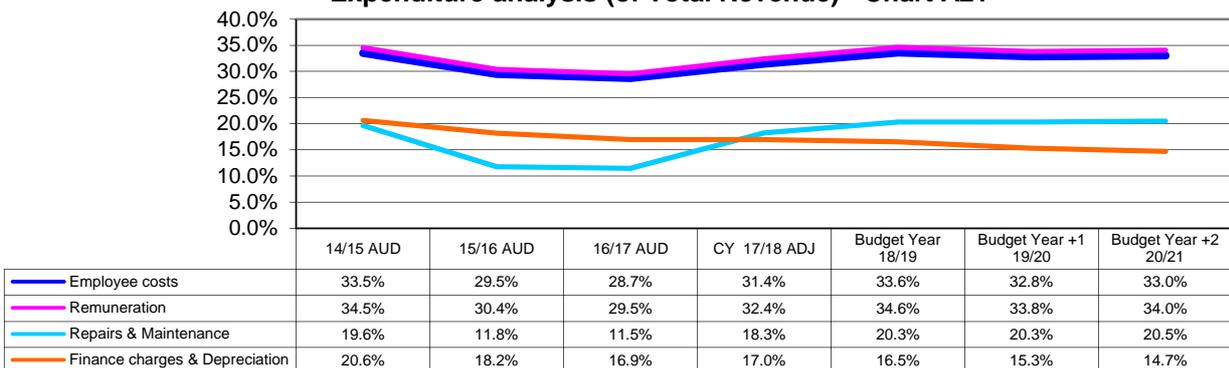
Distribution losses - Chart A19



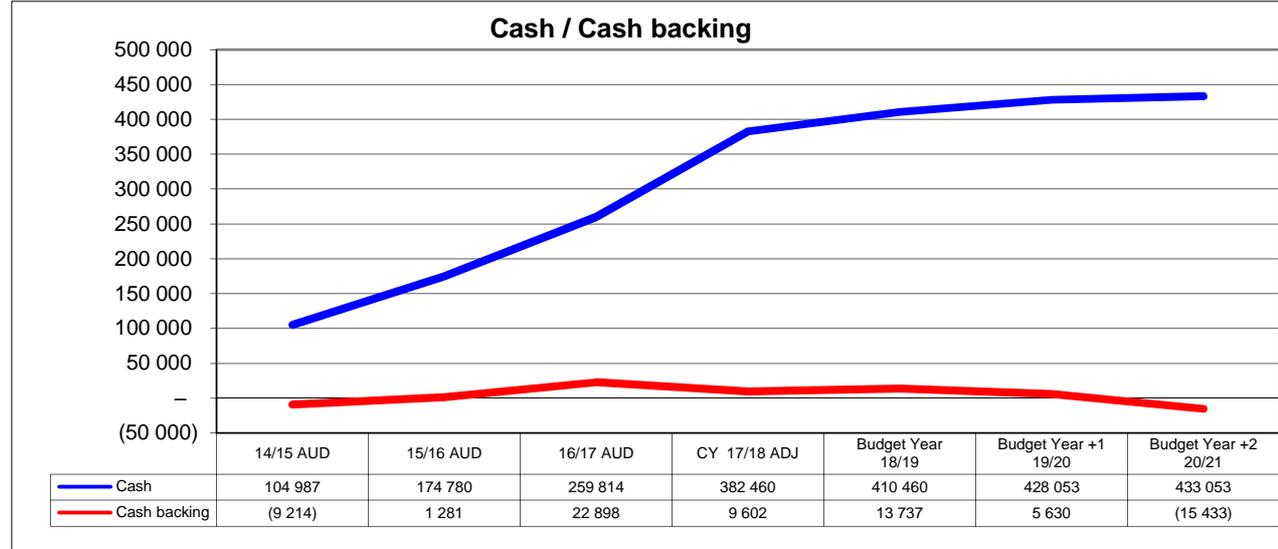
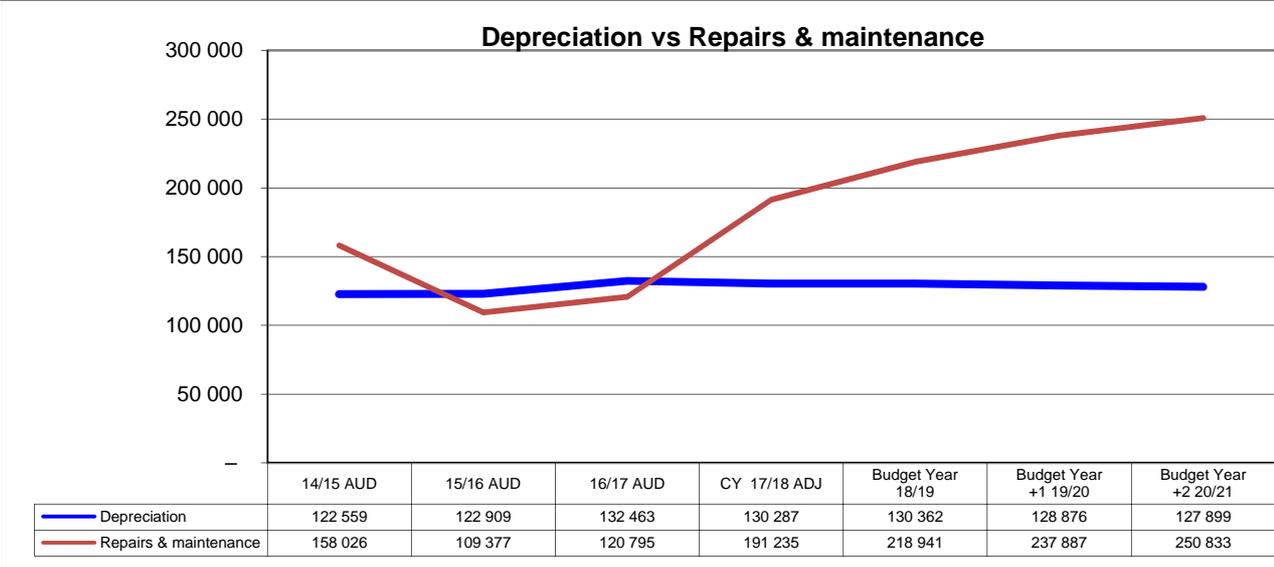
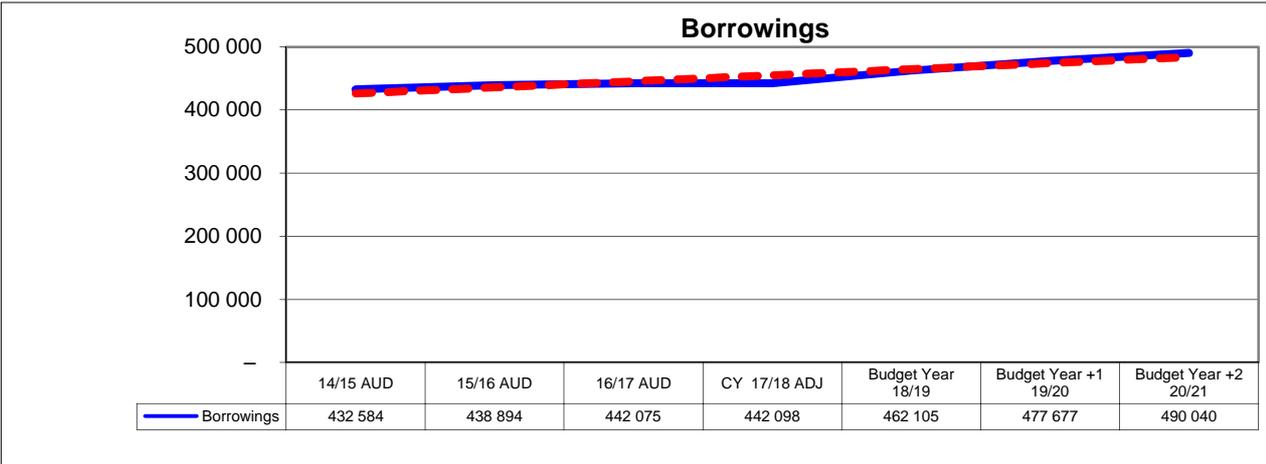
Borrowed capex funding - Chart A20



Expenditure analysis (of Total Revenue) - Chart A21



OVERSTRAND MUNICIPALITY - BUDGET REGULATION CHARTS 2017/2018 BUDGET



ANNEXURE C

RATES AND TARIFFS

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

RATES TARIFFS

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT	Exclude VAT	Include VAT	
RATES	YEAR OF GENERAL VALUATION: 02 JULY 2015					1.0600
RATE1*	Commercial Land with Improvements	0.008173	0.008173	0.00771	0.00771	6.0000%
RATE2*	Residential Land with Improvements <i>* See attached schedule of Exemptions and Rebates applicable</i>	0.005395	0.005395	0.00509	0.00509	6.0000%
RATE3	Municipal Properties: Investment Properties	Applicable tariff for Commercial or Residential				
RATE4	Municipal Properties: Property, Plant and Equipment	0.000000	0.000000	0.00000	0.00000	
RATE5	Improvement District Surcharge (HPP) on total rates payable on approved Improvement District	0.100000	0.100000	0.10000	0.10000	0.0000%
RATE6	Building Clause	Equals to tariff for rates on property				
RATE7	Farm/Agriculture (Bona-fide)	0.001349	0.001349	0.001273	0.001273	5.9584%
RATE8	Undeveloped erven	0.007388	0.007388	0.00697	0.00697	6.0000%
RATE9	Government Properties: Commercial	0.008174	0.008174	0.00771	0.00771	6.0000%
RATE10	Government Properties: Residential	0.005396	0.005396	0.00509	0.00509	6.0000%
RATE11	Special Rating Areas		0.000000			
SRA1				new	new	
PLEASE NOTE: VAT IS LEVIED AT A RATE OF 0% ON ASSESSMENT RATES						

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

(Attachments to the Rates Tariff Schedule

TARIFF CODE	CLASS TAX	TYPE OF PROPERTY	REBATE OR EXEMPTIONS
BUS	General Tax: Commercial	All business, industries, Bed and Breakfast and Guest Houses	<p>NO exemptions</p> <p>Bed and Breakfast as well as Guesthouses can apply before 30 June for the following rebate on the <u>difference between Bus and Res rate:</u></p> <p>1 - 2 X lettable room : 100%</p> <p>3 X lettable room : 75%</p> <p>4 X lettable room : 50%</p> <p>5 X lettable room : 25%</p>
BUSO	General Tax: Tourism and recreational resorts outside the municipal urban areas	Hotels, Guest Houses, Cottages, Caravan Parks and Holiday Resorts, Chalets	50% rebate on the tax applicable on commercial property in urban areas
RES	General Tax: Residential properties within the municipal service areas	Single residential properties, Group housing, Retirement villages, Flats, Sectional schemes, Small holdings not used for bona fide farming purposes	<p>The first R15 000.00 of the rateable value of all residential properties is exempted from property tax</p> <p>A further R35 000.00 of the rateable value is exempted in respect of all residential properties where a residential completion certificate has been issued</p> <p>An Additional rebate of 20% of the levy calculated on such properties is granted</p> <p>Rebate to qualifying property owners as indicated under "Other Retabe"</p>
RESO	General Tax: Residential properties outside the municipal urban area	Single residential properties, Group housing, Retirement villages, Flats, Sectional schemes	<p>50% of the tax applicable on residential property in urban areas</p> <p>Rebate to qualifying property owners as indicated under "Other Retabe"</p>
FARMS	General Tax: Farming properties	Small holdings used for bona fide farming purposes outside municipal service area	Agricultural purpose in relation to the use of a property, excludes the use of the property for the purpose of ecotourism or for the trading in or hunting game
FARMS	Conservation land	Privately owned properties whether designated or used for conservation purposes	Not rateable in terms of section 17(1)(e) of the Municipal Property Rates Act
PR100 PR050 PR040	Other Rebates	Single residential properties, Group housing, Retirement villages, Flats, Sectional schemes	<p>- Property zoned single residential must be occupied permanently by the applicant;</p> <p>- The applicant must be the registered owner;</p> <p>Only one residential unit is allowed on the property;</p> <p>- Applicant may not be the registered owner of more than one property</p> <p>* A rebate of 100% to approved applicant in terms of the Property Rates Policy, who's gross monthly household income may not exceed the amount of two times (2X) of state funded social pensions per month</p> <p>* A rebate of 50% to approved applicants, in terms of the Property Rates Policy who are older than 60 with a gross monthly household income less than four times (4X) of state funded social pensions per month</p> <p>* A rebate of 40% to approved applicants, in terms of the Property Rates Policy who are older than 60 with a gross monthly household income more than four times (4X) but less than eight times (8X) of state funded social pensions per month</p>

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

EXEMPTIONS FROM PROPERTY RATES (Rates Policy)

Religious organisations	A property registered in the name of and used primarily as a place of public worship by a religious organization/community, including an official residence registered in the name of that organization/community which is occupied by an office bearer who officiates at services at that place of worship in terms of section 17(1)(i) of the MPRA
Health and welfare institutions	Properties used exclusively as a hospital, clinic, mental hospital, orphanage, non-profit retirement village, old age home or benevolent institution, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the boundaries of Overstrand Municipality
Private schools and Educational Institutions	Property used by registered private schools for educational purposes only
Charitable institutions	Properties belonging to not-for-gain institutions or organizations that perform charitable work
Sporting bodies	Property used by an organization whose sole purpose is to use the property for sporting purposes, for gain or not. Assistance to professional sporting organizations may differ from that afforded to amateur bodies. The rebate will be award at the sole discretion of council on an annual basis .
Agricultural societies	Property belonging to agricultural societies affiliated to the SA Agricultural Union used for the purposes of the society
Cutural institutions	Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
Museums, libraries, art galleries and botanical gardens	Registered in the name of private persons, open to the public and not operated for gain.
Youth development organisations	Property owned and/or used by organizations such as the Boy Scouts, Girls Guides, Voortrekkers or organizations the Council deems to be similar.
Animal protection	Property owned or used by institutions/organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

SUNDRY TARIFF LIST (ROUNDING APPLICABLE)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S1	BOAT LICENCE/PERMITS, LAUNCHING & ENTRANCE FEE (Rounding may be applicable)					
S1J	<u>Kleinbaai Boat Launching:</u>					
S1J1	On site Parking pm	886.96	1 020.00	836.84	962.36	5.99%
S1J2A	Category B1: Shark-view operators/whale-watching (Incl on-site parking) pa	37 220.00	42 803.00	35 113.16	40 380.13	6.00%
S1J2B	Category B2: Shark-view operators/whale-watching (excl on-site parking) pm	2 848.70	3 276.00	2 686.84	3 089.87	6.02%
S1J2C	Category B2: Shark-view operators/whale-watching (excl on-site parking) pa	28 408.70	32 670.00	26 800.00	30 820.00	6.00%
S1J4A	Kelp Collectors pm	3 559.13	4 093.00	3 357.02	3 860.57	6.02%
S1J4B	Kelp Collectors pa	35 512.17	40 839.00	33 501.75	38 527.01	6.00%
S1J4C	Kelp Collectors per launch	230.44	265.00	216.67	249.17	6.35%
S1J5	Oversize vessel	tariff + 50%	applicable vat	tariff + 50%	applicable vat	
S1J6A	Nature Conservation	no charge	no vat	no charge	no vat	
S1J6B	Support Service per month	674.78	776.00	635.97	731.36	6.10%
S1J6C	Support Service per launch	89.57	103.00	84.21	96.84	6.36%
S1J7A1	Recreational Fishing (Overstrand Consumers) Vessels < 7m pa	574.78	661.00	542.11	623.42	6.03%
S1J7A2	Recreational Fishing Vessels < 7m per Launch	67.83	78.00	64.04	73.64	5.93%
S1J7A3	Recreational Fishing (Overstrand Consumers) Vessels > 7m pa	690.44	794.00	650.88	748.51	6.08%
S1J7A4	Recreational Fishing Vessels > 7m per Launch	89.57	103.00	84.21	96.84	6.36%
S1J7B1	Commercial Fishing (Overstrand Consumers) Vessels < 7m pa	626.96	721.00	591.23	679.91	6.04%
S1J7B2	Commercial Fishing Vessels > 7m pa	831.30	956.00	784.21	901.84	6.00%
S1J7B3	Commercial Fishing Vessels < 7m per launch	79.13	91.00	74.56	85.74	6.13%
S1J7B4	Commercial Fishing Vessels > 7m per launch	100.00	115.00	93.86	107.94	6.54%
S1J8A	Passenger Boats pm	1 421.74	1 635.00	1 341.23	1 542.41	6.00%
S1J8B	Passenger Boats per launch	137.39	158.00	128.95	148.29	6.55%
S1J9	Vehicles up to 1 Ton per vehicle load capacity – mixed builders rubble NO ADMISSION to Transfer Station. Only to landfill as per tariff SA2B – SA2B11 Use of Tractor for Boat Launching per month	240.87	277.00	227.19	261.27	6.02%
S1J11	Formal Shop Rental / month	826.96	951.00	779.83	896.80	6.04%
S1J12	Informal Trader under cover rental / month	543.48	625.00	512.28	589.12	6.09%
S1M	<u>Kleinmond Slipway:</u>					
S1M1	Recreational Fishing (Overstrand Consumers) Vessels < 7m pa	574.78	661.00	542.11	623.42	6.03%
S1M2	Recreational Fishing Vessels < 7m per Launch	67.83	78.00	64.04	73.65	5.92%
S1M3	Recreational Fishing (Overstrand Consumers) Vessels > 7m pa	690.44	794.00	650.88	748.51	6.08%
S1M4	Recreational Fishing Vessels > 7m per Launch	89.57	103.00	84.21	96.84	6.36%
S1M5	Commercial Fishing (Overstrand Consumers) Vessels < 7m pa	626.96	721.00	591.23	679.91	6.04%
S1M6	Commercial Fishing Vessels > 7m pa	831.30	956.00	784.21	901.84	6.00%
S1M7	Commercial Fishing Vessels < 7m per launch	79.13	91.00	74.56	85.74	6.13%
S1M8	Commercial Fishing Vessels > 7m per launch	93.92	108.00	88.60	101.89	6.00%
S1M9	Passenger Boats pm	1 421.74	1 635.00	1 341.23	1 542.41	6.00%
S1M10	Passenger Boats per launch	137.39	158.00	128.95	148.29	6.55%
S1T	<u>Registered Launching Sites managed by the Overstrand Municipality (08:00-16:00) (Western Cape December School Holiday and when declared by Council)</u>					
S1T1	<u>Affiliated Members</u>					
S1T1A	Annually	209.57	241.00	197.37	226.98	6.18%
S1T1B	Monthly	126.09	145.00	118.42	136.18	6.48%
S1T1C	Weekly	63.48	73.00	59.65	68.60	6.42%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S1T1D	Daily	21.74	25.00	20.18	23.20	7.76%
S1T2	Non- Affiliated Members					1.06
S1T2A	Annually	419.13	482.00	394.74	453.95	6.18%
S1T2B	Monthly	188.70	217.00	178.07	204.78	5.97%
S1T2C	Weekly	105.22	121.00	99.12	113.99	6.15%
S1T2D	Daily	32.17	37.00	29.83	34.30	7.86%
S2	BUILDING CONTROL					
S2A1	Building Plan Fees up to 100 m ² (R/m ²)	28.70	33.00	26.97	31.01	6.41%
S2A2	Building Plan Fees from 101 m ² to 200 sq m (R/m ²)	33.91	39.00	31.61	36.36	7.26%
S2A3	Building Plan Fees from 201 m ² to 300 sq m (R/m ²)	40.00	46.00	37.20	42.77	7.54%
S2A4	Building Plan Fees greater than 300 m ² (R/m ²)	44.35	51.00	41.84	48.11	6.00%
S2A5	Building Plan fees - Building Sub Economic < 70 m ²	402.61	463.00	379.37	436.27	6.13%
S2A6	Building Plan Fees - Government Subsidized Housing Schemes (verandas < 15 m ²)	46.96	54.00	43.86	50.44	7.07%
S2B	Alterations and Additions smaller than 30 m ² (S2A1 X 30) Building Plan Fees 0 - 30 m ² (S2A1 X 30)	860.87	990.00	809.10	930.47	6.40%
S2C	Building Plan fees related to farm buildings (farm sheds, stables, etc) R/m ²	19.13	22.00	17.67	20.32	8.26%
S2D1	Building Plan fees related to Industrial buildings R/m ²	19.13	22.00	17.67	20.32	8.26%
S2D2	Building Plan Fees Related to Government Buildings (School etc) (R/m ²)	19.13	22.00	17.67	20.32	8.26%
S2F1	Plan Scrutiny Fees - < 200 m ²	491.30	565.00	463.05	532.51	6.10%
S2F2	> 200 m ² (R/m ²)	4.35	5.00	3.72	4.28	16.92%
S2G	Demolition application	491.30	565.00	463.05	532.51	6.10%
S2H	Inspection & Re-inspection fees and Inspections on complaints, rates clearance etc.	293.04	337.00	276.16	317.59	6.11%
S2J1	Building Deposit - < 50m ² or less or less than R150,000.00	870.00	no vat	821.50	no vat	5.90%
S2J2	Building Deposit - Recoverable 50m ² to 200m ² or more than R150,000.00	2 315.00	no vat	2 183.60	no vat	6.02%
S2J3	Building Deposit - Recoverable more than 200m ²	6 349.00	no vat	5 989.00	no vat	6.01%
S2J4	Building Deposit - Sub economic Areas only (Not applicable to Additions)	no charge	no vat	no charge	no vat	
S2K	Administration / Viewing Fee	57.39	66.00	53.93	62.02	6.41%
S2L	Minor Building Works	230.44	265.00	216.65	249.15	6.36%
S2L1	Heritage Investigation Minor Alterations (no additions)	460.00	529.00	433.30	498.29	6.16%
S2L2	Heritage Investigation add and alt smaller than 30m ² (2 X S2L1)	919.13	1 057.00	866.60	996.59	6.06%
S2L3	Heritage Investigation add and alt greater than 30m ² (2 X S2L2)	1 837.39	2 113.00	1 733.20	1 993.18	6.01%
S3	BUILDING CONTROL: PLAN PRINTING FEES					
S3A1	Per sheet - Size A0 (Private copy)	63.48	73.00	59.51	68.43	6.67%
S3A2	Size A1 (Private copy)	49.57	57.00	46.49	53.47	6.61%
S3A3	Size A2 (Private copy)	36.52	42.00	34.41	39.57	6.14%
S3A4	Per sheet - Size A0 (Official copy)	49.57	57.00	46.49	53.47	6.61%
S3A5	- Size A1 (Official copy)	36.52	42.00	34.41	39.57	6.14%
S3A6	- Size A2 (Official copy)	26.09	30.00	24.18	27.81	7.91%
S3B1	Per sheet - Size A0 (Private copy) Colour	329.57	379.00	310.56	357.14	6.12%
S3B2	Size A1 (Private copy) Colour	251.30	289.00	237.10	272.67	5.99%
S3B3	Size A2 (Private copy) Colour	167.83	193.00	158.07	181.78	6.18%
S3B4	Per sheet - Size A0 (Official copy) Colour	167.83	193.00	158.07	181.78	6.18%
S3B5	- Size A1 (Official copy) Colour	125.22	144.00	118.08	135.80	6.04%
S3B6	- Size A2 (Official copy) Colour	84.35	97.00	79.03	90.89	6.73%
S5	BUSINESS LICENSE					

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Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S5B1	Business Licence - Formal	729.57	839.00	688.07	791.28	1.06 6.03%
S5B2	Business Licence - Informal	261.74	301.00	246.41	283.37	6.22%
S5B3	Re-inspection Fee	143.48	165.00	134.82	155.04	6.42%
S5B4	Duplicate Licence Fee	143.48	165.00	134.82	155.04	6.42%
S15	CEMETERY					
	Residents (RES):					
S15A	Plot Cost (Fixed)					
Note	Grave Depths - Infill grave (between two existing graves) must have a soil coverage of not less than 1 meter; - Other single graves (not infill) must have a soil coverage of not less than 1.5 meters; - Double graves (in depth) must have a soil coverage of not less than 1.5 meters with a 300mm soil between the coffins; - Child grave must have a soil coverage of not less than 1 meter.					
S15A1	All cemeteries - single grave	566.09	651.00	533.72	613.78	6.06%
S15A2	All cemeteries - Double graves - depth for two coffins	877.39	1 009.00	827.54	951.67	6.02%
S15A3	Double grave next to each other	1 130.44	1 300.00	1 066.51	1 226.48	5.99%
S15A4	Children under 12years	424.35	488.00	399.82	459.79	6.13%
S15A5	Garden of Remembrance Fees	206.96	238.00	195.26	224.55	5.99%
S15B	Indication of grave					
S15B1	New graves (include inspection before and after funeral)	560.87	645.00	529.07	608.43	6.01%
S15B2	Existing graves	180.00	207.00	169.23	194.61	6.36%
	Non Residents:					
S15C	Plot Cost					
S15C1	All Tariffs	Res Tariff X-5	applicable vat	Res Tariff X-5	applicable vat	
S15D	Indication of grave					
S15D1	All Tariffs	Res Tariff X-5	applicable vat	Res Tariff X-5	applicable vat	
S18	COMMERCIAL FILMING/PHOTOGRAPHING					
S18A	Large per day or part thereof ≥ 50 people	13 404.35	15 415.00	12 645.61	14 542.46	6.00%
S18B	Small per day or part thereof more than 10 but < 50 people	4 701.74	5 407.00	4 435.26	5 100.55	6.01%
S18C	Small per day or part thereof ≤ 10 people	1 348.70	1 551.00	1 272.00	1 462.80	6.03%
S18F	Addition to Shoot					
S18F1	Animals (per animal per day or part of a day)	167.83	193.00	158.07	181.78	6.18%
S18F2	Area required for production and catering (per m ² per day or part of a day)	38.26	44.00	35.33	40.63	8.29%
S18F3	Cancellation Fee (per application at full permit fee)	15% of Fee	applicable vat	15% of Fee	applicable vat	
S18F4	Environmental Control Officer: Fees per hour or part thereof	393.04	452.00	370.07	425.58	6.21%
S18F5	Vehicles off Public Roads per Parking Bay (per vehicle per day/part of a day)	141.74	163.00	132.97	152.91	6.60%
S20	CREDIT CONTROL AND DEBT COLLECTION					
S20A1	Admin fee on arrear accounts Notices	315.65	363.00	315.79	363.16	-0.04%
S20A2	Admin fee on 24 hour Notices - Bulk users	315.65	363.00	315.79	363.16	-0.04%
S20B	Admin fee on arrear accounts Disconnection and Reconnection Fee	530.44	610.00	530.71	610.31	-0.05%
S20C	SMS admin fee on arrear accounts Notices	21.74	25.00	21.93	25.22	-0.87%
S22	DOG TAX					
S22A	Licence per dog	71.30	82.00	70.67	81.27	0.89%
S22B	Social pensioner and registered indigent clients on application	no charge	no vat	no charge	no vat	
S23	FIRE SERVICES & DISASTER MANAGEMENT					

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		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S23A	Plot Clearing	Actual Cost + R1 022.82 admin. Fee	applicable vat	Actual Cost + R964.92 admin. Fee	applicable vat	1.06 6.00%
S23B	Re-inspection Fee under By-law	152.17	175.00	143.20	164.67	6.27%
S23C	Extinguishing of Fires					
S23C1	Extinguishing of structural fires per hour or part thereof per incident	R1 723.84 PLUS add cost incurred	applicable vat	R1 626.26 PLUS add cost incurred	applicable vat	6.00%
S23C2	Extinguishing of structural fires - indigent households	no charge	no vat	no charge	no vat	
S23C3	Control and Extinguishing of Veld fires payable by registered owner if fire had its sole origin on said owner's property: per hour or part thereof	R511.41 PLUS add cost incurred	applicable vat	R511.41 PLUS add cost incurred	applicable vat	6.00%
S23C4	Extinguishing of vehicle/equipment fires per hour or part thereof	R438.60 PLUS add cost incurred	applicable vat	R438.60 PLUS add cost incurred	applicable vat	6.00%
S23C5	Assistance at motor vehicle accidents and rescues	no charge	no vat	no charge	no vat	
S23D	Standby at fire scene					
S23D1	Per hour or part thereof for vehicle and fire fighters	574.78	661.00	542.09	623.40	6.03%
S23E	Fire Prevention Inspections					
S23E1	Tank installation - per tank	325.22	374.00	306.84	352.87	5.99%
S23E2	LP Gas - per installation 48Kg and more incl bulk tanks	325.22	374.00	306.84	352.87	5.99%
S23F	Fire Safety					
S23F1	1st and 2nd compliance inspection per 20 minutes	132.17	152.00	no charge	no vat	
S23F2	3rd 2nd and continuing compliance inspection per 20 minutes	132.17	152.00	306.84	349.80	-56.55%
S23F3	Rates Clearance Inspection	175.65	202.00	new	new	
S23F4	Buidling Plan Scrutiny	175.65	202.00	new	new	
S23F5	Fire Compliance Certificate	439.13	505.00	new	new	
S23G	Events					
S23G1	Inspection of location and issuing of Population Certificate	217.39	250.00	204.56	235.24	6.27%
S23G2	Standby at event per event per day or part thereof for vehicle and fire fighters	1 084.35	1 247.00	1 022.80	1 176.23	6.02%
S23H	Burn Permits					
S23H1	Burn Permit Inspection	271.30	312.00	255.70	294.06	6.10%
S23J	Special Services					
S23J1	Ad hoc services	591.30	680.00	557.90	641.58	5.99%
S23J2	Water Supply per hour, excluding water tariff as set out in structure	591.30	680.00	557.90	641.58	5.99%
S25	LAW ENFORCEMENT					
S25C	Impoundment of Hawkers Goods					
S25C1	Per Impoundment	647.83	745.00	610.90	702.53	6.05%
S25C2	Removal of illegal structure per structure	2 653.91	3 052.00	2 503.08	2 878.55	6.03%
S25C3	Storage Fee per day	173.04	199.00	162.72	187.13	6.34%
S25D	Pound fee: Dogs and Cats					
S25D1	Impoundment of Dogs and Cats per animal	70.44	81.00	66.02	75.92	6.69%
S25D2	Pound fee: from day 2 per day per animal	45.22	52.00	42.77	49.19	5.73%
S25E	Pound fee: Other Animals					
S25E1	Impoundment fee per week per animal	695.65	800.00	656.46	754.93	5.97%
S25F	Pound fee: Horses					
S25F1	Impoundment of Horses per animal	701.74	807.00	new	new	
S25F2	Pound fee: per day per animal	175.65	202.00	new	new	
S25G	Pound fee: Sheeps and Goats					

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		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S25G1	Impoundment of Sheeps and Goats per animal	175.65	202.00	new	new	
S25G2	Pound fee: per day per animal	87.83	101.00	new	new	
S25H	Pound fee: Cattle					
S25H1	Impoundment of Cattle per animal	701.74	807.00	new	new	
S25H2	Pound fee: per day per animal	132.17	152.00	new	new	
S25I	Pound fee: Pigs					
S25I1	Impoundment of Sheeps and Goats per animal	351.30	404.00	new	new	
S25I2	Pound fee: per day per animal	132.17	152.00	new	new	
S25J	Pound fee: Poultry					
S25J1	Impoundment of Poultry per animal	87.83	101.00	new	new	
S25J2	Pound fee: per day per animal	18.26	21.00	new	new	
S25P	Bylaw on Outdoor Advertising					
S25P1	Impoundment of illegal Advertising/Agent boards (per board) - small <2400cm ²	70.44	81.00	66.02	75.92	6.69%
S25P2	Impoundment of illegal Advertising/Agent boards (per board) - large >2400cm ²	696.52	801.00	656.46	754.93	6.10%
S28	LIBRARY					
S28A1	Copies: A3 / Page	4.35	5.00	3.95	4.54	10.13%
S28A3	Copies: A3 page Colour	7.83	9.00	7.46	8.58	4.96%
S28A5	Copies: A4/Page	0.87	1.00	0.88	1.00	0.00%
S28A7	Copies: A4 page Colour	5.22	6.00	4.83	5.55	8.19%
S28B1	Deposit to person/s non-residents Fiction & Non-Fiction	394.00	no vat	371.00	no vat	6.20%
S28C1	Fax per page - excluding 0865/6 numbers	4.78	5.50	4.39	5.05	8.88%
S28C2	Fax per page - 0865/6 numbers	7.83	9.00	7.46	8.58	4.96%
S28D1	Lost Cards: Laminated (R/card) first time	24.78	28.50	23.25	26.73	6.60%
S28D1a	Lost Cards: Laminated (R/card)(subsequent lost card)	49.57	57.00	46.49	53.46	6.61%
S28D2	Laminated Cost A3	6.09	7.00	5.26	6.05	15.78%
S28D3	Laminated Cost A4	3.48	4.00	2.63	3.02	32.32%
S28E1	Penalty per book per week	2.50	no vat	2.50	no vat	0.00%
S28E2	Penalty per record/CD per week	2.50	no vat	4.50	no vat	-44.44%
S28E3	Penalty per video/DVD per day	4.50	no vat	2.50	no vat	80.00%
S28F1	Scanning of Document - Black & White	20.00	23.00	18.59	21.38	7.57%
S28F2	Scanning of Document - Colour	21.74	25.00	20.61	23.70	5.48%
S28G1	Special Requests - Hold per Book	5.22	6.00	4.83	5.55	8.19%
S28G2	Special Requests - ILL per Book	10.44	12.00	9.65	11.10	8.13%
S28H1	Subscriptions/ reader - Adults (Non residents)	147.83	170.00	139.47	160.40	5.99%
S28H2	Subscriptions/ reader - Children (Non residents)	93.92	108.00	88.60	101.89	6.00%
S28H3	Subscriptions/ reader - Family max 5 (Non residents)	365.22	420.00	344.30	395.95	6.08%
S28K	Visitor's fee - Handling charge / item	12.61	14.50	11.84	13.62	6.50%
S28L1	Hire of Library Hall per Hour - Fundraising event	143.48	165.00	135.09	155.35	6.21%
S28L2	Hire of Library Hall per Hour - NON- Fundraising event	27.83	32.00	26.32	30.27	5.74%
S28M1	Minor Damage to book (per book)	27.83	32.00	26.32	30.27	5.74%
S28M2	Damage or lost library material	As per System Price Rounded	applicable vat	As per System Price Rounded	applicable vat	
S30	STONY POINT					
S30A1	Visitors fee Stony Point Nature Reserve per day (persons 12 years and older)	19.13	22.00	17.54	20.17	9.06%
S30A2	Visitors fee Stony Point Nature Reserve per day (children under 12 years)	9.57	11.00	8.77	10.09	9.06%

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Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S32	PARKING FEE					
	Metered parking (excluding public holidays)					
S32P	Parking Monthly Permit per vehicle	263.48	303.00	263.16	302.63	0.12%
S32Q	Per Quarter Hour or part of it - Monday to Friday 08:30 - 16:00	0.87	1.00	0.88	1.00	0.00%
S32R	Per Half Hour or part of it - Monday to Friday 08:30 - 16:00	1.74	2.00	1.75	2.00	0.00%
S32S	Per Hour Normal (Monday to Friday : 08:30 - 16:00)	3.48	4.00	3.51	4.00	0.00%
S32T	Per Hour Saturday (08:30 - 13:00)	3.48	4.00	3.51	4.00	0.00%
S33	OPERATIONAL COST					
S33A	Application fee for Installation of Street Signage (brown direction boards)	cost + 15%	applicable vat	cost + 15%	applicable vat	
S34	PROPERTY ADMINISTRATION					
S34A	Application					
S34A	Application for Encroachment (Administration of Immoveable Property Policy (Par. 64.2; 64.3; 64.4)	2 528.10	2 907.32	2 385.00	2 742.75	6.00%
S34A1	Application for Lease or purchase of/ or encroachment on Municipal Property (excluding Sport Facilities/Stalls and organs of state)	2 528.70	2 908.00	2 385.00	2 742.75	6.02%
S34A2	Application for Lease or purchase of Municipal Property - registered Social Care Institutions / Organisations / NPO's / PBO's/Community organisations	542.61	624.00	542.08	623.40	0.10%
S34A3	Temporary lease of Municipal Property for the storage of building materials next to building sites	542.61	624.00	new	new	
S34C	Encroachment Fee:					
S34C1	Veranda, Balcony, Sign, Signboards or similar structure (per annum) (Par. 64.2)	436.52	502.00	411.92	473.70	5.97%
S34C2	Encroachments onto Commonage, Public Open Spaces, or Conservation areas (per annum) (Par. 64.3)	436.52	502.00	411.92	473.70	5.97%
S34C3	Enclosure or exclusive use or portions of the Commonage, Public Open Spaces, Road Reserves or Public Thoroughfares for gardening purposes (per m ² per month) (Par 64.4)	12.61	14.50	11.81	13.58	6.79%
S34G	Leases					
S34G1	Temporary use (<12months) of Municipal land for general purposes (per m ² per month) (Par 64.5)	4.96	5.70	4.65	5.35	6.59%
S34G2	Use of Municipal land for outdoor seating adjoining a Restaurant (per m ² per month) (Par 64.5)	27.83	32.00	26.32	30.27	5.74%
S34G3	Lease of Municipal land to registered Social Care Institutions / Organisations / NPO's/ PBO's/ Sport facilities/Community organisations R/month	140.00	161.00	131.58	151.32	6.40%
S34H	Radio Mast					
S34H1	Equipment on Mast - per month per mast	1 922.61	2 211.00	1 813.16	2 085.14	6.04%
S34H2	Space in building per m ² - per month	506.09	582.00	477.00	548.55	6.10%
S34H3	Space outside the building per m ² - per month	253.91	292.00	238.97	274.81	6.25%
S34H4	Land for installation of a new mast per m ² - per month	64.35	74.00	60.44	69.51	6.47%
S34J	Memorial Benches					
S34J1	Memorial Benches (Installation and application)	3 160.87	3 635.00	2 981.95	3 429.24	6.00%
S34J2	Memorial Benches (per Annum)	253.91	292.00	238.97	274.81	6.25%
S36	PROPERTY INFORMATION					
S36A1	Clearance Certificate (R/certificate) - ELECTRONIC (no rounding)	96.52	111.00	91.12	104.79	5.92%
S36A2	Clearance Certificate (R/certificate) - MANUAL (no rounding)	293.04	337.00	276.16	317.59	6.11%
S36B1	Deeds office registrations with sales information (R/100 erven or part)	126.96	146.00	119.02	136.87	6.67%
S36B2	Deeds office registrations with sales information (R/erf)	33.04	38.00	30.69	35.29	7.67%
S36C	Extract from the Valuation Roll (R/page)	10.87	12.50	10.23	11.76	6.27%
S36F	Revaluation fee	1 807.83	2 079.00	1 705.30	1 961.09	6.01%
S36G1	Valuation Certificate (R/certificate) - ELECTRONIC (no rounding)	45.65	52.50	42.77	49.19	6.73%

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		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S36G2	Valuation Certificate (R/certificate) - MANUAL (no rounding)	152.17	175.00	143.20	164.67	1.06 6.27%
S36H	Access of valuation roll Information on CD	345.22	397.00	325.44	374.26	6.08%
S40	RENTAL: COMMUNITY HALLS					
S40.1	All events hosted where the municipal council or administration is the official host	free of charge	no vat	free of charge	no vat	
S40.3	Elections by the Electoral Commission	as per IEC policy	applicable vat	as per IEC policy	applicable vat	
S40.4	Events of Government Departments directly in interest of community	free of charge	no vat	free of charge	no vat	
S40A	Auditorium & Banqueting Hall					
S40A1	Deposit for all functions (refundable) - excluding meetings	1 800.00	no vat	1 802.00	no vat	-0.11%
S40A2	Hire of Auditorium and Banqueting Hall per Hour or part of a hour	604.35	695.00	570.18	655.70	5.99%
S40A3	Hire of Auditorium per Hour or part of a hour	353.48	406.50	333.33	383.33	6.05%
S40A4	Hire of Banqueting Hall per Hour or part of a hour	353.48	406.50	333.33	383.33	6.05%
Note	<i>Hiring of Kitchen (Banqueting Hall & Auditorium) used for the serving of food only is included in the hiring fee mentioned above as this facility forms an integral part of the building and cannot be separated there from.</i>					
S40A5	Non-fundraising events for Schools, other training institutions and sport & recreation per day	460.00	529.00	433.30	498.29	6.16%
S40A6	Piano per event	Actual Tuning Cost + R340.31 admin. Fee	applicable vat	Actual Tuning Cost + R340.31 admin. Fee	applicable vat	6.00%
S40A7	Sound and/or Ligthing Equipment per event (each item) per hour	96.52	111.00	91.12	104.79	5.92%
S40A8	Use of Kitchen per day	632.17	727.00	596.02	685.42	6.07%
S40A9	Hire of Glasses or Cups, Sauers and teaspoons per event	186.09	214.00	175.44	201.76	6.07%
S40A10	Local NGO's and CBO's per hour per venue - all events	197.39	227.00	185.97	213.86	6.14%
S40A12	Preparation for event - per hour (not to exceed actual event time)	126.09	145.00	119.02	136.87	5.94%
S40A13	Meetings: Government departments (private meetings), NGO's and CBO's from outside the municipal area, per hour (Banquet hall)	279.13	321.00	263.14	302.61	6.08%
S40A14	Meetings: Local CBO's & NGO's per hour (Banquet hall only)	26.96	31.00	25.10	28.87	7.41%
S40A15	Weddings, Birthdays and Special Occasions per day (including the Kitchen)	1 754.78	2 018.00	3 508.77	4 035.09	-49.99%
S40A16	Festivals/Exhibitions/Events per day (max 14 days). Both venues, excluding extras - more than 14 days refer to general tariffs	604.35	695.00	570.18	655.70	5.99%
S40C	Barracks Rental Units - Kleinmond					
S40C1	Hire per room per month	42.61	49.00	39.98	45.58	7.50%
S40E	Baardskeerdersbos / Betty's Bay / Blompark / Buffelsjags /Eluxolweni /Hawston Abalone Hall /Kleinmond Youth Centre / Kleinmond Club House / Masakane / Moffat Hall / Mooiuitsig / Overhills / Pringle Bay / Proteadorp / Stanford / Stanford Committee Room / Zwielhle					
S40E4	Fundraising: (Karaoke) Per daytime or evening	278.93	320.77	263.14	302.61	6.00%
S40E5	Funeral Tea (three hours)	114.78	132.00	107.86	124.03	6.42%
S40E7	Non-fundraising events for Schools, other training institutions and sport & recreation	230.44	265.00	216.65	249.15	6.36%
S40E8	Meetings: Local CBO's and NGO's per hour	26.96	31.00	25.10	28.87	7.41%
S40E9	Non-fundraising (parties) Per daytime or evening	140.00	161.00	132.03	151.84	6.03%
S40E10	Use of Kitchen - Fundraising events per event	253.91	292.00	238.97	274.81	6.25%
S40E11	Use of Kitchen - Non Fundraising	253.91	292.00	238.97	274.81	6.25%
Note	Daytime = 07:00 - 17:00 // Evening = 18:00 - 24:00 (Charge seperately)					
S40J	Kleinmond Hall, & Hawston Thusong Centre					
S40J1	Deposit: (refundable) Funeral Teas, Church Services, Government Imbizos & Government Meetings.	524.00	no vat	493.96	no vat	6.08%
S40J2	Deposit (refundable): Hawston Thusong Centre	1 304.00	no vat	1 229.60	no vat	6.05%
S40J3	Fundraising: Karaoke, Disco, competitions, etc. per daytime or evening	632.17	727.00	596.02	685.42	6.07%

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		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S40J4	Church Services per day	87.83	101.00	new	new	1.06
S40J5	Funeral Tea (three hours)	114.78	132.00	107.86	124.03	6.42%
S40J6	Government Imbizos (per day)	1 947.83	2 240.00	1 837.33	2 112.93	6.01%
S40J7	Non-fundraising events for Schools, other training institutions and sport & recreation	230.44	265.00	216.65	249.15	6.36%
S40J8	Meetings: Government Departments (private meetings) & CBO's outside Municipal area per hour	279.13	321.00	263.14	302.61	6.08%
S40J9	Meetings: Local CBO's, NGO's per hour (only large groups > 30) - (No Deposits)	26.96	31.00	25.10	28.87	7.41%
S40J10	Preparation for event - per hour	66.09	76.00	new	new	
S40J11	Non-fundraising: Parties, weddings, indoor sports, etc. per hour	126.09	145.00	119.02	136.87	5.94%
S40J12	Tariff for events continuing after midnight (24h00) per hour	193.04	222.00	new	new	
S40J13	Sound OR Ligthning Equipment per event (each item) per hour	97.39	112.00	91.12	104.79	6.88%
S40J14	Use of kitchen (per event per day)	304.35	350.00	286.39	329.34	6.27%
S40J15	Use of kitchen for water jugs and glasses or tea cups & sauces (per event per day)	44.35	51.00	new	new	
S43	RENTAL: HAWKERS' STALLS, OPEN SPACES & BEACHES					
S43A	CBD					
S43A1	All open stalls per day (demarcated area)(excluding Western Cape December Holiday plus Easter Weekend)	26.96	31.00	25.10	28.87	7.41%
S43A2	Open Stalls per day (Western Cape December Holiday plus Easter Weekend)	39.13	45.00	36.26	41.70	7.91%
S43B	Outside the CBD					
S43B1	Open Stalls Rental - Western Cape December Holiday plus Easter Weekend / pm	86.96	100.00	81.82	94.09	6.28%
S43B2	Open Stalls Rental - excluding Western Cape December Holiday plus Easter Weekend / pm	37.39	43.00	35.33	40.63	5.83%
S43D	Public Open Space					
S43D1	Car Park - Private Car Sales per day (demarcated areas)	34.78	40.00	32.54	37.42	6.88%
S43D2	Funfair, Circus etc per day	822.61	946.00	775.47	891.80	6.08%
S43D3	Welfare, churches, non-profit organizations	no charge	no vat	no charge	no vat	
S43D4	Sport Events per day	3 729.57	4 289.00	3 518.46	4 046.23	6.00%
S43F	Beaches					
S43F1	Beach Rentals - per day (Private functions)	1 201.74	1 382.00	1 133.46	1 303.48	6.02%
S46	RENTAL: OFFICE					
S46A	Rental per m ² / pm	114.78	132.00	107.86	124.03	6.42%
S46A1	Rental per m ² / pm (except the Hermanus area)	57.39	66.00	53.93	62.02	6.41%
S46A2	NGO's/NPO's per m ² / pm	34.78	40.00	32.54	37.42	6.88%
S46B	Local Council Functions	no charge	no vat	no charge	no vat	
S48	RENTAL: SPORT FACILITIES					
S48A	Spaces for Sport - Gansbaai					
S48A1	Club House - per hour (private events)	159.13	183.00	149.70	172.16	6.30%
S48A2	Club House - Sport events hosted by Overstrand Sport and Recreation structures	no charge	no vat	no charge	no vat	
S48A3	Club House - Sport Event - per hour	80.00	92.00	75.31	86.61	6.22%
S48A4	Sport grounds -Per event hosted by non Overstrand Sport and Recreation structures	1 563.48	1 798.00	1 474.70	1 695.91	6.02%
S48A6	Sport grounds - Functions/Events (excluding departmental events)	862.61	992.00	813.59	935.63	6.02%
S48A7	Gym fees per month	80.87	93.00	76.25	87.68	6.06%
S48B	Overhills					
S48B1	Sport grounds - Per event hosted by non Overstrand Sport and Recreation structures	1 563.48	1 798.00	1 474.70	1 695.91	6.02%
S48B2	Sport grounds - Functions/Events (excluding departmental events)	862.61	992.00	813.59	935.63	6.02%
S49	RENTAL: UNDEVELOPED SERVICED ERVEN					
S49A	Wetcore Stands (Social Housing) - rent per month	32.17	37.00	29.75	34.22	8.12%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S50	SCHUSS HOUSES KLEINMOND (Meerenvlei)					1.06
S50A	Rent per month	936.52	1 077.00	883.33	1 015.83	6.02%
S55	SUNDRY					
S55A	Access to Information as per Act (2 of 2000) - Tariffs	As Stipulated in the Act	applicable vat	As Stipulated in the Act	applicable vat	
S55B1	Administration Cost - RD ACB	actual cost + R45.34	applicable vat	63.23	72.71	-28.29%
S55B2	Administration Cost - RD cheques, Post Dated Cheques	actual cost + R45.34	applicable vat	actual cost + R42.77	applicable vat	6.00%
S55B3	Administration Cost - Trace of Direct Deposit	actual cost + 92.11	applicable vat	86.47	99.45	6.52%
S55C	Copies of Council Agendas and Minutes per annum	1 306.09	1 502.00	1 232.02	1 416.82	6.01%
S55D1	Copies: A3 page	4.35	5.00	3.95	4.54	10.13%
S55D2	Copies: A3 page Colour	7.83	9.00	7.46	8.58	4.96%
S55D3	Copies: A4 page	1.83	2.10	1.75	2.01	4.57%
S55D4	Copies: A4 page Colour	5.22	6.00	4.83	5.55	8.19%
S55E	Foreign Bank Cost	actual cost	applicable vat	actual cost	applicable vat	
S55F1	Fax per page - excluding 0865/6 numbers	4.78	5.50	4.39	5.05	8.88%
S55F2	Fax per page - 0865/6 numbers	7.83	9.00	7.46	8.58	4.96%
S55G1	Interest on accounts in arrear	prime + 4%	no vat	prime + 4%	no vat	
S55G2	Placard / Poster Deposit for Elections	4 326.00	no vat	4 081.00	no vat	6.00%
S55G4	Placard / Poster Deposit for Political Parties	4 326.00	no vat	4 081.00	no vat	6.00%
S55H	Placard / Poster each	15.65	18.00	14.32	16.47	9.28%
S55I	Duplicate Account	7.83	9.00	7.16	8.23	9.43%
S55I1	Duplicate PayDay pay slip	8.26	9.50	7.70	8.86	7.27%
S55J	Section 62 of local Government: Systems Act: appeal deposit (refundable if appeal is upheld)	3 046.00	no vat	2 873.00	no vat	6.02%
S55K1A	Tender objection deposit (refundable if appeal is upheld)	3 046.00	no vat	2 873.00	no vat	6.02%
S55k1B	Tender objection deposit (partially upheld - refundable)	1 517.00	no vat	1 431.00	no vat	6.01%
S55K2	Tender documentation Administration Fee: (less than 20 pages)	30.87	35.50	28.82	33.14	7.11%
S55K3	Tender documentation Administration Fee: (more than 21 pages less than 50 pages)	162.61	187.00	155.28	178.57	4.72%
S55K4	Tender documentation Administration Fee: (more than 50 pages)	658.26	757.00	621.12	714.29	5.98%
S55L	Advertising Signs Auctioneers per 14days	468.70	539.00	441.67	507.92	6.12%
S55K1	Laminated Cost A3	6.09	7.00	5.26	6.05	15.78%
S55K2	Laminated Cost A4	3.48	4.00	2.63	3.02	32.32%
S60	SWIMMING POOL					
S60A	Daily Tariffs (01 December - 31 March & Easter Weekend & Events approved by the Administration)					
S60A1	Persons older than 16 years of age - per person per DAY or part of a day	4.35	5.00	4.39	5.05	-0.91%
S60A2	Children (< 16years) per child per day or part of a day	No Charge	no vat	No Charge	no vat	
S60A4	Galas	96.52	111.00	91.12	104.79	5.93%
S60A5	Training sessions (Schools & Clubs) per season	152.17	175.00	143.20	164.67	6.27%
S65	TOP MANAGEMENT CONSULTATIONS					
S65A1	Consultation Fee (Top Management) per hour	930.44	1 070.00	877.19	1 008.77	6.07%
S72	TOWN PLANNING: APPLICATION FEES					
S72A	Amendment, deletion or additional conditions in respect of an existing approval of application and-conditions and plans of submission	2 148.70	2 471.00	2 027.02	2 331.07	6.00%
S72B	Application for deviation of SDF/Sectoral Plans amendment of SDF	2 528.70	2 908.00	2 385.00	2 742.75	6.02%
S72F	Removal of Title Deed Restrictions					
S72F1	Erven smaller than 150m ²	235.22	270.50	new	new	
S72F2	Erven between 150 m² 300 m² and smaller and 400 m ²	470.17	540.70	443.53	510.05	6.01%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S72F3	Erven larger than 400 m ² 300 m ²	3 580.00	4 117.00	3 377.12	3 883.69	1.06 6.01%
S72G	Consolidations					
S72G1	Erven smaller than 150m ²	220.87	254.00	new	new	
S72G2	Erven between 150 m ² 300 m ² and smaller and 400 m ²	443.48	510.00	418.42	481.19	5.99%
S72G3	Erven larger than 400 m ² 300 m ²	2 528.70	2 908.00	2 385.00	2 742.75	6.02%
S72H	Subdivision (cumulative)					
S72H1	up to 5 erven	4 930.44	5 670.00	4 650.98	5 348.63	6.01%
S72H2	6 to 10 erven	5 815.65	6 688.00	5 485.97	6 308.86	6.01%
S72H3	More than 10	5 815.65	6 688.00	7 751.95	8 914.74	-24.98%
S72H3A	Additional per erf after 10	87.83	101.00	new	new	
S72I	Application for Consent Use/Special Use/Occasional Use/Additional Consent					
S72I1	Erven 150m ² and smaller	200.00	230.00	new	new	
S72I2	Application for Consent Uses/Special Consent (Erven 300m ² and smaller) Erven between 150m ² and 400m ²	532.17	612.00	502.10	577.42	5.99%
S72I3	Application for Consent Uses/Special Use/Occasional Use/Additional Consent Erven larger than 400m ²	2 528.70	2 908.00	2 385.00	2 742.75	6.02%
S72J	Application for Rezoning					
S72J1	Erven 150 m ² 300 m ² and smaller	532.17	612.00	502.10	577.42	5.99%
S72J2	Erven between 150 m ² 301m ² and 5000 m ² 400 m ²	4 172.17	4 798.00	3 935.95	4 526.34	6.00%
S72J3	Erven larger than 5000 m ² Erven between 400 and 5000m ²	5 815.65	6 688.00	5 485.97	6 308.86	6.01%
S72J4	Erven larger than 5000m ²	5 815.65	6 688.00	new	new	
S72J4A	Erven larger than 5000m ² additional per land use (Excluding Public Open Spaces and Public Roads)	877.39	1 009.00	new	new	
S72K	Departure Departure to Section 16(2)(b) and (c) of OM Land Use Planning Bylaw					
S72K1A	Erven 150m and smaller	200.00	230.00	new	new	
S72K1B	Application for Departure (Erven 300m ² and smaller) Erven between 150m ² and 400m ²	442.61	509.00	394.25	453.38	12.27%
S72K1C	Application for Departure Erven larger than 400m ²	2 528.70	2 908.00	2 385.00	2 742.75	6.02%
S72K2	Application for Departure (Building Lines) Temporary departure to Section 16(2) (c) of OM Land Use Planning Bylaw					
S72K2B	Erven 300 m ² and smaller Application for Departure (erven between 151m ² and 400m ²)	483.33	555.83	455.61	523.96	6.08%
S72L	Appeal deposit in terms of Section 78(2) of the Bylaw on Municipal Land Use Planning (refundable if appeal is upheld)					
S72L1	Erven smaller than 150m ²	300.00	no vat	new	new	
S72L2	Erven 300 m ² and smaller Erven between 150m ² and 400 m ²	562.00	no vat	530.00	no vat	6.04%
S72L3	Erven larger than 400m ²	3 034.00	no vat	new	new	
S72M	Amendment of site development plan, Constitution/Architectural Guidelines, Phasing, amendment or cancellation of a plan of subdivision or a part thereof	1 839.13	2 115.00	1 734.12	1 994.24	6.06%
S72N	Determination of Zoning					
S72N1	Erven 150m ² 300m ² and smaller	532.17	612.00	502.10	577.42	5.99%
S72N2	Erven 150m ² and 400m ² 301m ² – 5000m ²	4 172.17	4 798.00	3 935.95	4 526.34	6.00%
S72N3	Erven larger than 400m ² 5000m ²	5 815.65	6 688.00	5 485.97	6 308.86	6.01%
S72N4	Disestablishment of HOA	2 528.70	2 908.00	2 385.00	2 742.75	6.02%
S72P	Relaxation of Title Deed					
S72P1	Erven 400m ² 300m ² and smaller	442.61	509.00	417.49	480.12	6.02%
S72P2	Erven larger than 400m ² 300m ²	2 516.52	2 894.00	2 373.84	2 729.91	6.01%
S72Q	Permission in terms of Zoning Scheme					

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
S72Q1	Erven 150m ² and smaller	200.00	230.00	new	new	1.06
S72Q2	Erven 300m ² and smaller-between 150m ² and 400m ²	442.61	509.00	416.56	479.04	6.25%
S72Q3	Erven larger than 400m ²	2 528.70	2 908.00	new	new	
S72Q4	Closure of Public Place/Part thereof	5 815.65	6 688.00	5 485.97	6 308.86	6.01%
S72R	Extention of Time	671.30	772.00	633.21	728.19	6.02%
S72S	Exemption in terms of Section 26	100.00	115.00	new	new	
S75	TOWN PLANNING: LAND USE PLANNING FEE					
S75A1	Advertising Costs Government Gazette	3 539.13	4 070.00	3 339.00	3 839.85	5.99%
S75A2	Advertising Costs Local newspapers	3 539.13	4 070.00	3 339.00	3 839.85	5.99%
S75A3	Advertising Costs Local Newspaper (Removal of Restriction only)	7 078.26	8 140.00	11 157.90	12 831.58	-36.56%
S75A4	Advertising Costs - Placing of Final Notice in the Government Gazette	1 000.00	1 150.00	2 168.35	2 493.60	-53.88%
S75B	Regulations of Zoning schemes	418.26	481.00	394.25	453.38	6.09%
S75C	Spatial Development Framework	986.96	1 135.00	930.75	1 070.37	6.04%
S75D	Zoning Certificate	253.91	292.00	238.97	274.81	6.25%
S75E	Registered Letters - more than 10 letters, applicant to pay applicable tariffs according to the South African Post Office Rates	applicable rate	applicable vat	applicable rate	applicable vat	
S75F	CD - Planning Documents	418.26	481.00	394.25	453.38	6.09%
S75G	Search Fee	253.91	292.00	new	new	
S75H	Section 30(2) Certification / Clearance	1 500.00	1 725.00	new	new	
S75I	Determination of a Contravention Penalty	20% of built cost of as determined by a Quantity Surveyor	applicable vat	new	new	
S80	TRAFFIC					
S80J	Business & Other Events					
S80J1	Per officer per hour or part thereof - Mon - Sat	442.61	509.00	417.49	480.12	6.02%
S80J2	Per officer per hour or part thereof - Sundays and public Holidays	506.09	582.00	477.00	548.55	6.10%
S80J4	Administrative fee for provision of officers - per application	126.09	145.00	119.02	136.87	5.94%
S80K	Removal of Vehicles/Towing Fee					
S80K1	Removal of Vehicles per vehicle	1 062.61	1 222.00	1 002.35	1 152.70	6.01%
S80K2	Storage Fees per day	292.17	336.00	275.23	316.51	6.16%
S80K3	Towing Charge	Cost plus 15%	applicable vat	Cost plus 15%	applicable vat	
S80K4	Wheel Clamping per vehicle	278.26	320.00	262.21	301.54	6.12%
S80L	Traffic Cones					
S80L1	Hire of Traffic Cones per Cone per day	64.35	74.00	60.44	69.51	6.47%
S80P	Disabled Parking Token					
S80P1	Disabled Parking Token per application - valid for 2year period	115.65	133.00	108.79	125.11	6.31%
S80P2	Tempory Disabled Parking Token per application - valid for 1year period	104.35	120.00	new	new	

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

REFUSE (SOLID WASTE) TARIFFS (ROUNDING APPLICABLE)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
SAN1	REFUSE REMOVAL (1 removal per week of 4 bags or 1X240 Bin)	R	R	R	R	1.06
	DOMESTIC WASTE					
SAN1A	Residential (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	164.35	189.00	155.04	178.29	6.01%
SA1A2	Residential Indigent (All registered erven/unit with approved building plan) 1 x removal per week (R/Month)	164.35	189.00	155.04	178.29	6.01%
	BUSINESS WASTE					
SAN1C	Commercial/Business (Hostels, Old Age Homes, Caravan Sites, Semi-permanent Resorts etc) (R/Month)	164.35	189.00	155.04	178.29	6.01%
SA1N1	Bulk Container 240L (Wheeley bin) (R/Month) 1 X per week (if available)	164.35	189.00	155.04	178.29	6.01%
SAN1N	Bulk Container 240L (Wheeley bin) (R/Month) 2 X per week (if available)	328.70	378.01	310.07	356.58	6.01%
SA1N3	Bulk Container 240L (Wheeley bin) (R/Month) 3 X per week CBD (if available)	493.04	567.00	465.11	534.87	6.01%
SA1N4	Bulk Container 240L (Wheeley bin) (R/Month) 4 X per week CBD (if available)	657.39	756.00	620.14	713.16	6.01%
SA1N2	Bulk Container 240L (Wheeley bin) (R/Month) 5 X per week CBD (if available)	821.74	945.00	775.18	891.45	6.01%
SAN1O	Camphill Route (R/Month) (If available)	1 291.30	1 485.00	1 218.22	1 400.95	6.00%
SAN1P	Additional Removals per week on Saturday per Bin (R/Month) per removal	246.52	283.50	232.55	267.44	6.01%
SA1P1	Additional Removals on request Central Town (CBD) per bin (R/Month) (Sunday or Public Holidays) per removal	328.70	378.01	310.07	356.58	6.01%
SA1P2	All CBD's additional Removal during normal working week, per Bin, per removal	38.00	43.70	35.78	41.15	6.20%
SA1P3	All CBD's additional Removal on Saturday, per Bin per removal	57.00	65.55	53.67	61.72	6.20%
SA1P4	All CBD's additional Removal during Sunday or Public Holidays, per Bin per removal	76.00	87.40	71.56	82.29	6.20%
SA1Q	Caravan Sites, Chalets, Semi-permanent & Resorts (R/Month) (Uilenskraalmond Vakansieoord; Franskraal Vakansieoord; Pearly Beach Camp, Micheal Fuchs Guesthouse) NO REMOVAL (per unit/site)	52.87	60.80	49.83	57.31	6.10%
SAN1R	Departmental Consumption (Municipal Consumption per removal site per month)	140.87	162.00	132.89	152.83	6.00%
SAN1U	Schools (R/Month)	164.35	189.00	155.04	178.29	6.01%
SAN1T	Removal outside service area (per removal per hour) (If available)	1 232.61	1 417.50	1 162.81	1 337.23	6.00%
SAN1V	Single Quarters & Transit Camps per unit	52.83	60.75	49.83	57.31	6.02%
SAN1W	Guesthouses, Bed & Breakfast (R/Month)	164.35	189.00	155.04	178.29	6.01%
SAN1X	Removal of food waste for safe disposal (R/per Collection)	327.22	376.30	308.70	355.01	6.00%
SAN2	SELF DUMPING TRANSFER STATIONS & DUMPING SITES: (rounding applicable)					
SA2A1	Vehicles up to 1 Ton per vehicle load capacity clean builders rubble admission to transfer station	no Charge	no vat	no Charge	no vat	
SA2A2	Vehicles up to 1 Ton per vehicle load capacity - mixed builders rubble NO ADMISSION to Transfer Station. Only to landfill as per tariff SA2B - SA2B11	applicable tariff	applicable vat	applicable tariff	applicable vat	
SA2B	Vehicles up to 1 Ton per vehicle load capacity (maximum volume of 2.5m³)	no Charge	no vat	no Charge	no vat	
SA2B1	Vehicles >1 & up to 2 Ton per vehicle load capacity	238.61	274.40	225.02	258.77	6.04%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
SA2B2	Vehicles >2 & up to 3 Ton per vehicle load capacity	357.91	411.60	337.53	388.15	6.04%
SA2B3	Vehicles >3 & up to 4 Ton per vehicle load capacity	477.22	548.80	450.03	517.54	6.04%
SA2B4	Vehicles >4 & up to 5 Ton per vehicle load capacity	596.52	686.00	562.54	646.92	6.04%
SA2B5	Vehicles >5 & up to 6 Ton per vehicle load capacity (no admission to transfer station, only to dumping sites)	715.83	823.20	675.05	776.31	6.04%
SA2B6	Vehicles >6 & up to 7 Ton per vehicle load capacity (no admission to transfer station, only to dumping sites)	835.13	960.40	787.56	905.69	6.04%
SA2B7	Vehicles >7 & up to 8 Ton per vehicle load capacity (no admission to transfer station, only to dumping sites)	954.44	1 097.61	900.07	1 035.08	6.04%
SA2B8	Vehicles >8 & up to 9 Ton per vehicle load capacity (no admission to transfer station, only to dumping sites)	1 073.74	1 234.80	1 012.58	1 164.46	6.04%
SA2B9	Vehicles >9 & up to 10 Ton per vehicle load capacity (no admission to transfer station, only to dumping sites)	1 193.04	1 372.00	1 125.08	1 293.85	6.04%
SA2B11	Vehicles >10 Ton per vehicle load capacity (no admission to transfer station, only to dumping sites)	1 431.65	1 646.40	1 350.10	1 552.62	6.04%
SA2C	Dumping at Karwyderskraal Landfill Site by other municipalities and external parties, per Ton	145.61	167.45	136.69	157.19	6.53%
SAN3	<u>WEIGH BRIDGE (rounding applicable)</u>					
SAN3A	Vehicles up to 1 ton load capacity (maximum volume of 5m³)	no Charge	no vat	no Charge	no vat	
SAN3B	Vehicles above 1 ton load capacity: per ton load weighed	119.31	137.20	112.51	129.38	6.04%
SAN4	<u>BASIC FEE REFUSE SERVICE (Erven without approved building plans)</u>					
SAN4A	All registered erven without approved building plans (R/Month)	82.17	94.50	77.51	89.13	6.02%
SAN5	<u>SUNDRIES (rounding applicable)</u>					
SAN5A	Rental of Bulk Container per day (including disposal)	87.74	100.90	82.01	94.31	6.98%
SAN5B	Deposit - rental of bulk containers per 4 bins or less	665.00	no vat	628.58	no vat	5.79%
SAN5C	Asbestos Sheet - per unit	62.26	71.60	58.71	67.52	6.04%
SAN5D	Baboon Resistant 240L Wheelie bin with lock delivered to homes - projects	887.74	1 020.90	836.84	962.36	6.08%
SAN5E	Replacement lock on baboon resistant wheelie bin	325.48	374.30	307.02	353.07	6.01%
SAN5F	<u>Selling of Chipped Organic Material</u>					
SANF1	Per ton	350.87	403.50	new	new	
SANF2	Per cubic (m ³)	78.96	90.80	new	new	

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SEWER TARIFFS (ROUNDING APPLICABLE)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
SE7A	SEWERAGE - SINGLE AND INTERMEDIATE RESIDENTIAL (Dwelling house and Duplex flats, Conventional Sewers, small bore sewers and conservancy tanks)					1.060
SE7A1	0 - 35kl per kl (based on 70% of max 50kl water usage) - per unit per month, Conservancy tank service only during office hours per month. For after hours service, refer to tariff SE9B.	12.96	14.90	12.22	14.06	6.04%
	SEWERAGE - REGISTERED INDIGENT HOUSEHOLDS					
SE7A4	0 - 4.2 kl - subsidised	12.96	14.90	12.22	14.06	6.04%
SE7A5	4.3 - 35kl per kl (based on 70% of max 50kl water usage) - per unit per month, Conservancy tank service only during office hours per month. For after hours service, refer to tariff SE9B.	12.96	14.90	12.22	14.06	6.04%
SE7B	SEWERAGE - GENERAL RESIDENTIAL (Blocks of flats and Residential Buildings)					
SE7B1	0 - 45kl per kl (based on 90% of max 50kl water usage) per unit per month	12.96	14.90	12.22	14.06	6.04%
SE7C	SEWERAGE - GUEST HOUSE; BED & BREAKFAST ESTABLISHMENTS					
SE7C1	per kl (based on 70% of water usage) per unit per month	12.96	14.90	12.22	14.06	6.04%
SE7D	CONSUMPTION - ALL OTHER (Including Commercial, Industrial, School, Sport, etc)					
SE7D1	per kl (based on 90% of water usage) per unit per month - this percentage may be adjusted according to the Tariff Policy after investigation	12.96	14.90	12.22	14.06	6.04%
SE7E	CONSUMPTION - DEPARTMENTAL					
SE7E1	0 - 35 kl per kl (based on 70% of max 50kl water usage) per unit per month	12.96	14.90	12.22	14.06	6.04%
SE8	BASIC CHARGE (Rounding Applicable)					
SE8A	Basic Monthly Charge Developed sites per erf/unit per month	115.09	132.35	108.54	124.83	6.03%
SE8B	Basic Monthly Charge Undeveloped sites - can not connect to the network per erf/unit per month	77.54	89.17	73.13	84.10	6.03%
SE8C	Basic Monthly Charge Undeveloped sites - can connect to the network per erf/unit per month	115.09	132.35	108.54	124.82	6.03%
SE8D	Basic Monthly Charge Developed sites - with a septic Tank per erf/unit per month	77.54	89.17	73.13	84.10	6.03%
SE8E	Basic Monthly Charge - Low Cost Housing & Single Quarters per erf/unit per month	77.54	89.17	73.13	84.10	6.03%
SEF	Infrastructure					
SE8F1	Fixed Infrastructure Basic Charge per erf/unit per month	9.60	11.04	9.60	11.04	0.00% Fix
SE8F2	Fixed Infrastructure Basic Charge per erf/unit per month	3.43	3.91	new	new	
SE9	OTHER SEWERAGE CHARGES (Rounding Applicable)					
SE9A	Vacuum Tanker Service for users not paying tariffs SE7 above - PROVIDED ON REQUEST					
SE9A1	Vacuum Tanker Service provided on request < 6kl (per 6kl or part thereof)	529.39	608.80	499.40	574.31	6.01%
SE9A2	Vacuum Tanker Service provided on request < 5kl (per 5kl or part thereof)	529.39	608.80	499.40	574.31	6.01%
SE9A4	Vacuum Tanker Service provided on request > 6kl (per 6kl or part thereof)	529.39	608.80	499.40	574.31	6.01%
SE9A5	Call out fee for Tank Service request but no service due to another defec	529.39	608.80	499.40	574.31	6.01%
SE9A6	More than 3 pipes an additional fee per pipe for users not paying tariff SE7 above	77.54	89.17	73.13	84.10	6.03%
SE9BA	After Hours Vacuum Tanker Service - PROVIDED ON REQUEST					
SE9B1	After Hours - per request < 6kl (per 6kl or part thereof)	1 058.78	1 217.60	998.80	1 148.62	6.01%
SE9B2	After Hours - per request > 6kl (per 6kl or part thereof)	1 058.78	1 217.60	998.80	1 148.62	6.01%
SE9B3	After Hours - per request < 5kl (per 5kl or part thereof)	1 058.78	1 217.60	998.80	1 148.62	6.01%
SE9B2	After Hours Businesses with Public Toilets per removal	317.91	365.60	299.83	344.81	6.03%
SE9C	Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST					
SE9C1	Normal Applicable Tariff (SE9A1 or SE9A2 or SE9A4) PLUS additional per hour PLUS SE9C2	317.91	365.60	299.83	344.81	6.03%
SE9C2	Normal Applicable Tariff (SE9A2) plus additional per km	15.52	17.85	14.63	16.82	6.10%
	After Hours for Vacuum Tanker Service outside urban areas - PROVIDED ON REQUEST					

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Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
SE9C6	After Hours Applicable Tariff (SE9B1 or SE9B2 or SE9B3) PLUS additional per hour PLUS SE9C7	317.91	365.60	299.83	344.81	1.060
SE9C7	After Hours Applicable Tariff (SE9B2) plus additional per hr	15.52	17.85	14.63	16.83	6.03%
SE10	SUNDRY CHARGES (Rounding Applicable)					6.06%
SE9D	Testing and Connection Fees					
SE9D1	Testing of the septic and conservancy tanks per tes	1 377.39	1 584.00	1 299.04	1 493.90	6.03%
SE9D2	Smallbore sewerage connection fee + tank tes	6 320.87	7 269.00	5 962.97	6 857.41	6.00%
SE9D3	Sewer Connection	4 736.52	5 447.00	4 467.80	5 137.98	6.01%
SE9E	Disposal					
SE9E1	Charge per kl or part thereof	68.96	79.30	65.05	74.81	6.01%
SE11	ILLEGAL CONNECTION / TAMPERING FEE					
SE11A	1st Offence	6 495.00	no vat	6 126.80	no vat	6.01%
SE11B	2 nd Offence (SE11A X 2)	12 990.00	no vat	12 253.60	no vat	6.01%
NOTE: Any requests for tanker services after 15:00 will be charged at the after hour rate						

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ELECTRICITY TARIFFS (ROUNDING APPLICABLE) (Before NERSA approval 2018/2019)

Tariff Code	Detail		2018/2019		2017/2018		1.073	1.0650	
			Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%			
ED	CONSUMER DEPOSITS								
ED1	Large Power User Group tariff E5 (excluding Kleinmond)	R	0.00	no vat	0.00	no vat		1.0690	
ED2	Large Power User Group tariff E5 Kleinmond 2 weeks highest average consumption	R	calculated	no vat	calculated	no vat		1.0732	
ED3	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity	R	2 186.00	no vat	2 037.00	no vat		1.090	
ED4	Domestic Three Phase Credit Meter (Two Part Tariff) - Electricity	R	3 827.00	no vat	3 566.00	no vat		7.31%	
ED5	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity	R	8 747.00	no vat	8 150.00	no vat		7.32%	
ED6	Domestic & Commercial Single Phase Pre-paid (Two Part Tariff) - Electricity	R	503.00	no vat	468.00	no vat		7.33%	
ED7	Domestic & Commercial Three Phase Pre-paid (Two Part Tariff) - Electricity	R	1 006.00	no vat	937.00	no vat		7.48%	
ED8	Large Power User Group tariff E5 (excluding Kleinmond)	R	163.00	no vat	152.00	no vat		7.36%	
EDD	Deposit Defaulters								7.24%
EDD1	Large Power User Group tariff E5 : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat			
EDD2	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat			
EDD3	Domestic Three Phase Credit Meter (Two Part Tariff)- Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat			
EDD4	Commercial Three Phase Credit Meter (Two Part Tariff) - Electricity : Two Times average consumption during the preceding 12 months	R	calculated	no vat	calculated	no vat			
EF	FIXED CHARGES								
EF1	Infrastructure Charge per Meter per month	R	16.65	19.15	16.65	19.15		0.00% fixed	
E1	SINGLE PHASE : DOMESTIC								
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)								
E1A1	Basic Monthly charge per meter	R	291.60	335.34	267.52	307.65		9.00%	
	kWH Unit cost								
E1A2	IBT BLOCK 1 0 - 350 kWh	c	115.64	132.98	108.58	124.87		6.50%	
E1A3	IBT BLOCK 2 351 - 600 kWh	c	169.08	194.45	158.17	181.90		6.90%	
E1A4	IBT BLOCK 3 > 600 kWh	c	206.92	237.96	192.81	221.73		7.32%	
E1B	Two-Part Tariff: Pre-paid up to 60 Amp (13.8 kVA BDMD) (Including Resorts)								
E1B1	Basic Monthly charge per meter	R	291.60	335.34	267.52	307.65		9.00%	
	kWH Unit cost								
E1B2	IBT BLOCK 1 0 - 350 kWh	c	106.82	122.84	100.30	115.34		6.50%	
E1B3	IBT BLOCK 2 351 - 600 kWh	c	159.33	183.23	149.04	171.40		6.90%	
E1B4	IBT BLOCK 3 > 600 kWh	c	198.90	228.73	185.33	213.13		7.32%	
E1C	SINGLE PHASE : COMMERCIAL								
E1C1	Basic Monthly charge per meter	R	291.60	335.34	267.52	307.65		9.00%	
E1C2	kWH Unit cost - Credit Meters	c	172.31	198.16	161.19	185.37		6.90%	
E1C3	Kwh Unit cost - Pre-paid meters	c	162.38	186.73	151.90	174.68		6.90%	
E1D	Life Line One part tariff (Pre-paid meters only) ≤ 30 Amp with Maximum consumption of 350 kWh with average measured over twelve month period. Only available to Informal dwellings								
	kWH Unit cost								
E1D1	IBT BLOCK 1 0 - 350 kWh	c	107.99	124.19	101.40	116.61		6.50%	
E1E	One part tariff (Pre-paid meters only) Local Economic Development Projects								

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Tariff Code	Detail		2018/2019		2017/2018		
			Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
	kWH Unit cost						
E1E1	IBT BLOCK 1 0 - 350 kWh	c	186.58	214.56	175.19	201.47	6.50%
E3	THREE PHASE: COMMERCIAL & DOMESTIC						
E3E	Two-Part Tariff: Credit up to 100A (70 kVA BDMD) DOMESTIC						
E3E1	Basic Monthly charge per meter	R	583.19	670.67	535.04	615.29	9.00%
	kWH Unit cost						
E3E2	IBT BLOCK 1 0 - 350 kWh	c	115.63	132.98	108.58	124.86	6.50%
E3E3	IBT BLOCK 2 351 - 600 kWh	c	169.08	194.45	158.17	181.90	6.90%
E3E4	IBT BLOCK 3 > 600 kWh	c	206.92	237.96	192.81	221.73	7.32%
E3E	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDMD) DOMESTIC						
E3E5	Basic Monthly charge per meter	R	583.19	670.67	535.04	615.29	9.00%
	kWH Unit cost						
E3E6	IBT BLOCK 1 0 - 350 kWh	c	106.82	122.84	100.30	115.34	6.50%
E3E7	IBT BLOCK 2 351 - 600 kWh	c	159.33	183.23	149.04	171.40	6.90%
E3E8	IBT BLOCK 3 > 600 kWh	c	198.90	228.73	185.33	213.13	7.32%
E3E	Two-Part Tariff: Credit up to 100A (70 kVA BDMD) COMMERCIAL						
E3E9	Basic Monthly charge per meter	R	583.19	670.67	535.04	615.29	9.00%
E3E10	kWH Unit cost	c	172.31	198.16	161.19	185.37	6.90%
E3E	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDMD) COMMERCIAL						
E3E11	Basic Monthly charge per meter	R	583.19	670.67	535.04	615.29	9.00%
E3E12	kWH Unit cost	c	162.38	186.74	151.90	174.69	6.90%
E3G	One-Part Tariff: Pre-paid only; up to 100A (70 kVA BDMD) Businesses, Flats, Sport grounds, Churches.(minimum of 800kWh average for twelve months)						
E3G1	kWh Unit cost	c	204.95	235.69	191.72	220.47	6.90%
E5	TIME OF USE TARIFF						
	Service Charge (per month) for MV and LV consumers						
E5A1	Administrative and Service Charge per month	R	2 832.88	3 257.81	2 639.66	3 035.61	7.32%
E5A2	Network Demand Charge kVA: Utilised capacity	R	26.68	30.69	24.86	28.59	7.32%
E5A3	Network Capacity Charge kVA: Notified Maximum Demand (NMD)	R	21.23	24.41	19.78	22.75	7.32%
	Medium Voltage Metering Points (11000V) > 500kVA						
E5A4	Off Peak kWh Unit Charge	c	47.02	54.07	43.81	50.39	7.32%
E5A5	Standard kWh Unit Charge	c	84.63	97.32	78.86	90.68	7.32%
E5A6	Peak kWh Unit Charge	c	275.05	316.31	256.29	294.73	7.32%
	Low Voltage Metering Points (400V) >70kVA ≤ 500kVA						
E5A7	Off Peak kWh Unit Charge	c	50.55	58.13	47.10	54.17	7.32%
E5A8	Standard kWh Unit Charge	c	88.16	101.38	82.14	94.46	7.32%
E5A9	Peak kWh Unit Charge	c	278.58	320.36	259.57	298.51	7.32%
	Sundry Charges						
E5A10	Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month	R	978.95	1 125.79	923.79	1 062.36	5.97%
E6	SUBSIDIZED TARIFFS: Grant to be shown separately						
E7	PUBLIC LIGHTING						
E7A1	Streetlights (metered) per kWh	c	74.57	85.75	69.48	79.90	7.32%

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Tariff Code	Detail		2018/2019		2017/2018			
			Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
E7A2	Streetlights (consumption) (R per 100watt /per month)	R	26.15	30.08	24.37	28.03		
E7A5	Illuminated street sign boards per month	R	26.15	30.08	24.37	28.03		
E8	CASUAL SUPPLIES							
E8A1	Per connection includes disconnection excluding hire of kiosk	R	1 025.22	1 179.00	967.02	1 112.07		6.02%
E8A2	Consumption per day/CB Ampere size (per amp) if not metered	R	66.61	76.60	6.80	7.82		880.01%
E8A3	Hire of temporary distribution kiosk, per kiosk, per occasion	R	401.74	462.00	378.44	435.21		6.16%
E8A4	Deposit (Usage will be subtracted)	R	1 383.00	no vat	1 303.80	no vat		6.07%
E8A5	One part tariff : Prepaid or Credit Casual Supply	c	203.80	234.37	190.65	219.25		6.90%
E9	AVAILABILITY CHARGES							
E9A1	Availability charge per vacant plot per month	R	291.60	335.34	267.52	307.65		9.00%
E9A2	Infrastructure per vacant plot per month	R	16.65	19.15	16.65	19.15		0.00% FIXED
E10	SUNDRY CHARGES							
E10A1	Call-out Fee - office hours (Based on 2 hours for electr & assist + 30km)	R	656.17	754.60	618.57	711.36		6.08%
E10A2	Call-out Fee - after hours: Weekdays & Saturdays (Based on 2 hrs (time and a half) for electr & assist + 30km)	R	921.04	1 059.20	868.22	998.46		6.08%
E10A3	Call-out Fee - after hours: Sundays & Public Holidays (Based on 2 hrs (double time) for electr & assist + 30km)	R	1 185.22	1 363.00	1 117.90	1 285.58		6.02%
E10A4	MV. Switching on Council's equipment office hours (Based on 3 hours for superintendent & electr + 60km)	R	1 910.52	2 197.10	1 801.63	2 071.87		6.04%
E10A5	MV. Switching on Council's equipment -after hours: Weekdays & Saturdays (Based on 3 hours (time and a half) for a superintendent and an electrician plus 60km)	R	2 738.61	3 149.40	2 583.20	2 970.68		6.02%
E10A6	MV. Switching on Council's equipment -after hours: Sundays & Public holidays (Based on 3 hours (double time) for a superintendent and an electrician plus 60km)	R	3 566.78	4 101.80	3 364.76	3 869.47		6.00%
E10A7	Contractor Inspection 2nd	R	642.17	738.50	605.31	696.11		6.09%
E10A8	Contractor Inspection 3rd	R	969.57	1 115.00	914.02	1 051.12		6.08%
E10A9	Change of Circuit Breaker - S/Phase(1/annum) contact Electricity Department for approval (Based on Circuit Breaker cost + 1 hour for an electrician and assistant + 30km)	R	513.22	590.20	483.55	556.08		6.14%
E10A10	Change of Circuit Breaker - 3 Phase(1/annum) contact Electricity Department for approval (Based on Circuit Breaker cost + 1 hour for an electrician and assistant + 30km)	R	1 308.78	1 505.10	1 233.87	1 418.95		6.07%
E10A11	Disconnection	R	314.78	362.00	296.61	341.11		6.12%
E10A12	Reconnection	R	314.78	362.00	296.61	341.11		6.12%
E10A13	Verification of a Meter Reading	R	314.78	362.00	296.61	341.11		6.12%
E10A14	Administration fee - recalculation due to no meter access	R	163.48	188.00	154.35	177.50		5.92%
E10A15	Test of Meter: 1 & 3 Phase (Conditionally Refundable) External testing	R	604.35	695.00	570.17	655.70		5.99%
E10A16	Test of Meter: All other Meters (Conditionally Refundable) External testing	R	cost + 15%	applicable vat	cost + 15%	applicable vat		
E10A17	Tariff change - change between one part and two-part	R	213.91	246.00	201.77	232.04		6.02%
E10A18	Damage elect meter (based on meter cost + call out X 2)	R	2 151.30	2 474.00	2 029.08	2 333.45		6.02%
E10A19	Damage elect meter 3 phase (based on meter cost + call out X 2)	R	3 285.22	3 778.00	3 098.86	3 563.69		6.01%
E10A20	Replacement of CIU (Meter keypad) (Based on keypad cost and call out fee)		1 083.48	1 246.00	1 021.43	1 174.64		6.08%
E10A21	Damage of Bulk meter (Based on 3 hours for a superintendent and electrician + 60km + bulk meter cost + modem cost)	R	7 110.09	8 176.60	7 110.09	8 176.60		0.00%
E10A22	Change to Time of Use (with existing bulk meter) + Deposit on request of user	R	641.74	738.00	605.31	696.11		6.02%
E10A23	Change to SSEG or Time of Use (without existing bulk meter) + Deposit	R	11 136.52	12 807.00	10 505.16	12 080.94		6.01%

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Tariff Code	Detail		2018/2019		2017/2018			
			Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
E10A24	Commission of Bulk meter, supplied by customer (call out fee x 3)	R	1 967.83	2 263.00	1 855.72	2 134.08	1.073	1.0650
E10A25	Damage of HV Cable	R	cost + R35 858.57	applicable vat	cost + R33 828.84	applicable vat		1.0690
E10A26	Damage of MV Cable	R	cost + R 9 374.19	applicable vat	cost + R 8 843.58	applicable vat		6.04%
E10A27	Damage of LV Cable	R	cost + R 3 775.30	applicable vat	cost + R3,561.6	applicable vat		6.00%
E10A28	Damage of Service Connection Cable	R	cost + R 943.82	applicable vat	cost + R890.40	applicable vat		6.00%
E10A29	Working without Way leave	R	4 839.13	5 565.00	4 564.51	5 249.18		6.02%
E10A30	Refundable Wayleave deposit for HV cables	R	69 110.00	no vat	65 197.42	no vat		6.00%
E10A31	Refundable Way leave deposit for MV cables	R	17 278.00	no vat	16 299.62	no vat		6.00%
E10A32	Refundable Way leave deposit for LV cables	R	3 733.00	no vat	3 521.32	no vat		6.01%
E10A33	Cancellation Fee of requested service	R	15% of Service Value	no vat	15% of Service Value	no vat		
E10A34	Erection and removal of Banners, signs & lights (per hour) (Vehicle cost + labour)	R	782.61	900.00	738.28	849.02		6.00%
E12	CONVERSION OF METERS							
E12A1	Convert Credit Meter to Pre-paid: SP (no cable work) (based on meter cost + call out)	R	1 495.65	1 720.00	1 410.51	1 622.09		6.04%
E12A2	Convert Credit Meter to Pre-paid: 3P (no cable work) (based on meter cost + call out)	R	2 629.57	3 024.00	2 480.28	2 852.33		6.02%
E12A3	Convert Credit Three Phase to Single Phase Pre-paid meter	R	1 350.44	1 553.00	1 273.86	1 464.93		6.01%
E12A4	Convert Credit Three Phase to Single Phase Credit (Commercial only)	R	1 019.13	1 172.00	961.44	1 105.65		6.00%
E12A5	Convert Pre-paid Single Phase to Three Phase Pre-paid (based on tariff E13A8) cost includes cable to boundary	R	R9 802.29 + ext fee	applicable vat	R9 247.44 + ext fee	applicable vat		6.00%
E12A6	Convert pre-paid Three phase to Single phase pre-paid (based on meter cost + call out + CB)	R	1 664.35	1 914.00	1 570.15	1 805.67		6.00%
E12A7	Removal of Meter (based on call out fee)		655.65	754.00	618.57	711.36		5.99%
E12A8	Repositioning of Meter (excl. cable) (based on call out fee)	R	655.65	754.00	618.57	711.36		5.99%
E12A9	Repositioning of Meter (incl. cable) (based on call out fee + 30m cable)	R	2 165.22	2 490.00	2 042.58	2 348.96		6.00%
E13	SERVICE CONNECTIONS							
E13A1	Builders connection (plus applicable service connection tariff)	R	831.58	948.00	783.84	901.41		5.17%
E13A4	Single Phase (Credit - 60A) option for Commercial users only (Based on 30m cable + meter cost + average labour cost + 15% admin fee)	R	5 897.39	6 782.00	5 563.61	6 398.15		6.00%
E13A6	Single Phase - (Pre-paid meters - 60A) applicable to Domestic users (Network Permitted) (Based on: 30m cable + meter cost + average labour cost + 15% admin fee)	R	5 897.39	6 782.00	5 563.61	6 398.15		6.00%
E13A7	Three Phase : (Credit - 60A) Plus Extension fee : Extension fee not applicable to Industrial even up to 60 Amp (Based on 30m (25mm) cable + meter cost + average labour +circuit breaker + 15% admin fee)	R	R10 890.67 + ext fee	applicable vat	R10 274.22 + ext fee	applicable vat		6.00%
E13A8	Three Phase : (Pre-paid - 60A) Plus Extension fee : Extension fee not applicable to Industrial even up to 60 Amp (Based on 30m (25mm) cable + meter cost + average labour +circuit breaker + 15% admin fee)	R	R10 890.67 + ext fee	applicable vat	R10 274.22 + ext fee	applicable vat		6.00%
E13A9	Non Standard : Pre-paid 30 Amp Single phase (Sub economic connections) (Based on 30m (10mm) cable + meter cost + average labour cost + 15% admin fee)	R	5 476.52	6 298.00	5 166.10	5 941.02		6.01%
E13A10	Single Phase (Credit 60A- Developer install cable to boundary) option for Commercial users only (Based on meter cost + call out fee + 15% admin fee)	R	1 720.00	1 978.00	1 622.09	1 865.40		6.04%
E13A11	Single Phase (Pre-paid 60A-Developer install cable to boundary) applicable to Domestic users (Network permitted) (Based on meter cost + call out fee + 15% admin fee)	R	1 720.00	1 978.00	1 622.09	1 865.40		6.04%
E13A12	Three Phase (Credit 60A- Developer install cable to boundary) : Extension fee not applicable to Industrial even up to 60 Amp (Based on meter cost + call out fee + 15% admin fee)	R	R3 023.46 + ext fee	applicable vat	R2 852.32 + ext fee	applicable vat		6.00%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail		2018/2019		2017/2018		1.073	1.0650	
			Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%			
E13A13	Three Phase (Pre-paid 60A-Developer install cable to boundary) : Extension fee not applicable to Industrial erven up to 60 Amp (Based on meter cost + call out fee + 15% admin fee)	R	R3023.46 + ext fee	applicable vat	R2 852.32 + ext fee	applicable vat		1.0690	
E13A14	Any other none standard connections		cost + 15% admin	applicable vat	cost + 15% admin	applicable vat		6.00%	
E14	ILLEGAL CONNECTION / TAMPERING FEE (Including damage or bypass of the DSM Hot Water Cylinder Control Unit)								
E14A1	1 st Offence	R	3 831.00	no vat	3 613.54	no vat		6.02%	
E14A2	2 nd Offence (E14A1 X 2)	R	7 661.00	no vat	7 227.08	no vat		6.00%	
E14A3	3 rd Offence and re-occurrence (Disconnection of service and remedial action fee = double previous offence fee)		Previous offence amount X 2	applicable vat	Previous offence amount X 2	applicable vat			
E14A4	Unsafe / Illegal leads (per visit) (reconnection fee included)	R	1 716.52	1 974.00	1 618.82	1 861.64		6.04%	
E15	UPGRADING EXTENSION FEES (Network permitted : to be approved by Electricity Department)								
E15A1	Primary Cost p/kVA -include all HV Equipment UP to HV Substation or identified point of supply excluding Dist. TF	R	1 227.19	1 411.27	1 227.19	1 411.27		0.00%	
E15A2	Primary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply excluding Dist. TF	R	3 363.16	3 867.63	3 363.16	3 867.63		0.00%	
E15A3	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF	R	4 284.21	4 926.84	4 284.21	4 926.84		0.00%	
E15A4	Secondary Cost p/kVA -include all MV. Equipment UP to Main Substation or identified point of supply including Dist. TF and Kiosk	R	5 589.47	6 427.89	5 589.47	6 427.89		0.00%	
E15A5	Buying/Refund of spare capacity cost/kVA	R	100% of approved installation cost	applicable vat	100% of approved installation cost	applicable vat			
E15A6	Investigation Fee	R	3 801.74	4 372.00	3 586.58	4 124.57		6.00%	
E15A7	FACTOR OF 0,36 APPLICABLE ON DOMESTIC USERS : TARIFF : applicable on E15A3 AND E15A4 (Commercial /Business no factor apply)	R	Factor 0.36	applicable vat	Factor 0.36	applicable vat			
E18	SMALL SCALE EMBEDDED GENERATION (SSEG)								
	This tariff is available only for approved SSEG connections, where the customers offset their small scale generation (kWh) against purchases from the Municipality, provided that their purchases exceed their generation (kWh). This tariff will only be implemented after NERSA's approved Guidelines have been received. The consumer will stay on his existing tariff (All prepaid customers excluded) Prepaid customers to convert to credit meter and tariff:								
E18A2	Feed-in Tariff c/kWh	c	61.43	70.64	57.24	65.83		7.32%	
DC2	DEVELOPMENT CONTRIBUTIONS (Bulk Service Levies - BICL)								
DC2A	Sub Division of existing erf								
DC2A1	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = P/ERF PLUS STANDARD CONNECTION FEES	R	27 947.35	32 139.45	27 947.35	32 139.45		0.00%	
DC2B	New Developments								
DC2B1	Standard fee per Singel Phase Domestic erf - infrastructure provide by developer (13.8 kVA xE15A2 x.36)	R	16 708.18	19 214.41	16 708.18	19 214.41		0.00%	
DC2B2	Standard fee per Three Phase Domestic erf - infrastructure provide by developer (42kVA x E15A2x.36)	R	50 850.98	58 478.63	50 850.98	58 478.63		0.00%	
DC2C	MV/LV Bulk Supply with metering point cost / kVA= Tariff E15A2	R	3 363.16	3 867.63	3 363.16	3 867.63		0.00%	
DC2C1	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	R	4 284.21	4 926.84	4 284.21	4 926.84		0.00%	

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

WATER TARIFFS (ROUNDING APPLICABLE)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
WD	CONSUMER DEPOSITS					1.060
WD1	Domestic - Water	562.00	no vat	530.00	no vat	1.115
WD2	Commercial - Water - Consumption < 40kl	2 248.00	no vat	2 120.00	no vat	6.04%
WD3	Commercial - Water - Consumption 40 - 100kl	7 866.00	no vat	7 420.00	no vat	6.04%
WD4	Commercial - Water - Consumption 100 kl +	13 484.00	no vat	12 720.00	no vat	6.01%
WD5	Domestic - Water RUE's	Applicable Rue's X WD1A	no vat	Applicable Rue's X WD1A	no vat	6.01%
WD6	Indigent - registered	180.00	no vat	169.60	no vat	6.13%
WDD	Deposit Defaulters					
WDD1	Domestic - Water - Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WDD2	Commercial - Water - Consumption < 40kl Two Times average consumption during the preceding 12 months (Defaulters)	calculated	applicable vat	calculated	no vat	
WDD3	Commercial - Water - Consumption 40 - 100kl Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WDD4	Commercial - Water - Consumption 100 kl + Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
WDD5	Domestic - Water RUE's Two Times average consumption during the preceding 12 months (Defaulters)	calculated	no vat	calculated	no vat	
W1	BASIC CHARGE					
W1A1	Basic Monthly Charge per erf/unit per month	129.14	148.51	121.83	140.10	6.00%
W1A3	Infrastructure					
W1A3A	Fixed Infrastructure Basic Charge per erf/unit per month	15.45	17.77	15.45	17.77	0.00%
W1A3B	Fixed Infrastructure Basic Charge per erf/unit per month	8.41	9.67	new	new	
<i>See attachment for the amount of RUE's allocated to different household consumers</i>						
W1B	CONSUMPTION - HOUSEHOLDS					
	Normal Tariff					
W1B1	0 - 6 kl per kl	5.02	5.77	4.50	5.17	11.50%
W1B2	7 - 18 kl per kl	10.85	12.48	10.24	11.78	6.00%
W1B3	19 - 30 kl per kl	17.61	20.25	16.61	19.10	6.00%
W1B4	31 - 45 kl per kl	27.11	31.17	25.57	29.41	6.00%
W1B5	46 - 60 kl per kl	35.21	40.50	33.22	38.20	6.00%
W1B6	>60kl per kl	46.96	54.00	44.30	50.94	6.00%
	Restriction Tariff (level 1 restrictions)					
W1B7	0 - 6 kl per kl	5.02	5.77	4.50	5.17	11.50%
W1B8	7 - 18 kl per kl	14.11	16.23	13.31	15.31	6.00%
W1B9	19 - 30 kl per kl	22.89	26.32	21.59	24.83	6.00%
W1B10	31 - 45 kl per kl	35.24	40.53	33.25	38.23	6.00%
W1B11	46 - 60 kl per kl	48.37	55.63	43.19	49.67	12.00%
W1B12	>60kl per kl	64.50	74.18	57.59	66.23	12.00%
	Restriction Tariff (level 2 restrictions)					
W1B13	0 - 6 kl per kl	5.02	5.77	4.50	5.17	11.50%
W1B14	7 - 18 kl per kl	17.38	19.98	16.39	18.85	6.00%
W1B15	19 - 30 kl per kl	28.18	32.41	26.58	30.57	6.00%
W1B16	31 - 45 kl per kl	43.38	49.88	40.92	47.06	6.00%
W1B17	46 - 60 kl per kl	59.55	68.48	53.17	61.15	12.00%
W1B18	>60kl per kl	79.38	91.29	70.88	81.51	12.00%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
	Restriction Tariff (level 3 restrictions)					1.060
						1.115
W1B19	0 - 6 kl per kl	5.02	5.77	4.50	5.17	11.50%
W1B20	7 - 18 kl per kl	22.94	26.38	20.48	23.55	12.00%
W1B21	>18 kl per kl	99.23	114.11	88.59	101.88	12.00%
W1BI	CONSUMPTION - REGISTERED INDIGENT HOUSEHOLDS					
	Normal Tariff					
W1BI1	0 - 6 kl per kl - subsidised	5.02	5.77	4.50	5.17	11.50%
W1BI2	7 - 18 kl per kl	10.85	12.48	10.24	11.78	6.00%
W1BI3	19 - 30 kl per kl	17.61	20.25	16.61	19.10	6.00%
W1BI4	31 - 45 kl per kl	27.11	31.17	25.57	29.41	6.00%
W1BI5	46 - 60 kl per kl	35.21	40.50	33.22	38.20	6.00%
W1BI6	>60kl per kl	46.96	54.00	44.30	50.94	6.00%
	Restriction Tariff (level 1 restrictions)					
W1BI7	0 - 6 kl per kl - subsidised	5.02	5.77	4.50	5.17	11.50%
W1BI8	7 - 18 kl per kl	14.11	16.23	13.31	15.31	6.00%
W1BI9	19 - 30 kl per kl	22.89	26.32	21.59	24.83	6.00%
W1BI10	31 - 45 kl per kl	35.24	40.53	33.25	38.23	6.00%
W1BI11	46 - 60 kl per kl	48.37	55.63	43.19	49.67	12.00%
W1BI12	>60kl per kl	64.50	74.18	57.59	66.23	12.00%
	Restriction Tariff (level 2 restrictions)					
W1BI13	0 - 6 kl per kl - subsidised	5.02	5.77	4.50	5.17	11.50%
W1BI14	7 - 18 kl per kl	17.38	19.98	16.39	18.85	6.00%
W1BI15	19 - 30 kl per kl	28.18	32.41	26.58	30.57	6.00%
W1BI16	31 - 45 kl per kl	43.38	49.88	40.92	47.06	6.00%
W1BI17	46 - 60 kl per kl	59.55	68.48	53.17	61.15	12.00%
W1BI18	>60kl per kl	79.38	91.29	70.88	81.51	12.00%
	Restriction Tariff (level 3 restrictions)					
W1BI19	0 - 6 kl per kl - subsidised	5.02	5.77	4.50	5.17	11.50%
W1BI20	7 - 18 kl per kl	22.94	26.38	20.48	23.55	12.00%
W1BI21	>18 kl per kl	99.23	114.11	88.59	101.88	12.00%
W1C	CONSUMPTION - ALL OTHER					
	Normal Tariff					
W1C1	0 - 18 kl per kl	12.01	13.81	11.33	13.03	6.00%
W1C2	19 - 30 kl per kl	17.61	20.25	16.61	19.10	6.00%
W1C3	31 - 45 kl per kl	27.11	31.17	25.57	29.41	6.00%
W1C4	46 - 60 kl per kl	35.21	40.50	33.22	38.20	6.00%
W1C5	>60 kl per kl	46.96	54.00	44.30	50.94	6.00%
	Restriction Tariff (level 1 restrictions)					
W1C6	0 - 18 kl per kl	15.61	17.95	14.73	16.94	6.00%
W1C7	19 - 30 kl per kl	22.89	26.32	21.59	24.83	6.00%
W1C8	31 - 45 kl per kl	35.24	40.53	33.25	38.23	6.00%
W1C9	46 - 60 kl per kl	48.38	55.64	43.20	49.67	12.00%
W1C10	>60 kl per kl	64.49	74.17	57.58	66.22	12.00%
	Restriction Tariff (level 2 restrictions)					
W1C11	0 - 18 kl per kl	19.22	22.10	18.13	20.85	6.00%
W1C12	19 - 30 kl per kl	28.18	32.41	26.58	30.57	6.00%
W1C13	31 - 45 kl per kl	43.38	49.88	40.92	47.06	6.00%
W1C14	46 - 60 kl per kl	59.55	68.48	53.17	61.15	12.00%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018				
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%			
W1C15	>60 kl per kl	79.38	91.29	70.88	81.51	1.060		
	Restriction Tariff (level 3 restrictions)					1.115		
W1C16	0 - 10 kl per kl	24.02	27.63	22.66	26.06	6.00%		
W1C17	>10 kl per kl	99.23	114.11	88.59	101.88	12.00%		
W1D	OTHER CONSUMERS							
W1D1	Departmental per Kl	21.63	24.87	18.42	21.18	17.43%	1.06	R 21.63
W1D2	Fire Hoses: Basic per Month	164.34	188.99	155.04	178.29	6.00%		
W1D3	Bulk usage (Unconnected to networks) per Kl - Consumers Permanently residing within Overstrand municipality area	13.29	15.29	12.54	14.42	6.00%		
W1D4	Kid Brooke (Van Cauter 0 - 8000kl per year)	0.08	0.09	0.08	0.09	0.00%		
W1D5	Onrus Small Holdings tariff 2 (Van Cauter)	0.08	0.09	0.08	0.09	0.00%		
W1D6	Onrus Small Holdings tariff 4 (Per agreement)	1.05	1.21	1.05	1.21	0.00%		
W1D7	Contractors water consumption - temporary connection	21.63	24.87	18.42	21.18	17.43%		
W1D8	Bulk usage (Unconnected to networks) per Kl - People residing outside the Overstrand municipal area	49.30	56.70	new	new			
W1D8A	Restriction Tariff (level 1 restrictions)	64.09	73.06	new	new			
W1D8B	Restriction Tariff (level 2 restrictions)	78.88	89.92	new	new			
W1D8C	Restriction Tariff (level 3 restrictions)	98.60	112.40	new	new			
W1E	WET COMMERCIAL, SPORT, PARKS etc (must apply for this tariff)							
	Normal Tariff							
W1E1	0 - 500kl per kl	17.47	20.09	16.48	18.96	6.00%		
W1E2	501 - 1000kl per kl	26.41	30.37	24.92	28.65	6.00%		
W1E3	>1000kl per kl	35.22	40.50	33.23	38.21	6.00%		
	Restriction Tariff (level 1 restrictions)							
W1E4	0 - 300kl per kl	22.72	26.13	21.44	24.65	6.00%		
W1E5	301 - 700kl per kl	34.33	39.48	32.39	37.25	6.00%		
W1E6	>700kl per kl	45.79	52.65	43.20	49.67	6.00%		
	Restriction Tariff (level 2 restrictions)							
W1E7	0 - 250kl per kl	27.96	32.15	26.38	30.33	6.00%		
W1E8	251 - 500kl per kl	42.26	48.60	39.87	45.85	6.00%		
W1E9	>500kl per kl	56.35	64.81	53.16	61.14	6.00%		
	Restriction Tariff (level 3 restrictions)							
W1E10	0 - 100kl per kl	34.95	40.19	32.97	37.92	6.00%		
W1E11	>100 kl per kl	70.44	81.01	66.46	76.43	6.00%		
W1F	WET INDUSTRY (Marine etc. must apply for this tariff) (Average of 100kl per day over previous 365 days)							
	Normal Tariff							
W1F1	0 - 5800kl per kl	18.20	20.93	17.17	19.75	6.00%		
W1F2	> 5800kl per kl	35.22	40.50	33.23	38.21	6.00%		
	Restriction Tariff (level 1 restrictions)							
W1F3	0 - 5800kl per kl	23.66	27.21	22.32	25.67	6.00%		
W1F4	> 5800kl per kl	45.79	52.65	43.20	49.67	6.00%		
	Restriction Tariff (level 2 restrictions)							
W1F5	0 - 5800kl per kl	29.12	33.49	27.48	31.60	6.00%		
W1F6	> 5800kl per kl	56.35	64.81	53.16	61.14	6.00%		
	Restriction Tariff (level 3 restrictions)							
W1F7	0 - 5 800kl per kl	36.40	41.87	34.34	39.50	6.00%		
W1F8	>5 800 kl per kl	70.44	81.01	66.46	76.43	6.00%		

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
W2A	AVAILABILITY CHARGES					
W2A1	Overstrand per month	129.14	148.51	121.83	140.10	6.00%
W2A2	Farms connected to water pipe line	129.14	148.51	121.83	140.10	6.00%
W2J	REBATES (This can be granted by the Municipal Manager after application) refer to Policy # 6.8.1					
W2J1	Kl above average - per kl	21.63	24.87	18.42	21.18	17.43%
W3A	IRRIGATION WATER ("LEI WATER") & RAW WATER					
W3A1	Use and pump water (80-90 min) per MONTH Stanford	39.47	45.39	37.20	42.77	6.12%
W3A2	Pearly Beach Small Holdings: Basic	48.16	55.38	45.39	52.20	6.10%
W3A3	Pearly Beach Small Holdings: Consumption 0- 70 kl per kl	3.77	4.34	3.55	4.08	6.17%
W3A4	Pearly Beach Small Holdings: Consumption >70 kl per kl	8.82	10.14	8.30	9.54	6.27%
W3A5	Others	3.77	4.34	3.55	4.08	6.17%
W3A6	Farm 1/722 Stanford as per agreement 1.75% of raw water abstraction from municipal boreholes, maximum 8760 kl/a	0.00	0.00	0.00	0.00	0.00%
W3A7	Farm 586 Volmoed raw water from De Bos pipeline consumption 0 - 300 kl/month per kl	0.00	0.00	0.00	0.00	0.00%
W3A8	Farm 586 Volmoed raw water from De Bos pipeline consumption >300 kl/month per kl	3.55	4.08	3.55	4.08	0.00%
W3B	IRRIGATION WATER - (TREATED EFFLUENT)					
W3B2	Hermanus Golf Club per month	42 847.33	49 274.43	40 422.01	46 485.31	6.00%
W3B3	All other per kl	2.41	2.77	2.27	2.61	6.00%
W3B4	Schools, municipal sports grounds & project sport grounds as per agreement	no charge	no vat	no charge	no vat	
W3B5	Curro Holdings - 250kl free per day as per deed of sale	2.41	2.77	2.27	2.61	6.00%
W4	SUNDRY CHARGES					
W4A1	Testing of a Meter (Call-out Fee incl)(Conditionally refundable)	862.61	992.00	813.59	935.63	6.02%
W4A2	Testing of a Meter (Ind/Bulk Meter)(Conditionally refundable) *Minimum charge of R500	Cost plus 15%	applicable vat	Cost plus 15%	applicable vat	
W4A3	Disconnection	391.30	450.00	369.14	424.51	6.00%
W4A4	Reconnection	391.30	450.00	369.14	424.51	6.00%
W4A5	Reconnection After Normal Working Hours	782.61	900.00	737.35	847.95	6.14%
W4A6	Administration fee - recalculation due to no meter access	153.04	176.00	144.12	165.74	6.19%
W4A7	Verification of a Meter Reading	213.91	246.00	201.77	232.04	6.02%
W4A8	Final and Special Readings	195.65	225.00	184.10	211.72	6.27%
W4A9	Call-out Fee - Normal Working Hours	390.44	449.00	368.21	423.44	6.04%
W4A10	Call-out Fee - After Hours	781.74	899.00	737.35	847.95	6.02%
W4A11	Replacement of damage meter	1 049.57	1 207.00	990.00	1 138.50	6.02%
W4A12	Removal of Meter (based on call out fee)	862.61	992.00	new	new	
W4A13	Registration of Borehole (Including inspection fee)	293.04	337.00	276.16	317.59	6.11%
W4A14	Repositioning of Meter (excl. pipe)	859.13	988.00	809.88	931.36	6.08%
W4A15	Convert to Water Flow Restrictor Meter	2 797.39	3 217.00	2 638.84	3 034.66	6.01%
W4A16	Temporary Connections - Deposit	7 360.00	no vat	6 944.06	no vat	5.99%
W4A17	Temporary Connection - Usage per kl	18.96	21.80	13.02	14.97	45.66%
W4A18	Damage of Water Meter	Actual cost plus 15%	applicable vat	Actual cost plus 15%	applicable vat	
W4A19	Damage of Watermain	Actual cost plus R2,958.44	applicable vat	Actual cost plus R2,790.98	applicable vat	6.00%
W4A20	Damage of Service Connection (including water meter)	Actual cost plus R777.69	applicable vat	Actual cost plus R697.48	applicable vat	6.00%
W5	ILLEGAL CONNECTION / TAMPERING FEE					
W5A1	1st Offence	6 529.00	no vat	6 158.60	no vat	6.01%
W5A2	2 nd Offence Must convert to a flow-restriction watermeter at applicable tariff plus	7 661.00	no vat	7 227.08	no vat	6.00%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		1.060 1.115
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
W5A3	3rd Offence (Restriction of service and remedial action fee = double previous offence fee)	Previous offence amount X 2	applicable vat	Previous offence amount X 2	applicable vat	
W6	CONNECTION FEE					
W6A1	20 mm Connection Conventional Meter	4 782.61	5 500.00	4 511.51	5 188.23	6.01%
W6A2	20 mm Connection Water Flow Restrictor Meter	5 680.00	6 532.00	5 357.65	6 161.30	6.02%
W6A3	Other Connections	Actual cost plus 15%	applicable vat	Actual cost plus 15%	applicable vat	
W6A4	Connections (Erf Boundary - by Developer)	1 243.48	1 430.00	1 172.51	1 348.38	6.05%
W7	<u>BULK SERVICES DEVELOPMENT FEES</u>					
	Tariffs set out in Development Contribution Tariff list					

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

ANNEXURE TO WATER TARIFFS

ALLOCATION OF RUE's TO CATEGORIES OF CONSUMERS 2018/2019

Clinics - Out patients	* 1 RUE
Flats	* 1 RUE per Unit
Guest Houses and B & B's	* 1 RUE
Household related consumers that do not fall in one of the above household consumer categories	* Upon application the Engineering & Financial Departments will assess the validity within the tariff's structural framework
Old Age Homes, Hostels & Boarding School	* 1 RUE per 7 beds
Retirement Villages, Hospital & Hospice	* 1 RUE per 1 residential unit * 1 RUE per 7 beds
Single Residential erven	* 1 RUE
Townhouse and Group developments	* 1 RUE per unit (Please note that Townhouse/Group Developments must apply should they require more than 1 RUE during development) * RUE's only applicable from date of application and approval

RUE = Residential Unit Equivalent

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

DEVELOPMENT CONTRIBUTION TARIFFS (ROUNDING APPLICABLE)

Tariff Code	Detail	2018/2019		2017/2018		1.00 1.06 0.00%
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
		R	R	R	R	
DC1	WATER					
DC1A	Standard Fee per Equivalent Unit	18 859.65	21 688.60	18 859.65	21 688.60	0.00%
DC2	ELECTRICITY					
DC2A	Sub Division of Existing Erf					
DC2A1	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = P/ERF PLUS Standard Connection Fees	27 947.35	32 139.45	27 947.35	32 139.45	0.00%
DC2B	New Developments					
DC2B1	Standard fee per Singel Phase Domestic erf - infrastructure provide by developer (Based on 13.8 kVA xE15A2 x.36)	16 708.18	19 214.41	16 708.18	19 214.41	0.00%
DC2B2	Standard fee per Three Phase Domestic erf - infrastructure provide by developer (Based on 42kVA x E15A2x.36)	50 850.98	58 478.63	50 850.98	58 478.63	0.00%
DC2C	MV/LV Bulk Supply with metering point cost / kVA= Tariff E15A2	3 363.16	3 867.63	3 363.16	3 867.63	0.00%
DC2C1	LV Bulk Supply if capacity is available on existing TF cost / kVA = Tariff E15A3	4 284.21	4 926.84	4 284.21	4 926.84	0.00%
DC3	SEWERAGE					
DC3A	Standard Fee per Equivalent Unit	12 715.79	14 623.16	12 715.79	14 623.16	0.00%
DC4	ROADS					
DC4A	Standard Fee per Equivalent Unit	5 701.75	6 557.01	5 701.75	6 557.01	0.00%
DC5	STORMWATER					
DC5A	Standard Fee per Equivalent Unit	6 578.95	7 565.79	6 578.95	7 565.79	0.00%
DC6	SOLID WASTE					
DC6A	Standard Fee per Equivalent Unit	1 140.35	1 311.40	1 140.35	1 311.40	0.00%
DC7	OFF-GRID DEVELOPMENT/UNITS					
DC7A	As per signed agreement as recommended by the Director: Infrastructure and Planning and approval by the Municipal Manager	as per agreement	applicable vat	as per agreement	applicable vat	
DC8	EVALUATION/INVESTIGATION LEVIES are payable OVER and ABOVE the Bulk Service Levies					
DC8A	Water					
	No. of Equivalent units					
DC8A1	1 - 4	no charge	no vat	no charge	no vat	
DC8A2	5 - 10	7 900.00	9 085.00	7 900.00	9 085.00	0.00%
DC8A3	11 - 25	13 300.00	15 295.00	13 300.00	15 295.00	0.00%
DC8A4	26 - 50	18 300.00	21 045.00	18 300.00	21 045.00	0.00%
DC8A5	51 - 100	21 000.00	24 150.00	21 000.00	24 150.00	0.00%
DC8A6	101 - 250	23 300.00	26 795.00	23 300.00	26 795.00	0.00%
DC8A7	251 - 500	27 200.00	31 280.00	27 200.00	31 280.00	0.00%
DC8A8	501 - 2000	30 700.00	35 305.00	30 700.00	35 305.00	0.00%
DC8A9	2000 – 5000	36 900.00	42 435.00	36 900.00	42 435.00	0.00%
DC8A10	> 5001	41 900.00	48 185.00	41 900.00	48 185.00	0.00%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018		1.00 1.06 0.00%
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
		R	R	R	R	
DC8E	Sanitation					
	No. of Equivalent units					
DC8E1	1 - 4	no charge	no vat	no charge	no vat	
DC8E2	5 - 10	7 900.00	9 085.00	7 900.00	9 085.00	0.00%
DC8E3	11 - 25	13 300.00	15 295.00	13 300.00	15 295.00	0.00%
DC8E4	26 - 50	18 300.00	21 045.00	18 300.00	21 045.00	0.00%
DC8E5	51 - 100	21 000.00	24 150.00	21 000.00	24 150.00	0.00%
DC8E6	101 - 250	23 300.00	26 795.00	23 300.00	26 795.00	0.00%
DC8E7	251 - 500	27 200.00	31 280.00	27 200.00	31 280.00	0.00%
DC8E8	501 - 2000	30 700.00	35 305.00	30 700.00	35 305.00	0.00%
DC8E9	2000 – 5000	36 900.00	42 435.00	36 900.00	42 435.00	0.00%
DC8E10	> 5001	41 900.00	48 185.00	41 900.00	48 185.00	0.00%

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

RESORTS TARIFF LIST (ROUNDING APPLICABLE)

Tariff Code	Detail	2018/2019		2017/2018		
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%	
	** A deposit of 50% of the total amount payable is applicable to secure the booking					1.06 normal electricity
	** On cancellation of the booking an administration fee of 15% will deducted from the deposit					
	** On cancellation of the booking less than 14 days prior to the commencement of the booking period, the deposit will not be paid back					
R 1	PALMIET & KLEINMOND CARAVAN PARKS					
R1A	Peak Season - 1 December - 31 January & Easter Weekend					
R1A1	A Stands per day	374.78	431.00	353.51	406.54	6.02%
R1A2	B Stands per day	300.87	346.00	283.77	326.34	6.03%
R1A3	C Stands per day	266.96	307.00	251.32	289.02	6.22%
R1B	Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)					
R1B1	A Stands per day	207.83	239.00	195.61	224.95	6.25%
R1B2	B Stands per day	178.26	205.00	167.54	192.67	6.40%
R1B3	C Stands per day	163.48	188.00	153.51	176.54	6.49%
	The above tariffs include for up to four (4) persons and one (1) vehicle with one trailer or caravan or small boat per day					
R1F	Sundry Costs					
R1F1	Electricity if available per stand per day	38.26	44.00	35.97	41.36	6.38%
R1F2	Additional persons up to a maximum of two (2) - per person per day	53.91	62.00	50.88	58.51	5.96%
R1F3	Additional vehicle or small trailer or small boat to maximum of 2 units - per unit per day	30.44	35.00	28.07	32.28	8.43%
R1F4	Day visitors for campers up to a maximum of four (4) per person per day	53.91	62.00	50.88	58.51	5.96%
R1F5	Day visitors vehicle per day	41.74	48.00	39.47	45.39	5.75%
	NOTE: Special arrangements must be made with the Camp Manager to allow day visitors					
R1F6	Children under two (2) years	no charge	no vat	no charge	no vat	
R1F7	Children under twelve (12)	26.96	31.00	25.44	29.26	5.97%
R1F8	Gate Card / Key Deposit per set - Refundable	157.00	no vat	148.00	no vat	6.08%
R1J	Low Season: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles & RV groups (not caravans) more than 20 campers					
	Note: Pensioners to be defined as persons sixty (60) years and older					
R1J1	May get a discount on the stands	50%	applicable vat	50%	applicable vat	
R1J2	Qualify for a reduced tariff for a period of 30 days	2 528.70	2 908.00	2 385.09	2 742.85	6.02%
R 10	KLEINMOND: FRANK ROBB HUT					
R10A	Camping per person per day (Maximum of 10 persons)	88.70	102.00	83.77	96.34	5.88%
R 20	ONRUS CARVAN PARK: PLETT HOUSE					
R20A	Peak Season - 1 December - 31 January & Easter Weekend	414.78	477.00	390.79	449.41	6.14%
R20B	Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)	257.39	296.00	242.11	278.42	6.31%
R 30	ONRUS CARVAN PARK					
R30A	Peak Season - 1 December - 31 January & Easter Weekend					
R30A1	A Stands per day	409.57	471.00	385.96	443.85	6.12%
R30A2	B Stands per day	315.65	363.00	297.81	342.48	5.99%
R30A3	C Stands per day	286.09	329.00	269.74	310.20	6.06%
R30B	Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)					
R30B1	A Stands per day	226.96	261.00	214.04	246.15	6.04%
R30B2	B Stands per day	193.04	222.00	181.58	208.82	6.31%
R30B3	C Stands per day	178.26	205.00	167.54	192.67	6.40%
	The above tariffs include for up to four (4) persons and one (1) vehicle with one trailer or caravan or small boat per day					

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018			
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
R30F	Sundry Costs					1.06	normal
R30F1	Electricity if available per stand per day	38.26	44.00	35.97	41.36		6.38%
R30F2	Additional persons up to a maximum of two (2) - per person per day	60	69.00	56.14	64.56		6.88%
R30F3	Additional vehicle or small trailer or small boat to maximum of 2 units - per unit per day	32.17	37.00	29.83	34.30		7.86%
R30F4	Children under two (2) years	no charge	no vat	no charge	no vat		
R30F5	Children under twelve (12)	30.44	35.00	28.07	32.28		8.43%
R30F6	Daily Functions (pre-arrangement) per day	147.83	170.00	139.47	160.39		5.99%
R30F7	Full 30 day Rental	4 041.74	4 648.00	3 812.28	4 384.12		6.02%
R30F8	Gate Card / Key Deposit per set - Refundable	157.39	181.00	148.00	no vat		6.34%
R30J	Long Term Rental						
R30J1	Rental per annum	13 222.61	15 206.00	13 221.93	15 205.22		0.01%
	Plus:						
R30J2	Pergola with covering per annum	1 417.39	1 630.00	1 336.84	1 537.37		6.03%
R30J3	Water tap per annum	301.74	347.00	284.21	326.84		6.17%
R30J4	Structure for storing purposes per annum	301.74	347.00	284.21	326.84		6.17%
R30J5	Permanent fireplace structure per annum	301.74	347.00	284.21	326.84		6.17%
R30J6	Electricity per stand per annum	960.00	1 104.00	905.26	1 041.05		6.05%
R30L	Low Season: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles & RV groups (not caravans) more than 20 campers						
	Note: Pensioners to be defined as persons sixty (60) years and older						
R30L1	May get a discount on the stands	50%	applicable vat	50%	applicable vat		
R30L2	Qualify for a reduced tariff for a period of 30 days	2 760.00	3 174.00	2 603.51	2 994.04		6.01%
R 60	GANSBAAA CARVAN PARK						
R60A	Peak Season - 1 December - 31 January & Easter Weekend						
R60A1	A+ Stands per day	295.65	340.00	278.95	320.79		5.99%
R60A2	A Stands per day	252.17	290.00	237.28	272.87		6.28%
R60A3	B Stands per day	207.83	239.00	195.61	224.95		6.25%
R60A4	C Stands per day	178.26	205.00	167.54	192.67		6.40%
R60B	Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)						
R60B1	A+ Stands per day	226.96	261.00	214.04	246.14		6.04%
R60B2	A Stands per day	187.83	216.00	176.75	203.26		6.27%
R60B3	B Stands per day	178.26	205.00	167.54	192.67		6.40%
R60B4	C Stands per day	163.48	188.00	153.51	176.54		6.49%
	The above tariffs include for up to four (4) persons and one (1) vehicle with one trailer or caravan or small boat per day						
R60F	Sundry Costs						
R60F1	Additional persons up to a maximum of two (2) - per person per day	53.91	62.00	50.88	58.51		5.96%
R60F2	Additional vehicle or small trailer or small boat - per unit per day	39.13	45.00	36.84	42.37		6.22%
R60F3	Children under two (2) years	no charge	no vat	no charge	no vat		
R60F4	Children under twelve (12)	26.96	31.00	25.44	29.26		5.97%
R60F5	Day visitors for campers up to a maximum of four (4) per person per day	39.13	45.00	36.84	42.37		6.22%
R60F6	Gate Card / Key Deposit per set - Refundable	157.00	no vat	148.00	no vat		6.08%
R60J	Long Term Rental						
R60J1	Rental per annum	7422.61	8 536.00	7 001.75	8 052.01		6.01%
E60K	Low Season: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles & RV groups (not caravans) more than 20 campers						
	Note: Pensioners to be defined as persons sixty (60) years and older						

OVERSTRAND MUNICIPALITY TARIFF LIST 2018/2019

Tariff Code	Detail	2018/2019		2017/2018			
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
R60K1	May get a discount on the stands	50%	applicable vat	50%	applicable vat	1.06	normal
R 80	HAWSTON DAY CAMPING SITE						
R80A	Peak Season - 1 December - 31 January & Easter Weekend						
R80A1	Camping Sites	178.26	205.00	167.54	192.67		6.40%
R80A2	Parking Fees per vehicle (excluding busses >20 seats)	13.04	15.00	12.28	14.12		6.19%
R80A3	Per Bus >20 seats	153.04	176.00	143.86	165.44		6.38%
R80A4	Entrance Fee: Adults (per person)	13.04	15.00	12.28	14.12		6.19%
R80A5	Entrance Fee: Children (per child < 12)	4.35	5.00	3.95	4.54		10.13%
R80B	Off-Peak Season - 1 February - 30 November (Excluding Easter Weekend)						
R80B1	Camping Sites	97.39	112.00	91.23	104.91		6.75%
R80B2	Parking Fees per vehicle (excluding busses >20 seats)	13.04	15.00	12.28	14.12		6.19%
R80B3	Per Bus >20 seats	153.04	176.00	143.86	165.44		6.38%
R80B4	Entrance Fee: Adults (per person)	13.04	15.00	12.28	14.12		6.19%
R80B5	Entrance Fee: Children (per child < 12)	4.35	5.00	3.95	4.54		10.13%
R80B6	The above tariffs include for up to six (6) persons and one (1) vehicle with one trailer or caravan or small boat per day						
R80E	Sundry Costs						
R80E1	Electricity if available per stand per day	38.26	44.00	35.97	41.36		6.38%
R80E2	Additional vehicle or small trailer or small boat - per unit per day	37.39	43.00	35.09	40.35		6.55%
R80E3	Events - partial or whole day camp site, per day or portion of the day (Excluding other services eg. Refuse collection, electricity etc.)	505.22	581.00	476.32	547.77		6.07%
R80J	Low Season: Pensioners, Caravan Clubs more than 10 caravans, Mobile Camper Vehicles & RV groups (not caravans) more than 20 campers						
	Note: Pensioners to be defined as persons sixty (60) years and older						
R80J1	May get a discount on the stands	50%	applicable vat	50%	applicable vat		

ANNEXURE D

TARIFF BASKETS

MONTHLY BASKET OF TARIFFS - SINGLE RESIDENTIAL 2018/19

Residential <u>High Consumption with credit elect meter</u>	Valuation	R3 500 000	Year	Year	Increase/Decrease	
			2017/2018	2018/2019	Amount	%
Rates			1 170.70	1 240.94	70.24	6.00
Sewer SE7A1+SE8A			536.31	568.69	32.38	6.04
Infrastructure Basic Charge Water, Electricity & Sewer			41.70	53.54	11.84	28.39
Refuse 1X Per Week			155.04	164.35	9.31	6.01
Water 50 kl			1 020.71	1 083.43	62.73	6.15
VAT 15%			263.06	280.50	17.44	6.63
SUB TOTAL			3 187.51	3 391.46	203.95	6.40
Electricity Credit Meter 1500 kWh			2 778.25	2 981.33	203.08	7.31
VAT 15%			416.74	447.20	30.46	7.31
TOTAL			6 382.50	6 819.99	437.49	6.85
<i>HPP if applicable</i>			117.07	124.09	7.02	6.00

<u>High Consumption with prepaid elect meter</u>	Valuation	R3 500 000	2017/2018	2018/2019	Amount	%
Rates			1 170.70	1 240.94	70.24	6.00
Sewer SE7A1+SE8A			536.31	568.69	32.38	6.04
Infrastructure Basic Charge Water, Electricity & Sewer			41.70	53.54	11.84	28.39
Refuse 1X Per Week			155.04	164.35	9.31	6.01
Water 50 kl			1 020.71	1 083.43	62.73	6.15
VAT 15%			263.06	280.50	17.44	6.63
SUB TOTAL			3 187.51	3 391.46	203.95	6.40
Electricity Prepaid Meter 1500 kWh			2 659.14	2 853.84	194.70	7.32
VAT 15%			398.87	428.08	29.21	7.32
TOTAL			6 245.53	6 673.38	427.85	6.85
<i>HPP if applicable</i>			117.07	124.09	7.02	6.00

<u>Medium Consumption with credit elect meter</u>	Valuation	R2 500 000	2017/2018	2018/2019	Amount	%
Rates			831.37	881.25	49.88	6.00
Sewer SE7A1+SE8A			322.43	341.89	19.46	6.04
Infrastructure Basic Charge Water, Electricity & Sewer			41.70	53.54	11.84	28.39
Refuse 1X Per Week			155.04	164.35	9.31	6.01
Water 25 kl			387.97	412.73	24.76	6.38
VAT 15%			136.07	145.88	9.81	7.21
SUB TOTAL			1 874.56	1 999.63	125.07	6.67
Electricity Credit Meter 800 kWh			1 428.59	1 532.88	104.29	7.30
VAT 15%			214.29	229.93	15.64	7.30
TOTAL			3 517.45	3 762.45	245.00	6.97
<i>HPP if applicable</i>			83.14	88.12	4.99	6.00

<u>Medium Consumption with prepaid elect meter</u>	Valuation	R2 500 000	2017/2018	2018/2019	Amount	%
Rates			831.37	881.25	49.88	6.00
Sewer SE7A1+SE8A			322.43	341.89	19.46	6.04
Infrastructure Basic Charge Water, Electricity & Sewer			41.70	53.54	11.84	28.39
Refuse 1X Per Week			155.04	164.35	9.31	6.01
Water 25 kl			387.97	412.73	24.76	6.38
VAT 15%			136.07	145.88	9.81	7.21
SUB TOTAL			1 874.56	1 999.63	125.07	6.67
Electricity Prepaid Meter 800 kWh			1 361.83	1 461.57	99.74	7.32
VAT 15%			204.28	219.24	14.96	7.32
TOTAL			3 440.67	3 680.44	239.77	6.97
<i>HPP if applicable</i>			83.14	88.12	4.99	6.00

Low Consumption with credit meter

Valuation		R1 000 000	2017/2018	2018/2019	Amount	%
Rates			322.37	341.71	19.34	6.00
Sewer	SE7A1+SE8A		236.87	251.17	14.30	6.04
Infrastructure Basic Charge Water, Electricity & Sewer						
Refuse	1X Per Week		155.04	164.35	9.31	6.01
Water	15 kl		240.98	256.92	15.94	6.62
VAT		15%	101.19	108.90	7.71	7.62
SUB TOTAL			1 098.14	1 176.59	78.45	7.14
Electricity Credit Meter	600 kWh		1 042.98	1 119.04	76.06	7.29
VAT		15%	156.45	167.86	11.41	7.29
TOTAL			2 297.56	2 463.48	165.92	7.22
<i>HPP if applicable</i>						
			32.24	34.17	1.93	6.00

Low Consumption with prepaid elect meter

Valuation		R1 000 000	2017/2018	2018/2019	Amount	%
Rates			322.37	341.71	19.34	6.00
Sewer	SE7A1+SE8A		236.87	251.17	14.30	6.04
Infrastructure Basic Charge Water, Electricity & Sewer						
Refuse	1X Per Week		155.04	164.35	9.31	6.01
Water	15 kl		240.98	256.92	15.94	6.62
VAT		15%	101.19	108.90	7.71	7.62
TOTAL			1 098.14	1 176.59	78.45	7.14
Electricity Prepaid Meter	600 kWh		991.18	1 063.78	72.60	7.33
VAT		15%	148.68	159.57	10.89	7.33
			2 237.99	2 399.93	161.94	7.24
<i>HPP if applicable</i>						
			32.24	34.17	1.93	6.00

Life-Line Consumption (ONE PART) (Indigent)

Valuation		R50 000	2017/2018	2018/2019	Amount	%
Rates			0.00	0.00	0.00	0.00
Sewer	SE7A1		17.11	18.14	1.03	6.04
Infrastructure Basic Charge Water, Electricity & Sewer						
Refuse	1X Per Week		0.00	0.00	0.00	0.00
Water	8 kl		20.48	21.71	1.23	6.00
VAT		15%	11.89	12.23	0.34	2.85
SUB TOTAL			91.18	93.78	2.60	2.85
Electricity Pre-paid	300 kWh		304.21	323.98	19.77	6.50
VAT		15%	45.63	48.60	2.97	6.50
TOTAL			441.02	466.36	25.34	5.75

Conservancy Tanks**If tariff SE7 is not applicable**

		2017/2018	2018/2019	Amount	%
Smaller than 6kl		499.40	529.39	29.99	6.01
Greater than 6kl		499.40	529.39	29.99	6.01
Outside urban area Plus	per km	14.63	15.52	0.89	6.06
Plus	Per hour	299.83	317.91	18.08	6.03
After hours					
Smaller than 6kl		998.80	1 058.78	59.98	6.01
Greater than 6kl		998.80	1 058.78	59.98	6.01

Sub-Economic Consumption (Indigent)

			2017/2018	2018/2019	Amount	%
Valuation		R50 000				
Rates			0.00	0.00	0.00	0.00
Sewer	SE7A1		0.00	0.00	0.00	0.00
Infrastructure Basic Charge Water, Electricity & Sewer			41.70	41.70	0.00	0.00
Refuse	1X Per Week		0.00	0.00	0.00	0.00
Water	6 kl		0.00	0.00	0.00	0.00
VAT		15%	6.26	6.26	0.00	0.00
SUB TOTAL			47.96	47.96	0.00	0.00
Electricity Prepaid Meter	150 kWh		150.45	160.23	9.78	6.50
VAT		15%	22.57	24.03	1.47	6.50
TOTAL			220.97	232.22	11.25	5.09

MONTHLY BASKET OF TARIFFS - BUSINESS 2018/2019

Business - Large (Time of Use)

Valuation R35 000 000				2017/2018	2018/2019	Amount	%
Rates				22 487.50	23 836.75	1 349.25	6.00
Sewer	SE7D1+SE8A	30		8 316.15	8 818.14	501.99	6.04
Infrastructure Basic Charge Water, Electricity & Sewer				41.70	53.54	11.84	28.39
Refuse	Bins 2X Per Week	30		9 302.14	9 861.00	558.86	6.01
Water	460 kl			19 125.97	20 273.52	1 147.56	6.00
VAT		15%		5 517.89	5 850.93	333.04	6.04
SUB TOTAL				64 791.34	68 693.89	3 902.55	6.02
Electricity Credit Meter	108751 + 436kVA			122 667.13	131 646.36	8 979.23	7.32
VAT		15%		18 400.07	19 746.95	1 346.89	7.32
TOTAL				205 858.54	220 087.20	14 228.66	6.91
<i>HPP if applicable</i>				2 248.75	2 383.68	134.93	6.00

Business - Medium (Three Phase)

Valuation R3 200 000				2017/2018	2018/2019	Amount	%
Rates				2 056.00	2 179.36	123.36	6.00
Sewer	SE7D1+SE8A	1		548.53	581.65	33.12	6.04
Infrastructure Basic Charge Water, Electricity & Sewer				41.70	53.54	11.84	28.39
Refuse	1X Per Week	3		465.11	493.05	27.94	6.01
Water	40 kl			780.84	827.69	46.85	6.00
VAT		15%		275.43	293.39	17.96	6.52
SUB TOTAL				4 167.60	4 428.68	261.08	6.26
Electricity Credit Meter	7000 kWh			11 818.34	12 645.04	826.70	7.00
VAT		15%		1 772.75	1 896.76	124.01	7.00
TOTAL				17 758.69	18 970.47	1 211.78	6.82
<i>HPP if applicable</i>				205.60	217.94	12.34	6.00

Business - Small (Three Phase)

Valuation R3 200 000				2017/2018	2018/2019	Amount	%
Rates				2 056.00	2 179.36	123.36	6.00
Sewer	SE7D1+SE8A	1		548.53	581.65	33.12	6.04
Infrastructure Basic Charge Water, Electricity & Sewer				41.70	53.54	11.84	28.39
Refuse	1X Per Week	2		310.07	328.70	18.63	6.01
Water	40 kl			780.84	827.69	46.85	6.00
VAT		15%		252.17	268.74	16.57	6.57
SUB TOTAL				3 989.31	4 239.68	250.37	6.28
Electricity Credit Meter	4000 kWh			6 982.64	7 475.68	493.04	7.06
VAT		15%		1 047.40	1 121.35	73.96	7.06
TOTAL				12 019.34	12 836.70	817.36	6.80
<i>HPP if applicable</i>				205.60	217.94	12.34	6.00

Business - Small (Three Phase)

Valuation R3 200 000				2017/2018	2018/2019	Amount	%
Rates				2 056.00	2 179.36	123.36	6.00
Sewer	SE7D1+SE8A	1		548.53	581.65	33.12	6.04
Infrastructure Basic Charge Water, Electricity & Sewer				41.70	53.54	11.84	28.39
Refuse	1X Per Week	2		310.07	328.70	18.63	6.01
Water	40 kl			780.84	827.69	46.85	6.00
VAT		15%		252.17	268.74	16.57	6.57
SUB TOTAL				3 989.31	4 239.68	250.37	6.28
Electricity Credit Meter	1000 kWh			2 146.94	2 306.31	159.37	7.42
VAT		15%		322.04	345.95	23.91	7.42
TOTAL				6 458.29	6 891.93	433.65	6.71
<i>HPP if applicable</i>				205.60	217.94	12.34	6.00

Bussiness - Small (Three Phase) Prepaid Electricity

Valuation R3 200 000

				2017/2018	2018/2019	Amount	%
Rates				2 056.00	2 179.36	123.36	6.00
Sewer	SE7D1+SE8A	1		548.53	581.65	33.12	6.04
Infrastructure Basic Charge Water, Electricity & Sewer				41.70	53.54	11.84	28.39
Refuse	1X Per Week	2		310.07	328.70	18.63	6.01
Water	40 kl			780.84	827.69	46.85	6.00
VAT		15%		252.17	268.74	16.57	6.57
SUB TOTAL				3 989.31	4 239.68	250.37	6.28
Electricity Pre-paid	1000 kWh			2 054.04	2 207.00	152.96	7.45
VAT		15%		308.11	331.05	22.94	7.45
TOTAL				6 351.45	6 777.73	426.28	6.71
<i>HPP if applicable</i>				205.60	217.94	12.34	6.00

MONTHLY BASKET OF TARIFFS - VACANT ERVEN 2017/2018

Valuation High

		2017/2018	2018/2019	Amount	%
Valuation	R780 000				
Rates		453.05	480.23	27.18	6.00
Sewer can connect	Availability	108.54	115.09	6.55	6.03
Refuse	Availability	77.51	82.17	4.66	6.02
Electricity	Availability	267.52	291.60	24.08	9.00
Water	Availability	121.83	129.14	7.31	6.00
Infrastructure Basic Charge Water, Electricity & Sewer		41.70	53.54	11.84	28.39
VAT	15%	92.56	100.73	8.17	8.82
TOTAL		1 162.71	1 252.49	89.79	7.72
HPP if applicable		45.31	48.02	2.72	6.00

Valuation Average

		2017/2018	2018/2019	Amount	%
Valuation	R250 000				
Rates		145.21	153.92	8.71	6.00
Sewer can connect	Availability	108.54	115.09	6.55	6.03
Refuse	Availability	77.51	82.17	4.66	6.02
Electricity	Availability	267.52	291.60	24.08	9.00
Water	Availability	121.83	129.14	7.31	6.00
Infrastructure Basic Charge Water, Electricity & Sewer		41.70	53.54	11.84	28.39
VAT	15%	92.56	100.73	8.17	8.82
TOTAL		854.86	926.18	71.32	8.34
HPP if applicable		14.52	15.39	0.87	6.00

Valuation Lower

		2017/2018	2018/2019	Amount	%
Valuation	R110 000				
Rates		63.89	67.73	3.83	6.00
Sewer can connect	Availability	108.54	115.09	6.55	6.03
Refuse	Availability	77.51	82.17	4.66	6.02
Electricity	Availability	267.52	291.60	24.08	9.00
Water	Availability	121.83	129.14	7.31	6.00
Infrastructure Basic Charge Water, Electricity & Sewer		41.70	53.54	11.84	28.39
VAT	15%	92.56	100.73	8.17	8.82
TOTAL		773.55	839.99	66.44	8.59

Valuation Low

		2017/2018	2018/2019	Amount	%
Valuation	R15 000				
Rates		8.71	9.24	0.52	6.00
Sewer can connect	Availability	108.54	115.09	6.55	6.03
Refuse	Availability	77.51	82.17	4.66	6.02
Electricity	Availability	267.52	291.60	24.08	9.00
Water	Availability	121.83	129.14	7.31	6.00
Infrastructure Basic Charge Water, Electricity & Sewer		41.70	53.54	11.84	28.39
VAT	15%	92.56	100.73	8.17	8.82
TOTAL		718.37	781.50	63.13	8.79

SUBSIDY BASKET FOR CONSECUTIVE FINANCIAL YEARS

2017/2018			
Service	Detail	Unit	Total
Water	Basic		121.83
Water	Usage	6kl	26.99
Electricity	Basic		267.52
Electricity	Usage	50kWh	75.95
Sewer	Basic		108.54
Sewer	Usage	4.2kl	51.33
Refuse			155.04
Infrast Sewer			0.00
Infrast Water			0.00
			<u>807.20</u>

2018/2019 Projected			
Service	Detail	Unit	Total
Water	Basic		129.14
Water	Usage	6kl	28.61
Electricity	Basic		283.57
Electricity	Usage	50kWh	80.50
Sewer	Basic		115.05
Sewer	Usage	4.2kl	54.41
Refuse			164.34
Infrast Sewer			3.43
Infrast Water			8.41
			<u>867.47</u>

7.47%

2019/2020 Projected			
Service	Detail	Unit	Total
Water	Basic		136.89
Water	Usage	6kl	30.33
Electricity	Basic		300.58
Electricity	Usage	50kWh	85.33
Sewer	Basic		121.96
Sewer	Usage	4.2kl	57.68
Refuse			174.20
Infrast Sewer			3.43
Infrast Water			8.41
			<u>918.81</u>

5.92%

2020/2021 Projected			
Service	Detail	Unit	Total
Water	Basic		145.10
Water	Usage	6kl	32.15
Electricity	Basic		318.62
Electricity	Usage	50kWh	90.45
Sewer	Basic		129.27
Sewer	Usage	4.2kl	61.14
Refuse			184.66
Infrast Sewer			3.43
Infrast Water			8.41
			<u>973.23</u>

5.92%

ANNEXURE E

CAPITAL BUDGET, WARD PROJECTS & HOUSING PROGRAMME

DRAFT CAPITAL BUDGET 2018/19 - 2020/21

					2018/19 BUDGET		2019/20 BUDGET		2020/21 BUDGET					
Area	Local Area	Ward	Project Description	Project Manager	Funding Source	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL
FINANCE AND ADMINISTRATION						5 836 000		5 836 000	20 000 000		20 000 000	20 000 000		20 000 000
Overstrand	Overstrand	Overstrand	ICT -PABX TELEPHONY DEVICES	C Johnson	Surplus	1 500 000		1 500 000						
Overstrand	Overstrand	Overstrand	ICT -WI-FI PROJECTS TO SEE THE VIABILITY OF OFFERING SERVICES	C Johnson	Surplus	250 000		250 000						
Overstrand	Overstrand	Overstrand	ICT -MANAGE ENGINE LICENSES	C Johnson	Surplus	200 000		200 000						
Overstrand	Overstrand	Overstrand	ICT -DISK STORAGE	C Johnson	Surplus	1 000 000		1 000 000						
Overstrand	Overstrand	Overstrand	ICT -KRONOS: MANAGER FOR WORKFORCE CENTRAL LICENSES	J van Asperen	Surplus	16 000		16 000						
Overstrand	Overstrand	Overstrand	ICT -REPLACE HOSTING SERVERS	C Johnson	Surplus	800 000		800 000						
Overstrand	Overstrand	Overstrand	MINOR ASSETS -FINANCE	S Reyneke	Surplus	30 000		30 000						
Overstrand	Overstrand	Overstrand	MINOR ASSETS - COUNCIL	D Arrison	Surplus	20 000		20 000						
Overstrand	Overstrand	Overstrand	MINOR ASSETS- MANAGEMENT SERVICES	D Arrison	Surplus	20 000		20 000						
Overstrand	Overstrand	Overstrand	MINOR ASSETS-ICT- ORGANIZATION WIDE	C Johnson	Surplus	300 000		300 000						
Overstrand	Overstrand	Overstrand	VEHICLES-FINANCE & ADMINISTRATION	M Bartman	Surplus	1 700 000		1 700 000						
Overstrand	Overstrand	Overstrand	SURPLUS	TMT	Surplus				20 000 000		20 000 000	20 000 000		20 000 000
PUBLIC SAFETY						8 875 600		8 875 600	500 000		500 000			
Hermanus	Hemel&Aarde	Ward 04	LAW ENFORCEMENT FACILITIES: ALTERATIONS AND ADDITIONS	D Hendriks	Surplus-R-Over	1 000 000		1 000 000						
Overstrand	Overstrand	Overstrand	JAWS OF LIFE	L Smith	Land Sales	800 000		800 000						
Overstrand	Overstrand	Overstrand	UPGRADING OF FACILITIES - FIRE SERVICES BUILDING	L Smith	Land Sales	2 480 000		2 480 000						
Overstrand	Overstrand	Overstrand	MINOR ASSETS -PROTECTION SERVICES	N Micheals	Surplus	315 600		315 600						
Hermanus	Zwelihle	Ward 06	FENCING OF LANGE STREET LUSIBA BASKETBALL COURT,NXUMALC	J De Villiers	OpexCash-WSP	150 000		150 000						
Kleinmond	Kleinmond	Ward 09	FENCING OF THE FOOTPATH (HEUNINGKLOOF)	D van Rhodie	OpexCash-WSP	80 000		80 000						
Kleinmond	Kleinmond	Ward 09	FENCING AT NETBALL COURT	D van Rhodie	OpexCash-WSP	30 000		30 000						
Hermanus	Zwelihle	Ward 05	CCTV CAMERAS	D Esau	OpexCash-WSP	100 000		100 000						
Hermanus	Fisherhaven	Ward 08	CCTV / SECURITY – ENTRANCE TO FISHERHAVEN & SLIPWAY	D Esau	OpexCash-WSP	120 000		120 000						
Stanford	Stanford	Ward 11	CCTV CAMERAS	F Myburgh	OpexCash-WSP	100 000		100 000						
Overstrand	Overstrand	Overstrand	VEHICLES-PUBLIC SAFETY	M Bartman	Surplus	3 200 000		3 200 000						
Overstrand	Overstrand	Overstrand	CCTV CAMERAS	L Smith	Land Sales	500 000		500 000	500 000		500 000			
PLANNING & DEVELOPMENT						5 725 000		5 725 000						
Overstrand	Overstrand	Overstrand	MINOR ASSETS -LED	S Madikane	Surplus	25 000		25 000						
Hermanus	Hawston	Ward 08	HAWSTON INDUSTRIAL(BUSINESS) HUB	S Madikane	Land Sales	5 000 000		5 000 000						
Overstrand	Overstrand	Overstrand	VEHICLES-PLANNING & DEVELOPMENT	M Bartman	Surplus	600 000		600 000						
Overstrand	Overstrand	Overstrand	MINOR ASSETS- INFRASTRUCTURE & PLANNING	S Muller	Surplus	100 000		100 000						
COMMUNITY AND SOCIAL SERVICES						3 914 146		3 914 146	2 500 000	2 500 000		2 500 000	2 500 000	
Hermanus	Hawston	Ward 08	EXTENSION OF THUSONG CENTRE	D Hendriks	MIG				2 500 000		2 500 000			2 500 000
Hermanus	Hawston	Ward 08	FENCING OF THUSONG CENTRE	T Marx	Land Sales	1 234 506		1 234 506						1 234 506
Hermanus	Hawston	Ward 08	FENCING OF HAWSTON CAMPING SITE	T Marx	Land Sales	1 956 240		1 956 240						1 956 240
Overstrand	Overstrand	Overstrand	MINOR ASSETS- COMMUNITY SERVICES	R Williams	Surplus	473 400		473 400						473 400
Gansbaai	Blompark	Ward 02	EARLY CHILDHOOD DEVELOPMENT-STRUCTURES	F Myburgh	OpexCash-WSP	100 000		100 000						100 000
Kleinmond	Overhills	Ward 10	BAMBANANI CRÈCHE	D Lakey	OpexCash-WSP	50 000		50 000						50 000
Kleinmond	Proteadorp	Ward 10	SIYABULELA CRÈCHE	D Lakey	OpexCash-WSP	30 000		30 000						30 000
Gansbaai	Blompark	Ward 02	CEMETERY	F Myburgh	OpexCash-WSP	70 000		70 000						70 000
LIBRARIES						600 000		600 000						
Gansbaai	Gansbaai All	Ward 01&02	GANSBAAI LIBRARY UPGRADE	F Myburgh	Prov-Lib Gr	150 000		150 000						150 000
Gansbaai	Eluxolweni	Ward 11	ELUXOLWENI LIBRARY UPGRADE	F Myburgh	Prov-Lib Gr	420 000		420 000						420 000
Kleinmond	Betty's Bay	Ward 10	BETTYS BAY LIBRARY UPGRADE	D Lakey	Prov-Lib Gr	30 000		30 000						30 000
SPORT & RECREATION						5 457 184	100 000	5 557 184	2 500 000	2 500 000		1 500 000	1 500 000	
Hermanus	Zwelihle	Ward 12	ARTIFICIAL TURF SOCCERFIELD	D Hendriks	MIG				2 500 000		2 500 000			1 500 000
Gansbaai	Gansbaai All	Ward 01&02	MINOR ASSETS -SPACES FOR SPORT	F Myburgh	Spaces for Sport		100 000	100 000						100 000
Hermanus	Hermanus	Ward 03	HERMANUS SPORTS CLUB PROJECT	R Kuchar	Land Sales	4 017 184		4 017 184						4 017 184
Gansbaai	Masakhane	Ward 01	PLAYPARKS	F Myburgh	OpexCash-WSP	100 000		100 000						100 000
Gansbaai	Kleinbaai	Ward 02	TIDAL POOL & PLAY PARK	T Steenberg	OpexCash-WSP	50 000		50 000						50 000
Gansbaai	Gansbaai	Ward 02	SAFETY FENCE: OFFICE BUILDING	F Myburgh	OpexCash-WSP	100 000		100 000						100 000
Hermanus	Zwelihle	Ward 06	ROOF FOR ZWELIHLE BOXING GYM & SAFETY GATES	J De Villiers	OpexCash-WSP	40 000		40 000						40 000
Hermanus	Zwelihle	Ward 06	PURCHASING OF PLAY PARK EQUIPMENT -MSHENXISWA VILAGE	J De Villiers	OpexCash-WSP	60 000		60 000						60 000
Hermanus	Zwelihle	Ward 06	INSTALLATION OF ASTRO TURF	J De Villiers	OpexCash-WSP	100 000		100 000						100 000
Hermanus	Zwelihle	Ward 06	CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS	J De Villiers	OpexCash-WSP	60 000		60 000						60 000
Hermanus	Fisherhaven	Ward 08	UPGRADE OF PLAY PARK AT SLIPWAY	J De Villiers	OpexCash-WSP	10 000		10 000						10 000
Kleinmond	Kleinmond	Ward 09	OUTDOOR TRIM GYM - MAIN BEACH	D Lakey	OpexCash-WSP	70 000		70 000						70 000
Buffeljachts	Buffeljachts	Ward 11	UPGRADE OF PUBLIC LAUNCHING SITE	F Myburgh	OpexCash-WSP	50 000		50 000						50 000
Hermanus	Zwelihle	Ward 12	PURCHASING OF PLAY PARK EQUIPMENT LANDA , SIYAZAMA STREE	J de Villiers	OpexCash-WSP	30 000		30 000						30 000
Hermanus	Zwelihle	Ward 12	PURCHASING OF OUTDOOR GYM EQUIPMENT	J de Villiers	OpexCash-WSP	20 000		20 000						20 000
Hermanus	Zwelihle	Ward 12	PURCHASING OF CONTAINERS FOR CHANGING ROOMS AT JIKELEZA	B Plaatjies	OpexCash-WSP	70 000		70 000						70 000
Hermanus	Zwelihle	Ward 12	CONSTRUCTION OF PLAY EQUIPMENT AND SITTING AREAS	J de Villiers	OpexCash-WSP	80 000		80 000						80 000
Hermanus	Zwelihle	Ward 12	INSTALLATION OF ASTRO TURF	J de Villiers	OpexCash-WSP	100 000		100 000						100 000
Hermanus	Onrus/Vermont	Ward 13	RE-DESIGN OF ONRUS BEACH AREA	J De Villiers	OpexCash-WSP	100 000		100 000						100 000
Overstrand	Overstrand	Overstrand	VEHICLES-PARKS	M Bartman	Surplus	400 000		400 000						400 000

DRAFT CAPITAL BUDGET 2018/19 - 2020/21

				2018/19 BUDGET			2019/20 BUDGET			2020/21 BUDGET				
Area	Local Area	Ward	Project Description	Project Manager	Funding Source	EXTERNAL		EXTERNAL		EXTERNAL				
						COUNCIL FUNDED	(GRANTS)	TOTAL	COUNCIL FUNDED	(GRANTS)	TOTAL	COUNCIL FUNDED	(GRANTS)	TOTAL
HOUSING						35 467 297	35 467 297	29 479 957	29 479 957	33 812 905	33 812 905			
Gansbaai	Masakhane	Ward 01	MASAKHANE	B Louw	Prov-Housing	8 449 062	8 449 062	14 084 938	14 084 938	18 917 140	18 917 140			
Hermanus	Zwelihle	Ward 06	ZWELIHLI PROJECT-TRANSIT CAMP(166)	B Louw	Prov-Housing	1 500 000	1 500 000	8 406 420	8 406 420					
Hermanus	Zwelihle	Ward 06	ZWELIHLI PROJECT-MANDELA SQUARE	B Louw	Prov-Housing	1 463 950	1 463 950							
Hermanus	Zwelihle	Ward 05	ZWELIHLI:TAMBO SQUARE PROJECT	B Louw	Prov-Housing					4 886 865	4 886 865			
Stanford	Stanford	Ward 11	STANFORD IRDP	B Louw	Prov-Housing	5 517 519	5 517 519	6 988 599	6 988 599	10 008 900	10 008 900			
Gansbaai	Blompark	Ward 02	BLOMPARK PROJECT	B Louw	Prov-Housing	16 313 461	16 313 461							
Gansbaai	Beverly Hills	Ward 02	BEVERLY HILLS UISP	B Louw	Prov-Housing	2 223 305	2 223 305							
ROADS						5 570 000	3 500 000	9 070 000	6 500 000	6 500 000	2 000 000	2 000 000		
Gansbaai	Blompark	Ward 02	REHABILITATE ROADS - BLOMPARK	D Hendriks	MIG	1 500 000	1 500 000	2 000 000	2 000 000					
Stanford	Stanford	Ward 11	REHABILITATE ROADS - STANFORD	D Hendriks	MIG	2 000 000	2 000 000	2 000 000	2 000 000					
Hermanus	Hermanus	Ward 03	CBD REGENERATION PROGRAM	S Muller	Land Sales	3 000 000	3 000 000							
Hermanus	Hermanus	Ward 03	CBD REVITALISATION – HIGH STREET UPGRADE	J De Villiers	OpexCash-WSP	200 000	200 000							
Gansbaai	Masakhane	Ward 01	NEW SIDEWALKS	T Steenberg	OpexCash-WSP	100 000	100 000							
Gansbaai	Blompark/ Kleinbaai	Ward 02	UPGRADE OF SIDEWALKS	T Steenberg	OpexCash-WSP	100 000	100 000							
Hermanus	Westcliff	Ward 04	WESTCLIFF SPEED CALMING MEASURES	J De Villiers	OpexCash-WSP	225 000	225 000							
Hermanus	Westcliff	Ward 04	UPGRADING OUTSIDE HUIS LETTIE THERON FRONT AREA	J De Villiers	OpexCash-WSP	50 000	50 000							
Hermanus	Mount Pleasant	Ward 04	SPEED CALMING MEASURE(ANGELIER,DAHLIA, MALVA,ORIGDEE)	J De Villiers	OpexCash-WSP	75 000	75 000							
Hermanus	Mount Pleasant	Ward 04	SIDEWALKS HEIDE UITKYK,CHINA TOWM,DAHLIA,ANGELIER,ASTRA	J De Villiers	OpexCash-WSP	150 000	150 000							
Hermanus	Zwelihle	Ward 05	SPEED CALMING MEASURES SOBUKHWE , STEVE BIKO,	J De Villiers	OpexCash-WSP	50 000	50 000							
Hermanus	Zwelihle	Ward 05	SIDE WALK MAMSKUVENI	J De Villiers	OpexCash-WSP	100 000	100 000							
Hermanus	Sandbaai	Ward 07	NEW STREETS & SIDEWALKS	J De Villiers	OpexCash-WSP	500 000	500 000							
Rooiels	Rooiels	Ward 10	PAVING OF ANEMONE ROAD IN ROOI ELS	D Van Rhodie	OpexCash-WSP	150 000	150 000							
Pringle Bay	Pringle Bay	Ward 10	CONSTRUCTION OF SIDEWALK - PRINGLE BAY	D Van Rhodie	OpexCash-WSP	50 000	50 000							
Gansbaai	Pearly Beach All	Ward 11	TRAFFIC CALMING	T Steenberg	OpexCash-WSP	50 000	50 000							
Stanford	Thembellihle	Ward 11	TRAFFIC CALMING	T Steenberg	OpexCash-WSP	50 000	50 000							
Hermanus	Onrus/Vermont	Ward 13	ATLANTIC DRIVE WALKWAY	J De Villiers	OpexCash-WSP	100 000	100 000							
Hermanus	Onrus/Vermont	Ward 13	SIDEWALKS – DOUGLAS STREET	J De Villiers	OpexCash-WSP	50 000	50 000							
Hermanus	Onrus/Vermont	Ward 13	RAISED PEDESTRIAN CROSSING NEAR NEGESTER, ONRUS MAIN RO	J De Villiers	OpexCash-WSP	70 000	70 000							
Overstrand	Overstrand	Overstrand	VEHICLES-ROADS	M Bartman	Surplus	500 000	500 000							
Gansbaai	Blompark	Ward 02	BLOMPARK HOUSING PROJECT BUS ROUTE	D Hendriks	MIG					2 000 000	2 000 000			
Stanford	Stanford	Ward 11	STANFORD HOUSING PROJECT BUS ROUTE	D Hendriks	MIG									
Gansbaai	Masakhane	Ward 01	MASAKHANE HOUSING PROJECT BUS ROUTE	D Hendriks	MIG									
Hermanus	Hawston	Ward 08	HAWSTON HOUSING PROJECT BUS ROUTE	D Hendriks	MIG			2 500 000	2 500 000					
ELECTRICITY						20 510 000	4 262 000	24 772 000	13 000 000	7 040 000	20 040 000	15 000 000	6 400 000	21 400 000
Gansbaai	Franskraal	Ward 01	FRANSKRAAL,KLEINBAAI & BIRKENHEAD: MV/LV & MINISUB UPGRADE	D Maree	EL19/20	2 500 000	2 500 000	2 250 000	2 250 000					
Gansbaai	Gansbaai All	Ward 01&02	FKRAAL,KBAAI & BHEAD: NEW 66/11KV SUBSTATION	D Maree	EL21					15 000 000	15 000 000			
Stanford	Stanford	Ward 11	STANFORD:MV UPGRADE	D Maree	EL19/20	1 000 000	1 000 000	750 000	750 000					
Hermanus	Hermanus/ Zwelihle	Ward 04,05,06	ELECTRIFICATION OF LOW COST HOUSING AREAS (INEP)	K d Plessis	INEP	4 262 000	4 262 000	7 040 000	7 040 000	6 400 000	6 400 000			
Hermanus	Zwelihle	Ward 05	STREET LIGHT HLOBO STREET (OPPOSITE LIBRARY)	K du Plessis	OpexCash-WSP	250 000	250 000							
Hermanus	Zwelihle	Ward 06	CHRISTMAS LIGHTS	K du Plessis	OpexCash-WSP	10 000	10 000							
Hermanus	Hawston	Ward 08	CHRISTMAS LIGHTS	K du Plessis	OpexCash-WSP	30 000	30 000							
Hermanus	Hawston	Ward 08	NEW STREETLIGHTS - CLINIC STR, LONG STR, KOPJE STR	K du Plessis	OpexCash-WSP	40 000	40 000							
Hermanus	Onrus/Vermont	Ward 13	STREETLIGHTS	K du Plessis	OpexCash-WSP	30 000	30 000							
Overstrand	Overstrand	Overstrand	VEHICLES-ELECTRICITY	M Bartman	Surplus	2 000 000	2 000 000							
Hermanus	Hermanus	Ward 03	HERMANUS:MV & LV UPGRADE/REPLACEMENT	K d Plessis	EL19&EL18R/over-EL20	10 150 000	10 150 000	5 000 000	5 000 000					
Kleinmond	Kleinmond	Ward 09	KLEINMOND: MV & LV NETWORK UPGRADE	K d Plessis	EL 19/20	1 750 000	1 750 000	2 000 000	2 000 000					
Hermanus	Hawston	Ward 08	HAWSTON: MV & LV UPGRADE/REPLACEMENT	K d Plessis	EL 19/20	1 750 000	1 750 000	2 000 000	2 000 000					
Overstrand	Overstrand	Overstrand	ELECTRICITY TRANSFORMERS(CAPITAL REPLACEMENT CONTINGEN	S Muller	EL 19/20	1 000 000	1 000 000	1 000 000	1 000 000					
WATER						26 562 505	5 514 000	32 076 505	26 600 000	5 472 000	32 072 000	25 000 000	7 075 000	32 075 000
Overstrand	Overstrand	Overstrand	WATER MASTER PLAN IMPLEMENTATION	H Blignaut	EL-INFRA LEVY	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000			
Hermanus	Hermanus	Ward 03	DIRECT WASTE WATER RE-USE PLANT	H Blignaut	EL21					11 000 000	11 000 000			
Gansbaai	Buffeljagsbaai	Ward 11	WATER TREATMENT PLANT FOR BUFFELJAGSBAAI	H Blignaut	EL20			2 000 000	2 000 000					
Overstrand	Overstrand	Overstrand	REFURBISHMENT OF BULK WATER PIPELINES	H Blignaut	EL21-MIG					900 000	900 000			
Overstrand	Overstrand	Overstrand	FENCING AT WATER INSTALLATIONS	H Blignaut	EL19/20/21	800 000	800 000	700 000	700 000	700 000	700 000			
Overstrand	Overstrand	Overstrand	REPLACEMENT OF OVERSTRAND WATER PIPES	H Blignaut	EL20			2 900 000	2 900 000					
Kleinmond	Kleinmond	Ward 09	BUFFELS RIVER AND DE BOS DAM INTAKE STRUCTURES AND EQUIP	H Blignaut	EL19/20	1 200 000	1 200 000	1 300 000	1 300 000					
Overstrand	Overstrand	Overstrand	WATER FACILITIES (CONTINGENCY)	H Blignaut	EL19/20/21	200 000	200 000	300 000	300 000	400 000	400 000			
Gansbaai	Masakhane	Ward 01&02	NEW 4ML RESERVOIR	D Hendriks	MIG	2 000 000	2 000 000	5 472 000	5 472 000	3 075 000	3 075 000			
Gansbaai	Blompark	Ward 02	UPGRADE BULK WATER	D Hendriks	MIG	3 514 000	3 514 000							
Gansbaai	Masakhane	Ward 01	UPGRADE WATER LINES	H Blignaut	MIG					2 000 000	2 000 000			
Gansbaai	Masakhane	Ward 01	NEW BOOSTER PUMPSTATION & VALVES	H Blignaut	MIG					2 000 000	2 000 000			
Stanford	Stanford	Ward 11	UPGRADE BULK WATER	H Blignaut	MIG									
Hermanus	Hermanus	Ward 04	UPGRADE HERMANUS WELL FIELDS PHASE 1	H Blignaut	EL 19/20	7 000 000	7 000 000	4 000 000	4 000 000					
Stanford	Stanford	Ward 11	WATER STABILIZATION PLANT FOR STANFORD	H Blignaut	EL 19/20	1 500 000	1 500 000	1 000 000	1 000 000					
Kleinmond	Pringle Bay	Ward 10	NEW RESERVOIR FOR PRINGLE BAY	H Blignaut	EL 19-EL 18R/over	5 862 505	5 862 505							
Kleinmond	KM& Bettiesbaai	Ward 10	REFURBISHMENT OF KLEINMOND & BUFFELS RIVER WTW	H Blignaut	EL20/21			2 400 000	2 400 000	2 000 000	2 000 000			
Kleinmond	Kleinmond	Ward 09	KLEINMOND PALMIET PUMP STATION AND BULK PIPELINE REFURBIS	H Blignaut	EL20			2 000 000	2 000 000					

DRAFT CAPITAL BUDGET 2018/19 - 2020/21

				2018/19 BUDGET			2019/20 BUDGET			2020/21 BUDGET				
Area	Local Area	Ward	Project Description	Project Manager	Funding Source	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL	COUNCIL FUNDED	EXTERNAL (GRANTS)	TOTAL
SEWERAGE						25 087 218	11 261 000	36 348 218	14 400 000	3 000 000	17 400 000	14 000 000	5 961 000	19 961 000
Overstrand	Overstrand	Overstrand	SEWERAGE FACILITIES (CONTINGENCY)	H Blignaut	EL19/20	500 000		500 000	600 000		600 000			
Kleinmond	Kleinmond	Ward 09	KLEINMOND - SEWER NETWORK EXTENSION	H Blignaut	EL19/20/21	4 000 000		4 000 000	5 000 000		5 000 000	5 000 000		5 000 000
Hermanus	Onrus	Ward 13	UPGRADING OF KIDBROOKE PIPELINE	H Blignaut	EL 19-EL 18R/over	3 585 000		3 585 000						
Stanford	Stanford	Ward 11	WWTW UPGRADE - STANFORD	H Blignaut	EL 19&EL 18R/over	6 602 218		6 602 218						
				H Blignaut	MIG		8 000 000	8 000 000						
Gansbaai	Blompark	Ward 02	PROVISION OF BULK SEWER SUPPLY	D Hendriks	MIG		3 261 000	3 261 000						
Kleinmond	Kleinmond	Ward 10	KLEINMOND WWTW REFURBISH & UPGRADE	H Blignaut	EL21							2 500 000		2 500 000
Gansbaai	Masakhane	Ward 01	UPGRADE LINK SEWER SUPPLY	D Hendriks	MIG								1 961 000	1 961 000
Gansbaai	Masakhane	Ward 01	UPGRADE BULK SEWER	D Hendriks	MIG								2 000 000	2 000 000
Stanford	Stanford	Ward 11	UPGRADE BULK SEWER	D Hendriks	MIG									
Hermanus	Zwelihle	Ward 12	UPGRADE ZWELIHLE SEWER	D Hendriks	MIG					3 000 000	3 000 000			2 000 000
Kleinmond	Kleinmond	Ward 09	REHABILITATE MAIN BULK SEWER TO WWTW PH1	H Blignaut	EL20/21				4 000 000		4 000 000	2 000 000		2 000 000
Overstrand	Overstrand	Overstrand	FENCING AT SEWERAGE INSTALLATIONS	H Blignaut	EL19/20	800 000		800 000	800 000		800 000			800 000
Overstrand	Overstrand	Overstrand	SEWERAGE NETWORK EXTENSION AND REPLACEMENT	H Blignaut	EL-INFRA LEVY	4 000 000		4 000 000	4 000 000		4 000 000	4 000 000		4 000 000
Gansbaai	Gansbaai	Ward 02	GANSBAAI CBD SEWER NETWORK EXTENSION	H Blignaut	EL									
Kleinmond	Kleinmond	Ward 09	EXTENSION OF THE SEWER NETWORK (MOUNTAIN AVENUES)	H Blignaut	OpexCash-WSP	300 000		300 000						
Overstrand	Overstrand	Overstrand	VEHICLES-SEWERAGE	M Bartman	Surplus	5 050 000		5 050 000						
Overstrand	Overstrand	Overstrand	UPGRADING OF PUMPSTATIONS & RISING MAINS	H Blignaut	EL21							500 000		500 000
Hermanus	Hermanus	Ward 03	EXTENSION OF SEWER LINE 12th STREET VOELKLIP	H Blignaut	EL19	250 000		250 000						
STORMWATER						630 000	1 364 000	1 994 000		2 038 000	2 038 000		4 000 000	4 000 000
Gansbaai	Blompark	Ward 02	BLOMPARK HOUSING PROJECT BULK STORMWATER	D Hendriks	MIG		1 364 000	1 364 000		2 038 000	2 038 000			
Gansbaai	Masakhane	Ward 01	STORMWATER (AD HOC)	T Steenberg	OpexCash-WSP	50 000		50 000						
Gansbaai	Franskraal	Ward 01	STORMWATER (AD HOC)	T Steenberg	OpexCash-WSP	50 000		50 000						
Gansbaai	Gansbaai	Ward 02	STORMWATER (AD HOC)	T Steenberg	OpexCash-WSP	50 000		50 000						
Gansbaai	Pearly Beach	Ward 11	STORMWATER (AD HOC)	T Steenberg	OpexCash-WSP	50 000		50 000						
Gansbaai	Baardskeerdersbos	Ward 11	STORMWATER (AD HOC)	T Steenberg	OpexCash-WSP	50 000		50 000						
Stanford	Thembellihle	Ward 11	STORMWATER (AD HOC)	T Steenberg	OpexCash-WSP	50 000		50 000						
Hermanus	Hawston	Ward 08	HAWSTON: STORM WATER IN CLOSES	J De Villiers	OpexCash-WSP	130 000		130 000						
Betty's Bay	Betty's Bay	Ward 10	STORMWATER PIPING - ACCESS ROAD BETTY'S BAY	D Van Rhodie	OpexCash-WSP	50 000		50 000						
Hermanus	Onrus/Vermont	Ward 13	SHEARWATER CRESCENT-STORM WATER CHANNEL TO BE PIPED	J De Villiers	OpexCash-WSP	50 000		50 000						
Hermanus	Zwelihle	Ward 12	CATCH PITS FOR WARD 12 STREETS QHAYIYA ,MANDELA, LUXOLWE	J De Villiers	OpexCash-WSP	100 000		100 000						
Gansbaai	Masakhane	Ward 01	MASAKHANE HOUSING PROJECT BULK STORMWATER	D Hendriks	MIG							2 000 000		2 000 000
Stanford	Stanford	Ward 11	STANFORD HOUSING PROJECT BULK STORMWATER	D Hendriks	MIG							2 000 000		2 000 000
WASTE MANAGEMENT						1 500 000		1 500 000						
Overstrand	Overstrand	Overstrand	VEHICLES-WASTE MANAGEMENT	M Bartman	Surplus	1 500 000		1 500 000						

GRAND TOTAL	109 667 653	62 068 297	171 735 950	74 500 000	58 529 957	133 029 957	74 000 000	63 248 905	137 248 905
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FUNDING:

EXTERNAL LOAN 19/20/21 (GENERAL CAPITAL)	40 000 000		40 000 000	40 000 000		40 000 000	40 000 000	40 000 000		40 000 000
EXTERNAL LOAN (INFRA LEVY)	14 000 000		14 000 000	14 000 000		14 000 000	14 000 000	14 000 000		14 000 000
EXTERNAL LOAN 18(Roll Over)	10 449 723		10 449 723							
SURPLUS	20 000 000		20 000 000							
SURPLUS (Roll Over)	1 000 000		1 000 000							
* SURPLUS YR2 & YR3				20 000 000		20 000 000	20 000 000	20 000 000		20 000 000
OPERATING CASH -WSP	5 230 000		5 230 000							
LAND SALES	18 987 930		18 987 930	500 000		500 000	500 000	500 000		500 000
SPACES FOR SPORT		100 000	100 000							
PROV- LIBRARY GRANT		600 000	600 000							
INEP		4 262 000	4 262 000		7 040 000	7 040 000	7 040 000	7 040 000	6 400 000	6 400 000
MIG		21 639 000	21 639 000		22 010 000	22 010 000	22 010 000	22 010 000	23 036 000	23 036 000
PROV-HOUSING		35 467 297	35 467 297		29 479 957	29 479 957	29 479 957	29 479 957	33 812 905	33 812 905

GRAND TOTAL	109 667 653	62 068 297	171 735 950	74 500 000	58 529 957	133 029 957	74 000 000	63 248 905	137 248 905
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DRAFT 2018/2019 - WARD SPECIFIC PROJECTS

Town	Local Area	Ward	Project Description	PROJECT MANAGER	BUDGET	CAPEX/ OPEX
Gansbaai	Masakhane	1	Rehabilitation of existing roads	T Steenberg	100 000	Opex
Gansbaai	Masakhane	1	Stormwater (Ad hoc)	T Steenberg	50 000	Capex
Gansbaai	Franskraal	1	Stormwater (Ad hoc)	T Steenberg	50 000	Capex
Gansbaai	Franskraal	1	Surfacing of gravel roads (low traffic volume)	T Steenberg	100 000	Opex
Gansbaai	Masakhane	1	New sidewalks	T Steenberg	100 000	Capex
Gansbaai	Masakhane	1	Playparks	F Myburgh	100 000	Capex
					500 000	
Gansbaai	Gansbaai	2	Safety Fence: Office Building	F Myburgh	100 000	Capex
Gansbaai	Blompark	2	ECD	F Myburgh	100 000	Capex
Gansbaai	Blompark	2	Cemetery	F Myburgh	70 000	Capex
Gansbaai	All Areas	2	Stormwater (Ad hoc)	T Steenberg	50 000	Capex
Gansbaai	Blompark/ Kleinbaai	2	Upgrade of sidewalks	T Steenberg	100 000	Capex
Gansbaai	De Kelders	2	Traffic calming	T Steenberg	30 000	Opex
Gansbaai	Kleinbaai	2	Tidal pool & play park	F Myburgh	50 000	Capex
					500 000	
Hermandus	CBD	3	Sidewalk maintenance completion (Main Road, Bay View to end of Mollegran Park)	J de Villiers	200 000	Opex
Hermandus	CBD	3	Cliff Path maintenance	J de Villiers	100 000	Opex
Hermandus	CBD	3	CBD revitalisation – High Street upgrade	J de Villiers	200 000	Capex
					500 000	
Hermandus	Westcliff	4	Westcliff speed calming measures	J de Villiers	225 000	Capex
Hermandus	Westcliff	4	Upgrading outside Huis Lettie Theron front area Mount Pleasant Speed calming measure (Angelier,Dahlia,	J de Villiers	50 000	Capex
Hermandus	Mount Pleasant	4	Malva,Origdee,China Town, Uitkyk)	J de Villiers	75 000	Capex
Hermandus	Mount Pleasant	4	Sidewalks Heide Uitkyk,China Town,Dahlia,Angelier,Astra	J de Villiers	150 000	Capex
					500 000	
Hermandus	Zwelihle	5	Speed calming measures Sobukhwe , Steve Biko,	J de Villiers	50 000	Capex
Hermandus	Zwelihle	5	CCTV Cameras	D Esau	100 000	Capex
Hermandus	Zwelihle	5	Street light Hlobo Street (opposite library)	K du Plessis	250 000	Capex
Hermandus	Zwelihle	5	Side walk Mamsukweni	J de Villiers	100 000	Capex
					500 000	
Zwelihle	Zwelihle	6	Earth works Lange ,Mshenxiswa Village ,Nxumalo Street Lusiba Street plc	J de Villiers	60 000	Opex
Zwelihle	Zwelihle	6	Resurfacing of basketball Court Lusiba Street	J de Villiers	20 000	Opex
Hermandus	Zwelihle	6	Christmas lights	K du Plessis	10 000	Capex
Hermandus	Zwelihle	6	Roof for Zwelihle boxing gym & safety gates	J de Villiers	40 000	Capex
Hermandus	Zwelihle	6	Purchasing of play park equipment (Mshenxiswa Village ,Nxumalo,Lange,Lusiba Street)	J de Villiers	60 000	Capex
Hermandus	Zwelihle	6	Fencing of Lange Street, Lusiba Basketball court ,Nxumalo Street Play park Lusiba street play park (next to old clinic)	J de Villiers	150 000	Capex
Hermandus	Zwelihle	6	Installation of Astro turf	J de Villiers	100 000	Capex
Hermandus	Zwelihle	6	Construction of play equipment and sitting areas	J de Villiers	60 000	Capex
					500 000	
Hermandus	Sandbaai	7	New Streets & Sidewalks	J de Villiers	500 000	Capex
					500 000	
Hermandus	Hawston	8	Hawston: Storm Water in closes	J de Villiers	130 000	Capex
Hermandus	Hawston	8	Christmas lights	K du Plessis	30 000	Capex
Hermandus	Hawston	8	Paddavlei clean up projects	J de Villiers	50 000	Opex
Hermandus	Fisherhaven	8	Hiking Trail – near slipway	J de Villiers	120 000	Opex
Hermandus	Hawston	8	New Streetlights - Clinic str, Long Str, Kopje Str	K du Plessis	40 000	Capex
Hermandus	Fisherhaven	8	CCTV / Security – Entrance to Fisherhaven & Slipway	D Esau	120 000	Capex
Hermandus	Fisherhaven	8	Upgrade of play park at Slipway	J de Villiers	10 000	Capex
					500 000	

Town	Local Area	Ward	Project Description	PROJECT MANAGER	BUDGET	CAPEX/ OPEX
Kleinmond	Kleinmond	9	Fencing of the footpath (Heuningkloof)	D van Rhodie	80 000	Capex
Kleinmond	Kleinmond	9	Outdoor Trim Gym - Main Beach	D Lakey	70 000	Capex
Kleinmond	Kleinmond	9	Extension of the sewer network (Mountain Avenues)	H Blignaut	300 000	Capex
Kleinmond	Proteadorp	9	Fencing at netball court	D Van Rhodie	30 000	Capex
Kleinmond	Kleinmond	9	Safety cameras at entrances of town	R Frazer	20 000	Opex
					500 000	
Kleinmond	Overhills	10	Bambanani Crèche - Maintenance & Repairs	D Lakey	50 000	Capex
Kleinmond	Proteadorp	10	Siyabulela Crèche - Maintenance & Repairs	D Lakey	30 000	Capex
Betty's Bay	Betty's Bay	10	Street Name Boards (Betty's Bay)	D van Rhodie	20 000	Opex
Hangklip	Hangklip Area	10	Safety Cameras at entrances - Hangklip area	R Frazer	50 000	Opex
Hangklip/KM	Hangklip/Kleinmond	10	Beautification of entrances and public places	D Van Rhodie	50 000	Opex
Rooiels	Rooiels	10	Paving of Anemone Road in Rooi Els	D Van Rhodie	150 000	Capex
Betty's Bay	Betty's Bay	10	Stormwater piping - Access Road Betty's Bay	D Van Rhodie	50 000	Capex
Betty's Bay	Betty's Bay	10	Basic Assessment for development of vlel areas Betty's Bay	D Lakey	50 000	Opex
Pringle Bay	Pringle Bay	10	Construction of sidewalk - Pringle Bay	D Van Rhodie	50 000	Capex
					500 000	
Gansbaai	P Beach/Bufeljacht	11	Surfacing (dust control) of low volume gravel roads	T Steenberg	100 000	Opex
Gansbaai	Pearly Beach	11	Stormwater (Ad hoc)	T Steenberg	50 000	Capex
Gansbaai	Baardskeerdersbos	11	Stormwater (Ad hoc)	T Steenberg	50 000	Capex
Stanford	Thembelihle	11	Stormwater (Ad hoc)	T Steenberg	50 000	Capex
Gansbaai	Pearly Beach All	11	Traffic calming	T Steenberg	50 000	Capex
Stanford	Thembelihle	11	Traffic calming	T Steenberg	50 000	Capex
Bufel-jachts	Bufeljachts	11	Upgrade of Public Launching Site	F Myburgh	50 000	Capex
Stanford	Stanford	11	CCTV Cameras	F Myburgh	100 000	Capex
					500 000	
Zwelihle	Zwelihle	12	Earth works for outdoor gym & play parks	J de Villiers	50 000	Opex
Zwelihle	Zwelihle	12	Casting of concrete in front of Jikeleza Street basketball court changing rooms	J de Villiers	50 000	Opex
Hermandus	Zwelihle	12	Purchasing of play park equipment Landa , Siyazama Street ,	J de Villiers	30 000	Capex
Hermandus	Zwelihle	12	Purchasing of outdoor gym equipment	J de Villiers	20 000	Capex
Hermandus	Zwelihle	12	Purchasing of containers for changing rooms at Jikeleza basketball court	B Plaatjies	70 000	Capex
Hermandus	Zwelihle	12	Catch pits for ward 12 streets Qhayiya ,Mandela, Luxolweni,	J de Villiers	100 000	Capex
Hermandus	Zwelihle	12	Zithande, Nkwemkwez,Zuma, Ubuhle, Uthando Street	J de Villiers	100 000	Capex
Hermandus	Zwelihle	12	Installation of Astro turf	J de Villiers	100 000	Capex
Hermandus	Zwelihle	12	Construction of play equipment and sitting areas	J de Villiers	80 000	Capex
					500 000	
Hermandus	Onrus/Vermont	13	Re-design of Onrus beach area	J de Villiers	100 000	Capex
Hermandus	Onrus/Vermont	13	Coastal Path	J de Villiers	100 000	Opex
Hermandus	Onrus/Vermont	13	Atlantic Drive Walkway	J de Villiers	100 000	Capex
Hermandus	Onrus/Vermont	13	Shearwater Crescent-Storm water channel to be piped	J de Villiers	50 000	Capex
Hermandus	Onrus/Vermont	13	Sidewalks – Douglas Street	J de Villiers	50 000	Capex
Hermandus	Onrus/Vermont	13	Raised Pedestrian Crossing near Negester, Onrus Main Road	J de Villiers	70 000	Capex
Hermandus	Onrus/Vermont	13	Streetslights	K du Plessis	30 000	Capex
					500 000	
					OPEX	1 270 000
					CAPEX	5 230 000
GRAND TOTAL					6 500 000	

PROPOSED 3 YEAR HOUSING BUDGET 2018-2021

Project	Proposed Budget 2018/2019	Proposed Budget 2019/2020	Proposed Budget 2020/2021
EHP	790 200	200 000	200 000
Hawston TS (378)	18 951 570	25 428 760	300 000
Blompark TS	3 548 933	22 031 283	24 641 727
Site C TS (132)	264 000		
Housing Admin Site TS (39)	78 000		
Masakhane TS			6 045 368
Social Housing		4 000 000	4 000 000
<u>TOTAL OPEX</u>	23 632 703	51 660 043	35 187 095
Stanford IRDP	5 517 519	6 988 599	10 008 900
Masakhane	8 449 062	14 084 938	18 917 140
Blompark	16 313 461		
Beverly Hills	2 223 305		
Mandela Square /Garden Site	1 463 950		
Transit Camp & Asazani (166)	1 500 000	8 406 420	
Tambo Square			4 886 865
<u>TOTAL CAPEX</u>	35 467 297	29 479 957	33 812 905
GRAND TOTAL	59 100 000	81 140 000	69 000 000

ANNEXURE F

SERVICE LEVEL STANDARDS

Province: Municipality(WC032) - Schedule of Service Delivery Standards	
Description	
Standard	Service Level 2018/2019
Solid Waste Removal	
Premise based removal (Residential Frequency)	WEEKLY
Premise based removal (Business Frequency)	UP TO 5 TIMES PER WEEK (AS PER REQUEST)
Bulk Removal (Frequency)	NO
Removal Bags provided(Yes/No)	NO
Garden refuse removal Included (Yes/No)	NO
Street Cleaning Frequency in CBD	DAILY
Street Cleaning Frequency in areas excluding CBD	DAILY ON ROTATIONAL BASIS
How soon are public areas cleaned after events (24hours/48hours/longer)	WITHIN 24 HRS
Clearing of illegal dumping (24hours/48hours/longer)	48 HOURS
Recycling or environmentally friendly practices(Yes/No)	Yes
Licenced landfill site(Yes/No)	Yes
Water Service	
Water Quality rating (Blue/Green/Brown/NO drop)	1 Blue Drop 90.79% (2013); 4 Green Drops 89.14% (2012); No Drop 100%
Is free water available to all? (All/only to the indigent consumers)	Indigent Consumers
Frequency of meter reading? (per month, per year)	Monthly
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	N/A
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
One service connection affected (number of hours)	2.00
Up to 5 service connection affected (number of hours)	4.00
Up to 20 service connection affected (number of hours)	4.00
Feeder pipe larger than 800mm (number of hours)	N/A
What is the average minimum water flow in your municipality?	Min 2.4Bar pressure
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes. Groundwater Monitoring Programs
How long does it take to replace faulty water meters? (days)	5 days
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No
Electricity Service	
What is your electricity availability percentage on average per month?	98,78% (Eskom Loadshedding included) 99.7% (Eskom Loadshedding excluded)
Do your municipality have a ripple control in place that is operational? (Yes/No)	YES
How much do you estimate is the cost saving in utilizing the ripple control system?	R 14777.32.00 p/a
What is the frequency of meters being read? (per month, per year)	PER MONTH
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	N/A
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	IMMEDIATE
Are accounts normally calculated on actual readings? (Yes/no)	YES
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)	1
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	YES
How effective is the action plan in curbing line losses? (Good/Bad)	GOOD

Description	
Standard	Service Level 2018/2019
How soon does the municipality provide a quotation to a customer upon a written request? (days)	7
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	5
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	5
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	5
Sewerage Service	
Are your purification system effective enough to put water back in to the system after purification?	YES, effective to put water back into water resources in accordance with license conditions.
To what extent do you subsidize your indigent consumers?	Basic charge plus 4,2kl or tanker service
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	4.00
Sewer blocked pipes: Large pipes? (Hours)	4.00
Sewer blocked pipes: Small pipes? (Hours)	4.00
Spillage clean-up? (hours)	8.00
Replacement of manhole covers? (Hours)	4.00
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	24.00
Time taken to repair a single pothole on a minor road? (Hours)	72.00
Time taken to repair a road following an open trench service crossing? (Hours)	72.00
Time taken to repair walkways? (Hours)	72.00
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	3 months
Do you have any special rating properties? (Yes/No)	yes
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)	No
Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?	Standard Operating Procedures
How long does it take for an Tax/Invoice to be paid from the date it has been received?	24.83 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	Partially (currently being developed)
Administration	
Reaction time on enquiries and requests?	1 to 10
Time to respond to a verbal customer enquiry or request? (working days)	1 to 10
Time to respond to a written customer enquiry or request? (working days)	10
Time to resolve a customer enquiry or request? (working days)	10
What percentage of calls are not answered? (5%,10% or more)	1
How long does it take to respond to voice mails? (hours)	N/A
Does the municipality have control over locked enquiries? (Yes/No)	yes

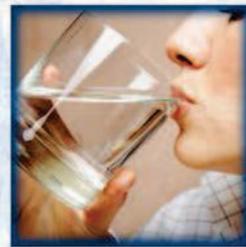
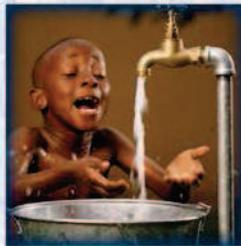
Description	
Standard	Service Level 2018/2019
Is there a reduction in the number of complaints or not? (Yes/No)	no
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Weekly
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	30min
How long does it take to renew a vehicle license? (minutes)	10min
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	72hours
How long does it take to de-register a vehicle? (minutes)	10min
How long does it take to renew a drivers license? (minutes)	30min
What is the average reaction time of the fire service to an incident? (minutes)	4.25 min
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	15 min urban
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	40 min urban
Economic development	
How many economic development projects does the municipality drive?	7
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	4
What percentage of the projects have created sustainable job security?	50
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	No
Other Service delivery and communication	
Is a information package handed to the new customer? (Yes/No)	Yes - available on www.overstrand.gov.za
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

ANNEXURE G

WATER & WASTE WATER QUALITY

2014

Blue Drop Report



028_2012



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



blue drop
CERTIFICATION

drinking water quality
REGULATION

Blue Drop Requirements for 2014

2014 BLUE DROP REQUIREMENTS		
<p style="text-align: center;">(1)</p> <p style="text-align: center;">WATER SAFETY PLANNING</p> <p style="text-align: center;">35%</p>	<p style="text-align: center;">(1.1)</p> <p style="text-align: center;">WATER SAFETY PLANNING PROCESS (10%)</p>	<p>a) The Water Safety Planning Process is steered by a group of people which includes the technical, financial and management staff of the municipality. Where a Water Services Provider arrangement exist the WSA and Water Services Provider should partake in this process</p> <p>b) There should be clear indication that the Water Services Institution conducted a water safety planning process and not only drafted a document</p> <p>c) There should be clear reference to the specific water supply system at hand and not only global risk management measurements put in place</p>
	<p style="text-align: center;">(1.2)</p> <p style="text-align: center;">RISK ASSESSMENT (35%)</p>	<p>a) The Risk Assessment must cover catchment, treatment and reticulation</p> <p>b) The Water Services Institution (WSI) must provide information on findings of the Risk Assessment (and detail Risk Prioritisation method followed) for the specific water supply system including water resource quality. Format not important but it should be proven not to be a desktop study</p> <p>c) The Water Safety Planning process must include (adequate) Control Measures for each significant hazard or hazardous event identified</p> <p>d) A Water Quality Analyses conducted for at least 95% of the SANS 241 list of determinands (min 80%) (SANS 241). This is to verify whether treatment technology is adequate to treat the raw water to comply with national standard limits</p> <p>e) The WSI to proof implementation of mitigation measures from previous Water Safety Plans</p>
	<p style="text-align: center;">(1.3)</p> <p style="text-align: center;">MONITORING PROGRAMME (30%)</p>	<p>a) Prove Operational Monitoring is:</p> <p>i) Informed by the Risk Assessment</p> <p>ii) Required sites to monitor: Raw water, after filtration (per process unit) and final water</p> <p>iii) Determinands (minimum): pH, turbidity and disinfectant residual</p> <p>iv) Frequency of analyses: at least every 8 hours</p> <p>v) Equipment used + calibration records</p> <p>b) Prove Compliance Monitoring is:</p> <p>i) Informed by the Risk Assessment and SANS 241 compliant</p> <p>ii) Monitoring programme is registered on BDS</p> <p>iii) Actual monitoring occur according to registered BDS monitoring programme (>80%)</p> <p>iv) Required sites to monitor: Water works final & distribution network + Frequency of analyses: Water works final according SANS 241; distribution network according SANS 241</p> <p>v) Coverage of population served must at least be 80%</p>
	<p style="text-align: center;">(1.4)</p> <p style="text-align: center;">CREDIBILITY of DWQ DATA (15%)</p>	<p>a) Certificate of Accreditation for applicable methods OR Z-scores results (z-scores must be ≥ -2 & ≤ 2 are acceptable) in a recognised Proficiency Testing Scheme</p> <p>b) DWQ Data credibility on the BDS (Blue Drop Certified Data)</p>
	<p style="text-align: center;">(1.5)</p> <p style="text-align: center;">INCIDENT MANAGEMENT (10%)</p>	<p>a) Protocol to specify:</p> <ol style="list-style-type: none"> 1) Alert levels 2) Response times 3) Required actions 4) Roles & responsibilities 5) Communication vehicles/methods and 6) Must include response on possible risks identified in the Risk Assessment of the Water Safety Planning process <p>b) Incident Register to include:</p> <ol style="list-style-type: none"> 7) Date, location and description of incident 8) Action taken and date of resolution 9) Outcome of cause investigation
	<p style="text-align: center;">BONUS (1):</p> <p style="text-align: center;">Sampler's Training</p>	<p>To be eligible for this bonus, WSI's must provide proof of training of samplers or Sampling Quality Control measures (Name the Sampling Training Course, Duration, Service Provider, and detail of Attendees)</p>

		<p>1) Evidence of relevant sampling training that will ensure credibility of the sampling process; or</p> <p>2) Evidence of control measures to ensure sampling credibility</p>
	<p>BONUS (2): Incident Management Protocol Communication</p>	<p>Communication on the Incident Management Protocol process with all relevant staff within the Municipality</p>
<p>(2) DWQ PROCESS MANAGEMENT & CONTROL 8%</p>	<p>(2.1) WORKS CLASSIFICATION COMPLIANCE (15%)</p>	<p>Treatment works classified according the requirements of Regulation 2834- <u>ONLY</u> the classification as it appears on BDS will be used. Supporting evidence to allow the correct classification to be loaded on BDS, Water Services Institutions remains accountable for correctness of information / classification Certificate to be displayed at treatment works (<i>confirmed during on-site assessments</i>)</p>
	<p>(2.2) PROCESS CONTROL REGISTRATION COMPLIANCE (50%)</p>	<p>a) Process Control Staff must be Registered according to Regulation 2834 with the Department of Water Affairs. Water Services Institutions to prove per treatment works that Process Control Staff complies with the legislative requirements of: i) Number of Process Controllers' ii) Complying with the required Classification levels b) The Supervisor must comply with legislative requirements Information as it appears on BDS will be used <u>ONLY</u>, WSI's to ensure correct classification of all staff per treatment plant</p>
	<p>(2.3) WATER TREATMENT WORKS' LOGBOOK (35%)</p>	<p>a) A logbook is in place to record all incidents and observations at the water treatment works b) Evidence is presented that the logbook process is (i.e. communication medium between process controllers and shifts) being implemented (It is NOT required to be implemented for the entire assessment period)</p>
	<p>BONUS (1): Process Control Training</p>	<p>Proof of Process Control staff being subjected to relevant training the past 12 months to allow Process Controllers to meet the education requirements towards higher level draft Regulation 813 Registration (Year 2013)</p>
	<p>BONUS (2): Process Control Excellence</p>	<p>a) Process Control Staff classified according the requirements of draft Regulation 813 on the Blue Drop System b) Process Control Staff and Supervisor compliance confirmed against draft Regulation 813 (must comply at least <u>75%</u> in each of the shifts)- WSI must indicate shift patterns and Supervisor on BDS. WSI to explain measures in place when a shift does not comply with regulatory process control requirements c) WSI must indicate process controllers and/or supervisors that are 'shared' across different plants/sites</p>
<p>Water Quality Data Period – 1 January 2013 – 31 December 2013</p>		
<p>(3) DRINKING WATER QUALITY VERIFICATION 30%</p>	<p>(3.1.1) MICROBIOLOGICAL DWQ COMPLIANCE (50%)</p>	<p>The Microbiological Quality of the water supply must comply with the South African National Standard (specifically, the 2014 Blue Drop Limits which have been derived from SANS241: 2006 and 2011) as per the Excellent Requirements set by the Blue Drop Programme (<i>E coli</i>) - Excellent Compliance (97% for <100 000 population) & (99% for >100 000 population)</p>
	<p>(3.1.2) CHEMICAL DWQ COMPLIANCE (45%)</p>	<p>The Chemical Quality of the water supply must comply with the Excellent Requirements set by the Blue Drop Programme for all chemical-health determinands listed in the South African National Standard (the 2014 Blue Drop Limits, derived from SANS241: 2006 and 2011) Chemical – Health (Acute and Chronic): - Excellent Compliance (95% for <100 000 population) & (97% for >100 000 population) - Good Compliance (93% for <100 000 population) & (95% for >100 000 population)</p>
	<p>(3.1.3) OPERATIONAL</p>	<p>The compliance of operational determinands must comply with the 2014 Blue Drop Excellent Limits set by the Blue Drop Programme</p>

	COMPLIANCE (5%)	- Excellent Compliance (93% for <100 000 population & 95% for >100 000 population) - Good Compliance (90% for <100 000 population & 93% for >100 000 population)
	BONUS (1): Aesthetic DWQ Compliance	The Aesthetic Quality of the water supply must comply with the Excellent Requirements set by the Blue Drop Programme for all aesthetic determinands listed in the 2014 Blue Drop Limits - Excellent Compliance (93% for <100 000 population & 95% for >100 000 population) - Good Compliance (90% for <100 000 population & 93% for >100 000 population)
	PENALTY (1): Data Difference	Should there be a difference between data available on BDS and that which is presented in hardcopy for verification the penalty will apply
	PENALTY (2): <11 Months' Data	Less than 11 months data available to assess Microbiological and Chemical compliance
	PENALTY (3): Notification of Failure	If there is any significant (sustained) failure with no evidence of a Water Quality Alert Notice (Boil Water Notice) being issued, this penalty will apply. NB! This may have an implication on qualification for certification
(4) MANAGEMENT, ACCOUNTABILITY, & LOCAL REGULATION 10%	(4.1) MANAGEMENT COMMITMENT (30%)	Management's commitment to effective Drinking Water Quality Operations & Management should be portrayed by Proof of signature approval of the: a) Water Safety Plan b) DWQ Monitoring Programme c) Water Treatment Plant Logbook d) Operations and Maintenance Budget e) Water Services Development Plan
	(4.2) PUBLICATION OF PERFORMANCE (25%)	Evidence should be provided on the various means of drinking water quality information made public to the constituencies supplied with drinking water from this specific water supply system Forms of Publication: >Newspaper publication >Municipal Billing >Community Radio >Annual Report >Posters & Pamphlets >Population and Promotion of "My Water" >Electronic Webpage Water Services Institutions must provide evidence of adequate marketing of Existing Blue Drop Certified water supply systems
	(4.3) SERVICE LEVEL AGREEMENT/ PERFORMANCE AGREEMENT (15%)	Should there be an institutional arrangement between the Water Services Authority and the Water Services Provider, then it is essential that the legislatively required contract (Section 19 of the Water Services Act) stipulate the Service Level Agreements between the two entities. A copy of this document is required, OR Should the Water Services Authority fulfil the function of Water Services Provider as per Section 78 arrangements, then it is required that the responsible manager (official) have a Performance Agreement (Workplan) in place which stipulates Drinking Water Quality Management Responsibilities
	(4.4) SUBMISSION OF DWQ DATA (30%)	a) 12 months of data had been submitted on the Blue Drop System (BDS) (DWA will only consider data available on the BDS) b) All compliance monitoring test results are required to be submitted c) As per a requirement of the Water Services Act, compliance data submission occurred monthly (Section 62 of the Water Services Act, Section 9 Regulations) (measured as BDS submission compliance)
	BONUS (1): Publication of Performance	Availing information on Drinking Water to relevant public in 3 or more forms listed
	BONUS (2):	Workplans of Process Controllers aligned to Operations and

	Performance Agreement	Maintenance Manual
	BONUS (3): Procurement processes	Proof that systems are in place to not run short of Chemicals & Consumables required for treatment
	PENALTY: Submission of DWQ Data	Penalty will apply should the Department find proof during / post assessment that the WSI are guilty of an offence as per Section 82 of the Water Services Act, by only submitting partial information in order to present a false impression of DWQ Performance and/or compliance
(5) ASSET MANAGE- MENT 14%	(5.1) ANNUAL PROCESS AUDIT (20%)	Process Audit Report on technical inspection/assessment of treatment facility and evidence of implementation of findings This process assessment should've been done within the 12-month assessment period
	(5.2) ASSET REGISTER (15%)	The Institution must present a complete Asset Register. The asset register must: a) Detail relevant equipment and infrastructure b) Indicate asset description c) Location d) Condition (remaining life) e) Replacement value
	(5.3) AVAILABILITY & COMPETENCE of MAINTENANCE TEAM (15%)	a) The Institution must present evidence of a competent Maintenance Team (in form of Organogram; Contract or Invoice). Logbook with maintenance entries will serve as adequate evidence (for Mechanical, Electrical, Instrumentation and Civil work) b) Additional prove required on team competency (e.g. Qualification & Experience & Trade-test)
	(5.4) OPERATIONS & MAINTENANCE MANUAL (15%)	O&M manual to contain: a) Civil, mechanical, electrical detail / drawings of plant b) Design capacity of plant c) Operational schedules, maintenance schedules d) Process detail and control e) Mechanical and electrical equipment specification f) Fault finding g) Monitoring
	(5.5) OPERATIONS & MAINTENANCE BUDGET and EXPENDITURE (20%)	The Institution must present credible evidence of: a) Maintenance Budget (as part of Operations Budget) b) Maintenance Expenditure (as part of the Operations Expenditure) c) Maintenance Expenditure should be more than 5% of the Operations Expenditure in Total for the preceding Financial Year <u>Financial</u> expenditure to apply as per Municipal Budget Year: <u>Jul 2012 to Jun 2013</u>
	(5.6) DESIGN CAPACITY vs. OPERATIONAL CAPACITY (15%)	Proof to be submitted of the documented design capacity and documented daily operating capacity over the past 12 months Groundwater dependant systems must have an acceptable plan which stipulates abstraction patterns that will prevent aquifer damage Flow meters must be calibrated at least annually
	Blue Drop Requirements= TOTAL 97%	

2014 NO DROP REQUIREMENTS (Water use efficiency)

<p style="font-size: 24px; color: #003366; margin: 0;">(6)</p> <p style="font-weight: bold; margin: 0;">WATER USE EFFICIENCY & WATER LOSS MANAGE- MENT</p> <p style="font-size: 24px; color: #003366; margin: 0;">3%</p>	<p style="color: #C00000; font-weight: bold; margin: 0;">(6.1)</p> <p style="font-weight: bold; margin: 0;">WATER BALANCE</p> <p style="margin: 0;">(30%)</p>	<p>Provide MONTHLY and ANNUAL composite IWA water balance diagrams and supporting documents for the complete system as part of the water audit (as a component in the WSDP) as per Regulation 509 of 2001 Clause 10 of the Water Supply Regulations. Balance diagram to specify as a minimum the main components of the IWA balance including Water Losses broken down into:</p> <ul style="list-style-type: none"> a) System input volumes b) Billed metered and unmetered usage c) Unbilled Authorised Consumption d) Water losses broken down into Real and Apparent Losses e) Free Basic Water, and f) Non Revenue Water <p>and to be supported by a schematic showing bulk meters, zones and main infrastructure components</p> <p><i>Note: WSI's to ensure that units are clearly indicated against numeric values in water balance (e.g. 100 kl/annum, 50 m³/day, etc)</i></p>																																								
	<p style="color: #C00000; font-weight: bold; margin: 0;">(6.2)</p> <p style="font-weight: bold; margin: 0;">WDM STRATEGY and BUSINESS PLAN and IMPLEMENTATION</p> <p style="margin: 0;">(30%)</p>	<ul style="list-style-type: none"> a) Evidence must be provided of a Council approved WDM strategy and business plan consisting of at least the following: <ul style="list-style-type: none"> - Background and Context - Situation Assessment including a Needs Statement - Key Issues and Challenges - Focus Areas of Intervention - List of Proposed Interventions - Set targets for demand, NRW, commercial and real losses - Budget and Multi-year Implementation Timeline b) Provide evidence of implementation against the above Plan in terms of: <ul style="list-style-type: none"> - List of Interventions (Projects) - Movement against targets for demand, NRW, commercial and real losses - Budget and Multi-year Implementation Timeline <p><i>(Reg 509 of 2001 Clause 10)</i></p>																																								
	<p style="color: #C00000; font-weight: bold; margin: 0;">(6.3)</p> <p style="font-weight: bold; margin: 0;">COMPLIANCE and PERFORMANCE</p> <p style="margin: 0;">(40%)</p>	<ul style="list-style-type: none"> a) Provide historic data in order to calculate the following: <ul style="list-style-type: none"> - Physical (real) water loss trend - Commercial water loss trend - Water use efficiency trend b) Provide the following data (grey cells only) with supporting documentation, in order to calculate the WSI baseline profile for: <ul style="list-style-type: none"> - Physical (real) water loss status - Commercial water loss status - Water use efficiency status <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="background-color: #FFC000; text-align: center;">Population number served:</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">SIV (System Input Volume) (kl/annum):</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Average system pressure (m):</td> <td style="background-color: #D3D3D3;"></td> </tr> <tr> <td style="background-color: #FFC000; text-align: center;">Households served:</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Authorised, Billed and Metered (kl/annum):</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Usage (l/cap/day):</td> <td style="background-color: #D3D3D3;"></td> </tr> <tr> <td style="background-color: #FFC000; text-align: center;">Total connections:</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Authorised, Billed and Unmetered (kl/annum):</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Non-revenue (l/cap/day):</td> <td style="background-color: #D3D3D3;"></td> </tr> <tr> <td style="background-color: #FFC000; text-align: center;">Metered connections:</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Authorised and Unbilled (kl/annum):</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Real losses (l/cap/day):</td> <td style="background-color: #D3D3D3;"></td> </tr> <tr> <td style="background-color: #FFC000; text-align: center;">Unmetered connections:</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Authorised Consumption (kl/annum):</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">% Metering</td> <td style="background-color: #D3D3D3;"></td> </tr> <tr> <td style="background-color: #FFC000; text-align: center;">Households with deemed of flat rate billing:</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Revenue water (kl/annum):</td> <td style="background-color: #D3D3D3;"></td> <td rowspan="2" style="background-color: #FFC000; text-align: center; vertical-align: middle;">Efficiency =</td> <td style="background-color: #D3D3D3;"></td> </tr> <tr> <td style="background-color: #FFC000; text-align: center;">Number of metered</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #FFC000; text-align: center;">Non-revenue water</td> <td style="background-color: #D3D3D3;"></td> <td style="background-color: #D3D3D3;"></td> </tr> </table>	Population number served:		SIV (System Input Volume) (kl/annum):		Average system pressure (m):		Households served:		Authorised, Billed and Metered (kl/annum):		Usage (l/cap/day):		Total connections:		Authorised, Billed and Unmetered (kl/annum):		Non-revenue (l/cap/day):		Metered connections:		Authorised and Unbilled (kl/annum):		Real losses (l/cap/day):		Unmetered connections:		Authorised Consumption (kl/annum):		% Metering		Households with deemed of flat rate billing:		Revenue water (kl/annum):		Efficiency =		Number of metered		Non-revenue water	
Population number served:		SIV (System Input Volume) (kl/annum):		Average system pressure (m):																																						
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Unmetered connections:		Authorised Consumption (kl/annum):		% Metering																																						
Households with deemed of flat rate billing:		Revenue water (kl/annum):		Efficiency =																																						
Number of metered		Non-revenue water																																								

		connections billed:	(kl/annum):	Water loss =
		Proven Industrial use (kl/annum):	Water losses (kl/annum):	
		Length of mains installed :	Apparent or Commercial losses (kl/annum):	
		Assumed commercial losses :	Real or Physical water losses (kl/annum):	
PENALTY: Inclusion in the IDP		Components listed under Criteria 1.2 were not included in the IDP		
BONUS (1): Training in WDM		<p>a) The Institution must present evidence of a competent Water Loss Management Team (in form of an Organogram) with <20% vacancy ratio in accordance with Clause 66 (Staff matters) of the Municipal Systems Act 32 of 2000</p> <p>b) Proof required on team manager competency (Qualification & Experience) with the following additional requirement: Manager to have suitable tertiary qualification with suitable experience</p> <p>c) The Institution must present evidence of a competent structured Maintenance Team (in form of Organogram with well-defined positions and job descriptions; Contract or Invoice). Logbook with maintenance entries will serve as adequate evidence</p> <p>d) Additional proof required on team competency for the team presented under (c) above (e.g. Qualification & Experience & Trade-test)</p> <p>e) Indicate number of suitably qualified plumbers per 1000 connections</p>		
No Drop Requirements= TOTAL 3%				

Quality of Drinking Water

Quality of Drinking Water	
Colour Drop	Indication of Drop
	Blue Drop Certified, water is safe to drink
	Micro > 97% Chemical > 95%
	Micro > 97% Chemical < 95% (or no Information)
	Micro < 97% Chemical > 95%
	Micro > 90% < 95% Chemical > 90% < 95%
	Micro < 90% Chemical < 90%

Water Services Authority	Overstrand Local Municipality			
Water Services Provider(s)	Overstrand LM, Overstrand LM			

2014 Municipal Blue Drop Score	90.79%			
2012 Municipal Blue Drop Score	96.82%			
2011 Municipal Blue Drop Score	90.56%			

Performance Area	Baardskeerdersbos 	Buffeljags Bay 	Buffels River 	Greater Gansbaai 
Water Services Provider(s)	Overstrand LM	Overstrand LM	Overstrand LM	Overstrand LM
Water Safety Planning (35%)	29.75	23.54	33.43	31.50
Treatment Process Management (8%)	4.28	5.60	4.00	6.80
DWQ Compliance (30%)	0.00	15.75	23.25	23.25
Management Accountability (10%)	8.95	8.20	9.25	9.25
Asset Management (14%)	8.72	9.24	11.03	10.50
Use Efficiency, Loss Management (3%)	3.00	3.00	3.00	3.00
Bonus Scores	9.17	6.50	3.25	4.00
Penalties	0.00	0.00	0.00	0.00
2014 BLUE DROP Score	63.87%	71.83%	87.20%	88.30%
<i>2012 Blue Drop Score</i>	91.6%	93.8%	95.0%	97.1%
<i>2011 Blue Drop Score</i>	93.7%	75.4%	95.1%	95.1%
<i>System Design Capacity (Ml/d)</i>	0.15	0.1	5.5	7.1
<i>Operational Capacity (% ito Design)</i>	100%	105%	44%	100%
<i>Average daily Consumption (l/p/d)</i>	655.0	310.3	803.4	445.9
<i>Microbiological Compliance (%)</i>	90.0%	95.5%	99.9%	99.9%
<i>Chemical Compliance (%)</i>	92.0%	99.9%	96.4%	96.1%
Blue Drop Risk Rating (2012)	75.5%	52.7%	72.1%	76.7%
Blue Drop Risk Rating (2013)	20.6%	12.2%	12.5%	12.7%
Blue Drop Risk Rating (2014)	47.2%	60.1%	57.3%	57.6%

Performance Area	Greater Hermanus 	Kleinmond 	Pearly Beach 	Stanford 
Water Services Provider(s)	Overstrand LM	Overstrand LM	Overstrand LM	Overstrand LM
Water Safety Planning (35%)	33.43	31.15	24.59	29.75
Treatment Process Management (8%)	8.00	6.40	6.80	4.70
DWQ Compliance (30%)	29.60	23.25	29.60	30.00
Management Accountability (10%)	9.25	9.25	9.25	9.25
Asset Management (14%)	11.90	10.29	10.29	11.38
Use Efficiency, Loss Management (3%)	3.00	3.00	3.00	3.00
Bonus Scores	1.27	3.25	3.83	2.86
Penalties	0.00	0.00	0.00	0.00
2014 BLUE DROP Score	96.44%	86.59%	87.35%	90.94%
<i>2012 Blue Drop Score</i>	97.9%	95.0%	95.2%	92.7%
<i>2011 Blue Drop Score</i>	87.2%	93.1%	94.3%	95.2%
<i>System Design Capacity (Ml/d)</i>	28.0	5.8	1.4	1.5
<i>Operational Capacity (% ito Design)</i>	29%	39%	100%	57%
<i>Average daily Consumption (l/p/d)</i>	192.4	230.1	1605.4	159.9
<i>Microbiological Compliance (%)</i>	98.9%	99.9%	99.9%	99.9%
<i>Chemical Compliance (%)</i>	96.4%	96.4%	99.9%	96.4%
Blue Drop Risk Rating (2012)	78.1%	72.1%	83.5%	64.9%
Blue Drop Risk Rating (2013)	13.5%	12.5%	12.7%	15.6%
Blue Drop Risk Rating (2014)	17.2%	57.3%	56.1%	27.1%

Regulatory Impression

The Overstrand Local Municipality team was well prepared and demonstrated their commitment to the Blue Drop assessment and water quality excellence. The Municipality is to be congratulated for obtaining Blue Drop status for the Greater Hermanus system. A decreased municipal score was however achieved during this assessment. The reason for the observed decrease in compliance includes:

- ◆ Full compliance with the requirements of SANS 241 with regard to monitoring and analysis could not be demonstrated. No chemical determinants have been analysed in the reticulation network to monitor the chemical quality of water provided to the consumer and identify any potential health impacts. In addition, the frequency of analysis does not comply with the requirements for the final water produced at treatment facilities receiving surface water or within the reticulation network. The Municipality however confirmed that subsequent to the assessment that a service provider has been appointed to implement a risk based monitoring programme that fully complies with the requirements of SANS 241, sampler training and uploading of analytical data to the BDS.
- ◆ Detailed annual process audits could not be demonstrated that assessed the performance of the treatment systems and each process unit with the design capacity of the plant. Recommendations should be incorporated into the review process of water safety plan.
- ◆ Poor microbiological compliance was observed in the Baardskeerdersbos system. This should be mitigated when the new plant to treat borehole water is commissioned in August 2014.

Significant progress has been made by the municipality with regard to WC/WDM and projects have been ongoing for the last three years. Good baseline information and a formal strategy are available that enables the municipality to make informed decisions regarding ongoing planning to minimise non-revenue water.

It is anticipated that the identified gaps will be addressed by the Overstrand Local Municipality and that an upward trend towards Blue Drop compliance will once again be achieved in the next assessment.

Based on the Audit results, the DWS has serious concerns on the poor microbiological drinking water quality and the resultant risk to consumers of the Baardskeerdersbos water supply system. These concerns have to be addressed as a matter of urgency and drinking water quality results and appropriate actions must be communicated to consumers should the water be found to be unfit for human consumption.

The overall **2014 Risk Rating** for Overstrand LM is 41% which translates into the 10th best performance in the Western Cape. Note that this value is based on the 3 specific areas indicated below and shows concerns (medium to critical risks) for

Process Control (which risks reflect compliance in terms of draft Regulation 813) in 6 of the 8 systems; Drinking Water Quality in 2 out of the 8 systems; and Risk Management in none of 8 systems.

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Baardskeerdersbos		
	2012	2013	2014
A: Process Control RR	77.8%	22.2%	55.6%
B: Drinking Water Quality RR	11.1%	55.6%	70.4%
C: Risk Management RR	13.0%	13.0%	17.4%

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Buffeljags Bay		
	2012	2013	2014
A: Process Control RR	76.5%	17.6%	71.1%
B: Drinking Water Quality RR	11.1%	11.1%	55.6%
C: Risk Management RR	13.0%	13.0%	26.1%

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Buffels River		
	2012	2013	2014
A: Process Control RR	79.5%	28.2%	64.1%
B: Drinking Water Quality RR	11.1%	11.1%	40.7%
C: Risk Management RR	13.0%	13.0%	13.0%

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Greater Gansbaai		
	2012	2013	2014
A: Process Control RR	79.5%	34.9%	74.4%
B: Drinking Water Quality RR	40.7%	11.1%	40.7%
C: Risk Management RR	13.0%	13.0%	26.1%

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Greater Hermanus		
	2012	2013	2014
A: Process Control RR	80.5%	31.7%	34.1%
B: Drinking Water Quality RR	11.1%	14.8%	25.9%
C: Risk Management RR	13.0%	17.4%	17.4%

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Kleinmond		
	2012	2013	2014
A: Process Control RR	79.5%	28.2%	64.1%
B: Drinking Water Quality RR	11.1%	11.1%	40.7%
C: Risk Management RR	13.0%	13.0%	13.0%

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Pearly Beach		
	2012	2013	2014
A: Process Control RR	78.9%	26.3%	71.1%
B: Drinking Water Quality RR	11.1%	11.1%	11.1%
C: Risk Management RR	13.0%	13.0%	26.1%

Additional information regarding the Blue Drop Risk Rating			
Water Supply System	Stanford		
	2012	2013	2014
A: Process Control RR	83.8%	29.7%	40.5%
B: Drinking Water Quality RR	11.1%	11.1%	11.1%
C: Risk Management RR	13.0%	13.0%	13.0%

Site Inspection Scores

The **Preekstoel and Buffels River Base WTWs** were inspected to verify the Overstrand Local Municipality Blue Drop findings.

Preekstoel WTW: 88%
Buffels River WTW: 90%

The site inspection impression at the **Preekstoel WTW** was considered to be good. A number of drinking water quality management practices still require attention, including:

- ◆ A flow chart was displayed of the incident management protocol that indicates roles and responsibilities but alert levels were not included.
- ◆ Records of the results of the jar tests that are routinely undertaken could not be provided.
- ◆ Emergency shower and eye wash facilities were not located at the chemical dosing room.
- ◆ Manual post dosing of lime was being undertaken at the time of the assessment due to equipment failure. This was to be repaired as part of the maintenance contract with an external service provider. Standby equipment was not installed.
- ◆ Standby chlorine dosing equipment is not installed.



Flocculent dosing at point of high turbulence tanks



Bunded area for chemical storage tanks

The site inspection impression at the **Buffels River WTW** was considered to be good. A number of drinking water quality management practices still require attention, including:

- ◆ A flow chart was displayed of the incident management protocol that indicates roles and responsibilities but alert levels were not included.
- ◆ The original O&M manual for the WTW is not available. Standard operating procedures have been compiled.
- ◆ Records of jar tests undertaken by the service provider could not be provided.
- ◆ Chemical tanks are not contained within a bunded area.
- ◆ Standby chlorine dosing equipment is not installed.
- ◆ Standby air compressor is not installed.



Gravity flow dosing system of flocculent

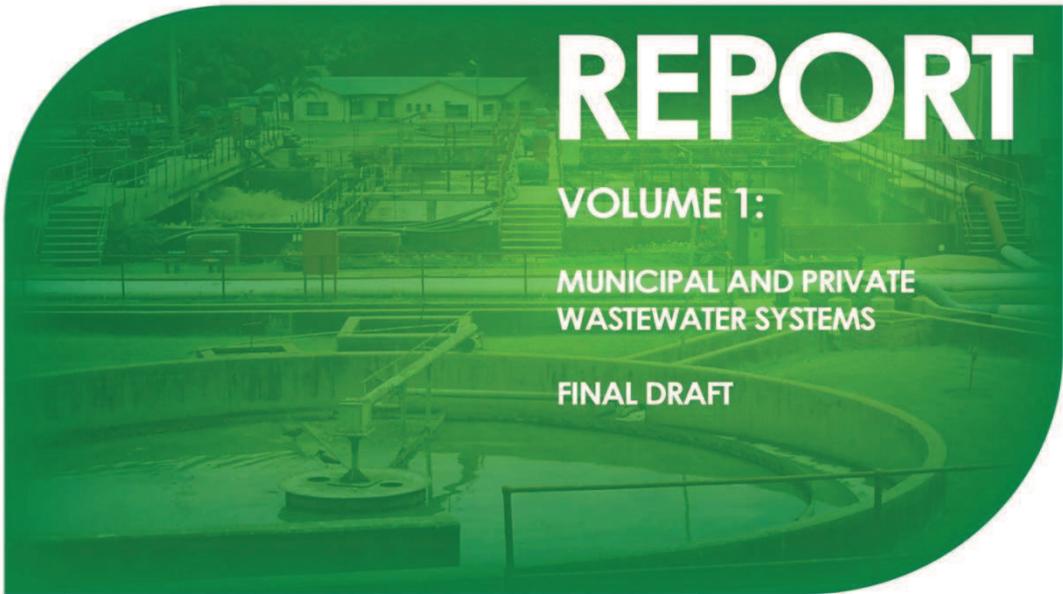


Chemical tanks not banded



2013

GREEN DROP



REPORT

VOLUME 1:

MUNICIPAL AND PRIVATE
WASTEWATER SYSTEMS

FINAL DRAFT



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA



green drop
CERTIFICATION

waste water service
REGULATION

Together committed to excellent Water Quality for the future

ACRONYMS

ACRONYMS	DESCRIPTION
ADWF	Average Dry Weather Flow
CFO	Chief Financial Officer
COD	Chemical Oxygen Demand
CRR	Cumulative Risk Rating
DPW	Department of Public Works
DWA	Department of Water Affairs
GA	General Authorisation
GDC	Green Drop Certification
GDS	Green Drop System (www.dwa.gov.za/greendrop)
GWSA	Green Water Services Audit
IMP	Incident Management Protocol
KPA / KPI	Key Performance Area / Indicator
LM	Local Municipality
NA	[Not assessed]
NI	[No information]
O&M	Operation and Maintenance
RPMS	Service Level Agreement
SLA	Regulatory Performance Measurement System
SS	Suspended Solids
W ₂ RAP	Wastewater Risk Abatement Plan
WIN-SA	Water Information Network of South Arica
WRC	Water Research Commission
WSA	Water Services Authority
WSP	Water Services Provider
WSI	Water Services Institutions
WWTP/W	Wastewater Treatment Plant / Works
PROVINCES	
EC	Eastern Cape Province
FS	Free State Province
GP	Gauteng Province
LP	Limpopo Province
MP	Mpumalanga Province
NW	North West Province
NC	Northern Cape Province
KZN	Kwa-Zulu Natal Province
WC	Western Cape Province

How to Read the Report Card

The following is an example of a typical municipal report card that appears in the Green Drop Report 2013. Results are provided in colour coded format – each colour has a specific meaning and performance reference.

Water Services Authority		ABC Local Municipality	
Water Services Provider(s)		ABC WSP	
2013 Municipal Green Drop Score	81.63%	<p>The Municipal Green Drop score is a Performance Indicator of the overall municipal wastewater business (function of the available design capacity and the individual Green Drop scores).</p> <p>Arrows: Depict the current Green Drop status of the plant. A ↑ arrow shows improvement upon the 2009situation, ↓ shows digress, → shows unchanged situation</p>	
2011 Municipal Green Drop Score	63.80%		
2009 Municipal Green Drop Score	75.00%		
Key Performance Area	Weight	System X	
Process Control & Maintenance Skills	10%	67	
Monitoring Programme	15%	95	
Submission of Results	5%	100	
Effluent Quality Compliance	30%	16	
Risk Management	15%	90	
Local Regulation	5%	100	
Treatment Capacity	5%	100	
Asset Management	15%	94	
Bonus Scores		8.48	
Penalties		1.90	
Green Drop Score (2013)		74.88%	
2011 Green Drop Score		47.00%	
2009 Green Drop Score		66.00%	
System Design Capacity	MI/d	2.3	
Capacity Utilisation (% ADWF ito Design Capacity)		112.0%	
Resource Discharged into		Pienaars River (sensitive, special standard apply)	
Microbiological Compliance	%	12.95%	
Chemical Compliance	%	24.35%	
Physical Compliance	%	20.69%	
Overall Compliance	%	20.90%	
Wastewater Risk Rating (2012)		76.50%	
Wastewater Risk Rating (2013)		76.47%	

Colour codes	Appropriate action by institution
90-100%	Excellent situation, need to maintain via continued improvement
80-<90%	Good status, improve where gaps identified to shift to 'excellent'
50-<80%	Fair performance, ample room for improvement
31-<50%	Very poor performance, need targeted intervention towards gradual sustainable improvement
0-<31%	Critical state, need urgent intervention for all aspects of the wastewater services business

Green Drop Score (2013)	74.88%	<p>≥90% = Green Drop Certification <30% = Purple Drop Status</p>
2011 Green Drop Score	47.00%	
2009 Green Drop Score	66.00%	
Capacity Utilisation (% ADWF ito Design Capacity)	112.0%	<p>Plant is receiving 12% more wastewater compared to its original design capacity (ADWF)</p>
Effluent Quality Compliance	20.90%	<p>Effluent quality compliance to legislative standards carries a high (30%) weight in the GDC score</p>
Wastewater Risk Rating (2012)	76.50%	<p>The CRR% Deviation (CRR/ CRRmax) score is specific to the wastewater "treatment" function of the service. This score indicates the actual risk as a % of the maximum risk that the plant potentially can reach. An orange and red block indicate that the plant is in high- or critical risk that warrants urgent attention. A higher value reflects a high risk state (undesirable). A lower value reflects a lower risk state.</p>
Wastewater Risk Rating (2013)	76.47%	

CRR% Deviation	Risk Level	Colour
90 – 100%	Critical risk WWTP	Red
70 - <90%	High Risk WWTP	Orange
50-<70%	Medium risk WWTP	Yellow
<50%	Low Risk WWTP	Green

Note: volumetric capacity refers to Average Dry Weather Flow

1. GREEN DROP SCORECARD 2012/13

*The Stockdale paradox:
Confront the brutal truth of the situation, yet at the
same time, never give up hope.*

Green Water Services Audits are conducted by a panel consisting of a qualified wastewater professional as Lead Assessor, supported by 2 Assessors. The team selection is done based on the outcomes of a Green Drop Examination which tests the assessor's knowledge and competence in the subject field.

The following scorecard outlines the key requirements of the Green Drop assessment and indicates the Portfolio of Evidence that was required by each Water Services Institution to calculate a Green Drop score per wastewater system.

Green Water Services Audit Period : 1 July 2011 – 30 June 2012

Green Drop Key Performance Area	Requirements	Sub-Requirements
(1) Process Control and Maintenance [10%]	(1.1) WORKS REGISTRATION	a) The wastewater treatment facility is registered as per the Requirements of Regulation 2834/17.
	(1.2) PROCESS CONTROLLER & SUPERVISOR REGISTRATION	a) Copies of Registration Certificates of Process Controllers and Supervisor(s) b) Copies of the classification certificates of all process controllers/operators and supervisors/superintendents must be uploaded on the GDS; c) Compliance with Regulation 2834 (must comply at least 50% in each of the shifts); WSI must indicate shift patterns or measures in place when a shift does not comply with Regulatory Process Control Requirements. d) WSI must indicate process controllers and/or supervisors that are 'shared' across different plants/sites.
	1.3) MAINTENANCE TEAM	a) Evidence of Maintenance Team used for general maintenance work at the plant & pump-stations(both mechanical and electrical) b) Information on in-house staff (or organogram) or external contractor/s c) Provide additional proof of competency of team (e.g. Qualification & Experience & Trade-test) d) Provide a site specific operation and maintenance schedule (routine / scheduled) e) Contract or Logbook with maintenance entries to serve as evidence of the above aspects
	1.4) OPERATIONS & MAINTENANCE MANUAL	a) Proof of a 'site-specific' Operation & Maintenance Manual O&M manual to contain: <ol style="list-style-type: none"> 1. structural, 2. mechanical, 3. electrical detail of plant, 4. design specifications of plant, 5. reference to drawings, 6. operational schedules, 7. maintenance schedules, 8. process detail and control, 9. instrumentation specification/type, 10. fault finding, 11. monitoring, 12. pump curves, 13. supportive appendices
	(1.5) OPERATIONAL LOGBOOK	a) A logbook is in place to record all incidents at the wastewater treatment works. b) Evidence is presented that the logbook process is being implemented.

	BONUS (Process Control)	BONUS: Proof of Process Controller staff being subjected to relevant training the past 24 months 1. Names of trainees and signature of attendance / Certificate 2. Date and training subject field 3. Training provider and content of training
(2) Wastewater Monitoring Programme [15%]	(2.1) OPERATIONAL MONITORING	Details of Operational Monitoring: a) Proof of Operational Monitoring sites, determinands and frequency; b) Samples must include: i) <i>inflow</i> ii) <i>outflow</i> iii) <i>process flows</i> iv) <i>industrial</i> v) <i>sludge</i> c) Determinands monitored; d) as per Authorisation / as per best practice per technology type; e) Frequency: as per Authorisation /as per best practice (1/month for micro & small plants, 1/week for medium plants, and 1/day for large & macro plants)
	(2.2) COMPLIANCE MONITORING	Details of Compliance Monitoring (For ALL Effluent Discharges). a) Sampling Sites as per Authorisation; b) Determinands as per Authorisation (This would include determinands not categorised as Microbiological, Chemical or Physical, e.g. SAR) ; c) Sampling frequency occurs as Authorisation Requirements Note 1: For zero-effluent treatment systems - still need to monitor for impact on catchment / environment (for both lined and unlined systems). Where oxidation ponds are producing effluent for irrigational purposes then General Limits apply. Note 2: A monitoring programme alone will not be sufficient to obtain full score; Analyses results should proof implementation of the monitoring programme.
	(2.3) LABORATORY USED	a) Name lab(s) for operational analysis (in-house or on-site) and lab for compliance analysis/checks (in-house or external) b) Provide the turnaround in laboratory analysis (in hours: from time of submission to time of results dissemination)
	(2.3) LABORATORY CREDIBILITY	a) Certificate of Accreditation for applicable methods, b) Or Z-scores results following participation a recognised Proficiency Testing Scheme ($-2 \geq z$ -score ≥ 2 are unacceptable) c) Or Proof of Intra- and Inter-laboratory proficiency (quality assurance as prescribed in Standard Methods)
	(2.4) PROCESS CONTROL / MONITORING RESULTS	a) Explain how monitoring results are used to amend/improve process controlling <i>[The assessor will select at random analytical parameter/s from the presented analytical results to present an audit question. This might be checked during on-site assessment.]</i>
	(3) Submission of Wastewater Quality Results [5%]	(3.1) DATA SUBMISSION
	PENALTY (1): Data Not Captured OR	Penalty will apply should Wastewater results be available but not captured on GDS. Penalty will apply should the Department find proof during / post assessment that the WSI is guilty of an offence as per Section 82 of the Water Services Act, by only submitting partial information (on GDS) in order to present a false impression of WWQ Performance and/or compliance.
	PENALTY (2): Section 82	

(4) Wastewater Effluent Quality Compliance [30%]	(4.1) WATER USE AUTHORISATION	a) Copy of authorisation, detailing Effluent Quality Standards. NOTE: List Standards to comply with.
	(4.2) EFFLUENT QUALITY COMPLIANCE	a) 90% Microbiological Compliance (e.g. E Coli; Faecal Coliforms) b) 90% Chemical Compliance (e.g. COD, Ammonia, Nitrogen, Nitrate, Nitrite, Residual Chlorine, Ortho-Phosphates, Fluoride, Arsenic, Cadmium, Copper, Manganese, Iron, Selenium, Zinc, Boron, etc.) c) 90% Physical Compliance (e.g. pH, Suspended Solids, Electrical Conductivity, Soap, Oil or Grease, etc)
	BONUS (GDIP)	a) A practical Green Drop Improvement Plan (GDIP) in place – with baseline (current) score, tasks, responsible person, completion date, budget, target GDC score; b) Implementation evidence and proof of management of process
	PENALTY: (Sludge Management)	a) Sludge treatment not managed / monitored. (Monitoring records must be produced); b) In case of ponds systems, provide schedule for desludging of system.
(5) Wastewater Quality Risk Management [15%]	(5.1) WASTEWATER RISK ABATEMENT PLAN (W₂RAP)	a) A practical and site specific Wastewater Risk Abatement Plan (W ₂ RAP) is in place which identify and prioritise risks, with measures to mitigate inefficiencies/inadequacies that result in non-compliance b) Implementation evidence and proof of management commitment
	(5.2) INCIDENT REGISTER	a) Provide evidence of implementation of Protocol b) Wastewater Quality Failure Incident and Sewer Spillage Incident register.
	(5.3) WASTEWATER INCIDENT MANAGEMENT PROTOCOL	a) Evidence of a documented Wastewater Incident Management Protocol b) Protocol to specify alert levels, response times, required actions, roles & responsibilities and communication measures/vehicles. c) NB. Include Pumpstation failure (sewer collector system spillages)
	BONUS (Energy)	WSI is able to provide DWA with: a) Electricity consumption over last financial year (in KWh/day) and Rand value (R/year) of treatment plant; b) Energy demand projections over next >3 years (in KWh/day) and in Rand value (R/year); and c) Calculate cost of energy (KWh/kl wastewater treated)
(6) Local Regulation [5%]	(6.1) BYLAWS	Proof of the Bylaws providing for the regulation of: 1. <i>industrial (trade) influent (volumes & quality) discharged into municipal system,</i> 2. <i>package plants,</i> 3. <i>decentralized systems,</i> 4. <i>vacuum tank discharges and</i> 5. <i>Spillages into the environment.</i> 6. <i>Storm-water connections to sewer system.</i>
	(6.2) ENFORCEMENT	1. Proof of application of Bylaw clause in practice, supported by written notice/s to offender OR 2. Proof of adequate enforcement (informing relevant sectors and means of monitoring industrial or other sewer influent.) 3. Records of Package Plants in area of jurisdiction (where development was approved by the Authority (Local Government).

	PENALTY: (Industrial Monitoring)	No evidence of any Industrial influent monitoring. 1. There must be proof in form of results to indicate WSA is performing its local regulation function as per Wastewater Services.
	BONUS (Publication)	1. Annual Publication of wastewater management performance against the requirements of the site-specific License conditions or General Authorisations 2. Name and date of publication, copy of information pertaining to audit question. 3. Note: Communication must include compliance summary
(7) Wastewater Treatment Capacity	(7.1) DESIGN CAPACITY	a) Documented design capacity (hydraulic and organic) of the wastewater treatment facility 1. Design capacity as Average Dry Weather Flow (ADWF) and COD load to the plant and b) Documented daily receiving flows over the 12 months of assessed period (ideally \leq than design capacity) 1. Evidence of daily flows and subsequent calculated averages. Measurement method to be explained 2. Evidence of peak wet weather flow to plant during rain events (record rain event and flow to plant) 3. Evidence of minimum night flow (minimum monitoring: monthly) 4. Water services institution is required to provide motivation/proof of accuracy of meter readings. c) Monitoring of outflow volumes (available records) - provide proof of verification system and/or calibration of meters)
[5%]	(7.2) WWTW CAPACITY PLANNING	Medium to long term planning to ensure sufficient capacity for treatment system and to ensure effluent quality compliance; 1. Detailed Work-plan which stipulates: <i>i) type of work,</i> <i>ii) associated budget,</i> <i>iii) projected timeframe</i> <i>iv) planned output of this work.</i>
	(7.3) COLLECTOR CAPACITY PLANNING	Medium to long term planning to ensure sufficient capacity for collecting system 1. Detailed Work-plan which stipulates: <i>i) type of work,</i> <i>ii) associated budget</i> <i>iii) projected timeframe</i> <i>iv) the planned output of this work</i> Note for 7.2 and 7.3: When the WSI is motivating that 'no work' is needed, then provide basis for such standpoint (i.e. quantified design versus operational capacity, usage of system, expected housing developments, condition of treatment system)
	PENALTY	Capacity Utilisation <40%, >90%, >100%
(8) Wastewater Asset Management	(8.1) PROCESS AUDIT	a) Process Audit reporting (evidence required of audit findings and recommendations) on treatment facility efficacy. The audit to include the (design) capability of the plant to meet compliance standards, as well as actual performance of plant. Should've been done between July 2010 and June 2012. b) Evidence/plan of implementation of findings during year following Audit Report required.
[15%]	(8.2) SEWER MAIN INSPECTION	c) Site inspection of sewer reticulation network and pump-station/s. Provide evidence in form of capacity and condition assessment and recommendations of system. Report to include flow balance that provides evidence which % of total sewage is received at treatment plant. Note: both the process audit and sewer network report could serve as baseline to the W ₂ RAP (may run concurrently with "system description and risk identification/rating)

	(8.3) WASTEWATER ASSET REGISTER	<p>d) Updated sanitation / wastewater Infrastructure Asset Register</p> <p>1. Proof of Asset Register, evidence to be submitted. Asset register to include movable equipment and immovable infrastructure / assets with matching detail. The asset register must detail :</p> <p>a) relevant equipment and infrastructure b) indicate asset description c) location d) condition (remaining life) e) replacement value</p>
	(8.4) O&M BUDGET & EXPENDITURE	<p>e) Operation and maintenance budget and comparative expenditure detail for:</p> <p>1. <i>wastewater treatment (in cents/m³), and</i> 2. <i>collection system (R/m³)</i></p> <p>The assessor will require the WSI to explain how these figures compare or are benchmarked to determine whether budget is (in)sufficient</p> <p>NOTE: Indicate whether WSI could only provide global figures or system specific figures.</p>
	(8.5) PUMPSTATION MAINTENANCE	Proof of maintenance work done on mechanical, electrical, civil per pumpstation
Additional Bonuses	(AB 1) CROSS-POLLINATION	WSI is able to provide evidence of improvement partnership initiatives with smaller municipalities (Cross-pollination). Green Drop scores will serve as good evidence to measure the outcomes of such initiative/s.
	(AB 2) STORMWATER MANAGEMENT	Proof of a Storm-water management plan detailing how storm-water entry is quantified, managed and monitored to prevent entry to sewer systems. Plan should also include measures to prevent sewage from entering stormwater systems. Evidence of implementation required
	(AB 3) WATER DEMAND MANAGEMENT	Water Demand Management Plan which provides a strategy and/or work plan that identify, quantify, monitor and manage leakages and water losses of any kind that (may) create an artificial water demand due to higher hydraulic loading of wastewater collection and treatment infrastructure. The bonus will be maximised should a wastewater flow balance be provided.

Green Drop Certification status = $\geq 90\%$ score against the above criteria.



Purple Drop status = $< 30\%$ against the above criteria.



“If you are going to achieve excellence in big things, you develop the habit in little matters. Excellence is not an exception, it is a prevailing attitude.”

Colin Powell

1. Overstrand Local Municipality

Water Services Authority

Overstrand Local Municipality

Water Services Provider(s)

Overstrand Local Municipality

2013 Municipal Green Drop Score	89.14% ↑
2011 Municipal Green Drop Score	88.80%
2009 Municipal Green Drop Score	63.00%

Key Performance Area	Weight	Hermanus 	Hawston 	Stanford 	Gansbaai 
Process Control & Maintenance Skills	10%	84	100	100	100
Monitoring Programme	15%	93	95	95	100
Submission of Results	5%	100	100	100	100
Effluent Quality Compliance	30%	68	69	85	77
Risk Management	15%	96	73	73	73
Local Regulation	5%	100	100	100	100
Treatment Capacity	5%	100	100	100	96
Asset Management	15%	96	93	96	93
Bonus Scores		4.86	5.48	3.55	4.43
Penalties		0.20	0.23	0.30	0.37
Green Drop Score (2013)		91.17%	90.03%	93.39%	91.76%
2011 Green Drop Score		92.10%	87.90%	83.00%	75.80%
2009 Green Drop Score		66.00%	57.00%	61.00%	66.00%
System Design Capacity	MI/d	7.3	1	0.5	2
Capacity Utilisation (% ADWF ito Design Capacity)		56.89%	30.00%	79.20%	55.00%
Resource Discharged into		Sea outfall (shallow)	Natural Wetland to Dunes	Kleinrivier	Lined wetlands, sportsfield irrigate
Microbiological Compliance	%	91.67%	91.67%	91.67%	100.00%
Chemical Compliance	%	87.50%	81.25%	90.00%	93.75%
Physical Compliance	%	66.67%	91.67%	94.44%	80.56%
Overall Compliance	%	80.21%	86.46%	91.67%	89.58%
Wastewater Risk Rating (2012)		34.70%	33.30%	44.40%	38.90%
Wastewater Risk Rating (2013)		45.45%	29.41%	29.41%	35.29%

Key Performance Area	Weight	Kleinmond
Process Control & Maintenance Skills	10%	80
Monitoring Programme	15%	95
Submission of Results	5%	100
Effluent Quality Compliance	30%	29
Risk Management	15%	73
Local Regulation	5%	100
Treatment Capacity	5%	56
Asset Management	15%	100
Bonus Scores		8.84
Penalties		0.91
Green Drop Score (2013)		77.61%
2011 Green Drop Score		82.50%

2009 Green Drop Score		66.00%
System Design Capacity	MI/d	2
Capacity Utilisation (% ADWF to Design Capacity)		44.90%
Resource Discharged into		Sea (shallow outfall)
Microbiological Compliance	%	83.33%
Chemical Compliance	%	77.08%
Physical Compliance	%	100.00%
Overall Compliance	%	86.46%
Wastewater Risk Rating (2012)		44.40%
Wastewater Risk Rating (2013)		47.06%

Regulatory Impression

The Overstrand Local Municipality is to be congratulated with an outstanding performance and able presentation of their Portfolio of Evidence. The Inspection team were impressed with "... *the team's enthusiasm, expertise and knowledge of the wastewater business.*" As result, Overstrand is awarded **with four Green Drop Certificates**. The overall management of all five systems is consistent and indicative of the personnel's dedication and discipline to wastewater management. Regrettably, the Kleinmond system did not perform on par with the other 3 systems, which weakened the **municipal Green Drop score to 89.14%**, just short of overall Green Drop award.



The points of strength include the high overall compliance of effluent quality, prominent risk abatement, and technical skilled staff with strong management support and involvement. The presence of the Finance department contributed to the positive score received for asset management and ringfenced costing. The Hermanus WWTW is currently in the process of upgrading the works to 12ML/d. Monitoring programs should be revised to include sludge monitoring at all systems and to ensure sufficient sampling frequency where process upgrades have occurred.

Overall, Overstrand has managed to produce a polished Green Drop Performance. Overstrand is also one of very few municipalities that were using the opportunity to score against all the bonus criteria. **Well done**. The absolute consistency displayed in keeping all systems in **low risk zones** using the W₂RAP process, is commendable. Overstrand is an accomplished service provider in wastewater management, and deserves to be mentioned amongst the top performers in the Province.

Green Drop findings:

1. Regulation 17 compliance need to receive attention
2. Sea outfall monitoring frequency need to be revised for Hermanus
3. Sludge monitoring and handling could improve going forward
4. Some shortcomings are evident on process assessment which might possibly resolve some of the lower compliance to ammonia, EC, O-PO₄, SS/COD at some plants, given that ample capacity exist at all plants.



Site Inspection Report

Kleinmond

75%

The Kleinmond plant was inspected to verify the Green Drop findings:

- The plant is beautifully set, with notices, PFD, manuals and signage in place
- Process control logbooks can be improved, as well as instrumentation
- Flows recorded, except nightflow, 60% tankered, daily pumpstations checks
- Aeration of wastewater well maintained, goo process control, lime slightly slug dosed, MLSS used along temperature
- Disinfection via ultraviolet radiation, clear overflows to reed beds (Phragmites) for polishing. UV performance questioned.



ANNEXURE H

**NT & PT BUDGET CIRCULARS, COST
CONTAINMENT MEASURES &
FINANCIAL RATIOS AND NORMS**



Municipal Budget Circular for the 2018/19 MTREF

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Introduction

The purpose of the annual budget circular is to guide municipalities with their compilation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF). This circular is linked to the Municipal Budget and Reporting Regulations (MBRR); and strives to support municipalities' budget preparation processes so that the minimum requirements of the MBRR are achieved.

In 2010 National Treasury introduced the local government budget and financial reform agenda and since then several projects to further this agenda have been introduced. The recent implementation of the municipal Standard Chart of Accounts (*mSCOA*) and the accompanying "game changers" signals a smarter way forward to strengthening local government finances.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial reform agenda and associated "game changers".

Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance on budget preparation that is not covered in this circular.

1. The South African economy and inflation targets

In the 2017 Medium Term Budget Policy Statement the Minister of Finance stated that, improving the country's economic growth in the period ahead remains the biggest challenge. This undoubtedly echoes the sentiments expressed in the previous year's annual budget circular, that the South African economic outlook is bleak.

The National Treasury's macroeconomic projections show that per capita income will continue to stagnate unless appropriate financial decisions are taken. This implies that a new course of action is required to break the cycle of weak growth, escalating government debt, increasing unemployment and declining investment and business confidence.

It is important to note that the 2017 projected Gross Domestic Product (GDP) growth forecast of 1.3 per cent in the 2017/18 budget was revised down to 0.7 per cent. The rate of recovery will be slow and at this time, it is anticipated that growth of 1.9 per cent may be reached by 2020.

Notably, the anticipated economic improvements, employment opportunities and business recovery have not materialised hence the economy remains unstable. The impact of the decline in mining growth and the struggle in the agriculture sector because of the persistent drought influence the low economic growth.

The mining outlook remains subdued due to continued domestic policy uncertainty and rising production costs. Fixed-capital stock in manufacturing has declined every year since 2009, indicating a gradual erosion of capacity. Formal non-agricultural employment declined by 0.2 per cent in the first half of 2017 compared to the same period last year. Employment prospects in manufacturing remain constrained. Similarly, employment growth in the trade sector is likely to remain under pressure given low consumer confidence and weak credit growth.

In summary, the country's tax collection targets have not been met and this means that the fiscus has less funds available to allocate across the various spheres of government. Unfortunately, a similar decline cannot be measured in expenditure and this means that deficits are growing.

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2016 - 2020

Fiscal year	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Forecast		
CPI Inflation	6.3%	5.4%	5.2%	5.5%	5.5%

Source: Medium Term Budget Policy Statement 2017.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2018/19 budget process

2.1 Local government conditional grants and additional allocations

The proposed division of revenue continues to prioritise funding services for poor communities. Allocations to local government subsidise the delivery of free basic services to low-income households, and the infrastructure needed to deliver those services.

The 2017 Medium Term Budget Policy Statement (MTBPS) indicates transfers to local government for the 2018 MTREF are R397 billion, of which 62.2 per cent comprise unconditional allocations while the remainder is conditional grant funding. The allocations for local government over the medium term represent 9.2 per cent of non-interest expenditure and an increase of 8.3 per cent.

The equitable share and the allocation of the general fuel levy to local government constitute unconditional funding. Municipalities are reminded that this funding allocation is formula driven and designed to fund the provision of free basic services to disadvantaged communities. Conditional grant funding must be utilised for the intended purpose within the timeframes, as specified in the annual Division of Revenue Bill. Monies not spent must be returned to the fiscus and requests for roll-overs will only be considered in extenuating circumstances.

The annual Division of Revenue Bill will be published in February 2018 after the Minister of Finance's budget speech. The grant allocations will be specified in this Bill and municipalities must reconcile their budgets to the numbers published herein.

Municipalities are advised to use the indicative numbers presented in the 2017 Division of Revenue Act to compile their 2018/19 MTREF. In terms of the outer year allocations (2020/21 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2017 Division of Revenue Act for 2018/19. The DoRA is available at <http://www.treasury.gov.za/documents/national%20budget/2017/default.aspx>

Changes to local government allocations

- The Equitable Share formula takes into account the rising bulk costs of electricity and water, as well as household growth. This is confirmed by the additional R1.5 billion in 2019/20 that was part of the 2017 budget for the *local government equitable share*.
- In line with government's Integrated Urban Development Framework (IUDF), a new approach to funding intermediate cities will be piloted as part of the *municipal infrastructure grant* in 2018/19. It will emphasise a programme of capital investment that

combines grant and non-grant funding. This approach may take the form of a separate grant for qualifying cities over the medium term, with strong performance incentives.

- The allocation mechanism of the *public transport network grant*, which funds the improvement of urban public transport systems, will be amended. The changes will provide more stability in allocations for smaller cities. Performance incentives will be introduced and stricter conditions applied. Where cities fail to demonstrate that they have financially sustainable plans for public transport networks, allocations will be cut. Performance incentives will also be considered for other conditional grants, including for improved spending on infrastructure maintenance.
- The National Treasury and the Department of Human Settlements will review spending on urban informal settlement upgrading, with a view to changing the grant system to enable increased investment in in-situ upgrading. This work will be aligned to the review of the provincial *human settlements development grant*.

The Presidency announced in a press statement on 27 November 2017 that, “President Jacob Zuma has directed the Minister of Finance, Mr Malusi Gigaba, assisted by the Presidential Fiscal Committee, to identify concrete measures to urgently address the challenges identified in the Medium Term Budget Policy Statement.” These measures should focus on four areas, one of which is, “To identify and finalise proposals for cuts in expenditure amounting to about R25 billion. Such proposed cuts should not be in areas that will negatively affect economic growth prospects and job creation.” National Treasury is currently working to implement this directive from the President. If the proposed cuts in expenditure are adopted by Cabinet, they could result in substantial changes to the division of revenue that was tabled in the 2017 MTBPS. Municipalities should be aware in their planning that these changes could include substantial reductions to grants to local government. The details of any cuts to expenditure will be announced when the 2018 Budget is tabled on 21 February 2018.

Reforms to local government fiscal framework

Reforms over the medium term will enhance the ability of municipalities to raise revenue to invest in their own development.

Government will:

- Table amendments to the Municipal Fiscal Powers and Functions Act (2007) to better regulate the levying of municipal development charges; and
- Update the policy framework for municipal borrowing and financial emergencies. The purpose is to establish a system which does not only guarantee stability and certainty in local government finances, but also seeks to implicitly create incentives and attract more players in the municipal debt market space, i.e. insurers, pension funds, fund managers and DFIs.

Municipal revenue-raising capacities vary widely. The National Treasury will consider applications to waive co-funding requirements for infrastructure projects in municipalities with little or no ability to raise finance for such projects. Reprioritisations within the *regional bulk infrastructure grant*, *water services infrastructure grant* and *municipal infrastructure grant* will be made to fund the Bucket Eradication Programme.

2.2 Municipal Standard Chart of Accounts (*m*SCOA)¹

The implementation of *m*SCOA Regulations from 01 July 2017 revealed some of the challenges with version 6.1 of the chart that must be addressed. As a result of this, the chart was updated and version 6.2 is released with this circular (see Annexure A). Version 6.2 of the chart will be effective from 2018/19 and must be used to compile the 2018/19 MTREF. In addition, there were classification differences between the original budgets that were adopted by municipal council and the data strings that were submitted to National Treasury. Furthermore, the budget related policies were not updated to align to *m*SCOA (e.g. Virement policy).

Version 6.2 of the *m*SCOA chart to be used for the 2018/19 MTREF is available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

Amendments of mSCOA implementation errors during the adjustments budget

During the budget verification process it was evident that municipalities had challenges aligning the *m*SCOA original budget data string to the original budget adopted by municipal council. The challenges differed per municipality and include differences on classification. Most municipalities were granted permission to correct the alignment during the 2017/18 adjustments budget process. The adjusted budget data strings should align to Schedule B adopted by municipal council. National and Provincial treasuries will undertake the verification process on the adjusted budgets in relation to the data strings. Therefore, municipalities are advised to submit the draft data strings and B-schedules in advance for testing purposes to ensure that aligned documents are adopted by municipal council by 28 February 2018.

The impact of mSCOA on the virement policy

MFMA Circular No. 51 highlighted the principles that must be incorporated into municipal virement policies. It also emphasised that the policy must indicate how the virement process must be managed within the municipality to enable the tracking and reporting of funding shifts.

The principles are still applicable and relevant. The only difference is that a transaction in *m*SCOA relates to six regulated segments, therefore all segments must be considered when making a virement. Municipalities are urged to review the policy and update reference to "Vote" to align to the function segment and indicate the funding applicable to the item being transferred in relation to the funding segment. Therefore, with the implementation of *m*SCOA, virements can only take place within a function or sub-function and the same source of funding. The creation of new projects or savings across functions can only take place through an adjustment budget. The policy must clearly articulate that virements should not be allowed from the repairs and maintenance project in the project segment.

Clarification of core and non-core functions

There are municipalities that experienced challenges with the implementation of the function segment due to the interpretation of what is core and non-core. Core functions provides for the matters in terms of section 156 (1) of the Constitution. These are functions performed by local government and constitutionally assigned to local government in terms of Part B of Schedule 4 and Part B of Schedule 5. Non-core function refers to the functions performed by

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

local government that are constitutionally assigned to provincial government in terms of section 156(4) of the Constitution. Local Government are compensated for delivering these functions on behalf of provincial government and typically receive a management fee from the provincial department.

For example, with the water function, if a municipality is an approved Water Service Authority (WSA), the provision of water will be a core function of that municipality. However, where a municipality is providing the service on an agency basis and is not an approved WSA, this will be a non-core function.

2018/19 mSCOA Audit process

When the *mSCOA* Regulation was promulgated in 2014, it provided for a three-year preparation and readiness window. All municipalities had to be compliant with the *mSCOA* classification framework by 1 July 2017. In order to ensure that municipalities meet the compliance deadline, National Treasury provided technical guidance on the processes required through MFMA Circulars No. 57, 80, 85 and *mSCOA* Circulars 1, 2, 3, 4, 5, and 6. Furthermore, a transversal tender (RT25-2016) was issued to reduce the time spent by municipalities on onerous tender processes and price negotiations when changing its current financial system to comply with *mSCOA*. These circulars read together with the *mSCOA* regulations should be the first point of departure when municipalities prepare their *mSCOA* audit files and the following key documents should typically be included in the audit files:

- Governance: Council resolutions pertaining to *mSCOA* implementation, including the resolutions to establishment a *mSCOA* steering committee and project implementation team; all documents of the Project Steering Committee and Project Implementation Committee such as agendas, attendance registers, signed minutes of all meetings, correspondence with National and Provincial Treasuries and the *mSCOA* project plan and reports/evidence of monitoring thereof;
- Change management and training: Records as evidence that change management were implemented and that all officials were trained on *mSCOA* and the use of the *mSCOA* enabling financial system;
- Procurement of Systems: Evidence that the processes set out in Annexure B of *mSCOA* Circular No. 6 was followed, including conducting an ITC due diligence process, obtaining a recommendation from the *mSCOA* project steering committee and the views of the National/Provincial Treasury and correspondence with the Office of the Procurement Officer (OCPO) of National Treasury where the transversal tender RT25-2016 was used; and
- Data migration/conversion: As part of the audit process, the Auditor-General will review the conversion/migration/cleansing processes used by the municipality to assess the completeness, accuracy and validity of data.

Municipalities are advised to use their internal audit function to ensure that the correct process was followed. Internal audit must ensure that the municipality has complied with the requirements of *mSCOA* and the reports of internal audit must be tabled at audit committee and at municipal council for their consideration.

2.3 Reporting indicators

The National Treasury has finalised the process of rationalising the built environment reporting for the eight metropolitan municipalities with an aim to reduce the reporting burden, which included the development of a set of indicators that will enable government to monitor progress on the integrated and functional outcomes.

There has been some confusion as to the level that indicators in the Service Delivery Budget Implementation Plan (SDBIP) occupy, particularly in relation to quarterly projections of service delivery targets and performance indicators for each vote (as per MFMA Circular No. 13).

Municipalities are urged to refer to MFMA Circular No.87 on rationalisation of planning and reporting requirements for the 2018/19 MTREF issued on 30 November 2017. The circular contains municipal performance indicators for metropolitan municipalities. In providing guidance, conceptual clarity and alignment between the Integrated Development Plan (IDP), Built Environment Performance Plan (BEPP), SDBIP and the performance part of the Annual Report, the MFMA Circular has conceptual application of benefit to all municipalities.

The performance indicators will be applicable to metropolitan municipalities from the 2018/19 financial year, and incrementally introduced to other categories of municipalities from 2019/20 onwards, although earlier compliance is encouraged.

2.4 Borrowing for capital infrastructure

In terms of Section 46 of the MFMA, a municipality may incur long-term debt only for the purpose of current or future capital expenditure on property, plant or equipment, and in specified circumstances for refinancing existing long-term debt. A municipality cannot borrow to replenish capital, nor can borrowing be attributed to previous years' investment projects.

It has come to National Treasury's attention that some municipalities budget for long-term borrowing in a specific financial year to finance capital projects; however, the expenditure is financed from internally generated funds and not with the planned/ budgeted long-term borrowing as was approved by council. The municipalities will then obtain the long-term debt in future years to refinance the internally generated funds which were used to finance the capital projects in the previous financial years. This practice is not supported as it is not consistent with section 15 of the MFMA that provides that a municipality can only incur expenditure in terms of an approved budget and within the amounts appropriated for the different votes. The incurring of the expenditure against a different source of finance than what was approved will be regarded as unauthorised expenditure.

3. The revenue budget

Similar to the rest of government, municipalities face a difficult fiscal environment. Even as demand for services rises, weak economic growth has put stress on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, water boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them, and eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have.

Municipalities are reminded that, the local government equitable share allocation is mainly to fund the costs of free basic services and to subsidise the administrative costs of the smaller and more rural municipalities. The increasing unemployment and growth in the number of persons per household means that the revenue foregone in respect of free basic services will likely increase and it will become even more difficult to collect revenue. The household budget will be under pressure and trade-offs will be applied as it may be unaffordable to pay all household expenses with regularity.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore municipalities are required to **justify all increases in excess of the projected inflation target for 2018/19** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

3.1 Maximising the revenue generation of the municipal revenue base

The implementation of *m*SCOA requires systems integration of several sub-systems such as that which contains the municipal valuation roll. Among the internal controls, the system must have the capability to compare the valuation roll data to that of the billing system; the list of exceptions derived from this reconciliation provides an indication of where the municipality may be compromising its revenue generation in respect of property rates. Municipalities must reconcile valuation roll data, billing system and the deeds office. This may become a formal disclosure item in the near future.

Municipal own revenue sources are shrinking due to widespread drought and households opting for alternative sources of energy. This means that more effort is required to maximise revenue derived from property rates.

3.2 Eskom bulk tariff increases

2017/18 was the last year of the third Multi-Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA). Eskom has applied for a one year average tariff increase of 19.9 per cent for 2018/19. For municipalities, the different timing of the municipal financial year means that the increase Eskom has applied for would mean a 27.29 per cent average tariff increase in the 2018/19 municipal financial year. The National Energy Regulator of South Africa recently concluded a process of public hearings on this application, but has yet to publish a decision on the application. Municipalities can monitor www.nersa.org.za for news on the outcome of this process.

Municipalities should note that the average electricity tariff increase for municipalities in the 2017/18 municipal financial year was only 0.31 per cent. MFMA Circular No. 86 noted that by the time that tariff announcement was made, the local government equitable share allocations for 2017/18 had already been calculated with a higher electricity tariff increase. That circular said that "municipalities will have to budget to retain any surplus funds from the higher free basic services subsidy paid [through the local government equitable share] in 2017/18 in order to offset the cost of providing free basic electricity in 2018/19."

Municipalities are also urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

3.3 Water tariff increases

The prevailing drought makes it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services.

Municipalities must ensure that the tariffs charged are able to cover for the cost of bulk purchases, ongoing operations as well as provision for future infrastructure. There are

municipalities that are struggling to pay water boards due to a number of issues, one of which is poor financial sustainability and cost recovery. All municipalities in arrears with bulk suppliers must ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

Accounting officers should take note that failure to undertake proper due diligence in terms of the affordability of payment arrangements and making the necessary provision in the municipality's budget will be considered as an act of financial misconduct and the necessary action in terms of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings will have to be taken.

Municipalities that may have benefited from having introduced penalty tariffs for non-compliant consumers will have to adjust their budgets accordingly.

3.4 Water Conservation and Water Demand Management (WCWDM)

Water Conservation and Water Demand Management has been identified as a key intervention to balance available municipal supply against projected future needs. In this regard municipalities must actively implement WCWDM. Ongoing accurate monitoring and reporting of municipal Non-Revenue Water (NRW) and water loss performance against set targets and baselines is critical. The reporting must take place via the International Water Association (IWA) water balance methodology. No new funding towards future water infrastructure projects will be considered unless municipalities can provide actual consumption figures and prove that their water losses are under control. Municipalities should increase their efforts to reduce NRW and the negative impact it has on their ability to generate their own income and run a viable water business.

4. Funding choices and management issues

The Circular clearly outlines that, as a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2018/19 MTREF budgets:

- improving the effectiveness of revenue management processes and procedures;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities as was highlighted in MFMA Circular No. 82;
- ensuring value for money through the procurement process;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

4.1 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

4.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

5. Conditional Grant Transfers to Municipalities

5.1 Non-compliance of in year monitoring

In terms of Section 74(1) of the Municipal Finance Management Act (No 56. of 2003) (MFMA), municipalities must submit to the National and Provincial treasuries documents and monthly grant return forms as may be prescribed or required. Furthermore, section 12(2) of the Division of Revenue Act (Act No. 3 of 2017) (DoRA) states that the municipality, as part of the report required in terms of section 71 of the MFMA, report on the matters referred to in subsection (4) and submit a copy of that report to the relevant provincial treasury, the National Treasury and the relevant Transferring Officer.

There are municipalities that have not been complying with the reporting requirements as stipulated above. Municipalities are reminded that non-submission of monthly reports translates to non-compliance with the MFMA and DoRA. The National Treasury and Transferring Officer will be implementing stringent measures to municipalities that do not comply with the prescripts. This includes, but is, not limited to the stopping and reallocation of conditional grants funding away from municipalities that are non-compliant. Municipalities are encouraged to comply with the reporting requirements in order to avoid withholding or stopping of an allocation.

6. The Municipal Budget and Reporting Regulations

6.1 Tabling of funded budgets

The importance of tabling funded budgets is highlighted in MFMA Circular No. 74. This is one of the game changers in local government to ensure financial sustainability. As an initiative to support municipalities in this regard, the National and Provincial treasuries are assessing tabled budgets and assisting municipalities in effecting the required changes to ensure that they adopt funded budgets. However, some municipalities have challenges in correcting the budgets to ensure that they are funded in one financial year due to financial challenges. As a result, such municipalities must, together with their 2018/19 MTREF budget, table a plan in a municipal council on how and by when the budget will improve from an unfunded to a funded position. The National and Provincial treasuries will assess the budget together with the plans and support the municipality accordingly.

6.2 Budgeting for collections from arrear debtors

Most municipalities do not split collections between current and arrear debtors when reporting on table A7, this results in the collection rate being overstated. Municipalities are required to only disclose receipts from current accounts under cash flow from operating activities and the receipts from arrear accounts should be disclosed under cash flow from investing activities (Decrease in non-current debtors).

6.3 VAT implications (Budgeting on capital (A5) vs reporting)

MFMA Circular No. 58 indicated that municipalities must disclose total capital conditional grant allocations reflected in the DoRA under 'transfers and grants – capital' on Tables A2, A3, A4 and A5. However, there are municipalities that are experiencing challenges when reporting capital expenditure performance against the budget. The expenditure at year end appears to be understated when compared to the budget.

In terms of paragraph 4.5 of the VAT 419 Value-Added Tax – Guide for Municipalities, section 8(5A) was introduced to create a deemed supply where a person receives a grant from a public authority, constitutional institution or municipality. In light of the above it is clear that transfers to municipalities are deemed to be a zero-rated supply which includes VAT at 0 per cent. Grants are therefore VAT inclusive as per MFMA Circular No. 58 but at 0 per cent. **Therefore, municipalities must budget for VAT at 0 per cent and not 14 per cent on tables A4 and A5.** The approach also applies to the adjustments budget process (tables B4 and B5).

The fact that grants are a zero-rated supply enables municipalities to claim the input VAT on expenditure incurred. In line with MFMA Circular No. 58 a municipality must report the VAT inclusive expenditure against all conditional grants for purposes of DoRA, failing which the reclaimed input VAT will reflect as 'unspent' and revert to the National Revenue Fund (NRF). In practice the amount of expenditure (VAT exclusive) in the grant register will be expensed/capitalised and the VAT portion reflected in the grant register may be utilised by the municipality as own revenue in terms of MFMA Circular No. 58. This also removes any doubt about the misalignment of Tables SA18, SA19, SA20, A4 and A5 due to VAT.

6.4 Budgeting for projections on tables SA25 to SA30

Over the years municipalities in general have not adequately completed the supporting tables SA25 to SA30, where projections were equally divided over twelve months. In addition, the quarterly projections reported on the C schedules differ with the projections that were set in the adopted budgets. This has defeated the purpose of monthly projections which seeks to improve cash flow and performance management. The implementation of *m*SCOA requires municipalities to undertake monthly projections, which must align to the supporting tables of the A schedule. Municipalities must reflect realistic projections when they adopt the budget and not to change the projections during in-year reporting.

6.5 Service level standards

A broad guideline was provided on the minimum service standards to be incorporated in the budget documentation. In addition, MFMA Circular No.74 included a framework that was developed as an outline to assist municipalities in finalising their service level standards.

Municipalities are advised to update the service level standards to align to the new IDPs that were compiled after the 2016 Local Government Elections. As indicated in MFMA Circular No.74 it is not possible to have the same service level standards across all municipalities. Therefore, the outline must be used as a guideline and be amended accordingly to align to the municipality's specific circumstances.

6.6 Schedule A - version to be used for the 2018/19 MTREF

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the *m*SCOA classification framework which must be used when compiling the 2018/19 MTREF budget. **ALL** municipalities **MUST** use this version for the preparation of their 2018/19 MTREF budget.

It is imperative that all municipalities prepare their 2018/19 MTREF budgets in their financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets.

Special attention must be given to the supporting schedules in the prescribed A1 schedule. Where detailed data is lying in a sub-system e.g. human resource data for SA22 to SA24, this data must be pulled from the sub-system into the applicable supporting sheet.

Download Version 6.2 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:
<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

6.7 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
Free State	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Nomxolisi Mawulana	012-315 5460	Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Johan Botha	012-315 5171	Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach	012-315 5700	Una.Rautenbach@treasury.gov.za
	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Willem Voigt	012-315 5830	Willem.Voigt@treasury.gov.za
	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Northern Cape	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Anthony Moseki	012-315 5174	Anthony.Moseki@treasury.gov.za
North West	Sadesh Ramjathan	012-315 5101	Sadesh.Ramjathan@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge	012-315 5661	Vuyo.Mbunge@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
	Sibusiso Mahlangu	012-395 6737	Sibusiso.Mahlangu@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	lqdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, **they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have adopted an unfunded budget, they will be required to correct the budget to ensure it adopt and implement a funded budget. However, where there are challenges the process indicated in paragraph 6.1 above will be applied.**

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

7. Budget process and submissions for the 2018/19 MTREF

7.1 Submitting budget documentation and schedules for 2018/19 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is **Tuesday, 03 April 2018**. The deadline for submission of hard copies including council resolution is **Friday, 06 April 2018**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is **Friday, 13 July 2018**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and

- schedules D specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za. Budget related documents and schedules may also be uploaded using the LG Upload Portal at <https://portals.treasury.gov.za/sites/LGUploadPortal/SitePages/Home.aspx>

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above-mentioned budget documentation, metropolitan municipalities must submit the draft Built Environment Performance Plan (BEPP) tabled in council by 31 March 2018 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

7.2 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. Municipalities must submit returns for both the draft budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures.

7.3 In-year reporting

The impact of mSCOA on in-year reporting

Municipalities must submit the *mSCOA* compliant data strings to the LG Upload Portal. National Treasury will continue with parallel reporting using the old format (return forms) and the *mSCOA* data strings until it is satisfied that all municipalities are *mSCOA* compliant and reporting adequately to support all publications. Therefore, the data submitted using both reporting methods must reconcile. National and Provincial treasuries together with the municipalities will conduct monthly verification of the data strings, Schedules C and the return forms to ensure that corrections are effected. All corrections must be done by **28 February 2017** in line the amendments to the adjustments.

Supporting documents to be submitted with Section 71 monthly reports

Municipalities were advised in MFMA Circular No. 67 that they must provide the following additional information and supporting documentation to the National Treasury as part of the submission of the Section 71 input forms:

- An extract of the trial balances from the general ledger;
- Copies of the actual monthly bank statements (reflecting the opening and closing bank balances) for the primary bank account;
- Bank reconciliation for the reporting period in the primary bank account; and
- Copies of the quarterly tabled section 71 documents in the prescribed Schedule C format including the applicable council resolution.

Most municipalities have not followed the guideline; therefore, municipalities are reminded that this request is still applicable and that the information must be submitted with the monthly Section 71 reports. The information is meant to assist in improving the quality of the quarterly published local government performance information.

Monthly reporting of debtors and creditors

National Treasury has observed through in-year monitoring that most municipalities are overstating debtors as they report on gross debtors instead of net. The format of the monthly debtors return form (Age Analysis of Debtors) provides for a column to disclose provision for impairment as per council policy. Therefore municipalities are urged to always reflect the provision for impairment in the column as indicated above for National Treasury to be able to reconcile the net debtors.

It was also observed that most municipalities are understating outstanding creditors. There is a major difference in the amounts reported through in-year reporting and those disclosed in the annual financial statements. It is assumed that amounts are not disclosed for all sundry payments and contractual commitments. Municipalities are urged to reconcile creditors on a monthly basis to increase the quality of reporting and for effective cash flow management.

7.4 Budget verification process

Annually during the budget verification process it is noted that municipalities have challenges to align the audited years, which results in amendments to the Schedule A. Municipalities must ensure that the audited figures and adjusted budget figures captured on the Schedule A aligns to the annual financial statements and Schedule B respectively.

7.5 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
08 December 2017

Annexure A – Changes to mSCOA version 6.2

No.	Segment	Amendment
1	Region	Include ward / township breakdown as requested by municipalities
2	Region	Retired decommissioned municipalities due to demarcation
3	Region	Updated name changes due to demarcation and gazette notifications received
4	Item Revenue: Licences or permits	Added item for revenue from Atmospheric Emission Licence Fees
5	Item Expenditure: Depreciation	Added breakdown of asset classification to align to the CIDMS classification and SA34d
6	Item Expenditure: Remuneration of councillors	Added remuneration of Section 79 chairperson as this needs to be reported separately
7	Item Expenditure: Contracted services	Added line item for outsourced printing services
8	Item Expenditure: Operational cost: Licences	Added line item for liquor licence (entities)
9	Item Expenditure	Added "Transfer to Accumulated Surplus" account
10	Item Expenditure	Added "Capitalisation" accounts to capitalise materials, plant and vehicle costs
11	Item Assets: Investments	Report at institution level and breakdown detail for own purposes.
12	Item Assets: Current Accounts: Control, Clearing and Interface Accounts	Added line item for mistakes made by bank (over/ under banking, unidentified deductions from bank account)
13	Item: Assets, Liabilities and Net Assets	Removed all "Closing Balance" accounts
14	Item Assets and Liabilities	Added "Opening Balance" accounts, detail to be carried in the sub-system
15	Function	Expanded definition descriptions to guide municipalities on the difference between core and non-core functions
16	Fund	Added breakdown of grants, transfers and subsidies as requested by municipalities
17	Fund	Aligned Fund, Item Liabilities, Item Expenditure and Item Revenue segments
18	Project	Changed breakdown allowed to "Yes" for 8 items that indicated "breakdown required but principle N/A".



Municipal Budget Circular for the 2018/19 MTREF

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Introduction

This budget circular is a follow-up to the one issued in December 2017. It guides municipalities with their preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context. Among the objectives of this Circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2018 Budget Review and the 2018 Division of Revenue Bill.

1. The South African economy and inflation targets

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

South Africa has experienced a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.

These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In addition, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2017 - 2020

Fiscal year	2017/18	2018/19	2019/20	2020/21
	Estimate	Forecast		
Consumer Price Inflation (CPI)	5.3%	5.3%	5.4%	5.5%
Real GDP growth	1.0%	1.5%	1.8%	2.1%

Source: 2018 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2018/19 budget process

2.1 Local government grants and additional allocations

Since the 2017 Medium Term Budget Policy Statement (MTBPS) reprioritisation and reductions undertaken have affected planned spending for 2018/19. Local government direct and indirect transfers absorb 18.8 per cent of the reductions. A total of R13.9 billion has been cut from direct local government conditional grant allocations for the Medium Term Expenditure Framework (MTEF) period ahead since the 2017 MTBPS was tabled. Indirect grants to local government have been reduced by an additional R2.2 billion.

The reductions did not affect all conditional grants, and not all grants were reduced by the same percentage. The infrastructure conditional grants, particularly the larger ones, were mainly affected as this was considered the most practical approach. The overall impact of reducing this funding affects capital programmes; therefore local government's share of the reductions is higher than their share of the division of revenue, given that municipalities receive a number of infrastructure grants. The average reductions over the medium term are 3.5 per cent of local government allocations.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Allocations to the local government equitable share will continue to grow over the next three years, alongside a significant reduction in conditional grants. The total value of conditional grants directly transferred to local government increases from R43.3 billion in 2018/19 to R44.8 billion in 2019/20 and R47.8 billion in 2020/21.

Large municipalities are expected to invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.

The 2018 Budget provides for R382.8 billion to be transferred directly to local government and a further R21.8 billion allocated to indirect grants for the 2018 MTREF. Direct transfers to local government over the medium term account for 9 per cent of national government's non-interest expenditure. Total direct allocations to local government grow at an annual average rate of 7.5 per cent over the MTEF period. The total spending on local government increases to 9.5 per cent of national non-interest expenditure when adding indirect transfers.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:
<http://www.treasury.gov.za/documents/national%20budget/2018/>

Changes to local government allocations

Unconditional grants

An amount of R3.4 billion is added to the *local government equitable share* over the medium term to compensate for the rising costs of providing free basic services to the growing number of indigent households. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula. This allocation is in addition to the previous increases and an above inflation growth rate for the baseline in 2020/21. This means that the local government equitable share grows at an annual average rate of 10.4 per cent over the MTEF.

Conditional grants

The most substantial reduction has been applied to the largest grant – the *municipal infrastructure grant*. However, the structure of the formula used to allocate this grant reduces the impact of reductions on smaller municipalities. Project-based grants, such as those in the electricity and water sectors, have identified projects that will be postponed as a result of the adjustments. These changes do not affect any water augmentation projects in drought-affected areas.

Reductions to the *public transport network grant* are much larger in the outer years of the MTEF. This allows for the Department of Transport and the National Treasury to review the sustainability of public transport plans and to assess whether some cities should put projects on hold while they revisit system design.

The 2017 MTBPS announced a new funding mechanism to support recovery plans for municipalities that face a financial crisis, as provided for in section 139(5) of the Constitution. A *new municipal restructuring grant* will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around. The National Treasury will consult with national departments, provinces and South African Local Government Association (SALGA) on the design of the grant and its coordination with other capacity-building programmes during 2018. The grant is intended to be a short-term intervention that will fund the turnaround of struggling municipalities. It will help identified municipalities that are in financial distress, but have demonstrated a commitment to implementing the necessary reforms. If needed, the intervention powers outlined in section 139 of the Constitution may also be used as part of the broader approach to turning around these municipalities.

The municipal restructuring grant will be made available within the parameters of the existing legal framework and will not provide bailouts to municipalities. It will fund the implementation of specific outputs in support of a financial recovery plan approved by a municipal council. The council must demonstrate political buy-in by adopting such a plan, and the municipality must also commit its own resources to implementing parts of the plan.

Smaller cities face some of the same urban development challenges as major metropolitan areas. These cities will be eligible for a *new integrated urban development grant* from 2019/20. Cities will have to meet planning and performance criteria to receive the grant, which will be funded through a shift of funds from the municipal infrastructure grant. The new grant will require cities to plan for a programme of infrastructure investment, funded from grants and own revenues, rather than just standalone projects. This aligns with the policy set out in the Integrated Urban Development Framework (IUDF) approved by Cabinet in April 2016. This approach will be piloted in uMhlathuze and Polokwane local municipalities in 2018/19. Eligible municipalities will be invited to apply for the grant during 2018. The application process is set out in clause 27(5) of the 2018 Division of Revenue Bill.

2.2 Drought disaster relief

Severe drought conditions are affecting large parts of the country, and placing extreme strain on the supply of water to the nearly 4 million people in the City of Cape Town. Some smaller towns in the Northern Cape, Eastern Cape and Western Cape, as well as Nelson Mandela Bay Metro, are also facing severe water shortages. The drought has been classified as a national disaster by the National Disaster Management Centre. Government is committed to managing available supply to ensure basic needs are met, while implementing plans to improve long-term sustainability in a water stressed country.

Government is prepared to provide financial assistance as deemed necessary:

- A provisional allocation of R6 billion has been set aside in 2018/19 for drought relief in several provinces, to assist the water sector and to augment public investment projects supported by improved infrastructure planning. Some of these funds may be allocated to support water augmentation projects in an Adjustments Budget, however, the full costs of new schemes will eventually have to be recovered from water users through tariffs.
- The Division of Revenue Act allows for conditional grant funds to be reallocated for disaster relief. Such additional funding may be used in 2017/18 for immediate interventions such as accelerating groundwater development.
- Disaster relief grants for provinces and municipalities are R423.7 million in 2017/18 and R472.9 million in 2018/19. This may be quickly released to assist in the event of an emergency.
- If agricultural employment is seriously destabilised, government can temporarily increase the intake on the Working for Water Programme. These short-term jobs will provide a substitute employment option, while helping to improve runoff in catchment areas by removing alien vegetation.

2.3 Participation in RT15-2016 Vodacom transversal contract- for the supply and delivery of mobile communication services to the state

When municipalities make an application to the Office of the Chief Procurement Officer (OCPO) to participate in the RT15-2016 transversal contract's account management service offering in respect of smart meters, they must comply with the process that will be communicated in an MFMA Circular that will soon be issued. In terms of the application process municipalities are expected to provide evidence of adequate operating budget provision over the MTREF. The Circular will include pre-conditions for eligibility to participate, such as adequate resourcing and technology platform to fulfil their obligation as envisaged by the Smart Utility Management Solution; and capability to sustain the implementation effort in the longer term.

3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore municipalities are required to **justify all increases in excess of the projected inflation target for 2018/19** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition municipalities should

include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

3.1 Eskom bulk tariff increases

The National Energy Regulator of South Africa (NERSA) published their “Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2018/19 Financial Year” on 28 February 2018. Municipalities are encouraged to download the full guideline document (available at www.nersa.org.za) and study it carefully. The guideline includes an update to the average cost structure used to determine the municipal tariff increase. It also sets out proposed timeframes for the approval of municipal tariffs. NERSA invites comments on the guideline to be submitted by 20 March 2018.

The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

It should be noted that the guideline increase for municipal tariffs and the bulk tariff increase that Eskom will charge municipalities are both lower than the 8 per cent used to calculate the free basic electricity subsidies provided through the local government equitable share formula.

4. Funding choices and management issues

4.1 Management issues

Many municipalities continue to face institutional challenges and mismanagement that result in service delivery failures, bad debt accumulation, limited cash flows and consequent non-payment of creditors. Eskom and water boards are owed the greater percentage of the total municipal creditors; and protracted non-payment undermines the financial sustainability of these state-owned entities.

The non-payment of creditors is a symptom of underlying problems which include, among others, weaknesses in revenue collection and underinvestment in asset maintenance and renewal, which compromises the reliability of delivering basic services. There are too many municipalities that fail to adopt credible budgets and this means that even if they adhere to their budgeted plans, they will not be financially sustainable.

The national and provincial departments collectively owe municipalities and while much of the historic debt has been verified by the Department of Public Works there are departments that do not have sufficient funds to settle these debts. The Department of Public Works continues to facilitate the ongoing government debt verification and settlement process.

In order to achieve financial sustainability, municipalities must demonstrate the political will to implement the changes required to improve their performance. Where municipalities

consistently fail to deliver their mandates, the Constitution provides for provincial and/or national government to intervene.

Government will introduce a conditional grant in the outer years of the 2018 MTEF to provide support to municipalities facing financial crises. This grant funding will only be accessible to municipalities that have demonstrated the political will to implement reforms necessary to turn themselves around. The grant will be designed and consulted during 2018.

4.2 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

4.3 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

5. Conditional Grant Transfers to Municipalities

This section provides guidance to municipalities with regard to the preparation for the 2017/18 unspent conditional grant and roll-over process and should be referenced to previous annual budget circulars.

5.1 Criteria for the rollover of conditional grant funds

Section 22 of the 2017 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 22(2) of the DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer must be addressed to the **National Treasury** requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2017 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):
 - a) Proof that the project tender was published and the period for tender submissions closed before 31 March;
 - b) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or

- c) Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the final year of the project; and
 - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2019 (attach cash flow projection for the applicable grant).
4. A progress report (also in percentages) on the status of each project's implementation (**attach a visible implementation plan**);
 5. The value of the committed project funding, and the conditional allocation from the funding source;
 6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;
 7. Municipalities must not include previous year's unspent conditional grants as a rollover request. Rollover of rollovers will not be considered;
 8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and
 9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2018, the application will be declined.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2017 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements information to National Treasury by 31 August 2018;
3. Accurate disclosure of grant performance in the 2017/18 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. The National Treasury will not consider requests to approve the entire allocation to the municipality as there should be a minimum spend of 50 per cent of the allocation per programme;
5. Cash available in the bank (net position including short term investments) as at 30 June 2018 and in line with the cash flow statements to finance the roll-over request;
6. No approval will be granted to municipalities requesting a roll-over of the same grant for the third consecutive time;
7. Incorporation of the Appropriation Statement;
8. No roll over application project constituted through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636) will be approved. Projects linked to additional funding and disasters are exempted;
9. If the full amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. National Treasury will not approve portions of roll over requests; and
10. Evidence that the roll over application is linked to invoices that were issued within the last 30 days of the municipal financial year end.

5.2 Unspent conditional grant funds for 2017/18

The process to ensure the return of unspent conditional grants for the 2017/18 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2018 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile.
- Step 2: When preparing the Annual Financial Statements a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2018. These amounts MUST exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately.
- Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2017 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2018.

National Treasury will not consider any rollover requests that are incomplete or received after this deadline.

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 22 October 2018 or whether it will agree to any alternative payment arrangement or schedules.
- Step 5: National Treasury will communicate the unspent conditional grants amount by 05 November 2018. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 19 November 2018.
- Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 19 November 2018, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 03 December 2018 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved roll overs are addressed in the Annexure to MFMA Circular No. 86.

6. The Municipal Budget and Reporting Regulations

6.1 The impact of VAT increase on tariffs

VAT will increase from 14 per cent to 15 per cent from April 2018. In terms of Section 7(4) of Value-Added Tax Act (No. 89 of 1991), the VAT increase takes effect on 1 April. It is a tax increase as result of tax legislation that municipalities must implement and not an increase of tariffs by the municipalities. Therefore Section 28(6) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) (MFMA), is not applicable in this regard.

Whether the additional amount is recoverable from the customer or not, the supplier must account for VAT on any supplies made on or after 1 April 2018 at the increased VAT rate.

The South African Revenue Service issued a guideline on how the increase in VAT must be implemented. The guideline is available on the link below:

<http://www.sars.gov.za/AllDocs/OpsDocs/Guides/LAPD-VAT-G13%20-%20VAT%20Pocket%20Guide%20on%20the%20VAT%20rate%20increase%20on%201%20April%202018%20-%20External%20Guide.pdf>

6.2 Schedule A - version to be used for the 2018/19 MTREF

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the *m*SCOA classification framework which must be used when compiling the 2018/19 MTREF budget. **ALL** municipalities **MUST** use this version for the preparation of their 2018/19 MTREF budget.

It is imperative that all municipalities prepare their 2018/19 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets.

Special attention must be given to the supporting schedules in the prescribed A1 Schedule. Where detailed data is housed in a sub-system e.g. human resource data for SA22 to SA24, this data must be extracted from the sub-system into the applicable supporting sheet.

The following supporting tables will be included for perusal and sign-off during the verification process of the 2018 MTREF: SA11, SA12a, SA13a, SA14, SA22, SA23, SA24, SA25, SA27, SA36, SA37 and SA38.

It is therefore important to focus on the additional supporting data as well as the financial data submitted on A1 to A10 during the verification process undertaken with National Treasury, the provincial treasuries and all municipalities.

Download Version 6.2 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

6.3 Assistance with the compilation of budgets

In cases where the municipality requires advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
Free State	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za

	Nomxolisi Mawulana	012-315 5460	Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Johan Botha	012-315 5171	Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach	012-315 5700	Una.Rautenbach@treasury.gov.za
	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Willem Voigt	012-315 5830	Willem.Voigt@treasury.gov.za
	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Northern Cape	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Anthony Moseki	012-315 5174	Anthony.Moseki@treasury.gov.za
North West	Sadesh Ramjathan	012-315 5101	Sadesh.Ramjathan@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge	012-315 5661	Vuyo.Mbunge@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	lgdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, **they will be required to return to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations.**

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The Schedule A that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. Schedules D must be submitted for each entity.

7. Budget process and submissions for the 2018/19 MTREF

7.1 Budgeting for the audited years on Schedule A (mSCOA)

According to international learning practices, it is appropriate to reclassify historical information in accordance with the changes that occur in the Standard Chart of Accounts. Municipalities must capture the reclassified audit outcomes for 2014/15 to 2016/17 in version 6.2 of the Schedule A when compiling 2018/19 MTREF budgets.

The amalgamated municipalities must complete the 2016/17 audited years, current year (2017/18) and the 2018/19 MTREF budgets.

7.2 Submitting budget documentation and schedules for 2018/19 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in the municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is **Tuesday, 03 April 2018**. The deadline for submission of hard copies including council resolution is **Friday, 06 April 2018**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is **Friday, 13 July 2018**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- the budget locking certificate; and
- schedules D specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lqdocuments@treasury.gov.za. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za. Budget related documents and schedules may also be uploaded using the LG Upload Portal at <https://portals.treasury.gov.za/sites/LGUploadPortal/SitePages/Home.aspx>

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above-mentioned budget documentation, metropolitan municipalities must submit the draft Built Environment Performance Plan (BEPP) tabled in council by 31 March 2018 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

7.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lqdatabase@treasury.gov.za. Although there is some mis-alignment between the *m*SCOA classification and the budget return forms, municipalities must find the best fit to represent their 2018 MTREF budget figures as the publications will still be based on the budget returns for 2018/19.

Municipalities must submit returns for both the **tabled** budget and the final **adopted** budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures.

7.4 Upload of the *m*SCOA budget data strings to the LG upload portal

Municipalities must upload the *m*SCOA data strings for the tabled (**TABB**) and adopted (**ORGB**) budget to the upload portal. The budget data strings must be accompanied by the IDP project details data strings (**PRTA** and **PROR**). The deadlines for submission of the MBRR documents are also applicable to the *m*SCOA data strings. Refer to paragraph 7.2 above.

7.5 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (including the audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting transparency and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001

Phone 012 315 5009

Fax 012 395 6553

Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
07 March 2018

Reference: RCS/C.5

TREASURY CIRCULAR MUN NO. 13/2018

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THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS
THE MAYOR, MATZIKAMA MUNICIPALITY: MS G STEPHAN
THE MAYOR, CEDERBERG MUNICIPALITY: MR J BARNARD
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
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THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M WÜST
THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR R ONTONG
THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR B BROWN
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THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

MUNICIPAL BUDGET CIRCULAR FOR THE 2018/19 MTREF

1. PURPOSE

- 1.1 The purpose of this Circular is to brief municipalities on the 2018 Local Government Medium Term Expenditure Committee Process (i.e. LG MTEC) and related matters.

2. LEGISLATIVE CONTEXT

- 2.1 The Western Cape Provincial Government has institutionalised the LG MTEC process in fulfilment of its obligations under:

- Sections 5, 22 and 23 of the Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003; and
- Chapter 5 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) [MSA].

- 2.2 The 2018 process will build on the successes of previous engagements in order to strengthen the alignment between municipal and provincial planning and budgeting and reinforce the theme of municipal sustainability for the current 4th Generation Integrated Development Planning Cycle.

3. AN INTEGRATED APPROACH TO PLANNING AND BUDGETING

- 3.1 Cognisance should be taken of recent political developments and the associated change in national priorities which will subsequently impact upon the short-term municipal planning and budgeting efforts as well as the medium-term growth and development outlook of local government.

- 3.2 Current economic pressures as well as resource, capacity and governance constraints impact upon the ability of local government to provide basic services and to improve the overall quality of life of its citizens. Despite municipalities making significant progress to address such challenges, there is an increased acknowledgement that true service delivery excellence can only be achieved through integrated development planning, considered decision-making and appropriate policy responses by all spheres of government.

- 3.3 In support of this notion, the Western Cape Government's Provincial Strategic Plan promotes an integrated management approach to better align provincial and local government policy, planning, budgeting and implementation, while supporting the spatial and local context. This alignment is formalised through a structured workplan which was formally adopted by Provincial Top Management and Municipal Managers in August 2017. The 2017/18 Integrated Workplan, which specifically gives

effect to the concept of *partnerships* (a prominent feature of Provincial Strategic Goal 5) synchronises key processes within the Western Cape Government by strengthening joint planning, co-ordination, collaboration and coherence across sector departments, municipalities and national organs of state.

- 3.4 The Integrated Workplan aims to improve the self-sufficiency of local government entities by focussing on the governance, economic and financial elements associated with municipal sustainability and better coordinated planning, budgeting and governance processes. Practical effect is given to this envisaged outcome through strategic and technical engagements.
- 3.5 The Strategic Integrated Municipal Engagements (SIME) were held in October/November 2017 and served as a platform to discuss strategic issues affecting all municipalities (eg. water security and its impact on the economy, socio-economic analysis and infrastructure for economic development) as well as district specific emerging issues. The SIME was followed by the recent Technical Integrated Municipal Engagements (TIME) in February 2018. The TIME brings together officials to discuss strategic risks, governance and performance challenges confronting a municipality. The TIME aims to promote excellence in municipal governance practices and to support the long term sustainability of local government.
- 3.6 LG MTEC will take place in April/May and therefore precedes the implementation of municipal budgets. The engagement provides provincial government the opportunity to assess the municipality's planning efforts for the upcoming budget year. Similar to the National Treasury Benchmarking Exercise, LG MTEC serves as a holistic process that measures the extent to which strategic planning and budgeting is credible, sustainable and responsive/relevant.
- 3.7 The key theme for the 2018 LG MTEC process will be **municipal sustainability**. Sub-themes will include, economic growth and development, drought management, waste management and partnerships. The main issues influencing municipal sustainability include, amongst others:
 - Constrained growth at national level directly impacts upon the fiscal envelope of the Province. Dwindling revenue expectations and stricter fiscal consolidation measures have resulted in baseline reduction across the three spheres of government. Low economic growth and tight fiscal environment impacting directly on municipal revenue.
 - Risks associated with infrastructure delivery include reductions in grant funding, bulk infrastructure shortfalls, maintenance backlogs and the shortage of professional staff, particularly infrastructure posts.

- The severe and prolonged drought in large parts of the Western Cape, which has now been declared a national disaster.
- Service delivery pressures due to high levels of unemployment, poverty and migratory patterns.

3.8 The aforementioned issues and key service delivery and budgetary risks from the current constrained fiscal environment need to be taken into account in finalising the 2018/19 MTREF budget. Municipalities are therefore encouraged to:

- Conform to relevant laws and regulations in support of service delivery performance.
- Adopt a more conservative approach in estimating municipal revenue and apply stricter indigent relief to target the most deserved.
- Become more efficient in the collection of revenue.
- Ensure that investments reflect good value for money, minimize costs of service delivery, and tariffs are cost reflective.
- Leverage on alternative technologies in the provision of electricity and water, minimise energy expenses through energy saving measures; reduce water and electricity losses, improve billing systems and ensure repairs and maintenance of infrastructure are done on a regular basis.
- Ensure greater sustainability of basic service delivery through spending on maintenance and renewal of infrastructure underpinning the delivery of basic services.
- Improve the quality of human capital in municipalities to build a capable state as required in terms of South Africa's 2030 National Development Plan.
- Fast-track service delivery objectives within affordable revenue and expenditure parameters.
- Invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.
- Maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households while ensuring the sustainability of the municipality.

4. MUNICIPAL BUDGET PROCESS

4.1 Non-compliance with the provisions of Chapter 4 of the MFMA

- As per section 27 of the MFMA, the mayor of a municipality must inform the MEC for Finance in writing of any impending non-compliance with the provisions of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes.
- If the impending non-compliance pertains to a time provision, except section 16(1) of the MFMA, the mayor may apply to the MEC for Finance for an extension, which should reach the MEC for Finance in writing by 15 March 2018 in accordance with Schedule G of the Municipal Budget and Reporting Regulations. It is recorded that no such applications were submitted to the MEC for Finance by the regulated date.

4.2 Municipal Budget Day

- According to sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget at a council meeting at least 90 days (i.e. by 31 March each year) before the start of the budget year.
- It is important to note there is no explicit requirement for council to endorse or approve the tabled budget or reviewed or amended IDP tabled by the mayor for public participation. The municipal council only has the legal authority to consider a tabled budget and reviewed/ amended IDP after the completion of one or more public participation processes undertaken pursuant to section 22, read with section 23 of the MFMA. Council will only consider for approval "the product of an inclusive budget preparation and consultative process" when the proposed annual budget (as amended, if applicable) is placed before council in terms of section 24(1) of the MFMA.
- Given that the preparation, consultation, adoption and implementation of a municipality's annual budget is inextricably linked to, and must be substantially aligned to and informed by the contents of that municipality's IDP, it would be procedurally flawed by the mayor to proceed with the tabling of the proposed annual budget (and commence with public participation process required in terms of section 22 of the MFMA) at a time when the annual review and/ or revision of the municipality's IDP has not been completed.
- If a municipality has failed to complete the relevant processes applicable to review and revision of the annual budget and IDP in time for the deadline applicable to the tabling of the proposed annual budget (i.e. 31 March), the

mayor should submit an application for an extension of the said deadline to MEC for Finance as outlined in paragraph 4.1 above.

- Municipalities are kindly requested to indicate any changes to the confirmed tabling dates as per **Appendix A** with the Provincial Treasury as it is crucial for the collection of the budget documentation and the assessment process leading up to the LG MTEC engagements. Municipalities are requested to indicate any changes to the confirmed tabling dates to Tania.Bosser@westerncape.gov.za by **20 March 2018**.
- It is important to note that although National Treasury has granted municipalities up to 3 and 6 April 2018 to submit the electronic and hard copies of the budget documentation, Provincial Treasury requires these documents on the tabling date of the budget documentation to fulfil its responsibilities in terms of section 5 of the MFMA.

4.3 **Adoption of Municipal Budgets**

- According to section 24(1) of the MFMA, the Municipal Council must at least 30 days before the start of the budget year (by 31 May each year) consider approval of the annual budget and any changes to the municipality's IDP.
- Furthermore, an annual budget must be approved by the Municipal Council before the start of the budget year (1 July each year) in line with section 24(2) of the MFMA. Failure to approve an annual budget by the start of the financial year will result in the Provincial Executive having to intervene in terms of section 139(4) of the Constitution.

4.4 **Failure to Approve Budget Before the Start of Budget Year**

- In the event that an annual budget is not approved, section 25 of the MFMA states that: (1) If the municipality failed to approve an annual budget, including revenue-raising measures necessary to give effect to the budget, the council must reconsider the budget and again vote on the budget, or an amended version thereof within seven (7) days of the council meeting that failed to approve the budget. (2) The process provided for in subsection (1) must be repeated until a budget, including revenue-raising measures necessary to give effect to budget, is approved. (3) If a municipality has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by the first day (1 July) of the budget year, the mayor must immediately comply with section 55 of the MFMA.
- It is important to note that the process outlined in section 25(2) does not extend beyond 30 June each year.

- Upon failing to approve the budget by the first day (i.e. 1 July) of the applicable budget year, the mayor must, in terms of section 55, immediately report the matter to the MEC for local government in that province and may recommend to the MEC appropriate provincial interventions in terms of section 139 of the Constitution.
- In terms of section 26(1) of the MFMA, failure to adopt an annual budget by the start of the applicable budget year, the provincial executive, must intervene in terms of section 139(4) of the Constitution by taking any appropriate steps to ensure that the budget (or the revenue-raising measures) are approved. Intervening actions may include dissolving the council, appointing an administrator until a newly elected council has been declared elected, and/or approving a temporary budget to ensure the continued functioning of the budget.

5. NATIONAL AND PROVINCIAL TREASURY GUIDELINES

- 5.1 Municipalities are advised to include the National and Provincial Treasury Budget Circulars as part of the source documents consulted in the preparation of the 2018/19 MTREF Budget documents and to table it as part of the budget documentation in the Municipal Council.
- 5.2 Municipalities are advised to consult MFMA Circulars 89 and 91 and incorporate the requirements in preparing its budget documentation. The following are highlights and explanatory notes from MFMA Circular 91:

MFMA Circular 91 Highlights	Circular section
<p><i>The South African economy and inflation targets</i></p> <ul style="list-style-type: none"> • The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining. • The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. • CPI inflation has been estimated at 5.3 per cent for 2017/18 and 2018/19 respectively and forecasted to increase to 5.4 per cent for 2019/20 and 5.5 per cent for 2020/21. • The current water crisis in the Western Cape and other provinces will have a severe effect on economic growth. As such, the Western Cape growth is estimated to increase to 0.7 per cent in 2017, contracts by 0.3 per cent in 2018 and increases by 2.8 per cent in 2019 - The contraction in 2018 is largely due to the short-term impact of the drought on the agricultural sector. 	Section 1

MFMA Circular 91 Highlights	Circular section
<p>Key focus areas for the 2018/19 Budget process</p> <p>The key focus areas for the 2018/19 Budget Process are:</p> <p>2.1 The 2017 Medium Term Budget Policy Statement (MTBPS) indicates that reprioritisation and reductions undertaken have affected planned spending for 2018/19.</p> <p>2.2 A total of R13.9 billion has been cut from direct local government grant allocations for the 2018 Medium Term Expenditure Framework (MTEF) period since the 2017 MTBPS was tabled. Indirect Grants to local government have been reduced by an additional R2.2 billion.</p> <p>2.3 The reductions did not affect all conditional grants and not all grants were reduced by the same percentage. The large infrastructure conditional grants were the ones that were affected as this was considered the most practical approach.</p> <p>2.4 The overall impact of reducing this funding affects capital programmes, thus local government's share of the reductions is higher than their share of the division of revenue, given that municipalities receive a number of infrastructure grants. The average reductions over the medium term are 3.5 per cent of local government allocations.</p> <p>2.5 Conditional grant funding targets delivery of national government's service delivery priorities. Thus, it is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access the funding.</p> <p>2.6 The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.</p> <p>2.7 The total value of conditional grants directly transferred to local government increases from R43.3 billion in 2018/19 to R44.8 billion in 2019/20 and R47.8 billion in 2020/21.</p> <p>2.8 Large municipalities are expected to invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.</p> <p>2.9 The 2018 Budget provides for R382.8 billion to be transferred directly to local government and a further R21.8 billion allocated to indirect grants for the 2018 MTREF. National Government will provide financial assistance to areas that have been affected by drought to ensure that basic needs are met.</p>	Section 2

MFMA Circular 91 Highlights	Circular section
<p>The revenue budget</p> <p>3.1 Municipalities are urged to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring sustainability of the municipality.</p> <p>3.2 The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; thus municipalities are required to justify all increases in excess of the projected inflation target for 2018/19 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.</p> <p>3.3 Municipalities should include a detail of their revenue growth assumption for the different service charges in their budget narratives.</p> <p>3.4 The local government sphere confronts tough fiscal choices in the face of financial and institutional difficulties that result in service delivery breakdowns and unpaid bills, thus municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.</p> <p>3.5 The National Energy Regulator of South Africa (NERSA) published their “Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2018/19 Financial Year” on 28 February 2018. Municipalities are encouraged to download the full guideline document (available at www.nersa.org.za) and study it carefully.</p> <p>3.6 The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.</p> <p>3.7 Municipalities are advised to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability.</p> <p>3.8 Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.</p>	Section 3

MFMA Circular 91 Highlights	Circular section
<p>Funding choices and management issued</p> <p>4.1 Employee related costs</p> <p>The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.</p> <p>4.2 Remuneration of councillors</p> <p>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.</p> <p>Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.</p>	Section 4
<p>Conditional Grant Transfer to Municipalities</p> <p>5.1 Criteria for the rollover of conditional grants funds</p> <p>Section 22 of the 2017 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.</p> <p>When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 22(2) of the DoRA, municipalities must include the following information with their submission to National Treasury:</p> <ol style="list-style-type: none"> 1. A formal letter, signed by the accounting officer must be addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2017 DoRA; 2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project; 	Section 5

MFMA Circular 91 Highlights	Circular section
<ol style="list-style-type: none"> 3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s): <ol style="list-style-type: none"> a. Proof that the project tender was published and the period for tender submissions closed before 31 March; b. Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or c. Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding; and d. Evidence that all projects linked to an allocation will be fully utilised by 30 June 2019 (attach cash flow projection for the applicable grant). was allocated during the course of the final year of the project. 4. A progress report (also in percentages) on the status of each project's implementation (attach a visible implementation plan); 5. The value of the committed project funding, and the conditional allocation from the funding source; 6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA; 7. Municipalities must not include previous year's unspent conditional grants as a rollover request. Rollover of rollovers will not be considered; 8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and 9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed. 	

MFMA Circular 91 Highlights	Circular section
<p>5.2 Unspent conditional grant funds for 2017/18</p> <p>The process is to ensure the return of unspent conditional grants for the 2017/18 financial year will be managed in accordance with section 22 of the DoRA. The following practical arrangements will apply:</p> <ul style="list-style-type: none"> • Municipalities must submit their June 2018 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile. • When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2018. These amounts MUST exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately. • If the receiving officer wants to motivate in terms of section 22(2) of the 2017 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2018. <p>National Treasury will not consider any rollover requests that are incomplete or received after this deadline.</p> <ul style="list-style-type: none"> • National Treasury will communicate the unspent conditional grants amount by 05 November 2018. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 19 November 2018. • Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 19 November 2018, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 03 December 2018 equitable share allocation. 	

MFMA Circular 91 Highlights	Circular section
<p>The Municipal Budget and Reporting Regulations (MBRR)</p> <p>6.1 Impact of VAT increase on tariffs</p> <p>VAT will increase from 14 per cent to 15 per cent from April 2018. In terms of Section 7(4) of Value-Added Tax Act (No. 89 of 1991), the VAT increase takes effect on 1 April. It is a tax increase as a result of tax legislation that municipalities must implement and not an increase of tariffs by municipalities. Section 28(6) of the MFMA is not applicable in this regard. Provincial Treasury will in due course provide clarity regarding the practicalities of implementing the VAT increase. Municipalities are in the interim advised to consult the VAT Increase Guidelines issued by the South African Revenue Service (SARS) as part of MFMA Circular 91.</p> <p>http://www.sars.gov.za/AllDocs/OpsDocs/Guides/LAPD-VAT-G13%20-%20VAT%20Pocket%20Guide%20on%20the%20VAT%20rate%20increase%20on%201%20April%202018%20-%20External%20Guide.pdf</p> <p>6.2 Schedule A - version to be used for the 2018/19 MTREF</p> <ul style="list-style-type: none"> • National Treasury has released Version 6.2 of Schedule A1(Excel Formats) which is aligned to version 6.2 of the mSCOA classification framework. This version must be used by ALL municipalities when compiling their 2018/19 MTREF budget. • Municipalities must prepare their 2018/19 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial systems. <p>6.3 Assistance with the compilation of budgets</p> <ul style="list-style-type: none"> • Municipalities that experience challenges with respect to compilation of their budget must direct their enquiries to the Provincial Treasury or to National Treasury. • If municipalities did not adhere to the Municipal Budget and Reporting Regulations, they will be required to return to the municipal council and table a complete budget document aligned to the requirements of the Municipal Budget and Reporting Regulations. • Municipalities with municipal entities are reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled: <ul style="list-style-type: none"> ○ An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats; ○ An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and ○ A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats. 	Section 6

MFMA Circular 91 Highlights	Circular section
<p>Budget process and submission for the 2018/19 MTREF</p> <p>7.1 Budgeting for the audited years on Schedule A (mSCOA)</p> <ul style="list-style-type: none"> • Municipalities must capture the classified audit outcomes for 2014/15 to 2016/17 in version 6.2 of Schedule A when compiling their 2018/19 MTREF budgets. • The amalgamated municipalities must complete the 2016/17 audited years, current year (2017/18) and the 2018/19 MTREF budgets. <p>7.2 Submitting budget documentation and schedules for 2018/19 MTREF</p> <p>To facilitate oversight compliance with Municipal Budget and Reporting Regulations, MUNICIPAL MANAGERS are reminded that:</p> <ul style="list-style-type: none"> • Section 22(b)(i) of the MFMA requires that, immediately after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is Tuesday, 03 April 2018. The deadline for submission of hard copies including council resolution is Friday, 06 April 2018. The Western Cape Provincial Treasury requires both the electronic and hard copies on the tabling day of the budget documentation. • Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is Friday, 13 July 2018, otherwise an earlier date applies. <p>The municipal manager must submit:</p> <ul style="list-style-type: none"> • The budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats; • The draft service delivery and budget implementation plan in both printed and electronic format; • The draft integrated development plan; • The council resolution; • Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and • Schedules D specific for the entities. 	<p>Section 7</p>

MFMA Circular 91 Highlights	Circular section								
<p>7.3 Electronic and Hard copy submissions</p> <ul style="list-style-type: none"> Municipalities must follow the process of ensuring that their Information and Communication Technology Infrastructure can accommodate official email addresses. For the purpose of the implementation of mSCOA the Local Government Database requires municipalities to update their contact details and provide official email addresses instead of private accounts. NT electronic documents should be submitted to: lgdocuments@treasury.gov.za or if the budget documentation are too large (exceeds 4 MB) via lgbigfiles@gmail.com. PT electronic documents should be submitted to: MFMA.MFMA@westerncape.gov.za or if too large (exceeds 3 MB) must be submitted via the lift server function (http://lift.pgwc.gov.za/). <p><i>How to lift:</i></p> <ol style="list-style-type: none"> Go to the website: http://lift.pgwc.gov.za/ Type in the email address: MFMA.MFMA@westerncape.gov.za Browse to correct file for uploading Press: Submit <ul style="list-style-type: none"> Municipalities are required to submit the signed hard copies of their budget documents and council resolutions to the following addresses: <table data-bbox="475 1160 1209 1317" style="margin-left: 40px; border: none;"> <thead> <tr> <th style="text-align: left;">National Treasury</th> <th style="text-align: left;">Provincial Treasury</th> </tr> </thead> <tbody> <tr> <td>Ms Linda Kruger</td> <td>Mr Paul Pienaar</td> </tr> <tr> <td>40 Church Square</td> <td>7 Wale Street, Room 3-50</td> </tr> <tr> <td>Pretoria, 0002</td> <td>Cape Town, 8000</td> </tr> </tbody> </table> Metropolitan municipalities should submit the BEPP to Yasmin.coovadia@treasury.gov.za or if exceeds 4 MB to Yasmin.coovadia@gmail.com. Hardcopies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd Floor, 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001. 	National Treasury	Provincial Treasury	Ms Linda Kruger	Mr Paul Pienaar	40 Church Square	7 Wale Street, Room 3-50	Pretoria, 0002	Cape Town, 8000	Section 7
National Treasury	Provincial Treasury								
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MFMA Circular 91 Highlights	Circular section
<p>7.4 Budget reform returns to the Local Government Database for publication</p> <ul style="list-style-type: none"> • Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. • Municipalities must submit returns for both the draft budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx • The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures <p>7.5 Upload of the mSCOA budget data strings to the LG upload portal</p> <p>Municipalities must upload the mSCOA data strings for the tabled (TABB) and adopted (ORGB) budget to the upload portal. The budget strings must be accompanied by the IDP project details data strings (PRTA and PROR). The deadline for submission of the MBRR documents are also applicable to the mSCOA data strings as per paragraph 7.2 above.</p> <p>7.6 Publication of budgets on municipal websites</p> <p>In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.</p> <p>All relevant documents mentioned in this circular are available on the National Treasury website: http://mfma.treasury.gov.za/Pages/Default.aspx</p> <p>Municipalities are encouraged to visit it regularly as documents are regularly added/updated on the website.</p>	Section 7

5.3 The Western Cape Provincial Treasury requires the budget documents on the tabling date in order to start with the assessment process. In order to facilitate this, the Provincial Treasury will deploy officials to attend the budget tabling proceedings and collect the tabled budget documentation (inclusive of budget, IDP, SDF, budget related policies and draft SDBIP). It is important for the CFO's office to liaise with the relevant departments for the submission of documents (eg. IDP, SDFs, relevant sector plans) which is not the responsibility of the Chief Financial Officer.

- 5.4 A designated municipal official should ensure that a set of these documents is prepared in both hard (where required) and electronic copy, except for the budget policies which are only required in electronic copy.
- 5.5 The designated official needs to co-sign the accompanying checklist (see **Appendix B**) as confirmation that the set of budget documents have been submitted.

6. LG MTEC ENGAGEMENTS

- 6.1 The LG MTEC engagements are proposed to take place from 24 April 2018 to 10 May 2018. The proposed Schedule of the LG MTEC engagements is attached as **Appendix C**.

Municipalities are kindly requested to confirm if the proposed LG MTEC engagement dates are suitable. In setting up the engagement dates we have had to take into account the public holidays over this period. It will be appreciated if you can confirm suitability of the proposed LG MTEC engagement date (together with the tabling date) in writing to Tania.Bosser@westerncape.gov.za by **20 March 2018**. Your timeous feedback in this regard will greatly assist in finalising logistical arrangements and will be appreciated.

- 6.2 The discussions at the engagements will be pitched at a strategic level. Hence, the representation at the LG MTEC engagements between the Province and municipalities will be as follows:
- The Provincial Government - senior officials from the Provincial Treasury, Department of Local Government, Department of Environmental Affairs and Development Planning, the Department of the Premier and the Economic Development Partnership.
 - Municipalities - Municipal Manager, section 56 Managers, Budget and Treasury officials, IDP Manager/officials and Planning officials.
- 6.3 There will be a joint presentation by Provincial Government on key issues for discussion.
- 6.4 Municipalities will be required to make presentations at the LG MTEC engagements in response to the Provincial Government's budget and IDP assessment. An agenda and guiding template for this presentation will be sent to municipalities prior to the engagements.

7. DISCLOSURE AND REPORTING ON TRANSFERS AND GRANTS

- 7.1 It has been noticed that municipalities are not disclosing transfers and grant names in accordance with the gazette where the funds were initially published. This makes it difficult for transferring departments to monitor the performance of the respective allocations on a monthly basis. For an example, a municipality will disclose the WESTERN CAPE FINANCIAL MANAGEMENT SUPPORT GRANT as Financial Management Support grant (FMSG) whereas another municipality will only disclose FMSG or a municipality will combine the COMMUNITY LIBRARY SERVICES GRANT with the LIBRARY SERVICE: REPLACEMENT FUNDING FOR MOST VULNERABLE B3 MUNICIPALITIES which are two separate allocations. The current practice by municipalities makes it difficult for the respective transferring departments to monitor the monthly performance of allocations.
- 7.2 The Western Cape Provincial Treasury has developed a monitoring tool that will assist provincial transferring departments with the monitoring of provincial allocations. In order for the tool to work effectively, municipalities are requested to disclose allocation names exactly as published in the gazette(s) in tables SA18 (transfers and grants receipts) and SA19 (Expenditure on transfers and grant programme) for the 2018/19 MTREF period. A further request is for municipalities to capture all the allocations (national and provincial) in CAPITAL LETTERS to allow the seamless automation of the tool in performing the monitoring function. The correct grants names, in capital letters, as disclosed in the Annual Budget document (A-schedule) should also filter through to the C-schedule (SC6, SC7(1) and SC7(2)) on a monthly basis. Municipalities are also reminded to fully complete the supporting schedules (SC6, SC7(1) and SC7(2)) on a monthly basis to ease the monitoring function.

8. WAIVING OF THE CO-FUNDING REQUIREMENTS

- 8.1 As per MFMA Circular 89, the National Treasury will consider applications to waive co-funding requirements for infrastructure projects in municipalities with little or no ability to raise finance for such projects. Reprioritisations within the regional bulk infrastructure grant, water services infrastructure grant and municipal infrastructure grant will be made to fund the Bucket Eradication Programme.
- 8.2 Accounting officers will have to submit applications to transferring officers. The process has been structured this way as transferring officers must also concur that there is a case for the waiving of co-funding on a particular project. Transferring accounting officers will review the case for each project and then only submit applications to National Treasury for those projects supported by the transferring departments.

9. **COST CONTAINMENT REGULATIONS**

- 9.1 National Treasury is still in the process of finalising its draft Cost Containment Regulations which aims to eliminate spending on items not aligned to basic service delivery priorities.
- 9.2 These regulations were recently published for public comment and Municipalities are reminded to submit their inputs, comments and/or proposals to National Treasury by no later than 30 March 2018. Municipalities are specifically encouraged to put forward new and innovate cost-containment proposals.
- 9.3 Although these regulations are not anticipated to be adopted before the start of the new municipal financial year, Municipalities are strongly advised to develop their own cost containment policies for implementation on 1 July 2018.

10. **BUDGET RELATED POLICIES**

- 10.1 Municipalities should as part of the preparation phase in the annual budget cycle revise its budget related policies annually. Provincial Treasury keeps record of budget policies which can, upon request, be provided to municipalities for comparative and guiding purposes.

11. **CONCLUSION**

The Provincial Government wishes you well with the preparation of your Annual Budget, IDP, SDBIP and related documents and look forward to the LG MTEC engagement with your Municipality.

Please direct any queries regarding this circular to Dr Nabe at above specified contact details.



MS M KORSTEN
CHIEF DIRECTOR: PUBLIC POLICY SERVICES
DATE: 19 March 2018



CONFIRMED 2018 BUDGET TABLING DATES

Municipality	Confirmed date
City of Cape Town	28 March 2018
Matzikama	27 March 2018
Cederberg	29 March 2018
Bergrivier	27 March 2018
Saldanha Bay	28 March 2018
Swartland	29 March 2018
West Coast District Municipality	29 March 2018
Witzenberg	28 March 2018
Drakenstein	28 March 2018
Stellenbosch	28 March 2018
Breede Valley	27 March 2018
Langeberg	27 March 2018
Cape Winelands District Municipality	28 March 2018
Theewaterskloof	28 March 2018
Overstrand	28 March 2018
Cape Agulhas	27 March 2018
Swellendam	29 March 2018
Overberg District Municipality	26 March 2018
Kannaland	29 March 2018
Hessequa	28 March 2018
Mossel Bay	29 March 2018
George	28 March 2018
Oudtshoorn	29 March 2018
Bitou	29 March 2018
Knysna	29 March 2018
Eden District Municipality	22 March 2018
Laingsburg	29 March 2018
Prince Albert	28 March 2018
Beaufort West	29 March 2018
Central Karoo District Municipality	26 March 2018

LG MTEC INTEGRATED PLANNING AND BUDGETING: 2018/19 CHECKLIST SUBMISSION OF TABLED BUDGET DOCUMENTATION

MUNICIPALITY: _____

The Budget Document as set out in Schedule A1 of the Municipal Budget and Reporting Regulations, including the main tables (A1 - A10), version 6.2 of Schedule A1 (the Excel formats) and the supporting tables (SA1 - SA38).

Please ensure that (as per MFMA Circular 72) **each page of the hard copy of the budget documentation** as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main tables (A1 - A10) and all the supporting tables (SA1 - SA38) and prescribed minimum narrative information that is submitted to Provincial Treasury (and National Treasury) **has been stamped and signed** by the secretariat responsible for ensuring accurate records of council decisions.

The IDP Document as set out in sections 26, 32 and 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 and Regulations (MSA) and section 21 of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA).

The Spatial Development Framework, Disaster Management Framework and additional documents must be submitted as required in terms of budget circulars.

Budget Documentation	Yes	No	N/A	Yes	No	N/A
	Hard Copy			Soft Copy (correlates with hard copy)		
Council Resolution in terms of the Budget						
Draft Service Delivery and Budget Implementation Plan						
Draft Service Level Standards						
Signed Quality Certificate as prescribed in the MBRR						
Prescribed Minimum Budget Narrative Information	Stamped and Signed Hard Copy Budget Narrative			Soft Copy (correlates with hard copy)		
Budget Narrative						
mSCOA budget data strings uploaded to the LG upload portal	<i>Soft copies only</i>					
Municipal Budget Tables: Tables A1 to A10 mSCOA Compliant Schedule A - Prepared from the mSCOA Financial System	Stamped and Signed Hard Copy A1 – A10			Soft Copy (correlates with hard copy)		
Table A1: Budget Summary						
Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A2A: Budgeted Financial Performance (revenue and expenditure by standard classification)						
Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A3A: Budgeted Financial Performance (revenue and expenditure by municipal vote)						
Table A4: Budgeted Financial Performance (revenue and expenditure)						
Table A5: Budgeted Capital Expenditure (by vote, standard classification & funding source)						
Table A5A: Budgeted Capital Expenditure (by vote, standard classification & funding source)						
Table A6: Budgeted Financial Position						
Table A7: Budgeted Cash Flow						
Table A8: Cash Backed Reserves/ Accumulated Surplus Reconciliation						
Table A9: Asset Management						
Table A10: Basic Service Delivery Measurement						

Budget Documentation	Yes	No	N/A	Yes	No	N/A
Municipal Budget Supporting Tables: Supporting Tables SA1 to SA38 mSCOA Compliant Schedule A - Prepared from the mSCOA Financial System	Stamped and Signed Hard Copy SA1 – SA38			Soft Copy (correlates with hard copy)		
SA1: Supporting Detail to Budgeted Financial Performance						
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and department)						
SA3: Supporting Detail to Budgeted Financial Position						
SA4: Reconciliation of IDP Strategic Objectives and Budget (revenue)						
SA5: Reconciliation of IDP Strategic Objectives and Budget (operating expenditure)						
SA6: Reconciliation of IDP Strategic Objectives and Budget (capital expenditure)						
SA7: Measurable Performance Objectives						
SA8: Performance Indicators and Benchmarks						
SA9: Social, Economic and Demographic Statistics and Assumptions						
SA10: Funding Measurement						
SA11: Property Rates Summary						
SA12a: Property Rates by Category (current year)						
SA12b: Property Rates by Category (budget year)						
SA13a: Service Tariffs by Category						
SA13b: Service Tariffs by Category (explanatory)						
SA 14: Household Bills						
SA15: Investment Particulars by Type						
SA16: Investment Particulars by Type						
SA17: Borrowing						
SA18: Transfers and Grant Receipts						
SA19: Expenditure on Transfers and Grant Programme						
SA20: Reconciliation of Transfers, Grant Receipts and Unspent Funds						

Budget Documentation	Yes	No	N/A	Yes	No	N/A
Municipal Budget Supporting Tables: Supporting Tables SA1 to SA38 mSCOA Compliant Schedule A - Prepared from the mSCOA Financial System (contd)	Stamped and Signed Hard Copy SA1 – SA38			Soft Copy (correlates with hard copy)		
SA21: Transfers and Grants made by the Municipality						
SA22: Summary Councillor and Staff Benefits						
SA23: Salaries, Allowances and Benefits (political office bearers/councillors/senior managers)						
SA24: Summary of Personnel Numbers						
SA25: Budgeted Monthly Revenue and Expenditure						
SA26: Budgeted Monthly Revenue and Expenditure (municipal vote)						
SA27: Budgeted Monthly Revenue and Expenditure (standard classification)						
SA28: Budgeted Monthly Capital Expenditure (municipal vote)						
SA29: Budgeted Monthly Capital Expenditure (standard classification)						
SA30: Budgeted Monthly Cash Flow						
SA31: Aggregated Entity Budget (where applicable)						
SA32: List of External Mechanisms						
SA33: Contracts having Future Budgetary Implications						
SA34a: Capital Expenditure on New Assets by Asset Class						
SA34b: Capital Expenditure on the Renewal of Existing Assets by Asset Class						
SA34c: Repairs and Maintenance Expenditure by Asset Class						
SA34d: Depreciation by Asset Class						
SA34e: Upgrading of Existing Infrastructure						
SA35: Future Financial Implications of the Capital Budget						
SA36: Detail Capital Budget						
SA37: Projects Delayed from Previous Financial Years						
SA38: Consolidated Detail Operational Projects						

Budget Documentation	Yes	No	N/A	Yes	No	N/A
Budget Related Policies	Hard copies			Soft Copy (correlates with hard copy)		
Information on any amendments to budget related policies						
Suite of budget related policies	<i>Soft copies only</i>					
IDP and Related Documentation	Hard copies			Soft Copy (correlates with hard copy)		
Council Resolution in terms of the IDP						
Draft Integrated Development Plan						
Process Plan/Time schedule according to section 29) of the MSA read in conjunction with section 21 (b) of the MFMA						
Spatial Development Framework	<i>Soft copies only</i>					
Council Resolution in terms of the adoption of the <i>Spatial Development Framework</i>						
Applicable Disaster Management Plan						
Council Resolution in terms of the adoption of the <i>Disaster Management Framework</i>						
Integrated Waste Management Plan						
Air Quality Management Plan						
Coastal Management Plan <i>(Coastal municipalities only)</i>						
Human Settlement Plan						
Local Economic Development Strategy						
Water Services Development Plan						
Storm Water Master Plan						
Integrated Transport Plan						
Electricity Master Plan						
Infrastructure Growth Plan						
Workplace Skills Plan						

MUNICIPAL REPRESENTATIVE

PROVINCIAL REPRESENTATIVE

Name: _____

Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____



2018 PROPOSED LG MTEC BUDGET AND IDP VISITATION SCHEDULE

GROUP 1			
REGION	MUNICIPALITY	DAY OF VISIT	TIME
CoCT	CITY OF CAPE TOWN	24 April 2018, Tuesday	09:00-12:00
NO SCHEDULED ENGAGEMENTS		25 April 2018, Wednesday	
WCD	SALDANHA BAY	26 April 2018, Thursday	09:00-12:00
WCD	SWARTLAND	26 April 2018, Thursday	14:00-17:00
FREEDOM DAY		27 April 2018, Friday	
		28 April 2018, Saturday	
		29 April 2018, Sunday	
NO SCHEDULED ENGAGEMENTS		30 April 2018, Monday	
WORKERS DAY		01 May 2018, Tuesday	
OD	OVERSTRAND	02 May 2018, Wednesday	09:00-12:00
OD	THEEWATERSKLOOF	02 May 2018, Wednesday	14:00-17:00
OD	CAPE AGULHAS	03 May 2018, Thursday	09:00-12:00
OD	OVERBERG DISTRICT	03 May 2018, Thursday	13:30-16:30
CWD	DRAKENSTEIN	04 May 2018, Friday	09:00-12:00
CWD	STELLENBOSCH	04 May 2018, Friday	14:00-17:00
		05 May 2018, Saturday	
		06 May 2018, Sunday	
ED	BITOU	07 May 2018, Monday	14:00-17:00
ED	KNYSNA	08 May 2018, Tuesday	09:00-12:00
ED	EDEN DISTRICT	08 May 2018, Tuesday	15:30-17:30
ED	GEORGE	09 May 2018, Wednesday	09:00-12:00
ED	MOSSEL BAY	09 May 2018, Wednesday	14:00-17:00
ED	HESSEQUA	10 May 2018, Thursday	09:00-12:00

GROUP 2			
REGION	MUNICIPALITY	DAY OF VISIT	TIME
NO SCHEDULED ENGAGEMENTS		24 April 2018, Tuesday	
WCD	WEST COAST DISTRICT	25 April 2018, Wednesday	09:00-11:00
WCD	BERGRIVIER	25 April 2018, Wednesday	14:00-17:00
WCD	MATZIKAMA	26 April 2018, Thursday	09:00-12:00
WCD	CEDERBERG	26 April 2018, Thursday	14:00-17:00
FREEDOM DAY		27 April 2018, Friday	
		28 April 2018, Saturday	
		29 April 2018, Sunday	
NO SCHEDULED ENGAGEMENTS		30 April 2018, Monday	
WORKERS DAY		01 May 2018, Tuesday	
CWD	LANGEBERG	02 May 2018, Wednesday	09:00-12:00
CWD	CAPE WINELANDS DISTRICT	02 May 2018, Wednesday	14:00-17:00
CWD	WITZENBERG	03 May 2018, Thursday	09:00-12:00
CWD	BREEDE VALLEY	03 May 2018, Thursday	14:00-17:00
OD	SWELLENDAM	04 May 2018, Friday	10:30-13:30
		05 May 2018, Saturday	
		06 May 2018, Sunday	
ED	KANNALAND	07 May 2018, Monday	14:00-17:00
ED	OUTSHOORN	08 May 2018, Tuesday	08:30-11:00
CKD	BEAUFORT WEST	08 May 2018, Tuesday	14:00-17:00
CKD	CENTRAL KAROO DISTRICT	09 May 2018, Wednesday	08:30-11:00
CKD	PRINCE ALBERT	09 May 2018, Wednesday	14:00-17:00
CKD	LAINGSBURG	10 May 2018, Thursday	10:00-13:00



Cost Containment Measures (updated November 2016)

Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of this Circular is to guide municipalities and municipal entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- Curtailment of overseas trips;
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting permission to travel either locally or abroad: i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of further restrictions on conferences, catering, entertainment and social functions.

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in

government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

Annexure A of this circular presents cost containment measures that accounting officers and chief finance officers must consider in order to contain operational costs and eliminate non-essential expenditure. In addition, municipalities are advised to refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Enforcement of cost containment measures

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.

Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.

Municipalities are reminded that the National Treasury will soon be conducting municipal budget benchmark engagements with non-delegated municipalities during which all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report. Measures implemented and regular reports must be submitted to the Municipal Public

Accounts Committee for review and recommendations to Council on additional measures to be taken.

The contents of this Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

- Municipalities adopt this Circular together with their annual budgets;
- Municipalities are advised to review other finance related policies to ensure consistency with this Circular;
- Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures;
- Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni
Intergovernmental Relations

Kenneth Brown
Chief Procurement Officer

Jayce Nair
Acting Accountant-General

Contact



Post **Private Bag X115, Pretoria 0001**
 Phone **012 315 5850**
 Fax **012 315 5230**
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TV PILLAY
CHIEF DIRECTOR: MFMA IMPLEMENTATION
30 MARCH 2016

Annexure A – Cost Containment Measures

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others; engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its employees and through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions.

Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to management and council on progress on a regular basis. The internal audit unit of municipalities must be copied with such reports.

1. Engagement of Consultants

- Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.
- Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality.
- Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those:
 - determined in the “Guidelines on fees for audits done on behalf of the Auditor-General South Africa”, issued by the South African Institute of Chartered Accountants (SAICA);
 - set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); or
 - Prescribed by the body regulating the profession of the consultant.
- Ensure an exacting “specification” of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored.
- Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.
- It is mandatory that accounting officers of municipalities and municipal entities conclude on the best “value for money”, i.e. matching fees against quality and against benchmarked practices.
- Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates.
- Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs.

- If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions:
 - a) Hotel accommodation may not exceed the amount mentioned in this Circular;
 - b) Only economy class air tickets may be purchased for flights;
 - c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular;
 - d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time.
- Municipalities are urged to develop consultancy reduction plans.
- Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality's SCM policy.

2. Travel and subsistence

The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.

Net and Non-Commissionable Rates

All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.

Rebates, Overrides, Volume based income

In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.

2.1 National Travel Policy

The National Treasury will issue a National Travel Policy framework during December 2016.

http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx

2.2 Air Travel

- The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business

Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.

- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months. .
- The premise of “Best Fare on the Day” should be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Municipalities must also request quotations from other Low Cost Carriers. Please note that all discounted rates are subject to class availability.
- In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B.
- Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.
- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

2.3 Domestic Hotel Accommodation

National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities should find options that are equal to or lower than the rates in Table 1, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150
<p>Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.</p> <p>*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.</p> <p>Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.</p> <p>**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.</p>			

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.

- Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - a. the higher star graded facility is the only available option due to location and availability; or
 - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.
- Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).

2.4 Vehicle Hire

- Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles;
- Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle.
- Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services.
- Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B.
- Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme.

3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:

- contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed;
- contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure;
- contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget;
- non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public;
- non-compliance with the supply chain management regulations; and

- undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices.

While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

4 Catering costs

- Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more:
 - a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings;
 - b) Meetings related to commissions or committees of inquiry; or
 - c) Meetings hosted by municipal councils and the board of directors of municipal entities, including governance committee meetings.
- Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount.
- Do not incur expenses on alcoholic beverages.
- Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors.
- Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either:
 - (a) proceeding on retirement due to ill health; or
 - (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service.
- Accounting officers and accounting authorities may **not** host farewell functions for employees who have:
 - (a) been dismissed;
 - (b) elected to resign or leave by accepting severance packages; or
 - (c) Approached the end of their contractual term.

5 Events, advertising and sponsorships

- Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration.

- Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community.
- Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.

6 Conferences, meetings, study tours, etc.

- Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. In instances where the cost exceeds this amount, officials must obtain prior approval from the accounting officer. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount.
- Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable.
- Conferences abroad must be limited to its ultimate minimum or none at all.
- Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction.
- Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand.
- The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.
- Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.

7 Office furnishing

- Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged.
- Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment.

8 Staff study, perks and suspension costs

- Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money.
- Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped.
- Encourage staff to take time off to make up for overtime worked.
- Planned overtime must be submitted to management for consideration on a monthly basis.
- Unplanned overtime worked must be motivated and approved by management.
- Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated.
- Constant management of staff, improvements in productivity levels and feedback must be provided to all staff.

9 Cost containment on other related expenditure items

- Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated.
- Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided.
- Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies.
- Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred.
- Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount.
- Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection.
- Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts.
- Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones.
- Labour saving devices should be shared to optimize the capacity utilization of each device.
- Purchasing of newspapers and other publications for municipal employees to limited and stopped.
- Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use.

- All other cost containment measures introduced by council are also encouraged and supported.

Annexure B: BA/COMAIR and SAA Deal Codes per Municipality

Municipalities and municipal entities should use the following codes when requesting quotes from BA/COMAIR.

MUNICIPALITIES	
NAME	DEAL CODE
EASTERN CAPE	
Alfred Nzo District Municipality Matatiele, Mbizana, Ntabankulu and uMzimvubu	1020907
Amathole District Municipality Amahlathi, Mnquma, Ngqushwa, Raymond Mhlaba, Mbashe and Great Kei,	1020906
Buffalo City Metropolitan Municipality	1020901
Chris Hani District Municipality Emalahleni, Engcobo, Intsika, Inxuba, Sakhisizwe and Enoch Mgijima	1020908
Joe Gqabi District Municipality Elundini, Walter Sisulu and Senqu	1020909
Nelson Mandela Bay Metropolitan Municipality	1020899
OR Tambo District Municipality Ingquza Hill, King Sabata Dalindyebo, Mhlontlo, Nyandeni and Port St Johns	1020903
Sarah Baartman District Municipality Dr Beyers Naudé, Blue Crane Route, Makana, Ndlambe, Sundays River Valley, Kouga and Kou-kamma	1020921
FREE STATE	
Fezile Dabi District Municipality Mafube, Moqhaka, Metsimaholo and Ngwathe	1020922
Lejweleputswa Distric Municipality Masilonyana, Matjhabeng, Nala, Tokologo and Tswelopele	1020923
Mangaung Metropolitan	1020923
Thabo Mafutsanyana District Dihlabeng, Maluti - a- Phofung, Mantsopa, Nketoana, Phumelela and Setsoto	1020924
Xhariep District Kopanong, Letsemeng and Mohokare	1020925
GAUTENG	
City of Johannesburg Metropolitan	1020900
City of Tshwane Metropolitan	1020898
Ekurhuleni Metropolitan	1020904
Sedibeng District Emfuleni, Lesedi and Midvaal	1020926
West Rand District Merafong, Mogale City, Rand West	1020927
KWAZULU-NATAL	
eThekwini Metropolitan	1008810
iLembe District Municipality KwaDukuza, Mandeni, Maphumulo and Ndwedwe	1020929
Harry Gwala District Municipality Greater Kokstad, Uhlebezwe, Umzimkhulu and Dr Nkosazana Dlamini Zuma	1020835

MUNICIPALITIES	
NAME	DEAL CODE
Ugu District Municipality uMdoni, Umzumbe, uMuziwabantu and Ray Nkonyeni	1020836
uMgungundlovu District Municipality KZN uMshwathi, uMngeni, Mpofana, Impendle, Msunduzi, Mkhambathini and Richmond	1020837
uMkhanyakude District Municipality KZN Umhlabayalingana, Jozini, Mtubatuba and Big Five Hlabisa	1020838
uMzinyathi District Municipality KZN Endumeni, Nquthu, Msinga, Umvoti	1020839
uThukela District Municipality Okhahlamba, iNkosi Langalibalele and Alfred Duma	1020840
King Cetshwayo district Municipality uMfolozi, uMhlathuze, uMlalazi, Mthonjaneni and Nkandla	1020841
Zululand District Municipality KZN eDumbe, uPhongolo, Abaqulusi, Nongoma and Ulundi	1020842
LIMPOPO	
Capricon District Municipality Blouberg, Lepelle-Nkumpi, Molemole and Polokwane	1020843
Mopani District Municipality Ba-Phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen and Maruleng	1020844
Sekhukhune District Municipality LM Ephraim Mogale, Elias Motsoaledi, Makhuduthamaga and LIM476	1020845
Vhembe District Municipality LM Musina, Thulamela, Makhado and LIM345	1020846
Waterberg District Municipality Thabazimbi, Lephallale, Bela Bela, Mogalakwena and LIM 368	1020847
MPUMALANGA	
Ehlanzeni District Municipality Thaba Chweu, Nkomazi, Bushbuckridge and City of Mbombela	1020902
Gert Sibande District Albert Luthuli, Dipaleseng, Govan Mbeki, Lekwa, Mkhondo, Msukaligwa and Pixley Ka Isaka Seme	1020848
Nkangala District Dr JS Moroka, Emakhazeni, Emalahleni, Steve Tshwete, Thembisile Hani and Victor Khanye	1020849
NORTH WEST	
Bojanala Platinum District Kgetlengrivers, Madibeng, Moretele, Moses Kotane and Rustenburg	1020850
Dr Kenneth Kaunda District Municipality City of Matlosana, Maquassi and NW405	1020851
Dr Ruth Segomotsi Mompati District Municipality Greater Taung, Kagisano-Molopo, Lekwa-Teemane, Mamusa and Naledi	1020852
Ngaka Modiri Molema District Municipality Ditsobotla, Mahikeng, Ramotshere, Ratlou and Tswaing	1020853
NORTHERN CAPE	
John Taolo Gaetsewe Ga-Segonyana, Joe Morolong and Gamagara	1020909
Namakwa	1020856

MUNICIPALITIES	
NAME	DEAL CODE
Hantam, Kamiesberg, Karoo Hoogland, Khai-Ma, Nama Khoi and Richtersveld	
Pixley Ka Seme Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu	1020857
ZF Mgcawu !Kai! Garib, !Kheis, Tsantsabane, Kgatelopele and Dawid Kruiper	1020858
WESTERN CAPE	
Cape Winelands District Municipality Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg	1020859
Central Karoo District Municipality Beaufort West, Laingsburg and Prince Albert	1020859
City of Cape Town Metro	1008771
Eden District Municipality Bitou, George, Hessequa, Kannaland, Kynsna, Mossel Bay and Oudtshoorn	1020861
Overberg District Municipality Cape Agulhas, Overstrand, Swellendam and Theewaterskloof	1020862
West Coast District Municipality Bergrivier, Cederberg, Matzikama, Swartland and Saldanha Bay	1020863

Municipalities and municipal entities not listed above should use the following details to contact BA/Comair to obtain a deal code:

Contact Details

Nangamso Letlape: National Account Manager: Government
Nan.letlape@comair.co.za

Municipalities and municipal entities should use the following deal code when requesting quotations from SAA: CK3828. In order to arrange access to the deal codes, travel management companies servicing municipalities and municipal entities should contact the following SAA representatives:

Contact Details

Eastern Cape: Tracy Mentzel (tracymentzel@flysaa.com)
 Western Cape: Enid Sinequan (enidsinequan@flysaa.com)
 KwaZulu-Natal: Kriba Govender (kribagovender@flysaa.com)
 All other provinces: Mark Steele (marksteele@flysaa.com)

OVERSTRAND MUNICIPALITY – COST CONTAINMENT MEASURES:

**NATIONAL TREASURY MFMA Circular No. 82 Municipal Finance Management Act No. 56 of 2003
Cost Containment Measures (Updated November 2016)**

March 2018

Update: Draft Municipal Cost Containment Regulations

The urgency expressed in the State of the Nation Address and announcements by the Minister of Finance, after consulting SALGA and Minister of Cooperative Government and Traditional Affairs, is articulated in the Draft Municipal Cost Containment Regulations, as published on 16 February 2018, in Part 2 of *Government Gazette* No. 41445 (attached), distributed for attention and submission of comments before 30 March 2018.

The content of the regulations must also inform municipalities when they prepare their 2018/19 MTREF budgets for implementation on 1 July if these measures could not be implemented sooner.

Current Status: MFMA Circular No. 82 Cost Containment Measures

This document presents to council the status regarding cost containment measures in terms of MFMA Circular No. 82 Cost Containment Measures (Updated November 2016).

Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of the Circular is to guide municipalities and municipal entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- **Curtailement of overseas trips;**

- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting **permission to travel either locally or abroad**: i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of **further restrictions on conferences, catering, entertainment and social functions**.

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

Annexure A of the circular presents cost containment measures that accounting officers and chief finance officers must consider, in order to contain operational costs and eliminate non-essential expenditure. In addition, **municipalities are advised to refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending**. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Enforcement of cost containment measures

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

Reference in Circular 82	Overstrand Mun Response
<p>In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.</p> <p>Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.</p>	<p>Comply.</p> <p>The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).</p>

Municipalities are reminded that the National Treasury will be conducting municipal budget benchmark engagements with non-delegated municipalities during which **all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.**

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report. Measures implemented and regular reports must be submitted to the Municipal Public Accounts Committee for review and recommendations to Council on additional measures to be taken.

The contents of the Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

Reference in Circular 82	Overstrand Mun Comments
<ul style="list-style-type: none"> Municipalities adopt this Circular together with their annual budgets; 	<ul style="list-style-type: none"> The Circular was included in the budget documentation to Council end of May 2017
<ul style="list-style-type: none"> Municipalities are advised to review other finance related policies to ensure consistency with this Circular; 	<ul style="list-style-type: none"> The Circular was included in the final 2016/2017 Budget documentation which served before Council on 31 May 2017
<ul style="list-style-type: none"> Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures; Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community. 	<ul style="list-style-type: none"> This document to be included in the quarterly budget report to Council.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality’s budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni Kenneth Brown Jayce Nair

Intergovernmental Relations Chief Procurement Officer Acting Accountant-General

TV PILLAY

CHIEF DIRECTOR: MFMA IMPLEMENTATION

30 MARCH 2016

Annexure A – Cost Containment Measures (Overstrand Municipality comments noted in the second column):

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others;

engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its -

<ul style="list-style-type: none">• employees and• through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions.	<ul style="list-style-type: none">• Noted• Circular 82 was included in the Draft Budget for 2017-2018 to Council on 29 March 2017 and was available for public participation and comments;• The Circular was included in the budget documentation to Council end of May 2017.
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Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to

- management and council on progress on a regular basis.
- The internal audit unit of municipalities must be copied with such reports.

1. Engagement of Consultants

<ul style="list-style-type: none"> • Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required. • Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality. • Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those: <ul style="list-style-type: none"> ○ determined in the “Guidelines on fees for audits done on behalf of the Auditor-General South Africa”, issued by the South African Institute of Chartered Accountants (SAICA); ○ set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); or ○ Prescribed by the body regulating the profession of the consultant. • Ensure an exacting “specification” of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored. • Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary. • It is mandatory that accounting officers of municipalities and municipal entities conclude on the best “value for money”, i.e. matching fees against quality and against benchmarked practices. • Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates. • Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs. • If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions: <ul style="list-style-type: none"> a) Hotel accommodation may not exceed the amount mentioned in this Circular; b) Only economy class air tickets may be purchased for flights; c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular; d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time. • Municipalities are urged to develop consultancy reduction plans. • Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality’s SCM policy. 	<p>Contents of the circular are noted;</p> <p>Appointment of consultants in terms of services required and listed.</p>
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2. Travel and subsistence

<p>The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.</p> <p><u>Net and Non-Commissionable Rates</u></p> <p>All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.</p> <p><u>Rebates, Overrides, Volume based income</u></p> <p>In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.</p>	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.</p>
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2.1 National Travel Policy

The Treasury will issue a National Travel Policy framework during December 2016.

This will be available on the OCPO's website:

(http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx)

2.2 Air Travel

<ul style="list-style-type: none"> • The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel). • For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied. • For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA)
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<p>encouraged, however where a single flight exceed 5 hours, consideration may be applied.</p> <ul style="list-style-type: none"> • Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months. • The premise of Best Fare on the Day will be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Other Low Cost Carriers may also be requested for quotations. Please note that all discounted rates are subject to class availability. • In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B. • Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number. • Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes. • Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel. 	<ul style="list-style-type: none"> • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.</p>
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2.3 Domestic Hotel Accommodation

<ul style="list-style-type: none"> • National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities should find options that are equal to or lower than the rates in Table 1, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act,
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Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1030	R 1230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150

Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.

**Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.*

Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.

***Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.*

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.
- Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - a. the higher star graded facility is the only available option due to location and availability; or
 - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.

2003 (Act No. 56 of 2003)

- South African Local Government Association (SALGA)
- Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)
- Income Tax Act, 1962 (Act No. 58 of 1962). This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.

<ul style="list-style-type: none"> Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey). 	
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2.4 Vehicle Hire

<ul style="list-style-type: none"> Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles; Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle. Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services. Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B. Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee’s residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> South African Revenue Services (SARS) Municipal Finance Management Act, 2003 (Act No. 56 of 2003) South African Local Government Association (SALGA) Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality’s approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.</p>
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3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

<p>A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:</p> <ul style="list-style-type: none"> contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed; contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure; 	<ul style="list-style-type: none"> Overstrand Municipality does not allow the use of credit and debit cards.
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<ul style="list-style-type: none"> • contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget; • non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public; • non-compliance with the supply chain management regulations; and • undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices. 	
<p>While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.</p>	<ul style="list-style-type: none"> • Noted
<p>Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.</p>	<ul style="list-style-type: none"> • Noted

4 Catering costs

<ul style="list-style-type: none"> • Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more: <ul style="list-style-type: none"> a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings; b) Meetings related to commissions or committees of inquiry; or c) Meetings hosted by the board of directors of municipal entities, including governance committee meetings. • Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount. • Do not incur expenses on alcoholic beverages. • Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors. • Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either: <ul style="list-style-type: none"> (a) proceeding on retirement due to ill health; or (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service. • Accounting officers and accounting authorities may not host farewell functions for employees who have: <ul style="list-style-type: none"> (a) been dismissed; (b) elected to resign or leave by accepting severance packages; or (c) Approached the end of their contractual term. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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5 Events, advertising and sponsorships

<ul style="list-style-type: none"> • Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration. • Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community. • Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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6 Conferences, meetings, study tours, etc.

<ul style="list-style-type: none"> • Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount. • Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable. • Conferences abroad must be limited to its ultimate minimum or none at all. • Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction. • Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand. • The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures. • Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures. 	<p>Noted. Expenditure in this regard only approved after consideration being given to cost containment measures</p>
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7 Office furnishing

<ul style="list-style-type: none">• Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged.• Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment.	<ul style="list-style-type: none">• Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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8 Staff study, perks and suspension costs

<ul style="list-style-type: none">• Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money.• Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped.• Encourage staff to take time off to make up for overtime worked.• Planned overtime must be submitted to management for consideration on a monthly basis.• Unplanned overtime worked must be motivated and approved by management.• Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated.• Constant management of staff, improvements in productivity levels and feedback must be provided to all staff.	<ul style="list-style-type: none">• Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
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9 Cost containment on other related expenditure items

<ul style="list-style-type: none">• Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated.	<ul style="list-style-type: none">• Consideration as part of strategic sourcing.
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<ul style="list-style-type: none"> • Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided. • Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies. • Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred. • Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount. • Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection. • Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts. • Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones. • Labour saving devices should be shared to optimize the capacity utilization of each device. • Purchasing of newspapers and other publications for municipal employees to limited and stopped. • Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use. • All other cost containment measures introduced by council are also encouraged and supported. 	<ul style="list-style-type: none"> • Noted and in compliance, with constant consideration of opportunities to ensure cost containment.
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LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 - MUNICIPAL COST CONTAINMENT REGULATIONS

In terms of section 169(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), draft regulations intended to be made in terms of section 168(1)(b) and (p) of that Act, as set out in Part A of the Schedule, are hereby publish for public comment.

An explanatory memorandum regarding the draft regulations is in Part B of the Schedule.

All comment received by 30 March 2018 will be considered and should be emailed to MFMA@treasury.gov.za or faxed to 012 315 5230.

SCHEDULE

**PART A
DRAFT MUNICIPAL COST CONTAINMENT REGULATIONS
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Definitions

1. In these Regulations, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, unless the context indicates otherwise, and—

“Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

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

“cost containment” means measures implemented to curtail spending in terms of these regulations; and

“credit card” means a card issued by a financial service provider, which creates a revolving account and grants a line of credit to the cardholder.

Object of Regulations

2. The object of these Regulations, in line with section 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Act, is to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures.

Application of Regulations

3. These Regulations apply to all municipalities and municipal entities.

Cost containment policies

4. (1) Each municipality and municipal entity must revise or develop and implement a cost containment policy which must—
- (a) in the case of a municipality, be adopted by the municipal council, and in the case of a municipal entity, by the board of directors as part of its budget related policies; and
 - (b) be consistent with the Act and these Regulations.
- (2) The cost containment policy of a municipality or a municipal entity contemplated in sub-regulation (1) must—
- (a) be in writing;
 - (b) give effect to these Regulations;
 - (c) be reviewed annually, as may be appropriate;
 - (d) be communicated on the municipality's or municipal entity's website; and
 - (e) set out—
 - (i) measures for ensuring implementation of the policy;
 - (ii) procedures for the annual review of the policy; and
 - (iii) consequences for non-adherence to the measures contained therein.

Use of consultants

5. (1) A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full time employ to perform the function.
- (2) An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates—
- (a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor-General of South Africa", issued by the South African Institute of Chartered Accountants;
 - (b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration;
 - (c) as prescribed by the body regulating the profession of the consultant.
- (3) The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation (2).
- (4) When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.
- (5) When consultants are appointed, an accounting officer must—
- (a) appoint consultants on a time and cost basis with specific start and end dates;
 - (b) where practical, appoint consultants on an output-specified basis, subject to a clear specification of deliverables and associated remuneration;
 - (c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
 - (d) develop consultancy reduction plans; and
 - (e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations and the municipality's Supply Chain Management policy.

- (6) All contracts with consultants must include fee retention or penalty clause for poor performance.
- (7) A municipality or municipal entity must ensure that the specifications and performance, are used as a monitoring tool for the work to be undertaken and is appropriately recorded and monitored.
- (8) The travel and subsistence costs of consultants must be in accordance with the travel policy issued by the National Department of Transport, as updated from time to time.
- (9) The contract price must specify all travel and subsistence cost and, if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the abovementioned travel policy of the National Department of Transport.

Vehicles used for political office-bearers

- 6. (1) The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed R700 000 or 70% of the total annual remuneration package for different grades, whichever is greater.
- (2) The procurement of vehicles must be undertaken using the national government transversal contract mechanism.
- (3) If any other procurement process is used, the cost may not exceed the threshold set out in sub-regulation (1).
- (4) Before deciding on another procurement process as contemplated in sub-regulation (3), the chief financial officer must provide the council with information relating to the following criteria which must be considered:
 - (a) status of current vehicles;
 - (b) affordability;
 - (c) extent of service delivery backlogs;
 - (d) terrain for effective usage of vehicle; and
 - (e) any other policy of council.
- (5) Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometres.
- (6) Notwithstanding sub-regulation (5), a municipality or municipal entity may replace vehicles for official use by public office bearers before completion of one hundred and twenty thousand kilometres only in instances where the vehicle experiences serious mechanical problem and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

Travel and subsistence

- 7. (1) An accounting officer—
 - (a) may only approve purchase of economy class tickets for officials where the flying time for the flights is five hours or less; and
 - (b) for flights exceeding five hours, may purchase business class tickets only for accounting officers, and persons reporting directly to accounting officers.
- (2) Notwithstanding sub-regulation (1), an accounting officer may approve the purchase of business class tickets for officials with disabilities.
- (3) The cost containment policy must limit international travel to meetings or events that are considered critical. The number of officials attending such meetings or events must be limited to those officials directly involved in the subject matter related to such meetings or events.
- (4) An accounting officer may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury only—
 - (a) during peak holiday periods; or
 - (b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in that particular geographical area.
- (5) Officials of a municipality or municipal entity must—
 - (a) utilise the municipal fleet, where viable, before incurring costs to hire vehicles;

- (b) make use of shuttle service if the cost of such a service is lower than-
 - (i) the cost of hiring a vehicle;
 - (ii) the cost of kilometres claimable by the employee; and
 - (iii) the cost of parking.
 - (c) not hire vehicles from a category higher than Group B or an equivalent class; and
 - (d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.
- (6) Municipalities and municipal entities must utilise the negotiated rates for flights and accommodation, communicated by the National Treasury, from time to time, or any other available cheaper flight and accommodation.

Domestic accommodation

8. An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by the National Treasury, from time to time.

Credit cards

9. (1) An accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality or a municipal entity is issued to any official or public office bearer, including members of the board of directors of municipal entities.
- (2) Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials or public office bearers must use their personal credit cards or cash or arrangements made by the municipality or municipal entity, and request reimbursement from the municipality or municipal entity in accordance with the relevant municipality or municipal entity's policy and processes.

Sponsorships, events and catering

10. (1) A Municipality or municipal entity may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality or municipal entity, unless the prior written approval of the accounting officer is obtained.
- (2) An accounting officer may incur catering expenses for hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours.
- (3) Entertainment allowances of officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.
- (4) An accounting officer may not incur expenses on alcoholic beverages.
- (5) An accounting officer must ensure that social functions, team building exercises, year-end functions, sporting events, budget vote dinners and other functions that have a social element are not financed from the municipality or municipal entity's budgets or by any suppliers or sponsors.
- (6) A municipality or municipal entity may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless costs related thereto are recovered from affected officials.
- (7) An accounting officer may incur expenditure to host farewell functions in recognition of officials who retire after serving the municipality or municipal entity for ten or more years or retire on grounds of ill health, not exceeding the limits for petty cash usage.

Communication

11. (1) A Municipality or municipal entity must, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
- (2) An accounting officer must ensure that allowances to officials for private calls are limited to an amount as determined by the accounting officer in the cost containment policy of the municipality or municipal entity.

- (3) Newspapers and other related publication for the use of officials must be discontinued on expiry of existing contracts or supply orders.
- (4) A municipality or municipal entity must participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.

Conferences, meetings and study tours

12. (1) An accounting officer must establish policies and procedures to manage application by officials to attend conferences or events hosted by professional bodies or non-governmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives.
- (2) An accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- (3) Such benchmark costs may not exceed an amount as determined by the National Treasury.
- (4) When considering applications from officials to attend conferences or events within and outside the borders of South Africa, an accounting officer must take the following into account—
 - (a) the official's role and responsibilities and the anticipated benefits of the conference or event;
 - (b) whether the conference or event addresses relevant concerns of the institution;
 - (c) the appropriate number of officials, not exceeding three officials, attending the conference or event; and
 - (d) availability of funds to meet expenses related to the conference or event.
- (5) The amount referred to in sub-regulation (3) above excludes costs related to travel, accommodation and related expenses, but includes—
 - (a) conference or event registration expenses; and
 - (b) any other expense incurred in relation to the conference or event.
- (6) When considering costs for conferences or events these may not include items, such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- (7) The accounting officer of a municipality or municipal entity must ensure that meetings and planning sessions that entail use of municipal funds are, as far as may be practically possible, held in-house.
- (8) Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the municipal jurisdiction.
- (9) An accounting officer may consider granting approval, as contemplated in sub-regulation (4), for officials, and in the case of Councillors, the Mayor.
- (10) A municipality or municipal entity must, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

Other related expenditure items

13. (1) All commodities, services and products covered by a transversal contract concluded by the National Treasury must be procured through that transversal contract before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- (2) Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during election periods.

Enforcement Procedures

14. Failure to implement or comply with these Regulations may result in any official of the municipality or municipal entity, political office bearer or director of the board that authorised or incurred any expenditure contrary to these regulations being held liable for financial misconduct

as set out in Chapter 15 of the Act read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Disclosures of cost containment measures

15. (1) The disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.
- (2) The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings, on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.
- (3) Such reports must be copied to the National Treasury and relevant Provincial Treasuries within seven calendar days after the report is submitted to Municipal Council.

Short title and commencement

16. These Regulations are called the Municipal Cost Containment Regulations, 2018 and take effect on 01 July 2018.

PART B**EXPLANATORY MEMORANDUM ON DRAFT COST CONTAINMENT REGULATIONS INTENDED TO BE MADE IN TERMS OF LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

The wider implementation of the Local Government: Municipal Finance Management Act, 2003 (MFMA) in all municipalities and entities is an important element in the roll out strategy to modernise and improve financial management in local government. Linked to this strategy are the fundamental principles of effective and efficient utilisation of public resources in a transparent and accountable manner.

Despite the provisions in the MFMA and the reforms developed over the last 13 years to support the implementation of the MFMA, municipalities and municipal entities continue to spend public funds and municipal resources on non-priority items. More often than not this results in a diversion of public funds from core service delivery to other expenditures resulting in dissatisfaction by communities and delays in service delivery.

Government has therefore committed in the Medium Term Strategic Framework for 2014 – 2019 to urgently implement cost saving measures across all three spheres of government to assist in re-prioritizing expenditure and free up resources that can be targeted towards service delivery. These measures introduced are also intended to eliminate wastage of public resources on non-service delivery items. This will be undertaken through advocacy, strengthening the legal and policy prescripts and frameworks aimed at cost containment and ensuring the implementation thereof by municipalities and municipal entities.

The Minister of Finance has also pronounced during the February 2016 Budget Speech and the October 2016 Medium Term Budget Policy Statement that the National Treasury will issue regulations on cost containment measures for local government. The initial cost containment measures were introduced through MFMA Circular. Additional measures will also be taken to ensure a transparent tendering system by ensuring that value for money is attained through the revised procurement process. Similar measures have also been introduced in national and provincial government in terms of the Public Finance Management Act 1 of 1999.

Over the last 4 to 5 years, the Auditor-General's General Report on Local Government Audit Outcomes highlighted the extent of wastage of public resources. This was also observed through various publications in the print media and other government publications. Weak governance as well as the significant increase in the number of municipalities incurring unauthorised, irregular as well as fruitless and wasteful expenditure, were also highlighted as areas of concern.

Building on the MFMA Circular, the National Treasury in association with other stakeholders, have drafted regulations that will promote the cost containment measures introduced in a number of spending areas.

Section 168(1)(b) and (p) of the MFMA provides that the Minister may regulate financial management and internal control and generally, any other matter that may facilitate the enforcement and administration of the Act, respectively. The object of the draft Regulations is to ensure that the resources of municipalities and municipal entities are used effectively, efficiently and economically (regulation 2). The Regulations will apply to all municipalities and municipal entities (regulation 3).

Regulation 1 contains the definition of terms that are used in the regulations. Regulation 4 deals with the establishment of cost containment policies including the principles applicable to such policies.

Regulations 4 to 13 contain the actual cost containment measures to be implemented by municipalities and municipal entities. These measures include:

- Principles around appointment of consultants to perform municipal functions and assessment to be undertaken by municipalities and municipal entities before appointing consultants;

- Procurement of mayoral vehicles. The regulations introduce a ceiling in terms of the value of the vehicles to be procured and principles in terms of management of such vehicle by the municipalities and municipal entities;
- Travel and subsistence allowance. This section of the regulations provides the thresholds for purchasing air tickets and hiring of vehicles. The intention with this specific measure is to ensure that institutions actually realise the discounts which have been negotiated at National Government level. These thresholds will contribute towards institutions achieving cost savings on their travel and accommodation budgets;
- Prohibition on issuance of credit or debit cards linked to municipal bank accounts to officials or public office bearers;
- Prohibition on using municipal funds for specific functions which include, amongst others, spending on catering for internal meetings only attended by officials, and social, farewell or team building activities. This section also prohibits the utilisation of municipal funds on alcoholic beverages;
- The regulations also make it mandatory for institutions to procure vehicles, cell phone and other related assets via the transversal contract negotiated at National Government level. This will ensure that there are cost savings and benefits passed to municipalities on all such items;
- The regulations also introduce a monetary threshold for conference fees which include the attendance of both local and international conferences;
- The regulations are intended to reduce excessive spending on office furniture and equipment;
- Municipalities and municipal entities are also encouraged to ensure that proper processes are followed when dismissing and suspending officials, this minimise unnecessary legal costs. Institutions are also encouraged to manage their expenditure on leave and overtime benefits; and
- The regulations make it mandatory for municipalities to conduct threat assessments before approving any security measures for councillors or officials.

Regulation 4 introduces consequence management aspects for non-adherence to the regulations. Non-compliance with these measures must be investigated for financial misconduct in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Regulation 5 provides the framework for disclosure of actual cost savings achieved by institutions in their annual reports, this improve transparency.

Regulation 6 contains the short title and the commencement date of the regulations.

These draft regulations therefore propose to provide a framework that is consistent with the provisions of the MFMA. The effective implementation of the regulations is intended to ensure that municipalities and municipal entities achieve value for money in utilising public resources to deliver municipal services. It is the intention that the Regulations would become effective on 01 July 2018.

Comments received during the consultation process will be considered and processed with a view to addressing any shortcomings.



Uniform Financial Ratios and Norms

The purpose of this Circular is to provide a set of uniform key financial ratios and norms suitable and applicable to municipalities and municipal entities. Section 216 (1)(c) of the Constitution and section 2 of the Municipal Finance Management Act (MFMA) enable National Treasury to introduce uniform treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities.

A number of institutions currently use a variety of financial ratios and norms to assess and compare the financial health and performance of municipalities. Municipalities also use different financial ratios and norms to assess their own performance and set benchmarks for improvement to be measured over time. Results of our research show that there are in excess of two hundred different sets of financial ratios, with different derivatives used to assess municipality's financial status. This results in conflicting interpretation, inconsistent application and misunderstanding of the financial status of a municipality, often with incorrect diagnosis of the challenges and therefore inappropriate responses.

This Circular aims to bring consistency in interpretation and application of certain financial information using standardised financial ratios. It is important that any one of these ratios should not be read in isolation of one another, as this could lead to distortions in interpretation. Ideally, a number of interrelated ratios should be analysed together in order to get a broader picture of a municipality's or municipal entity's financial performance. When used in a combined manner analysis of different ratios will provide policy makers and the public with a very good sense of the financial status of the municipality and its entity. This Circular will also assist in municipalities being able to identify areas of financial management that need constant monitoring and improvement.

The Circular addresses different categories of ratios norms, interpretation and covers various aspects of a municipality's finances, such as financial position, financial performance and budget implementation, so that these can be used as part of in-year and end of year analysis. This will also aid in long-term financial planning and can be used to track progress over a number of years. Each ratio is explained to remove ambiguity and misinterpretation. The source of such information is also explained in the annexures to this Circular. Norms or standards have been assigned to each financial ratio, which are explained later in this Circular.

Categorisation Financial Ratios, Formulas, Norms and Interpretation

Categorisation

In order to perform a holistic financial analysis of a municipality or municipal entity all financial aspects of the institution should be considered. Ratios are divided into various

categories to address the different financial aspects and operations of a municipality or municipal entity.

- 1) **Financial Position**
- 2) **Financial Performance**
- 3) **Budget Implementation**

Financial Ratios, Formulas, Norms and Interpretation

The ratios presented in this Circular are categorised in accordance with the previous section, and are presented in further detail to include the following:

- Purpose/ description of the Financial Ratio;
- Formula to be Used;
- Norms per Ratio; and
- Interpretation of Ratio Analysis Results.

Tables that provide a summary of the financial ratios, formulas, data source and norms are presented in Annexure 1.

1. FINANCIAL POSITION

A. Asset Management

1. Capital Expenditure to Total Expenditure

Purpose/Description of the Ratio

This Ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritisation of expenditure towards current operations *versus* future capacity in terms of Municipal Services.

Formula

Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100

Norm

The norm range between **10% and 20%**

Interpretation of Results

When assessing the level of Investment in Assets, a ratio less than 10% reflects lower spending by the municipality in infrastructure and holds potential risks to service delivery. A ratio of more than 20% reflects higher spending on infrastructure and acceleration in service delivery, but could also hold financial sustainability risks if the infrastructure do not include both economic (revenue generating) and social type infrastructure.

The environment of the municipality should be considered when assessing the level of Investment in Assets. A municipality that has already invested in assets to address service delivery backlogs, would be required to maintain and improve such service levels, and therefore the percentage of spending allocated to new assets may not be significant higher.

On the other hand a municipality where the infrastructure and level of services provided is low and the associated expenditure is also low, the percentage of investment in new assets to total expenditure would be significantly higher.

The results from this ratio should be read together with the results from the analysis of the funding mix for capital expenditure.

It is critical that capital expenditure is largely directed toward service delivery infrastructure and not administrative assets.

2. Impairment of Property, Plant and Equipment and Investment Property and Intangible Assets (Carrying Value)

Purpose/ Description of the Ratio

Asset impairment refers to the loss in 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.

This implies that the utilisation of assets did not deliver the value or service levels envisaged when approval was originally obtained for procuring the assets. When the approval is obtained to invest in Property, Plant and Equipment or Intangible Assets by the Municipality or Municipal Entity, the value should be realised through utilisation and reflected as Depreciation and not through unexpected losses due the Impairment of Property, Plant and Equipment or Intangible Assets. Impairment is therefore unexpected and only detected when the assessment for Impairment is performed as per the requirements of the applicable GRAP standards. It is therefore not planned for or expected and will not be budgeted.

Formula

Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/ (Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100

Norm

The norm is **0%**

Interpretation of Results

The purpose of the Ratio is to indicate the percentage of Impairments compared to the Carrying Value of the Assets; a ratio above 0% reflects a risk in service delivery and therefore corrective measures should be implemented.

3. Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)

Purpose/ Use of the Ratio

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services.

Formula

Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying Value) x 100

Norm

The norm is **8%**

Interpretation of Results

A ratio below the norm is a reflection that insufficient monies are being spent on repairs and maintenance to the extent that it could increase impairment of useful assets.

An increasing expenditure trend may be indicative of high asset-usage levels, which can prematurely require advanced levels of Repairs and Maintenance or a need for Asset Renewal / Replacements. Also, should an increasing expenditure trend suddenly drop to lower levels without an increase in the fixed asset value, this may be indicative of challenges in spending patterns. This may also indicate that the Municipality is experiencing cash flow problems and therefore unable to spend at

appropriate levels on its repairs to existing assets or purchase of new assets thus impacting negatively on service delivery.

B. Debtors Management

1. Collection Rate

Purpose/ Use of the Ratio

The Ratio indicates the collection rate; *i.e.* level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. In addition, in order to determine the real collection rate bad debts written-off is taken into consideration.

Formula

Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100

Norm

The norm is **95%**

Interpretation of Results

Assessing the Collection Ratio will provide an indication of the performance against a number of areas, for example:

- Quality of Credit Control - ensuring that what is billed is collected; and
- Quality of Revenue Management - the ability to set affordable tariffs and bill correctly.

If the ratio is below the norm this is an indication that revenue collection of the municipality requires urgent attention and corrective measures should be implemented. A municipality with outstanding debtors should aim at achieving a collection rate of more than 100%. The results from this ratio should be viewed along with results from the age analysis and net debtor's day's ratio.

2. Bad Debts Written-off as % of the Bad Debt Provision

Purpose/ Use of the Ratio

The Ratio compares the value of Bad Debts Written-off on Consumer Debtors to Bad Debts Provided for Consumer Debtors to ensure that the Provision for Bad Debts is sufficient.

Formula

Bad Debts Written-off (Period under review)/ Provision for Bad Debt (Period under review x 100

Norm

The norm is **100%**

Interpretation of Results

Municipality should only write-off Bad Debts already provided for and, if the results are less than 100%, it should be ideally due to the recoverability of debtors. When 100% is exceeded, it indicates that the Municipality had not previously identified the Debtor/s as having the potential for defaults, which could indicate weakness in calculation of the Provision for Bad Debt, the methodology used and/or poor credit control processes.

3. Net Debtors Days**Purpose/ Use of the Ratio**

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

The Ratio exclude balances for Debtors, which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of credit control procedures within the Municipality or Municipal Entity as well as the extent to which the Municipality or Municipal Entity has provided for Doubtful Debts.

Formula

$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$

Norm

The norm is **30 Days**

Interpretation of Results

This Ratio adjusts for Municipality's who have had significant write-offs of Irrecoverable Debtor balances in the Gross Debtors Days analysis as it only assesses the performance of collectable Debtors. In addition, it provides an indication of the quality of credit control policy, effectiveness of the implementation thereof and quality of revenue management. If the ratio is above the norm, this indicates that the Municipality is exposed to significant Cash Flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it. In addition,

this indicates that a significant amount of potential cash is tied up in consumer debtors and the municipality must improve its revenue and cash flow management.

C. Liquidity Management

1. Cash/ Cost Coverage Ratio (Excluding Unspent Conditional Grants)

Purpose/ Use of the Ratio

The Ratio indicates the Municipality's or Municipal Entity's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month.

The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal Municipal day-to-day operational expenditure but rather reserved for Grant related expenditure.

Formula

((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).

Norm

The norm range between **1 month to 3 months**.

Interpretation of Results

If a municipality has a ratio below the norm it would be vulnerable and at a higher risk in the event of financial "shocks/set-backs" and its ability to meet its obligations to provide basic services or its financial commitment is compromised. The results from this ratio should be viewed along with results from analysis on Debtor Management to fully assess Cash Flow Risk. The more cash reserves a municipality or municipal entity has available the lower the risk of it being unable to fund monthly fixed operational expenditure and to continue rendering services.

2. Current Ratio

Purpose/ Use of the Ratio

The Ratio is used to assess the Municipality's or Municipal Entity's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables).

Formula

Current Assets / Current Liabilities

Norm

The norm range between **1.5 to 2 :1**

Interpretation of Results

The higher the current Ratio, the more capable the Municipality or Municipal Entity will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality or Municipal Entity would be unable to pay all its current or short-term obligations if they fall due at any specific point.

If current liabilities exceed current assets, it highlights serious financial challenges and likely liquidity problems *i.e.* insufficient cash to meet short-term financial obligations. Current assets must therefore be increased to appropriately cover current liabilities otherwise there is a risk that non-current assets will need to be liquidated to settle current liabilities.

D. Liability Management**1. Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure****Purpose/ Use of the Ratio**

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as a percentage of Total Operating Expenditure.

Formula

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

Norm

The norm is between **6% to 8%**

Interpretation of Results

Operating below the Norm could indicate that the Municipality has the capacity to take on additional financing from borrowing to invest in infrastructure projects or it could relate to cash flow problems where it is unable to access borrowed funds or the funding decisions of the municipality impacts of these levels. On the other hand, exceeding the Norm could pose a risk to the Municipality should changes or fluctuations in financing costs arise.

When assessing this ratio, the cash flow requirements of the Municipality or Municipal Entity should also be considered.

2. Debt (Total Borrowings)/ Total Operating Revenue

Purpose/ Use of the Ratio

The Ratio indicates the extent of Total Borrowings in relation to Total Operating Revenue. It indicates short and long term debt financing relative to operating revenue of the municipality.

The purpose of the Ratio is to provide assurance that sufficient Revenue will be generated to repay Liabilities. Alternatively stated, the Ratio indicates the affordability of the Total Borrowings.

Formula

Debt (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant

Norm

The norm is **45%**

Interpretation of Results

If the result of the Ratio analysis indicates less than 45% then the Municipality still has capacity to take increase funding from borrowings, however, this should be considered within the cash flow requirements of the Municipality or Municipal Entity.

E. Sustainability

1. Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)

Purpose/ Use of the Ratio

The Ratio measures the extent to which the Other Reserves, which are required to be cash backed are actually backed by Cash Reserves.

Formula

(Cash and Cash Equivalents - Bank Overdraft + Short Term Investment + Long Term Investment - Unspent Conditional Grants) / (Net Assets - Accumulated Surplus – Non Controlling Interest – Share Premium – Share Capital – Fair Value Adjustment – Revaluation Reserve)

Norm

The norm is **100%**

Interpretation of Results

If a Municipality or Municipal Entity has less than 100% Cash Reserves it could negatively impact the Municipality's or Municipal Entity ability to comply with the conditions for creating the Reserves and on its ability to fund current and future operations.

2. FINANCIAL PERFORMANCE**A. Efficiency****1. Net Operating Surplus Margin****Purpose/ Use of the Ratio**

The Ratio assesses the extent to which the Municipality generates Operating Surpluses.

Formula

$(\text{Total Operating Revenue} - \text{Total Operating Expenditure}) / \text{Total Operating Revenue} \times 100\%$

Norm

The norm is equal to or greater than **0%**

Interpretation of Results

Municipalities should at least recover operational costs for the services being delivered. In addition, a ratio which is greater than 0% will enable the municipality to generate a surplus which will assist to contribute towards its capital funding requirements. If the result is less than 0% it implies that the municipality is operating at a deficit and measures must be implemented to address this situation to ensure sustainable service delivery. In a case of an operating deficit it is critical to ascertain the extent to which the accounting policy, i.e. revaluation method has impacted on the calculations to avoid any distortions in interpretation of the outcome. Refer to Circular 58 section 4.3 regarding revaluation in terms of GRAP 17 and treatment of depreciation and GRAP 24.

2. Net Surplus /Deficit Electricity**Purpose/ Use of the Ratio**

This ratio measures the extent to which the municipality generates surplus or deficit in rendering electricity service. The purpose of the Ratio is to determine the contribution

made by the provision of Electricity Services, being one of the major functions of a municipality.

Formula

Total Electricity Revenue less Total Electricity Expenditure / Total Electricity Revenue x 100%

Norm

The Norm range between **0% and 15%**

It should be noted that this norm will be superseded by sector determinations from time to time, as other regulatory bodies address the appropriate level of tariffs and surpluses.

Interpretation of Results

A ratio below 0% depicts that electricity service is rendered at a deficit/loss and will be unsustainable if other revenue is not allocated to fund such services. The results must be between the range to ensure services are sustainable and that all costs associated with the delivery of Electricity Services are at least recovered with a margin for future growth and/ or capital funding for electricity assets.

3. Net Surplus / Deficit Water

Purpose/ Use of the Ratio

This ratio measures the extent to which the municipality generates surplus or deficit in rendering water service. The purpose of the Ratio is to determine the contribution made by the provision of water service being one of the major functions of a municipality.

Formula

Total Water Revenue less Total Water Expenditure / Total Water Revenue x 100%

Norm

The norm is equal to or greater than **0%** and will be superseded by the sector determination from time to time, as other regulatory bodies address the appropriate level of tariffs, surpluses and subsidisation.

Interpretation of Results

A ratio below 0% depicts that water service is rendered at a loss and unsustainable. The results must not be below the norm so as to ensure that the Services are sustainable and that all costs associated with the delivery of Water Services are at least recovered with a margin for future growth and/ or capital funding for water assets.

4. Net Surplus /Deficit Refuse

Purpose/ Use of the Ratio

This ratio measures the extent to which the municipality generates surplus or deficit in rendering refuse service. The purpose of the Ratio is to determine the contribution made by the provision of refuse service being one of the major functions of a municipality.

Formula

Total Refuse Revenue less Total Refuse Expenditure /Total Refuse Revenue x 100%

Norm

The Norm is equal to or greater than **0%** and will be superseded by the Sector determination from time to time, as other regulatory bodies address the appropriate level of tariffs, surpluses and subsidisation.

Interpretation of Results

A ratio below 0% depicts that refuse service is rendered at a loss and unsustainable. The results must not be below the norm so as to ensure that the Services are sustainable and that all costs associated with the delivery of Refuse Services are at least recovered with a margin for future growth and/ or capital funding for Refuse assets.

5. Net Surplus / Deficit Sanitation and Waste Water

Purpose/ Use of the Ratio

This ratio measures the extent to which the municipality generates surplus or deficit in rendering sanitation and waste water service. The purpose of the Ratio is to determine the contribution made by the provision of sanitation and waste water services being one of the major functions of a municipality.

Formula

Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure / Total Sanitation and Waste Water Revenue x 100%

Norm

The norm is equal to or greater than **0%** and will be superseded by the sector determination from time to time, as other regulatory bodies address the appropriate level of tariffs, surpluses and subsidisation.

Interpretation of Results

A ratio below 0% depicts that sanitation and waste water is rendered at a loss and unsustainable. The results must not be below the norm so as to ensure that the Services are sustainable and that all costs associated with the delivery of sanitation and waste water are at least recovered with a margin for future growth and / or capital funding for assets.

B. Distribution Losses

1. Electricity Distribution Losses (Percentage)

Purpose/ Use of the Ratio

The purpose is to measure the percentage loss of potential revenue from Electricity Services through electricity units purchased and generated but not sold as a result of losses incurred through theft (illegal connections), non or inaccurate metering or wastage. It is expected that implementation of the free basic service policy is included in the calculation for sale of electricity.

Formula

(Number of Electricity Units Purchased and / or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and / or Generated) × 100

Norm

The Norm is between **7% and 10%** and will be superseded by the sector determination.

Interpretation of Results

A ratio below the norm depicts that electricity losses are well managed. If the Ratio exceeds the norm it could indicate various challenges, for example, deteriorating electricity infrastructure or poor management of the networks, affecting the Municipality or Municipal Entity, which would require further analysis to determine the reasons for such losses. In addition, the root causes should be addressed.

2. Water Distribution Losses (Percentage)

Purpose/ Use of the Ratio

The purpose of this ratio is to determine the percentage loss of potential revenue from water service through kilolitres of water purchased but not sold as a result of losses incurred through theft (illegal connections), non- or incorrect metering or wastage as a result of deteriorating water infrastructure. It is expected that implementation of the free basic service policy is included in the calculation for sale of water.

Formula

$$\frac{(\text{Number of Kiloliters Water Purchased or Purified} - \text{Number of Kilolitres Water Sold})}{\text{Number of Kiloliters Water Purchased or Purified}} \times 100$$

Norm

The Norm is between **15% and 30%**

Interpretation of Results

A ratio within the norm depicts that water losses and water infrastructure are well managed. If the Ratio exceeds the norm it could indicate various challenges, for example, ageing water infrastructure or poor management, affecting the Municipality or Municipal Entity, which would require further analysis and explanation to determine the reasons for such losses. In addition, the root causes should be addressed.

C. Revenue Management**1. Growth in Number of Active Consumer Accounts****Purpose/ Use of the Ratio**

The ratio measures the actual growth in the Revenue base of the Municipality brought about by an increase in the Consumer base rather than tariff increases.

Formula

$$\frac{(\text{Period under Review's Number of Active Debtor Accounts} - \text{Previous Period's Number of Active Debtor Accounts})}{\text{Previous Period Number of Active Debtor Accounts}} \times 100$$

Norm

No Norm is currently being proposed for this Ratio but will be monitored and a determined in the future. Municipalities are requested to report on this aspect to its Council.

Interpretation of Results

The results from this analysis will have to be taken into consideration when assessing the Growth in Revenue to determine the Real Growth in the Customer base vs growth due to tariff and inflationary adjustments. Growth in number of active consumers indicates an increase in revenue base.

Further, the impact of growth on the Indigent Base vs Growth in Paying Consumers should be assessed regularly as this must be used to inform Councils policy.

2. Revenue Growth (%)

Purpose/ Use of the Ratio

This Ratio measures the overall revenue growth. In addition, this ratio will assist in determining if the increase in Expenditure will be funded by an increase in Revenue base or by some other means.

Formula

(Period Under Review's Total Revenue - Previous Period's Total Revenue) / Previous Period's Total Revenue) x 100

Norm

The norm is at the rate of **CPI**

Interpretation of Results

The Revenue Growth has to be assessed in conjunction with the growth in the Revenue base and number of consumer accounts to determine the real Growth in Revenue.

3. Revenue Growth (%) - Excluding Capital Grants

Purpose/Use of the Ratio

This Ratio measures the overall Revenue Growth adjusted for Capital Grants. In addition, this ratio will assist in determining if the increase in Expenditure will be funded by the increased Revenue Base or by some other means.

Formula

((Period Under Review's Total Revenue Excluding Capital Grants - Previous Period's Total Revenue Excluding Capital Grants)/ Previous Period's Total Revenue Excluding Capital Grants) x 100

Norm

The norm is at the rate of **CPI**

Interpretation of Results

The Revenue Growth has to be assessed in conjunction with the growth in the Revenue base, number of consumer accounts to determine the real Growth.

D. Expenditure Management

1. Creditors Payment Period (Trade Creditors)

Purpose/ Use of the Ratio

This ratio indicates the average number of days taken for Trade Creditors to be paid.

Formula

Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365

Norm

The norm is **30 days**

Interpretation of Results

A period of longer than 30 days to settle creditors is normally an indication that the Municipality may be experiencing cash flow problems, however in certain instances this may be as a result of disputes, processing of payments, etc. In addition, a ratio that exceeds the norm indicates that the Municipality may not be adequately managing its Working Capital or that effective controls are not in place to ensure prompt payments. The municipality will be required to provide further explanations in this regard.

2. Irregular, Fruitless and Wasteful and Unauthorised Expenditure/ Total Operating Expenditure

Purpose/ Use of the Ratio

The ratio measures the extent to which the Municipality has incurred Irregular, Fruitless and Wasteful and Unauthorised Expenditure.

Formula

(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x 100

The net amount after condonement should be used in this calculation.

Norm

The norm is **0%**

Interpretation of Results

A ratio that exceeds 0% must be investigated and acted upon.

3. Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)

Purpose/ Use of the Ratio

The ratio measures the extent of Remuneration to Total Operating Expenditure.

Formula

Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x 100

Norm

The norm range between **25% and 40%**

Interpretation of Results

If the ratio exceed the norm it could indicate inefficiencies, overstaffing or even the incorrect focus due to misdirected expenditure to non-essentials or non-service delivery related expenditure. Various factors need to be considered when commenting on this ratio, such as the powers and functions performed by the municipality or entity, as this can create distortions in the outcomes, if the analysis ignores such factors.

4. Contracted Services % of Total Operating Expenditure

Purpose/ Use of the Ratio

This ratio measures the extent to which the municipalities resources are committed towards contracted services to perform Municipal related functions.

Formula

Contracted Services / Total Operating Expenditure x 100

Norm

The norm range between **2% and 5%**

Interpretation of Results

A ratio in excess of the Norm could indicate that many functions are being outsourced to Consultants, or that Contracted Services are not effectively utilised. This also depends on the model of service delivery selected by the municipality. In addition, outsourcing decisions will have to be weighed against the ability to attract skills; however, increases in this ratio can further expose the municipality to other risks, such as its inability to build capacity and ongoing reliance on Contractors.

E. Grant Dependency

1. Own Funded Capital Expenditure (Internally Generated Funds + Borrowings) to Total Capital Expenditure

Purpose/ Use of the Ratio

The Ratio measures the extent to which the municipality's Total Capital Expenditure is funded through Internally Generated Funds and Borrowings.

Formula

Own Funded Capital Expenditure (Internally Generated Funds + Borrowings) / Total Capital Expenditure x 100

Norm

No norm is proposed at this time. It is critical that the funding mix of capital expenditure is undertaken in such a manner that affordable borrowing is directed towards addressing service delivery needs and that there is also opportunity for increased capacity on internally generated funding to attain an improved balance of the funding sources.

2. Own Funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure

Purpose/ Use of the Ratio

The Ratio measures the extent to which Total Capital Expenditure of the Municipality is funded through Internally Generated Funds.

Formula

Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100

Norm

No norm is proposed at this time. The funding mix for capital expenditure is dependent on the municipal policy and ability to raise revenue from different sources. Increased capacity for internally generated funding is required in some circumstances, which could also improve the balance in funding sources.

3. Own Source Revenue to Total Operating Revenue (Including Agency Revenue)

Purpose/ Use of the Ratio

The Ratio assesses the extent of Own Source Revenue to Total Operating Revenue, including Agency Revenue hence self-sufficiency.

Formula

Own Source Revenue (Total Revenue - Government Grants and Subsidies – Public Contribution and Donations)/ Total Operating Revenue (Including Agency Services) x 100

Norm

No norm is proposed at this time. The municipal specific circumstances, including the powers and functions assigned to it, must be considered when assessing the level of own source revenue or its self-sufficiency. An analysis of the trends and levels of own source of revenue will also inform the municipality and users of measures taken to optimise own revenues. The ratio measuring own source revenue should be increasing over time as it reflects municipal efforts towards self-sufficiency.

3. BUDGET IMPLEMENTATION**1. Capital Expenditure Budget Implementation Indicator****Purpose/ Use of the Ratio**

This ratio measures the extent to which Budgeted Capital Expenditure has been spent during the financial year, under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

Formula

Actual Capital Expenditure / Budget Capital Expenditure x 100

Norm

The norm range between **95% and 100%**

Interpretation of Results

This can be used in-year to monitor progress. Any variance below 95% indicates discrepancies in planning and budgeting, capacity challenges to implement projects and/or Supply Chain Management process failures, which should be investigated and corrective measures implemented.

Under-spending is also an indicator that the Municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

Overspending may also indicate inaccurate budgeting or poor financial management control.

2. Operating Expenditure Budget Implementation Indicator

Purpose/ Use of the Ratio

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the financial year, under review. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

Formula

Actual Operating Expenditure / Budgeted Operating Expenditure x 100

Norm

The norm range between **95% and 100%**

Interpretation of Results

Any variance from 100% indicates either challenge in capacity to implement, issues of financial controls and management and/or poor budgeting.

Under-spending normally is an indicator that the Municipality experiences possible Cash Flow difficulties or capacity challenges to undertake Budgeted/ planned service delivery, and/ or does not prepare accurate and credible Budgets. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

Overspending may also indicate inaccurate budgeting or poor financial management control in respect of budget control.

3. Operating Revenue Budget Implementation Indicator

Purpose/ Use of the Ratio

This ratio measures the extent of Actual Operating Revenue (Excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the financial year, under review.

Formula

Actual Operating Revenue / Budgeted Operating Revenue x 100

Norm

The norm range between **95% and 100%**

Interpretation of Results

A ratio below 95% indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the Municipality.

4. Service Charges and Property Rates Revenue Budget Implementation Indicator**Purpose/ Use of the Ratio**

The ratio measures the extent of Actual Service Charges and Property Rates Revenue received in relation to Budgeted Service Charges and Property Rates Revenue during the financial year, under review.

Formula

Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue x 100

Norm

The norm range between **95% and 100%**

Interpretation of Results

A ratio below 95% indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the Municipality.

Monitoring

It is important that these indicators are not seen or used in isolation of one another but used in a combined manner so as to provide a holistic picture of the financial status of the municipality or municipal entity. Poor outcomes with relation to these indicators can also point to weaknesses in Institutional and Governance aspects in a municipality that need attention. Therefore, Councillors, Municipal Managers, Chief Financial Officers, Accounting Offices of Municipal Entities, and all financial officials should derive benefits from a deeper understanding of these Ratios and Norms and their implications. The primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality and proper monitoring and use of these indicators, will support decision-makers overcome such challenges.

The use of these Ratios and Norms should assist Municipalities and Municipal Entities to predict, identify, prevent, avoid, and resolve financial problems/crisis timeously and serve as an early warning mechanism. Moreover, this will ensure that Municipalities and Municipal Entities make strategic decisions based on empirical and factual information and analysis for a sustainable outcome. Monitoring and trend analysis of these ratios is critical to ensure that measures are introduced to address areas needing attention and that there is progressive improvements of municipalities own position against the norms. These indicators and their norms, when viewed holistically, provide an overview of the financial position and performance of the Municipalities and Municipal Entities, while recognising institutional differences. Sound and effective financial management practices form the basis for an effective long term sustainable municipality.

The oversight role played by the Municipal Executive, Audit Committee, and Municipal Public Account Committee will also be enhanced with the use of these financial Ratios and Norms through implementation and reporting of financial information. The financial ratios and norms will strengthen financial management and accountability and be used throughout the cycle - integrated development plans (including long term financial plan), budgets, in-year reports for example section 52, 71 and 72 reports, annual financial statements, annual report and oversight reports. Comparison with other municipalities is now possible.

An Excel template has been developed (Annexure 2 of this Circular) to assist municipalities and Municipal Entities to populate relevant financial information, automate calculations, and assist in interpretation thereof.

These Ratios and Norms will be used to assess financial position and performance, quality of budgeting, management, and other characteristics of Municipalities and Municipal Entities, and should holistically provide an overview of the financial health of the Municipality or Municipal Entity, taking the respective and unique circumstances into account. Benchmarking and comparisons between Municipalities and Municipal Entities can also be undertaken, made simpler in future, and will further assist in targeting assistance and support, where needed.

Different institutions including, financial institutions, research organisations, rating agencies, national and provincial government, legislatures, amongst others, can use these uniform set of financial indicators, ratios and norms to monitor the financial position and performance of municipalities.

Implementation

The ratios and norms provided in this Circular and elaborated in the annexures are to be understood in an aspirational context and utilised as soon as possible to enable municipal councils to commence with the process of introducing measures to address areas needing attention. Municipalities and Municipal Entities should take advantage of the transition period, covering the medium term, to allow for progressive improvements of their own status against the ratios and norms.

Conclusion

The variety of financial ratios and norms, over 200, used by various institutions to assess and compare the financial health and performance of Municipalities and Municipal Entities has resulted in confusion across the sector, as users formulate assumptions based on different interpretation of the same financial information.

The Circular creates a uniform categorisation of ratios, standardising formulas and inputs, providing guidance on norms and interpretation of the financial ratio analysis, as applicable to Municipalities and Municipal Entities. There may be other ratios and norms used by analysts that are more appropriate to the financial status of private sector institutions, therefore, the use, differentiation and range described in this Circular should be understood within the context of a public sector institution.

This Circular therefore attempts to address the above challenges and also provide a more structured approach for holistic analysis, taking into cognisance the different type of Municipalities and Municipal Entities. The consistent use of these ratios and norms will assist in reporting accurately the status of municipal finances.

Institutions performing financial ratio analysis for Municipalities and Municipal Entities should therefore refer to this Circular and interpretation therein to ensure uniformity and consistency of application.

It is important that the Municipal Manager ensure that this Circular is brought to the attention of the Municipal Council, Board of Directors of Municipal Entities, relevant oversight structures (Municipal Executive, Audit Committee, and Municipal Public Account) and all other relevant stakeholders. Training providers are also requested to bring this Circular to the attention of trainees.

The introduction and application of these uniform norms, coupled with other financial reforms, will allow for comparisons with different type of municipalities and municipal entities and it is expected that they will replace earlier regulations issued that cover financial ratios and norms as these are based on the latest reforms in financial management.



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Annexure 1: Summary of the financial ratios, norms, formulae and data sources

Annexure 2: Excel template for calculation of the ratios and interpretation of results

SUMMARY OF UNIFORM FINANCIAL RATIO, FORMULAE, DATA SOURCE AND NORMS

1. FINANCIAL POSITION

A. Asset Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible Assets (Carrying Value)	Property, Plant and Equipment Impairment + Investment Property Impairment + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%
3	Repairs and Maintenance as a % of Property, Plant and Equipment, Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property(Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%

B. Debtors Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Collection Rate	$(\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} + \text{Bad Debts Written Off}) / \text{Billed Revenue} \times 100$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%
2	Bad Debts Written-off as % of Provision for Bad Debt	$\text{Bad Debts Written-off} / \text{Provision for Bad Debt} \times 100$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%
3	Net Debtors Days	$((\text{Gross Debtors} - \text{Bad debt Provision}) / \text{Actual Billed Revenue}) \times 365$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days

C. Liquidity Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants)	$((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)}$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months
2	Current Ratio	$\text{Current Assets} / \text{Current Liabilities}$	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1

D. Liability Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	$\text{Capital Cost(Interest Paid and Redemption)} / \text{Total Operating Expenditure} \times 100$	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%
2	Debt (Total Borrowings) / Revenue	$(\text{Overdraft} + \text{Current Finance Lease Obligation} + \text{Non Finance Lease Obligation} + \text{Short Term Borrowings} + \text{Long Term Borrowings}) / \text{Total Operating Revenue}$	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%

E. Sustainability

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest - Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve)	Statement Financial Position, Budget and AR	100%

2. FINANCIAL PERFORMANCE

A. Efficiency

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Net Operating Surplus Margin	$(\text{Total Operating Revenue} - \text{Total Operating Expenditure}) / \text{Total Operating Revenue}$	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%
2	Net Surplus /Deficit Electricity	$\text{Total Electricity Revenue less Total Electricity Expenditure} / \text{Total Electricity Revenue} \times 100$	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%
3	Net Surplus /Deficit Water	$\text{Total Water Revenue less Total Water Expenditure} / \text{Total Water Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%
4	Net Surplus /Deficit Refuse	$\text{Total Refuse Revenue less Total Refuse Expenditure} / \text{Total Refuse Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%
5	Net Surplus /Deficit Sanitation and Waste Water	$\text{Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure} / \text{Total Sanitation and Waste Water Revenue} \times 100$	Statement of Financial Performance, Notes to AFS Budget, IDP, In-Year reports and AR	= or > 0%

B. Distribution Losses

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Electricity Distribution Losses (Percentage)	$(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%
2	Water Distribution Losses (Percentage)	$(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100$	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%

C. Revenue Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Growth in Number of Active Consumer Accounts	$(\text{Period under review's number of Active Debtor Accounts} - \text{previous period number of Active Debtor Accounts}) / \text{previous period number of Active Debtor Accounts} \times 100$	Debtors System	None
2	Revenue Growth (%)	$(\text{Period under review's Total Revenue} - \text{previous period's Total Revenue}) / \text{previous period's Total Revenue} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI
3	Revenue Growth (%) - Excluding capital grants	$(\text{Period under review's Total Revenue Excluding capital grants} - \text{previous period's Total Revenue excluding capital grants}) / \text{previous period's Total Revenue excluding capital grants} \times 100$	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR	= CPI

D. Expenditure Management

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Creditors Payment Period (Trade Creditors)	$\text{Trade Creditors Outstanding} / \text{Credit Purchases (Operating and Capital)} \times 365$	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	$(\text{Irregular, Fruitless and Wasteful and Unauthorised Expenditure}) / \text{Total Operating Expenditure} \times 100$	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%
3	Remuneration as % of Total Operating Expenditure	$\text{Remuneration (Employee Related Costs and Councillors' Remuneration)} / \text{Total Operating Expenditure} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%
4	Contracted Services % of Total Operating Expenditure	$\text{Contracted Services} / \text{Total Operating Expenditure} \times 100$	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%

E. Grant Dependency

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information) Budget, IDP, In-Year reports and AR	None
3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None

3. BUDGET IMPLEMENTATION

RATIO		FORMULA	DATA SOURCE AND POLICY DOCS	NORM
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%



Annexure 2

Interpretation of results

The green colour indicates that the result is within the norm and is acceptable
The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results
Data should be captured in the blue colour cell to calculate a ratio
In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced

Template for Calculation of Uniform Financial Ratios and Norms

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)	
1. FINANCIAL POSITION								
A. Asset Management/Utilisation								
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) x 100	10% - 20%	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR		13.25%	Please refer to page 2 of MFMA Circular No.71	Maximum capital accommodated according to resources
					Total Operating Expenditure	1 124 256 951		
					Taxation Expense	-		
					Total Capital Expenditure	171 735 950		
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100	0%	Statement of Financial Position, Notes to the AFS and AR		0%	Please refer to page 3 of MFMA Circular No. 71	
					PPE, Investment Property and Intangible Impairment	-		
					PPE at carrying value	3 537 211 085		
					Investment at carrying value	101 865 000		
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	8%	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports		6%	Please refer to page 4 of MFMA Circular No. 71	Repairs & maintenance comprises 19.47% of total expenditure. Asset value was enhanced with the introduction of GRAP i.r.o. Depreciated Replacement Cost.
					Total Repairs and Maintenance Expenditure	218 940 532		
					PPE at carrying value	3 537 211 085		
					Investment Property at Carrying value	101 865 000		
B. Debtors Management								
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	95%	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR		99%	Please refer to page 5 of MFMA Circular No. 71	
					Gross Debtors closing balance	99 187 575		
					Gross Debtors opening balance	91 587 575		
					Bad debts written Off	500 000		
					Billed Revenue	855 333 500		
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	100%	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR		25%	Please refer to page 5 of MFMA Circular No. 71	
					Consumer Debtors Bad debts written off	500 000		
					Consumer Debtors Current bad debt Provision	2 000 000		
3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	30 days	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR		33 days	Please refer to page 6 of MFMA Circular No. 71	In line with the norm and maintaining collection rate above 99%
					Gross debtors	99 187 575		
					Bad debts Provision	21 000 000		
					Billed Revenue	855 333 500		

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)	
C. Liquidity Management								
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		5 Month	Please refer to page 7 of MFMA Circular No. 71	
					Cash and cash equivalents	410 459 561		
					Unspent Conditional Grants	-		
					Overdraft	-		
					Short Term Investments	-		
Total Annual Operational Expenditure	971 102 713							
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		2.57	Please refer to page 7 of MFMA Circular No. 71	
					Current Assets	553 933 787		
					Current Liabilities	215 150 862		
D. Liability Management								
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		7%	Please refer to page 8 of MFMA Circular No. 71	
					Interest Paid	47 834 480		
					Redemption	33 993 032		
					Total Operating Expenditure	1 124 256 951		
					Taxation Expense	-		
2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		44%	Please refer to page 9 of MFMA Circular No. 71	
					Total Debt	462 105 329		
					Total Operating Revenue	1 077 956 103		
					Operational Conditional Grants	34 446 703		
E. Sustainability								
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		13970%	Please refer to page 9 of MFMA Circular No. 71	
					Cash and cash Equivalents	410 459 561		
					Bank Overdraft	-		
					Short Term Investment	-		
					Long Term Investment	50 546 287		
					Unspent Grants	-		
					Net Assets	3 360 903 360		
					Share Premium	-		
					Share Capital	-		
					Revaluation Reserve	-		
					Fair Value Adjustment Reserve	-		
Accumulated Surplus	3 357 603 360							
2. FINANCIAL PERFORMANCE								
A. Efficiency								
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%		-4%	Please refer to page 10 of MFMA Circular No. 71	With the introduction of GRAP assets were assessed at DRC, which included assets already depreciated but adjusted because of useful remaining life. Due to increased depreciation this indicator is not a true reflection of cash backed revenue surplus to expenditure.
					Total Operating Revenue	1 077 956 103		
					Depreciation - Revalued Portion (Only populate if depreciation line item in the Statement of Financial Performance is based on the revalued asset value)	-		
					Total Operating Expenditure	1 124 256 951		
					Taxation Expense	-		
2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		11%	Please refer to page 10 of MFMA Circular No. 71	See costing of services in budget report - Table 5
					Total Electricity Revenue	393 730 063		
					Total Electricity Expenditure	350 804 402		

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)	
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		5%	Please refer to page 11 of MFMA Circular No. 71	See costing of services in budget report - Table 5
					Total Water Revenue	130 412 601		
					Total Water Expenditure	124 136 488		
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		4%	Please refer to page 12 of MFMA Circular No. 71	See costing of services in budget report - Table 5
					Total Refuse Revenue	77 578 154		
					Total Refuse Expenditure	74 711 376		
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= or > 0%		7%	Please refer to page 12 of MFMA Circular No. 71	See costing of services in budget report - Table 5
					Total Sanitation and Waste Water Revenue	86 550 311		
					Total Sanitation and Waste Water Expenditure	80 166 217		
B. Distribution Losses								
1	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		7.46%	Please refer to page 13 of MFMA Circular No. 71	SA8
					Number of units purchased and/or generated	259 726 005		
					Number of units sold	240 350 445		
2	Water Distribution Losses (Percentage)	(Number of Kilo litres Water Purchased or Purified - Number of Kilo litres Water Sold) / Number of Kilo litres Water Purchased or Purified x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%		19.69%	Please refer to page 13 of MFMA Circular No. 71	SA8
					Number of kilolitres purchased and/or purified	6 948 786		
					Number of kilolitres sold	5 580 570		
C. Revenue Management								
1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts) / previous number of Active Debtor Accounts x 100	Debtors System	None		0%	Please refer to page 14 of MFMA Circular No. 71	
					Number of Active Debtors Accounts (Previous)	47 631		
					Number of Active Debtors Accounts (Current)	47 631		
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue) / previous period's Total Revenue) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		2%	Please refer to page 15 of MFMA Circular No. 71	Revenue growth affected by fluctuation in grants received and conservative revenue estimates
					CPI	5.3%		
					Total Revenue (Previous)	1 121 081 474		
					Total Revenue (Current)	1 139 924 400		
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants) / previous period's Total Revenue excluding capital grants) x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= CPI		3%	Please refer to page 15 of MFMA Circular No. 71	Revenue growth affected by fluctuation in grants received and conservative revenue estimates
					CPI	5.3%		
					Total Revenue Exl.Capital (Previous)	1 047 640 286		
					Total Revenue Exl.Capital (Current)	1 077 956 103		
D. Expenditure Management								
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		21 days	Please refer to page 16 of MFMA Circular No. 71	
					Trade Creditors	38 500 000		
					Contracted Services	122 310 858		
					Repairs and Maintenance	95 684 361		
					General expenses	56 446 146		
					Bulk Purchases	232 288 349		
					Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)	171 735 950		
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure /	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Capital Expenditure x 100	Statement Financial Performance, Notes to Annual Financial Statements	0%		#DIV/0!	Please refer to page 16 of MFMA Circular No. 71	N/A
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure			

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
Total Operating Expenditure	Expenditure / Total Operating Expenditure x100	and AR		Total Operating Expenditure Taxation Expense		MFMA Circular No. 71	
3	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%		33%	Please refer to page 17 of MFMA Circular No. 71	
				Employee/personnel related cost	362 090 030		
				Councillors Remuneration	10 972 260		
				Total Operating Expenditure	1 124 256 951		
				Taxation Expense			
4	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		17%	Please refer to page 17 of MFMA Circular No. 71	Cost analysis conducted to deliver cost effective services.
				Contracted Services	195 641 758		
				Total Operating Expenditure	1 124 256 951		
				Taxation Expense			
E. Grant Dependency							
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-	None		64%	Please refer to page 18 of MFMA Circular No. 71	
				Internally generated funds	45 217 930		
				Borrowings	64 449 723		
				Total Capital Expenditure	171 735 950		
2	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and	None		26%	Please refer to page 18 of MFMA Circular No. 71	
				Internally generated funds	45 217 930		
				Total Capital Expenditure	171 735 950		
3	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None		93%	Please refer to page 18 of MFMA Circular No. 71	
				Total Revenue	1 077 956 103		
				Government grant and subsidies	130 514 703		
				Public contributions and Donations	-		
				Capital Grants	61 968 297		
3. BUDGET IMPLEMENTATION							
1	Capital Expenditure Budget Implementation Indicator	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%		106%	Please refer to page 19 of MFMA Circular No. 71	2016/2017 Audited (Turnkey projects included in Capex)
				Actual Capital Expenditure	91 868 227		
				Budget Capital Expenditure	86 266 104		
2	Operating Expenditure Budget Implementation Indicator	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		98%	Please refer to page 20 of MFMA Circular No. 71	2016/2017 Audited
				Actual Operating Expenditure	1 047 691 339		
				Budget Operating Expenditure	1 072 963 987		
3	Operating Revenue Budget Implementation Indicator	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		104%	Please refer to page 20 of MFMA Circular No. 71	2016/2017 Audited
				Actual Operating Revenue	1 042 989 687		
				Budget Operating Revenue	1 004 304 970		
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		103%	Please refer to page 21 of MFMA Circular No. 71	2016/2017 Audited
				Actual Service Charges and Property Rates Revenue	821 624 513		
				Budget Service Charges and Property Rates Revenue	795 907 876		

ANNEXURE I

mSCOA REGULATIONS & IMPLEMENTATION



Government Gazette Staatskoerant

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REPUBLIEK VAN SUID-AFRIKA

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GOVERNMENT NOTICE

NATIONAL TREASURY

No. R. 312

22 April 2014

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003: MUNICIPAL REGULATIONS ON STANDARD CHART OF ACCOUNTS

The Minister of Finance has, in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs, made the regulations as set out in the Annexure.

ANNEXURE

Preamble

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe by regulation such measures in terms of section 168 thereof. The National Treasury is responsible for enforcing compliance with such measures, in addition to those functions assigned to it in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The National Treasury must compile national accounts incorporating all three spheres of government.

Uniform expenditure classifications have already been established and implemented for national and provincial government departments. These Regulations propose segments and a classification framework for the standard chart of accounts to be applied in local government in similar form to that implemented for national and provincial government departments. In order to enable the National Treasury to provide consolidated local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities. Currently, each municipality manages and reports on its financial affairs in accordance with its own organisational structure and unique chart of accounts. The result is a disjuncture amongst municipalities and municipal entities and between municipalities and the other spheres of government as to how they classify revenue and expenditure and consequently report thereon. This compromises transparency, reliability and accuracy throughout the planning and reporting process and impedes the ability of national government to integrate information and to formulate coherent policies in response to the objectives of local government.

Therefore it is necessary for the Minister of Finance to specify national norms and standards for the recording and collection of local government budget, financial and non-financial information which will include in some instances the specification of information required for national policy coordination and reporting. This will result in an improved understanding of the role of local government in the broader national policy framework and linkage to other government functions.

The Municipal Budget and Reporting Regulations, 2009, provide for the formalisation of norms and standards in order to improve the credibility, sustainability, transparency, accuracy and reliability of municipal budgets. The prescribed budget formats provide the framework for the identification of the categories of municipal

financial and non-financial information required in developing municipal budgets. A key objective of the proposed Regulations is to enable the alignment of budget information with information captured in the course of the implementation of the budget.

Additional key objectives, which also illustrate the potential benefits, include-

- (a) improved data quality and credibility;
- (b) the achievement of a greater level of standardisation;
- (c) the development of uniform data sets critical for 'whole-of-government' reporting;
- (d) the standardisation and alignment of the 'local government accountability cycle' by the regulation of not only the budget and in-year reporting formats but also the annual report and annual financial statement formats;
- (e) the creation of the opportunity to standardise key business processes with the consequential introduction of further consistency in the management of municipal finances;
- (f) improved transparency, accountability and governance through uniform recording of transactions at posting account level detail;
- (g) enabling deeper data analysis and sector comparisons to improve financial performance; and
- (h) the standardisation of the account classification to facilitate mobility in financial skills within local government and between local government and other spheres as well as the private sector and to enhance the ability of local government to attract and retain skilled personnel.

These Regulations apply to all municipalities and municipal entities and indicate its applicability and relevance to each specific municipal environment while accommodating organisational uniqueness and structural differences. These Regulations also proposes the specification of minimum business process requirements for municipalities and municipal entities as well as the implementation of processes within an integrated transaction processing environment.

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SEGMENTS OF STANDARD CHART OF ACCOUNTS FOR MUNICIPALITIES AND MUNICIPAL ENTITIES

CHAPTER 1

INTERPRETATION, OBJECT AND APPLICATION

Definitions

1. In these Regulations, a word or expression to which a meaning has been assigned in the Regulation has the same meaning as in the Act and unless the context indicates otherwise—

“Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“board of directors”, in relation to a municipal entity, has the meaning assigned to it in section 1 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

“business processes” means the set of activities taking place from the initiation of a process within a municipality or municipal entity to the completion thereof;

“classification framework” means the classification framework provided for in the standard chart of accounts;

“Director-General” means the Director-General of the National Treasury;

“general ledger” means the central depository of accounting data transferred from all sub-ledgers;

“minimum business process requirements” means the set of minimum components of all business processes determined in terms of regulation 6;

“minimum system requirements” means those specifications for an integrated software solution, incorporating an enterprise resource management system determined in terms of regulation 7;

“municipal entity” has the meaning assigned to it in section 1 of the Local Government: Municipal Systems Act, 2000;

“municipal council” has the meaning assigned to it in section 1 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

“municipality” has the meaning assigned to it in section 1 of the Local Government: Municipal Systems Act, 2000;

“SCOA Committee” means the Technical Committee for the Standard Chart of Accounts for municipalities and municipal entities established by regulation 8; and

“standard chart of accounts” means a multi-dimensional classification framework providing the method and format for recording and classifying financial transaction information in the general ledger forming part of the books of account containing a standard list of all available accounts.

Object of these Regulations

2. The object of these Regulations is to provide for a national standard for the uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which—

- (a) are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard charts of accounts for national and provincial government; and
- (b) enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

Application of these Regulations

3. These Regulations apply to all municipalities and municipal entities.

CHAPTER 2

STANDARD CHART OF ACCOUNTS FOR MUNICIPALITIES AND MUNICIPAL ENTITIES

Segments and classification framework for the standard chart of accounts

4.(1) The standard chart of accounts for a municipality or municipal entity must contain the segments as set out in the Schedule.

(2) The Minister must, by notice on the website of the National Treasury, determine the classification framework provided for in the standard chart of accounts.

Implementation requirements

- 5.(1) The standard chart of accounts of a municipality or municipal entity—
- (a) must contain the segments in the Schedule as required by regulation 4(1);
 - (b) must accurately record all financial transactions and data in the applicable segment; and
 - (c) may not contain data which is mapped or extrapolated or which otherwise does not reflect transactions recorded or measured by the municipality or municipal entity.
- (2) The financial and business applications or systems used by a municipality or municipal entity must—
- (a) provide for the hosting of the general ledger structured in accordance with the classification framework determined in terms of regulation 4(2);
 - (b) be capable of accommodating and operating the standard chart of accounts;
 - (c) provide a portal allowing for free access, for information purposes, to the general ledger of the municipality or municipal entity, by any person authorised by the Director-General or the Accounting officer of the municipality.
- (3) Each municipality and municipal entity must have, or have access to, computer hardware with sufficient capacity to run the software which complies with the requirements in sub-regulation (2).

CHAPTER 3**MINIMUM BUSINESS PROCESS AND SYSTEM REQUIREMENTS****Minimum business process requirements**

- 6.(1) The Minister may, by notice in the *Gazette*, determine minimum business process requirements for municipalities and municipal entities to enable implementation of regulations 4 and 5.
- (2) Each municipality and municipal entity must implement the minimum business process requirements by the date determined in the notice referred to in sub-regulation (1).

Minimum system requirements

7.(1) The Minister may, by notice in the *Gazette*, determine the minimum system requirements for municipalities and municipal entities to enable implementation of regulations 4 and 5.

(2) Each municipality and municipal entity must implement the minimum system requirements by the date determined in the notice referred to in sub-regulation (1).

CHAPTER 4**TECHNICAL COMMITTEE FOR STANDARD CHART OF ACCOUNTS****Establishment of Technical Committee for Standard Chart of Accounts**

8. A committee known as the Technical Committee for the Standard Chart of Accounts is hereby established as a structure of the National Treasury.

Composition of SCOA Committee

9.(1) The SCOA Committee must consist of—

- (a) a chairperson;
- (b) a deputy chairperson;
- (c) five other members, each representing the functional areas of public finance, intergovernmental relations, accounting, budget office and supply chain management; and
- (d) such further members as the Director-General considers necessary;

(2) The Director-General must designate employees of the National Treasury as members of the SCOA Committee in the respective capacities for a term of three years.

(3) A member referred to in sub-regulation (1)(c) or (d) may nominate an alternate to act in that member's stead if unavailable.

(4) The deputy chairperson of the SCOA Committee must act in the place of the chairperson of the Committee if unavailable.

(5) The Director General must take all reasonable steps to ensure that the SCOA Committee is provided with the technical, administrative, financial and logistical resources to enable it to fulfil its function and must determine its procedures.

Functions of SCOA Committee

10. The SCOA Committee—

- (a) must review the classification framework and, where required, make recommendations to the Minister on amendments to that framework;
- (b) must develop guidelines and training material that are aligned to the classification framework determined from time to time in terms of regulation 4(2);
- (c) must review the implementation of the standard chart of accounts in government as a whole to ensure the alignment of the standard chart of accounts provided for in these Regulations and the standard chart of accounts applicable in national and provincial government;
- (d) when required to align these Regulations with changes to other legislation applicable to local government, must make recommendations to the Minister on amendments to these Regulations;
- (e) must undertake such other functions relating to the implementation of these Regulations as the Minister may direct;
- (f) may make recommendations to the Director-General and the Minister on any matter referred to in paragraphs (b), (c) and (e); and
- (g) must undertake any functions necessarily ancillary to any matter referred to in paragraphs (a) to (f).

Meetings of SCOA Committee

11. The chairperson of the SCOA Technical Committee or the Director-General may, as required, convene meetings of the Committee, but the Committee must convene at least once a year.

CHAPTER 5

RESPONSIBILITIES OF MUNICIPAL FUNCTIONARIES

Responsibilities of municipal councils and boards of directors

12. The municipal council of a municipality and the board of directors of a municipal entity must take the necessary steps to ensure that these Regulations are implemented by the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.

Responsibilities of accounting officers

13. The accounting officer of a municipality or municipal entity must take all necessary steps to ensure that these Regulations are implemented by at least—

- (a) delegating the necessary powers and duties to the appropriate officials;
- (b) ensuring that the responsible officials have the necessary capacity by providing for training and ensuring that they attend training or workshops provided by the National Treasury;
- (c) ensuring that the financial and business applications of the municipality or municipal entity have the capacity to accommodate the implementation of these Regulations and that the required modifications or upgrades are implemented; and
- (d) submitting reports and recommendations to the municipal council or the board of directors, as the case may be, that provide for the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.

CHAPTER 6

GENERAL

Access by National Treasury

14.(1) All municipalities and municipal entities must ensure that—

- (a) the business and financial applications used by them incorporate a portal allowing for free access to their general ledgers for information purposes to any person authorised by the Director-General; and
- (b) such access is provided.

(2) The accounting officer of a municipality and a municipal entity must ensure that its system providers cooperate with the National Treasury to implement the necessary programme amendments to provide the standard of access required by the National Treasury.

(3) The National Treasury may use any of the information to which it has access in terms of this regulation for the purposes of—

- (a) preparing national accounts for the whole of government;
- (b) development of consolidated accounts for the local government sphere;
- (c) verifying the correctness of municipal financial and business information;
- (d) assessment of municipal financial performance and benchmarking; and
- (e) fulfilling any obligations in terms of legislation.

Postponement of implementation and exemption

15.(1) The Minister may, by notice in the *Gazette* on good cause shown by a municipality or municipal entity and after considering any recommendations of the SCOA Committee, exempt such municipality or municipal entity from the application of a provision of these Regulations, for the period and on the conditions determined in the notice.

(2) A postponement or exemption in terms of sub-regulation (1) may—

- (a) apply to—
 - (i) municipalities generally; or
 - (ii) municipal entities generally, or
- (b) be limited in its application to a particular—
 - (i) municipality;
 - (ii) category of municipalities, which may be defined either in relation to a type or budgetary size of municipality or in any other manner;
 - (iii) municipal entity; or

- (iv) a category of municipal entities, which may either in relation to a type or budgetary size of municipal entity or in any other manner.

Short title and commencement

16. These Regulations are called the Standard Chart of Accounts for Local Government Regulations, 2014, and take effect on 1 July 2017.

SCHEDULE

SEGMENTS OF STANDARD CHART OF ACCOUNTS FOR MUNICIPALITIES AND MUNICIPAL ENTITIES

The standard chart of accounts must consist of at least the following segments, each of which incorporates a classification within the general ledger to record transaction information identified by codes within fields within the database:

Funding Segment

1. This segment identifies the various sources of funding available to municipalities and municipal entities for financing expenditure relating to the operation of the municipality and provides for both capital and operational spending. The appropriate classification code of a transaction in this segment will be determined according to the source of funding against which a payment is allocated and the source of revenue against which income is received.

Function Segment

2. This segment provides for the classification of the transaction according to the function or service delivery objective and provides for the standardisation of functions and sub-functions across local government with due regard to specific service delivery activities and responsibilities of each individual municipality or municipal entity.

Municipal Standard Classification Segment

3. This segment provides for the organisational structure and functionality of an individual municipality, which is not prescribed, but must incorporate the structure and functionality as determined by that municipality.

Project Segment

4. This segment provides for the classification of capital and operating projects as provided for in the integrated development plan, as provided for in the Municipal Structures Act, 1998 (Act No. 117 of 1998), and funded in the budget and records information on spending as against the budget as well as the utilisation of funds provided for the project. The appropriate classification code of a transaction in this segment will be determined on the basis of whether it relates to a specific project and if so, the type of project.

Regional Indicator Segment

5. This segment identifies and assigns government expenditure to the lowest relevant geographical region as prescribed and the appropriate classification code will be determined according to the defined geographical area within which the

intended beneficiaries of the service or capital investment are located who are deriving the benefit from the transaction.

Item Segment

6. This segment provides for the classification of item detail in the presentation of the financial position, performance and cash flow of the municipality or municipal entity. The appropriate classification code will be determined according to the nature of the transaction either as revenue, expenditure, asset, liability or net asset.

Costing Segment

7. This segment provides for a classification structure for secondary cost elements and acts as a cost collector in determining inter alia total cost of a service or function, identification of productivity inefficiencies and tariff determination of municipal services. Classification codes are identified with reference to departmental charges, internal billing and activity based recoveries for purposes of recording specific activities and functions in terms of their unit costs and cost categories.

MUNICIPAL REGULATIONS ON A STANDARD CHART OF ACCOUNTS (mSCOA):

POST IMPLEMENTATION STATUS OF THE mSCOA PROJECT – 30 MARCH 2018

Executive Summary

The purpose of this submission to Council is to:

- 1) Inform Council on specific initiatives to date by National Treasury to enable a full and complete understanding of the scope and extent of the SCOA implementation as applicable to all municipalities and municipal entities;
- 2) Report to Council on progress made to date with the implementation of mSCOA at the Overstrand Municipality since the previous report to Council in September 2017;
- 3) Maintain an on-going awareness of specific mSCOA initiatives in the Overstrand Municipality; and
- 4) Considerations on the way forward with the core financial system, being SamrasClassic, currently in use by the Overstrand Municipality.

Background/Discussion

As required by National Treasury, the mSCOA Project went live on 01 July 2017 based on the mSCOA Release Version 6.1. Although the core financial system is currently fully operational and functional, there still remain some material issues and constraints to achieve full mSCOA compliance.

National Treasury Directives and Technical Specifications

Due to the continuous changes in directives and amendments to the initial mSCOA implementation frameworks and technical system design specifications as issued by National Treasury since July 2015, it is fair and reasonable to accept that the sum total and impact of all the scope changes introduced by National Treasury to the initial scope of mSCOA implementation project plan, and in such a fragmented fashion, will still impose certain potential risks to the successful implementation of mSCOA in totality.

Vendor Technical Systems Design and Development Strategies

During the piloting process, based on circumstances, the vendor decided to retain its current legacy system and database architectures for all transactional processing, and to develop a separate Web-portal architecture as required by National Treasury for Budgeting and Reporting purposes for the mSCOA implementation phase up to 1 July 2017.

Development of the remainder of the mSCOA functional requirements for implementation was envisaged by not later than 31 September 2017, to coincide with the commencement of Budget planning cycle for the next financial year:

2018/2019, which, at the time made good business sense, given the scope of the transversal tender, RT25-2016 functional requirements as well.

It was thus also the intent of the vendor to decommission its legacy system and database architectures and to migrate all the municipal financial data to a new Web-enabled systems and database architecture, to also coincide with the commencement of the budget planning cycle for 2018/2019.

The Vendor informed the municipality during the User Acceptance Testing phase prior to 1 July 2017, that they will not be able to implement in accordance to the time frames as indicated for the intended migration strategy to the new Web-enabled architecture.

At a user group meeting held in October the vendor informed the meeting that the migration to a Web-enable architecture will not take place before 01 July 2018. The Overstrand Municipality as with various other municipalities on a national basis, are currently functional with hybrid systems and database architecture framework.

Background/Discussion: Latest Update

As previously reported to Council, the mSCOA Project went live on 01 July 2017 based on the mSCOA Release Version 6.1 and although the core financial system is currently fully operational and functional, there still remain some material issues and constraints to achieve full mSCOA compliance.

A meeting with the service provider took place in Cape Town on 16 November 2017, where a number of municipalities discussed the most critical challenges with Bytes to ensure that these matters receive the necessary attention. It is crucial that the financial system provides for technical requirements timeously to enable the administration to comply with relevant legislation.

A subsequent meeting, as arranged by the Western Cape Provincial mSCOA Project Manager with the service provider and the municipalities involved, took place on 11 January 2018. The purpose of this meeting was to obtain feedback from Bytes regarding the status update per municipality that details the outstanding activities and planned delivery dates.

The service provider was also notified at the same time that the Western Cape Provincial Treasury, together with municipalities, are working towards 31 March 2018 to ensure that all modules are fully functional and that all 3rd Party Integrations are complete and operational.

It is not foreseen that before-mentioned time-line will be achievable, taking into account the outstanding issues regarding most critical modules which still have to be addressed up to the end of March 2018.

National Treasury: The Way Forward With mSCOA

The implementation of mSCOA Regulations from 01 July 2017 revealed some of the challenges with version 6.1 of the chart that had to be addressed. As a result

of this, the chart was updated and version 6.2 was released with the 2018/19 MFMA Budget Circular no. 89. Version 6.2 of the chart will be effective from 2018/19 and must be used to compile the 2018/19 MTREF.

To date the core financial system of the municipality is functional and operational, primarily due to the collective efforts and competence of the Overstrand municipal officials involved with the implementation of mSCOA.

The municipality will keep the Council and National Treasury informed of any changes to the current status.

ANNEXURE J

BUDGET RELATED POLICIES

OVERSTRAND MUNICIPALITY



PROPERTY RATES POLICY

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OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY

SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES

1. INTRODUCTION

Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and Section 62(l) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003), requires municipalities to develop and adopt rates policies on the levying of rates on rateable property in the Municipality.

The Municipality requires a reliable source of revenue to provide basic services and perform its functions. Property Rates are the most important source of general revenue for the Municipality. Revenue from property rates is used to fund services that benefit the community as a whole.

Municipal property rates are set, collected and used locally. Revenue from property rates is spent within a Municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes in respect of which the Municipality invites communities for their inputs before adopting the budget.

This policy document guides the annual setting of property rates. It does not make specific property rates proposals. In imposing a rate in the Rand the Municipality may grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

2. DEFINITIONS

“Act”	means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
“Bona fide farming”	means farming with the intention of making a living from the development, cultivation and utilisation of agricultural land and includes subsistence farming;
Building Clause	building clause refers to a provision incorporated into either a deed of sale, development agreement, or as a restrictive title deed condition, which prescribes that the Purchaser / Owner and / or the Successors in Title must within the period determined from date of first registration of transfer erect or cause to be erected, a building or structure on the Erf or Erven of which the building plans have been approved by the municipality, of which the value of the building / structure will be based on the determined cost of construction. In the event that Purchaser / Owner / Successors in Title not having commenced with the bona fide erection of a building or structure of which the building plans have been approved by the municipality, the building clause may require that the Erf / Erven be re - transferred to the Seller at the purchase consideration originally paid by the Purchaser / Owner.
“Business”	means the activity of buying, selling or trade 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 the business of mining, agriculture, farming, or <i>inter alia</i> , any other business consisting of cultivation of soils, the gathering of crops or the rearing of livestock;
“Exemption”	in relation to the determination of rates, an exemption granted in terms of section 15(1) (a) of the Act;
“Income”	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
“Industrial”	means a branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large a scale that capital and labour are significantly involved;
“Lodge”	means accommodation in a non-urban area provided for paying visiting guests with a focus on aspects of nature and/or places of interest, and may include a restaurant and conference facilities;

OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY

“Mining”	means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
“Multiple use properties”	means properties that cannot be assigned to a single category due to different uses;
“Municipal properties”	means those properties of which the Municipality is the registered owner;
“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;
“Protected area”	means an area that is or has to be listed in the register referred to in section 10 of the National Environment Management: Protected Areas Act, 2003;
“Public Benefit Organisation”	means an organisation conducting specified public benefit activities as defined and registered in terms of the Income Tax Act for tax reductions because of those activities;
“Public place”	means any square, park, recreation ground, sports ground, sanitary lane or open space which has - <ul style="list-style-type: none"> (a) in connection with any subdivision or layout of land into erven, lots or plots, been provided, reserved or set apart for use by the public or the owners or occupiers of such erven, lots or plots, whether or not it is shown on a general plan, plan of subdivision or diagram; (b) at any time been dedicated to the public; (c) been used without interruption by the public for a period of at least thirty years expiring after the thirty-first day of December, 1959, or (d) at any time been declared or rendered such by the Council or other competent authority.
“Public Service Infrastructure”	means government or government agency controlled infrastructure of the following kinds- <ul style="list-style-type: none"> (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 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) communication towers, masts, exchanges or lines forming part of a communications system serving the public; (f) 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 light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels; (g) rights of way, easement or servitudes in connection with infrastructure mentioned; (h) any other government or government agency controlled infrastructure as may be described from time to time.
“Public street”	means:- <ul style="list-style-type: none"> (a) any street which has at any time been- <ul style="list-style-type: none"> i. dedicated to the public; ii. used without interruption by the public for a period of at least thirty years; iii. declared or rendered such by a council or other competent authority, or iv. constructed by local authority, and (b) any land, with or without buildings or structures thereon, which is shown as a

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	<p>street on-</p> <p>i. any plan of subdivision or diagram approved by a council or other competent authority and acted upon, or</p> <p>ii. any general plan as defined in section 49 of the Land Survey Act, 1927 (Act 9 of 1927), registered or filed in a deeds registry or the Surveyor-Generals' office,</p> <p>unless such land is on such plan or diagram described as a private street.</p>
“Rateable property”	means property on which a rate or rates may be levied under section 7 of the Act.
“Rebate”	in relation to a rate payable on a property, a discount on the amount of the rate payable on the property;
“Reduction”	in relation to a rate payable on a property, the lowering of the amount for which the property was valued in terms of section 15(1)(b) of the Act and the rating of the property at that lower amount;
“Residential”	<p>means improved property that is:</p> <p>(a) used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property.</p> <p>(b) a unit registered in terms of the Sectional Title Act 95 of 1986, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room. (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes.) or</p> <p>(c) owned by a share-block company and used predominantly (60% or more) for residential purposes, or</p> <p>(d) a residence used for residential purposes situated on property used for or related to educational purposes.</p>
“State-owned properties”	<p>means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows:</p> <p>(a) State properties that provide local services.</p> <p>(b) State properties that provide regional/municipal district-wide/metro-wide service.</p> <p>(c) State properties that provide provincial/national service.</p> <p>(d) Vacant land.</p>
“Vacant erven”	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant erven.

All other terms are given the same meaning as that assigned to it in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), unless the context indicates otherwise.

3. POLICY PRINCIPLES

Rates are levied in accordance with the Act as an amount in the Rand based on the market value of rateable property contained in the Municipality’s valuation roll and supplementary valuation rolls.

As allowed for in the Act, the Municipality may choose 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 does not, however, 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.

There will be no phasing in of rates based on the new valuation roll, effective from 01 July 2016, except as prescribed by legislation.

The rates policy for the Municipality is based on the following principles:-

a. Equity

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The Municipality will treat all similar 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 and/or reductions and/or rebates.

c. Sustainability

Rating of property will be implemented in a way that-

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality; and
- ii. supports local social and 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 the amounts required to finance exemptions, rebates and reductions as approved by the Municipality from time to time. The implementation of the policy must be as cost-effective as possible.

4. SCOPE OF POLICY

The policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the various property rates are determined when the budget is considered and approved every year.

5. APPLICATION OF THE POLICY

In imposing the rate in the Rand for each annual operating budget component, the Municipality may grant exemptions, rebates and reductions allowed for in this policy document.

6. 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.

7. APPLICATIONS

- a. All applications referred to in this policy must be received by the Municipality before the start of the financial year to which it refers. The Municipality may allow late receipts of such applications but not after 30 September of the financial year;
- b. It is the duty of all such applicants to bring to the attention of the Municipality any amendments to such applications within 7 days after such occurrence.

SECTION B: CATEGORIES OF PROPERTY

8. CRITERIA FOR CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES

The following are the determined categories of properties in terms of section 8(2) of the Act: -

- a. Residential properties.
- b. Business and commercial properties.
- c. Industrial properties.
- d. Mining properties.
- e. Public service infrastructure.

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- f. Public benefit organisations.
- g. Agricultural properties used for bona fide farming;
- h. State-owned properties that are used for public service purposes;
- i. Municipal properties.
- j. Protected areas.
- k. Properties used for multiple purposes.
- l. Vacant land.

Rates on properties, including properties used for multiple purposes, will be levied in accordance with the permitted or actual use of the property and not necessarily according to its zoning.

SECTION C: DIFFERENTIAL RATING

9. DIFFERENTIAL RATING

The following will be taken into consideration for the purposes of differential rating:

- a. the nature of the property including its sensitivity to rating e.g. agricultural properties used for bona fide farming;
- b. promotion of social and economic development by the Municipality;
- c. zoning and/or actual use of property;
- d. geographic rating areas i.e. when an improvement district has been established for that area or special rating areas; and
- e. whether the owner was obliged to erect a building within a set time period and the period has lapsed.

Differential rating among the various property categories will be done by way of setting different Cents in the Rand for each property category.

10. ADDITIONAL RATES

The Municipality may in terms of the bylaw for the establishment of improvement districts and the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), as amended-

- a. determine an area within its boundaries as a special rating area;
- b. levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area; and
- c. differentiate between categories of properties when levying an additional rate.

SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

11. CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

The following will be taken into consideration for the purpose of granting exemptions, rebates and reductions:

- a. indigent status of the owner of a property;
- b. income of the owner and/or household on a property;
- c. market value of residential property below a determined threshold;
- 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. zoning and/or actual use of the property; and

- f. availability of services funded by rates for a property.

12. GRANTING OF EXEMPTIONS

In terms of section 15(1) (a) of the Act the owners of the following categories of properties are exempted from paying rates:-

a. Residential properties – including residential properties in the urban edge as determined by the Municipality

The Municipality will not levy a rate on the market value of properties as follows: -

- i) on the first R15 000 on the basis set out in section 17 (1) (h) of the Act; and
- ii) on a further amount in respect of developed residential properties; as an important part of the Municipality's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low-valued properties, in a cost-effective manner. To qualify for this reduction a property must be exclusively used for residential purposes.
- iii) The Municipality may grant a further residential rebate on rates levied on the balance of the market value of developed residential properties, if any, as determined by Council during the budget process.

b. Multiple use properties

Properties used for multiple purposes which do not fall within the definition of residential properties and, accordingly, do not qualify for the residential rates rebate, may be included in the category of multiple use properties, for which an appointment value for each distinct use of the property will be calculated and used for billing at the appropriate and applicable rate.

Examples of properties used for multiple purposes are the following:

- i) A block of flats with businesses on the ground floor.
- ii) A double storey-building with a shop on the ground floor and the residential quarters on the top floor.
- iii) A farm that consists of the residential portion, a farm portion and unused land, etc.

If the market value of the property cannot be apportioned to its various use purposes, then the entire property will be categorised in terms of the dominant (main or primary) use.

c. Public Benefit Organisations

Public Benefit Organisations may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

i) Health care institutions

Government properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the patients, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

ii) Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages; old age home or benevolent institution, including workshops used by the inhabitants, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes within the Municipality.

iii) Child headed households

Any child headed household where such oldest child is younger than 18 years. The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, also proof that he/she receives a social pension or, if he/she does not receive a social pension, proof of certification by a district medical officer. The rateable property in question must be categorised as residential, or as farm properties solely used for residential purposes.

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- iv) Charitable institutions**
Property belonging to not-for-gain institutions or organisations that perform charitable work.
 - v) Sporting bodies**
Property used by an organisation whose sole purpose is to use the property for amateur sport or any activity connected with such sport.
 - vi) Cultural institutions**
Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
 - vii) Museums, libraries and art galleries**
Registered in the name of private persons or organisations, open to the public and not operated for gain.
 - viii) Youth development organisations**
Property owned and/or used by organisations for the provision of youth leadership or development programmes.
 - ix) Educational institutions**
Property owned by not-for-gain institutions (declared or registered by law) and used for educational purposes including a residence registered in the name of the educational institution and used by full-time employees of the educational institution.
 - x) 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.
- d.** In terms of section 17(1)(i) of the act, the municipality may not levy a rate on property registered in the name of and used primarily as a place of worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship.
- e.** Municipal properties that are not leased or rented out by the Municipality.
- f. Public places and streets**
All defined roads and/or streets and public places.
- g. Exemptions are subject to the following conditions:**
- i) all applications must be addressed in writing to the Municipality;
 - ii) a SARS tax exemption certificate must be attached to all applications where applicable;
 - iii) the municipal manager or his/her nominee must have considered and approved all applications;
 - iv) the Municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.
 - v) false declarations will lead to the forfeit of any exemption and may lead to criminal prosecution.
 - vi) a person who provides false information will be held liable for the immediate repayment of any rebates already granted and legal, civil and criminal action may be instituted against the guilty party/ies.

13. GRANTING OF REBATES

- 13.1 Categories of properties:**
- a. State owned property**

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State owned property no longer qualifies for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of the properties as specified in this Rates Policy would apply.

b. Public Service Infrastructure

Public service infrastructure (as defined in the Act) may not be rated on the first 30 percent of its market value in terms of section 17 (1) (a) of the Act.

c. Agricultural

in terms of section 8 of the Act.

d. Conservation Land

Section 17 (1) (e) of the Act precludes Council from levying rates on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental: Management: Biodiversity Act, 2004, which are not developed or used for commercial, farming or residential purposes. The apportioned value of any portion of such properties utilized for any purpose other than that used for such conservation purposes will be rated accordingly.

e. Properties in rural areas

The Municipality may grant a rates rebate to properties in rural areas as a result of, and taking into account, the limited rate-funded services supplied to such properties.

f. Properties with a market value below a prescribed valuation level

Instead of a rate determined on the market value, properties with a valuation below an amount as determined by the Municipality may be rated at a fixed amount per property.

13.2. Categories of owners

a. Retired and Disabled Persons Rate Rebate

i) Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:

- be a South African citizen;
- occupy the property as his/her primary residence, provided that where the owner is unable to occupy the property due to circumstances beyond his/her control, the spouse or minor children may satisfy the occupancy requirement. Absence of up to three months per year from the property will be disregarded for the purposes of this requirement;
- be at least 60 years of age or in receipt of a disability pension from the State;
- be in receipt of a total monthly income not exceeding the amount as decided by the Municipality; and
- not be the owner of more than one property.

ii) Property owners must apply on a prescribed application form for a rebate as determined by the Municipality.

iii) Applications must be accompanied by -

- a certified copy of the identity document or any other proof of the owners age which is acceptable to the Municipality;

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- sufficient proof of total monthly income by submission of [**the applicant's most recent income tax return and**] a minimum of the latest three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the Municipality may require to substantiate the person's level of gross monthly income.
 - an affidavit from the owner, (on the application form);
 - if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iv) The Municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

13.3. Other cases

a. Municipal property and usage:-

- i) A *pro rata* rebate may be granted where the seller sells land after the financial year has started.
- ii) Where the Municipality register a road reserve or servitude on a privately owned property, a *pro rata* rebate equal to the value of the reserve or servitude will be given to the owner of the property.

SECTION E: RATES ADJUSTMENTS

14. RATE INCREASES/DECREASES

- 14.1 The Municipality will consider increasing/decreasing rates annually during the budget process.
- 14.2 Rate increases will be used to finance the increase in operating costs of rates funded services.
- 14.3 Rates adjustments may be made taking into account all or any of the following factors:
- a. all salary and wage increases as agreed at the South African Local Government Bargaining Council;
 - b. inflation;
 - c. the cost of capital;
 - d. statutory increases affecting the Municipality; and
 - e. increases or decreases on operating subsidies received.

15. RESOLUTIONS LEVYING RATES

The process as set out in the Act will be followed in notifying the public of any decisions by the Municipality regarding rates resolutions.

SECTION F: LIABILITY FOR RATES

16. LIABILITY FOR RATES BY PROPERTY OWNERS

Ratepayers may choose between paying rates annually in one instalment on or before 30 September or monthly on or before the date on which it becomes payable. If the owner of property

OVERSTRAND MUNICIPALITY – PROPERTY RATES POLICY

does not notify the Municipality before the start of the financial year that he/she prefers to pay rates in one payment on or before 30 September of the financial year, such owner must pay the amount due monthly. A notice from an owner regarding the manner of payment of rates will remain applicable for future financial years until withdrawn by the owner. Interest on arrear rates shall be payable.

If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner and on the date/s due, it will be recovered from him/her.

Arrear rates shall be recovered from tenants, occupiers and agents of the owner, in terms of the Act.

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the Municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the valuation roll.

In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

17. CLEARANCE CERTIFICATE

- 17.1 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. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyancer.
- 17.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 17.3 No interest shall be paid in respect of these payments.
- 17.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.
- 17.5 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.
- 17.6 The rates clearance certificate validation period is 90 days and the amount due for payment will include 4 (four) months advance collections plus all current outstanding debt on the property.
- 17.7 After receiving the rates clearance application form, the Municipality has 10 (ten) working days to forward the amount due for payment and another 10 (ten) working days to produce the rates clearance certificate, once proof of payment has been established.

18. REGULAR REVIEW PROCESSES

The rates policy will be reviewed on an annual basis.

19. IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS

The cost to the Municipality and benefit to the local community of exemptions, rebates, reductions and exclusions referred to in sections 17 (1) (a), (e), (g) (h) and (i) of the Act are reflected in the Municipality's budget.

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20. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION

- 20.1 In circumstances where a valuation has been carried out by the municipal valuer, in pursuance of a Supplementary Valuation (SV) in terms of section 78(1)(d) or 78(1)(f) of the MPRA as a result for example, of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in the SV, such valuation shall be submitted to the CFO for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event caused a SV to be required.
- 20.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property/s in the SV, then:-
- The municipal valuer shall conduct a valuation of the relevant property/s for purposes of a SV; and
 - The valuation shall be submitted to the CFO for approval of the levying of rates on such property/s in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as may be the case), was registered in the Deeds Office.
- 20.3 Any valuations performed in terms of paragraph 20 shall be included in the next SV prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of section 49 of the Act.

21. IMPLEMENTATION PROCESS AND REVIEW PROCESS

This policy will come into effect on 1 July 2018 and will be reviewed at least annually or when required by way of a Council resolution.

22. SHORT TITLE

This policy will be referred to as the **Rates Policy of the Overstrand Municipality**.

POLICY SECTION:	SENIOR MANAGER: REVENUE
CURRENT UPDATE:	30 MAY 2018
PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
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PREVIOUS REVIEW:	26 MAY 2010
PREVIOUS REVIEW:	27 MAY 2009
APPROVAL BY COUNCIL:	31 MARCH 2008

OVERSTRAND MUNICIPALITY



TARIFF POLICY

OVERSTRAND MUNICIPALITY
TARIFF POLICY

PREAMBLE

Whereas section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

And whereas the tariff policy should at least include the principles contained in section 74(2) of the Act, thus giving effect to the By-Law required in terms of section 75 of the Act;

And whereas the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination;

Now therefore the Municipal Council of the Overstrand Municipality adopts the following Tariff Policy:

**OVERSTRAND MUNICIPALITY
TARIFF POLICY**

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OVERSTRAND MUNICIPALITY
TARIFF POLICY

1. DEFINITIONS

In this tariff policy, unless the context otherwise indicates –

“Availability Charge”	Availability charge means a charge levied on all properties with or without improvements, where a basic fee is not levied.
“basic municipal service”	means the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this policy are restricted to electricity, refuse, sewage and water services;
“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;
“capital contributions”	means the tariffs payable in respect of the water, electricity, sewage, 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;
“Commercial Unit/Erff”	means a self-contained or lettable section within a building or a group of buildings on the same plot excluding short term residential accommodation establishments for e.g. hotels, bed & breakfast, guest houses etc. An owner of a commercial property may annually choose between being levied either per erf or per commercial unit for water and sewage basic charges. This choice must be applied on or before 30 September of each financial year.
“community services”	means the services referred to in paragraph 5(1)(c) and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;
“consumer, customer, owner, occupier, account holder”	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied.
“Council” or “municipal council”	means a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Overstrand Municipality;
“economic services”	means services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers;
“Electricity Service charge”	Means the monthly charge payable per point of supply to recover administration-related and service-related costs such as meter reading, billing and meter capital. It is based on the monthly utilized capacity of each point of supply linked to an account.
“fixed costs”	means costs which do not vary with consumption or volume produced;
“lifeline”	Available to pre-paid consumers whose connection is ≤ 30 Amp with a maximum average consumption of 350 kWh measured over a period of 12 months. This tariff is only available to Informal dwellings in informal settlements;
“low voltage metering point”	Means a metering point at the set of nominal voltage levels that are used for the distribution of electricity and who’s upper limit is generally accepted to be an a.c. voltage of 1000V or less
“medium voltage metering point”	Means a metering point at the set of nominal voltage levels that lie above low voltage and below high voltage in the range of $1kV < U_n < 44kV$
“multi-purpose”	In relation to a property, means the use of a property for more than one purpose;
“Municipality”	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand;
“Municipal Manager”	means the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration

OVERSTRAND MUNICIPALITY

TARIFF POLICY

	and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such 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;
“NMD”	<u>Notified Maximum Demand – the maximum capacity in kVA, as measured over a 30-minute integration period, per point of supply that the customer will contract for Overstrand to make available during all time periods.</u>
“resident “	means a person who normally resides in the municipal area;
“residential unit”	Means a single residential erf, flat, townhouse or group development unit, retirement village unit, guest house, bed and breakfast and any household related consumer that do not fall in one of the above household consumer categories;
“RUE”	means Residential Unit Equivalent;
“time of use”	<u>means a tariff with energy charges based on the volume of electricity demand during high, mid and low demand periods and may differ per tariff.</u>
“the Act”	means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
“total cost”	means the sum of all fixed and variable costs associated with a service;
“trading services”	means services that the Council has classified as such and the tariffs have been compiled with the intention that the Council makes a profit from the delivery of the services;
“utilized capacity”	Means the higher of the notified maximum demand (NMD) or maximum demand, per point of supply measured in kVA, and registered each month.
“vacant land”	means all undeveloped land irrespective of its current or future intended zoning. Agricultural properties will not be considered as being vacant erven.
“variable costs”	means costs that vary with consumption or volume produced;
“wet Industry”	Defined as an industry using water as essential and fundamental input in the production process.

2. PURPOSE OF POLICY

The Overstrand Municipality wishes to achieve the following objectives by adopting this tariff policy:-

- 2.1. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
- 2.2. To prescribe procedures for calculating tariffs where the Municipality wishes to appoint service providers in terms of section 76(b) of the Act.
- 2.3. To give guidance to the Portfolio Committee for Finance regarding tariff proposals that must be submitted to Council annually during the budgetary process.

3. TARIFF PRINCIPLES

The Overstrand Municipality wishes to record that the following tariff principles will apply:-

- 3.1. 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 criterion.
- 3.2. Tariffs for the basic municipal services rendered by the Municipality, namely:
 - (a) electricity;
 - (b) water;
 - (c) sewage (waste water); and
 - (d) refuse removal (solid waste),

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shall be calculated at a level which will recover all expenses associated with the rendering of these services.

- 3.3. To prevent existing consumers from subsidising the capital costs associated with new developments and subdivisions the Municipality will plan and manage the extension of services in such a manner that it will not impact negatively on the fixed costs and availability charges of existing tariffs.
- 3.4. Capital contributions to finance new developments and subdivisions will be required from all developers.
- 3.5. All users of municipal services, within a category of users, will be treated equitably.
- 3.6. The amount payable by consumers and/or owners will generally be in proportion to usage of the service.
- 3.7. The Municipality shall develop, approve and at least annually review an indigent support policy for the municipal area. This policy shall set out clearly the Municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- 3.8. Subject to annual budgetary provisions and the availability of funds from National Treasury through the equitable share contribution, the Municipality may consider supplying free basic services to categories of consumers.
- 3.9. 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 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, and the resulting credit or debit adjustments.

Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved 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 if possible, generating a surplus on trading services.
 - (c) Service providers retain a fair rate of return on their investments.
- 3.10. Provision may be made in appropriate circumstances for surcharges on tariffs.
- 3.11. Efficient and effective use of resources may be encouraged by providing for penalties to prohibit or restrict exorbitant use.
- 3.12. The extent of subsidisation of tariffs will be disclosed and such disclosure will include the extent of subsidisation of the indigent or incentives for local development.
- 3.13. Provisions may be made for the subsidisation of the indigent and the promotion of local economic development by creating expenditure votes in the service budgets and including the costs in tariff calculations.
- 3.14. VAT is included in all tariffs where applicable.
- 3.15. This policy shall be binding on all tariffs other than those governed by legislation which supersedes the Act.
- 3.16. A property used for multiple purposes must, for purposes related to the services and categories of users concerned, be calculated at the appropriate and applicable rate for each distinct use of the property.
- 3.17. 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

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of deposits payable by consumers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time as well as sufficient provision for working capital. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing consumers.

4. CATEGORIES OF CONSUMERS

- 4.1. Separate tariff structures may be imposed for the following categories of consumers (which the council may change) :
 - (a) domestic consumers;
 - (b) commercial consumers;
 - (c) industrial consumers;
 - (d) agricultural consumers;
 - (e) organs of state;
 - (f) municipalities;
 - (g) consumers with whom special agreements were made;
 - (h) consumers in certain geographical areas;
 - (i) sport and recreation facilities
 - (j) private schools & educational institutions;
 - (k) public benefit organisations and suchlike institutions, and
 - (l) vacant land
- 4.2. Section 74(3) of the Municipal Systems Act allows for the differentiation between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters for tariff purposes as long as the differentiation does not amount to unfair discrimination.
- 4.3. Where there are substantial differences between the infrastructures used to provide services to specific groups of users within a category and/or standard of services provided, the Council can, after considering a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.
- 4.4. Differentiated tariffs must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.
- 4.5. 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 by definition been included under a defined category of users in this policy, the Municipal Manager 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.

5. INCENTIVE POLICY

- 5.1. Tariffs will not reflect incentives for investment or to promote economic development.

6. INDIGENT RELIEF

- 6.1. 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 Council as to its sustainability.
- 6.2. All such relief will be reflected, accounted for and disclosed separately in invoices, account statements, budgets, financial statements or reports.
- 6.3. During implementation of such policy, cognisance will be taken of the fact that the existing tariffs and procedures may require amendment to accommodate the above clauses and that such amendments will be phased in over time.

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- 6.4. Indigent households are expected to manage their consumption of services within the levels of relief granted.
- 6.5. Assistance and management of indigent households is contained in the Customer Care and Debt Collection Policy/By-Law. The Municipality, however, retains the right to limit consumption through prepaid meters or restriction if the accounts of assisted households fall into arrears.

7. SERVICE, EXPENDITURE CLASSIFICATION AND COST ELEMENTS

7.1. Service classification

7.1.1. To isolate the costs associated with a service, the Municipal Manager shall, subject to the guidelines provided by the National Treasury, Generally Recognised Accounting Practice (GRAP) and Executive Mayoral Committee of the Council, provide for the classification of services into the following categories:-

- (i) trading services;
- (ii) economic services;
- (iii) community services; and
- (iv) subsidised services.

7.1.2. Trading and economic services must be financially ring-fenced and financed from service charges while community and subsidised services will be financed from rates and related income.

7.2. Expenditure classification

Expenditure will be classified in accordance with GRAP.

7.3. Cost elements

The following cost elements may be used to calculate the tariffs of the different services:-

- (a) "*Fixed costs*" which consist of the capital costs (interest and redemption) on external loans as well as internal advances and/or depreciation, whichever are applicable to the service, and any other costs of a permanent nature as determined by the Council from time to time.
- (b) "*Variable costs*" which include all other variable costs that have reference to the service.
- (c) "*Total cost*" which is equal to the fixed costs and variable costs.

8. TARIFF TYPES

In determining the type of tariff applicable to the type of service, the Municipality shall make use of any of the following six options or a combination thereof:-

8.1. "Single tariff":-

This tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Municipal Manager, the Council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

8.2. "Cost related to two to four part tariff":-

This tariff shall consist of two to four parts. Management, capital, maintenance and operating costs may be recovered by grouping certain components together, e.g. management, capital and maintenance costs may be grouped together and may be recovered by a fixed charge, independent of consumption for all classes of consumers, or the total costs may be recovered by a unit charge per unit consumed.

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Three and four part tariffs may be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

8.3. **“Inclining block tariff”:-**

This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase.

8.4. **“Declining block tariff”:-**

This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.

8.5. **“Regulating tariff”:-**

This tariff is only of a regulatory nature and the Municipality may recover the full or a portion of the cost associated with rendering the service.

8.6. **“Cost plus mark-up tariff”:-**

This tariff is for other services rendered.

9. CALCULATION OF TARIFFS FOR MAJOR SERVICES

9.1. **General**

In order to determine the tariffs which must be charged for the supply of the basic municipal services, (electricity, refuse, sewage and water), the Municipality shall use service and expenditure classifications and cost elements contained in clause 7 and identify all the costs associated with the service concerned, including the following:-

9.1.1. Cost of bulk purchases in the case of electricity and water.

9.1.2. Distribution costs, including distribution losses in the case of electricity and water.

9.1.3. Depreciation and finance charges.

9.1.4. Maintenance of infrastructure and other assets.

9.1.5. Administration and service costs, including:-

- (a) service charges levied by other support services, such as finance, human resources and legal services;
- (b) reasonable general overheads, such as the costs associated with the office of the Municipal Manager;
- (c) adequate contributions to the provisions for bad debts, working capital and obsolescence of stock;
- (d) all ordinary operating expenses associated with the service concerned, including the cost of providing street lighting in the municipal area in the case of the electricity service.

9.1.6. The intended surplus to be generated for the financial year shall be applied generally in relief of rates and general services.

9.1.7. Where a consumer has an option to choose between different tariffs on a service such option must be executed before 30 September to be implemented for the specific financial year.

9.2. **Electricity**

9.2.1. The guidelines and policy issued by the National Energy Regulator from time to time will form the basis of calculating tariffs.

9.2.2. 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. The Municipality has embarked on a program to effect the migration of all Credit Meters to Pre-Payment Meters. The change from Pre-Payment Meters to Credit Meter will

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therefore be disallowed unless special health circumstances exist, in which extreme case a credit meter will be installed by special concession from the Director of Infrastructure and Planning and by payment of the required change of meter fees as well as the required deposit.

- 9.2.3. When an adjustment is made to the electricity consumption registered on a meter in terms of Section 55(2) or 55(3) of the Electricity Supply By-Law, published on 21 October 2016, such adjustment shall either be based on the percentage error of the meter as determined by the test referred to in Section 55(5) or upon a calculation by the Municipality from consumption data in its possession. Where applicable, due allowance shall be made, where possible for seasonal or other variations which may affect the consumption of electricity.
- 9.2.4. 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.
- 9.2.5. The fixed costs, or portions thereof, will be recovered through an energy or time-of-use charge.
- 9.2.6. 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.
- 9.2.7. To apply the abovementioned principles, the consumer types and cost allocations reflected in the following table will be used:-

Categories of Consumers	Tariff Components			
	Fixed Charge (Rand/consumer/month)	Active Energy Charge (cent/kWh/month)	Time-of-use Energy Charge Peak / Standard / Off-peak (sent/kWh/month)	Charge (Rand/KVA/month)
Single Phase: (Domestic Credit meters)	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
Single Phase: (Domestic Pre-paid meters)	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
Life Line One – (pre-paid meters only)		X		0 – 350 kWh
One Part – (pre-paid meters only) Local Economic Development Projects		X		0 – 350 kWh
Single Phase: (Commercial Credit meters)	X	X		Flat rate
Single Phase: (Commercial Pre-paid meters)	X	X		Flat rate
Three Phase: (Domestic Credit meter) ≤ 100A	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh
Three Phase: (Domestic Pre-paid meter) ≤ 100A	X	X		*Note: IBT BLOCK 1) 0 - 350 kWh 2) 351 – 600 kWh 3) > 600kWh

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Three Phase: (Commercial Credit meter) ≤ 100A	X	X		Flat Rate
Three Phase: (Commercial Pre-Paid meter) ≤ 100A	X	X		Flat Rate
Economic Pre-paid:- ≤ 100A		X		Flat Rate
Time of Use Tariff (.70kVA)	X	X	X	X
Service Charge (per month) for MV and LV consumers	X	X	X	X
Medium Voltage Metering Points (11000V) >500kVA	X	X	X	X
Low Voltage Metering Points (400V) >70kVA ≤ 500kVA	X	X	X	X

A basic level of service will be provided free to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by Council from time to time.

- 9.2.8. An infrastructure basic charge for electricity will be levied on a monthly basis on all properties or meters [units].
- 9.2.9. An availability charge will be levied on all erven or units not connected to the electricity network, but can reasonably be connected to the service.
- 9.2.10. The use of tariffs E5A10 “Exceed NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month”.

Each Time-of-Use consumer must nominate the Maximum Demand that the consumer intends to draw from the Overstrand Municipal Electricity Network. This nominated figure is known as the Nominated Maximum Demand (NMD) and is measured in kVA.

Upon exceeding this NMD, the consumer will be warned that he/she has exceeded the NMD and upon exceeding such NMD again within the next 12 months, the consumer will be required to pay the charge per kVA as indicated under tariffs E5A10 as the case may be. Each subsequent exceeding of the NMD will be charged similarly. When the NMD has not been exceeded in any 12 consecutive months, the consumer will then only receive a warning upon the next time the NMD is exceeded, after which the required tariff will again be instituted as shown above.

The consumer may increase his/her NMD and would be required to pay the associated tariffs as indicated under E15, where appropriate. A consumer may increase his NMD as many times as is needed within one financial year, but may only decrease the NMD once within any Financial Year.

9.3. Water

- 9.3.1. The categories of water consumers as set out in clause 9.3.4 shall be charged at the applicable tariffs as approved by the Council in each annual budget.
- 9.3.2. The first 6kl of water consumption per month shall only be supplied pro rata free of charge to domestic water consumers who qualify for the indigent grant.
- 9.3.3. Because water is a scarce national resource, and this Municipality is committed to the prudent conservation of such resources, the tariff levied for consumption of water shall escalate according to the volume of water consumed.
- 9.3.4. The tariffs for consumption of purified water shall be based on the levels reflected in the following table:-

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Category of Consumer	Basic Fixed Charge (Rand/meter/month)	Unit Charge per kℓ	Level of Consumption (Rand/kℓ/month)
NORMAL TARIFF			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	HOUSEHOLD 0 - 6 kℓ 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
RESTRICTION TARIFF (LEVEL 1 RESTRICTION) PLUS 30% on Normal Tariff)			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	HOUSEHOLD 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
RESTRICTION TARIFF (LEVEL 2 RESTRICTION) PLUS 60% on Normal Tariff)			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	HOUSEHOLD 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
RESTRICTION TARIFF (LEVEL 3 RESTRICTION) PLUS 100% on Normal Tariff)			
Single Residential Flats Group Housing (including Townhouse Developments) Retirement Villages Guest Houses	X	X	HOUSEHOLD 7 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ
Churches Caravan Parks Boutique Hotels and Hotels Other Consumers	X	X	NON-HOUSEHOLD 0 - 18 kℓ 19 - 30 kℓ 31 - 45 kℓ 46 - 60 kℓ >60 kℓ

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- 9.3.5. A basic charge per water meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all water consumers.
- 9.3.6. An infrastructure basic charge for water will be levied on a monthly basis on all erven or units.
- 9.3.7. An availability charge will be levied on all erven or units not connected to the water network but can reasonably be connected to the service.
- 9.3.8. Allocation of RUE's to categories of Household consumers:

Clinics – Out patients	□ 1 RUE
Flats	□ 1 RUE per residential unit
Guest houses and B & B's	□ 1 RUE
Household related consumers that do not fall in one of the above household consumer categories	□ Upon application the Engineering & Financial Departments will assess the validity within the tariff's structural framework.
Old Age Homes, Hostels & Boarding School	□ 1 RUE per 7 Beds
Retirement Villages, Hospital & Hospice	□ 1 RUE per 1 residential unit □ 1 RUE per 7 Frail care beds
Single Residential erven	□ 1 RUE
Townhouse and group developments	□ 1 RUE per unit □ Townhouse/Group Developments must apply should they require more than 1 rue during development phase) □ RUE's are only applicable from date of application and approval

- 9.3.9. The number of water basic and infrastructure charges for non-household consumers shall be coupled to the number of commercial sewage basic and infrastructure charges. The owner has the option to select to be charged either one commercial unit or the total number of lettable sections.

- 9.3.10. The tariffs for consumption of irrigation and raw water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Charge (Rand/meter/month)	Level of Consumption (Rand/kiloliter/month)
Use and pump water	X	80 – 90 minutes
Small Holdings	X	(i) 0 – 70 kℓ (ii) > 70 kℓ

9.3.11. Wet Industries –

9.3.11.1. Commercial and Sport (Customers must apply for this tariff)

Detail	Basic Charge (Rand/meter/month)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	X	X	(i) 0 – 500 kℓ (ii) 501 – 1 000 kℓ (iii) > 1 000 kℓ
Restriction Tariff (level 1 restrictions) PLUS 30% of Normal Tariff	X	X	(i) 0 – 300 kℓ (ii) 301 – 700 kℓ (iii) > 700 kℓ
Restriction Tariff (level 2 restrictions) PLUS 60% of Normal Tariff	X	X	(i) 0 – 250 kℓ (ii) 251 – 500 kℓ (iii) > 500 kℓ
Restriction Tariff (level 3 restrictions) PLUS 100% of Normal Tariff	X	X	(i) 0 – 100 kℓ (ii) > 100 kℓ

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9.3.11.2. Industry - Marine (Customers must apply for this tariff)

Detail	Basic Charge (Rand/meter/month)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Normal Tariff	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff (level 1 restrictions) PLUS 30% of Normal Tariff	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff (level 2 restrictions) PLUS 60% of Normal Tariff	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ
Restriction Tariff (level 3 restrictions) PLUS 100% of Normal Tariff	X	X	(i) 0 – 5 800 kℓ (ii) >5 800 kℓ

9.3.12. The tariffs for consumption of Treated Effluent water shall be based on the levels reflected in the following table:-

Detail	Basic Charge (Rand/meter/month)	Unit Charge / kℓ	Level of Consumption (Rand/kiloliter/month)
Hermanus Golf Club	X	X	As per agreement
Schools, municipal sport grounds & project sport grounds as per agreement		X	As per Agreement
Curro Holdings		X	250kℓ free per day
Other		X	

9.3.13. Restriction Tariff

- 9.3.13.1. When level 1 water restrictions are implemented by the Directorate Infrastructure & Planning, **[the capacity level of the source reaches 40% Restriction]** level 1 restriction tariffs will be applied;
- 9.3.13.2. When level 2 water restrictions are implemented by the Directorate Infrastructure & Planning, **[the capacity level of the source reaches 20% Restriction]** level 2 restriction tariffs will be applied;
- 9.3.13.3. When level 3 water restrictions are implemented by the Directorate Infrastructure & Planning, **[the capacity level of the source reaches 13% Restriction]** level 3 restriction tariffs will be applied.

9.4. **Refuse Removal**

- 9.4.1. 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, which can vary from once a week up to 7 times a week.
- 9.4.2. The fixed basic charge will be based on the number of removals per week.
- 9.4.3. An availability charge will be levied on all erven/units where no building plan has been approved. -
- 9.4.4. The tariff for refuse removal for residential units will be one removal per household per week.
- 9.4.5. Household refuse collection is the responsibility of the Municipality in the urban areas and only where a service cannot be rendered a private contractor can do the collection per agreement with the municipality.

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9.5. **Sewage**

- 9.5.1. The categories of users as set out below, shall be charged monthly at the applicable tariff as approved by Council in each annual budget:-
- (i) Domestic (including Semi Permanent Caravan Sites);
 - (ii) Hotels, Hostels, Hospitals, Old Age Homes and Group Housing;
 - (iii) Guest Houses and Bed & Breakfast Establishments;
 - (iv) Shops and Offices;
 - (v) Low Cost Housing Schemes;
 - (vi) Schools;
 - (vii) Caravan Parks with communal ablution facilities;
 - (viii) Departmental Municipality;
 - (ix) Consumers with a conservancy tank.
- 9.5.2. A monthly basic charge shall be levied on all properties or units within urban areas, irrespective of the type of service available.
- 9.5.3. A sewage usage charge will be levied on all properties or units that produce sewage or have a water meter. This charge will be levied as follows:
- (i) **SEWAGE – SINGLE AND INTERMEDIATE RESIDENTIAL** (Dwelling houses and Duplex apartments)
The sewage volume will be deemed to be 70% of water consumption, up to a maximum of 35kl of sewage per month (70% of 50kl water per month).
 - (ii) **SEWAGE – GENERAL RESIDENTIAL** (Blocks of apartments and Residential Buildings)
Sewage volume will be deemed to be 90% of water consumption per individual unit up to a maximum of 45kl of sewage per month (90% of 50kl water per month).
 - (iii) **SEWAGE – GUEST HOUSES AND BED & BREAKFAST ESTABLISHMENTS**
Sewage volume will be deemed to be 70% of water consumption per individual unit.
 - (iv) **ALL OTHER USERS** (Including Commercial, Industrial, School, Sport, etc.)
The sewage volume will be deemed to be 90% of water consumption.
The 90% may be adjusted by the Municipal Manager as appropriate to the consumer. The Municipal Manager may also institute a cap on the volume of sewage if appropriate to the consumer.
- 9.5.4. An effluent fee shall further be payable by factories and other industrial users where the 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 purification.
- 9.5.5. A monthly infrastructure charge will be levied on all properties or units.
- 9.5.6. Consumers with conservancy or septic tanks that cannot connect to the network may only apply to have their tariff changed at the beginning of a financial year before 30 September, or with a change in occupancy status.
- 9.5.7. The sewage basic and infrastructure charge shall be levied on the owner's account, whilst the consumption portion of the charge shall be levied on the same account as where the water consumption is charged.
- 9.5.8. **[The number of commercial sewage basic and infrastructure charges shall be coupled to the number of non-household water basic and infrastructure charges]** The number of sewage basic and infrastructure charges for non-household consumers shall be coupled to the number of

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commercial water basic and infrastructure charges. The owner has the option to select to be charged either one commercial unit or the total number of lettable sections.

9.5.9. A sewage availability charge shall apply to serviced vacant or -developed land.

9.6. Minor tariffs

9.6.1. All minor tariffs shall be standardised within the municipal region.

9.6.2. 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.

9.6.3. Minor tariffs may include fees for the following:-

A	Administration	<ul style="list-style-type: none"> ▪ Access to information ▪ Administration Costs ▪ Advertisements / Advertising ▪ Bank cost on foreign accounts ▪ Deposit Consultation ▪ Duplicate Accounts ▪ Duplicate Pay Day Slip ▪ Facsimiles ▪ Interest on Accounts in Arrear ▪ Laminated documents 	<ul style="list-style-type: none"> ▪ Management consultation ▪ Photocopies ▪ Placard / Poster Costs ▪ Section 62 Appeals ▪ Tender Objections ▪ Tender Participation Costs ▪ Top Management Consultation ▪ Top Management Deposit ▪ Trace of Direct Deposits
B	Building Control	<ul style="list-style-type: none"> ▪ Administration / Storage fee ▪ Alterations & Additions ▪ Building Plans ▪ Contravention Levy ▪ Demolition Fees ▪ Deposits ▪ Encroachments ▪ Heritage Investigations 	<ul style="list-style-type: none"> ▪ Inspection Fees ▪ Land Use Planning ▪ Photocopies of Building Plans ▪ Plan Printing Fees ▪ Plan Scrutiny Fees` ▪ Re-inspection fees ▪ Searching Fees
C	Cemeteries	<ul style="list-style-type: none"> ▪ Garden of Remembrance ▪ Grave-sites 	<ul style="list-style-type: none"> ▪ Indication of grave
D	Business License	<ul style="list-style-type: none"> ▪ Duplicates ▪ License 	<ul style="list-style-type: none"> ▪ Re-inspection Fee
E	Commercial Filming/Photographing	<ul style="list-style-type: none"> ▪ Cancellation Fee ▪ Permits 	
F	Credit Control & Debt Collecting	<ul style="list-style-type: none"> ▪ Administration fee ▪ Notices ▪ Sheriff fee 	<ul style="list-style-type: none"> ▪ SMS ▪ Tracing fee
G	Development Contributions	<ul style="list-style-type: none"> ▪ Water ▪ Electricity ▪ Sewerage ▪ Roads 	<ul style="list-style-type: none"> ▪ Stormwater ▪ Solid Waste ▪ Off Grid Developments ▪ Evaluations/Investigations Levies
H	Dog Tax	<ul style="list-style-type: none"> ▪ Licenses 	
I	Electricity	<ul style="list-style-type: none"> ▪ Administration Fee Recalculation ▪ Builders connection ▪ Bulk Service Development Fees ▪ Call-out fee ▪ Cancellation Fee ▪ Capital Contributions ▪ [Certificates] ▪ Change to SSEG or Time of Use ▪ Change of Circuit Breaker 	<ul style="list-style-type: none"> ▪ Meter Testing ▪ Meter Verification ▪ MV Switching ▪ New Service Connections ▪ [Reconnection] ▪ Remedial Action Fee ▪ Removal of meter ▪ [Rental of Equipment] ▪ Repair of Cables or Additional

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		<ul style="list-style-type: none"> ▪ Commission of Bulk Meter ▪ Connection and Disconnection of Service ▪ Consumer Deposits ▪ [Contractor Inspection] ▪ Conversion of meters ▪ Credit Control and Debt Collection ▪ Damaged cables ▪ Damaged meter ▪ [Disconnection] ▪ Erection & Removal of Banners ▪ [Extension Fee] ▪ Fee recalculation – no access ▪ Illuminated Signs ▪ 	<ul style="list-style-type: none"> ▪ Joints ▪ Replacement ▪ Repositioning of Meter ▪ [Service Connections] ▪ Small Scale Embedded Generation (SSEG) ▪ Special Meter Readings ▪ Still-off" inspections ▪ Street Lighting ▪ Sundry Services ▪ Tariff change ▪ Unsafe/illegal connections ▪ Upgrading extension Fee ▪ Verification of meter reading ▪ Way leave ▪
J	Fire Services & Disaster Management	<ul style="list-style-type: none"> ▪ Burn Permits ▪ Events ▪ Extinguishing of Fires ▪ Fire Prevention inspections ▪ Fire Safety 	<ul style="list-style-type: none"> ▪ Plot Clearing ▪ Re-inspection Fee under the Bylaw ▪ Special Services ▪ Standby at fire scene
K	Housing	<ul style="list-style-type: none"> ▪ Administration 	<ul style="list-style-type: none"> ▪ Rental
L	Law Enforcement	<ul style="list-style-type: none"> ▪ Bylaw on outdoor advertising ▪ Impoundment of Hawkers goods ▪ Impoundment of illegal Advertising/Agent boards ▪ Inspection Fees 	<ul style="list-style-type: none"> ▪ Pound fee Dogs and Cats ▪ Pound fee other animals ▪ Re-inspection Fee ▪ Removal of illegal structure ▪ Storage Fee
M	Libraries	<ul style="list-style-type: none"> ▪ Damage or lost of Library material ▪ Deposits ▪ Facsimiles ▪ Internet Usage ▪ Lost Cards ▪ Penalty for Late Return 	<ul style="list-style-type: none"> ▪ Photocopies ▪ Rental of Library Amenities ▪ Reservations ▪ Scanning ▪ Special Requests ▪ Subscription ▪ Visitors Fee (Handling)
N	Municipal Buildings	<ul style="list-style-type: none"> ▪ Deposits ▪ Rental of Amenities 	<ul style="list-style-type: none"> ▪ Rental of Equipment
O	Operational Cost	<ul style="list-style-type: none"> ▪ Street Signage 	
P	Parking Fees		
Q	Property Administration	<ul style="list-style-type: none"> ▪ Application lease/purchase ▪ Encroachment Fee ▪ Leases 	<ul style="list-style-type: none"> ▪ Memorial Benches ▪ Radio Mask
R	Public Works	<ul style="list-style-type: none"> ▪ Felling and Pruning of Trees ▪ Private Work ▪ Sale of Miscellaneous Items ▪ Storm Water Drainage 	<ul style="list-style-type: none"> ▪ Street Signage ▪ Tar and Patch Work ▪ Vehicle Entrances
S	Recreational Amenities	<ul style="list-style-type: none"> ▪ Boat Launching ▪ Boat License/Permits ▪ Caravan Parks ▪ Community Halls ▪ Deposit ▪ Frank Robb Hut ▪ Hawker Stalls Lagoons ▪ Lagoons 	<ul style="list-style-type: none"> ▪ Office Rental ▪ Open Spaces ▪ Public Open Space ▪ Recreational Fishing Vessels ▪ Schuss Houses ▪ Spaces for Sport ▪ Sport Events ▪ Swimming pool
T	Roads	<ul style="list-style-type: none"> ▪ Capital Contributions 	<ul style="list-style-type: none"> ▪ Bulk Service Development Fee

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U	Refuse Removal	<ul style="list-style-type: none"> ▪ Asbestos Sheet ▪ Baboon Resistant Bins ▪ Capital Contributions ▪ Deposits ▪ Mass Containers 	<ul style="list-style-type: none"> ▪ Refuse Bins ▪ Rental of Bulk Containers ▪ Replacement of Bulk Containers ▪ Self-Dumping ▪ Replacement of lock on baboon resistant wheelie bin
V	Sewage	<ul style="list-style-type: none"> ▪ Bulk Service Development Fee ▪ Capital Contributions ▪ Connection of tanks ▪ Disposal 	<ul style="list-style-type: none"> ▪ Service Connections ▪ Tank Services ▪ Testing of tanks
W	Stony Point	<ul style="list-style-type: none"> ▪ Annual Permit 	<ul style="list-style-type: none"> ▪ Visitors
X	Swimming Pool	<ul style="list-style-type: none"> ▪ Entrance Fee ▪ Galas 	<ul style="list-style-type: none"> ▪ Training session
Y	Town Planning	<ul style="list-style-type: none"> ▪ Advertising Cost ▪ Application Fee ▪ Contravention Application ▪ Departure ▪ Deposit - Appeal ▪ Extension of Time ▪ Land use planning Fee 	<ul style="list-style-type: none"> ▪ Registered Letter Removal of Title Deed Restrictions ▪ Rezoning application ▪ Spatial Development Framework ▪ Sub-division ▪ Zoning Certificate
Z	Traffic	<ul style="list-style-type: none"> ▪ Disabled Parking Tokens ▪ Driver's Licenses ▪ Escorting and Other Services ▪ Hiring Traffic cones ▪ Learner's Licenses ▪ Parking Meters ▪ Professional Driver's Permits 	<ul style="list-style-type: none"> ▪ Removal of Vehicles ▪ Roadworthy Certificates ▪ Storage Fees ▪ Taxi Rank Tokens ▪ Towing Charge ▪ Vehicle Registration ▪ Wheel clamping fee
AA	Valuation (Property Information)	<ul style="list-style-type: none"> ▪ Access to Information ▪ Clearance Certificates ▪ Deeds Office Registrations ▪ Revaluation 	<ul style="list-style-type: none"> ▪ Valuation Certificates ▪ Valuation Roll ▪ Voters' Roll
BB	Water	<ul style="list-style-type: none"> ▪ Administration Fee Recalculation ▪ Bulk Service Development ▪ Call-out Fee ▪ Capital Contributions ▪ Connection & Disconnection ▪ Consumer Deposits ▪ Convert to flow restrictor meter ▪ Credit Control and Debt Collection ▪ Damaged Water Meter; Water main & Service Connection ▪ Fee recalculation – no access ▪ Final meter reading ▪ Irrigation Water ▪ Illegal Connection/Tampering Fee ▪ Meter Testing 	<ul style="list-style-type: none"> ▪ Meter verification ▪ New Service Connections ▪ Reconnection ▪ Registration of borehole ▪ Remedial Action Fee ▪ Rental of Equipment ▪ Repair of meter ▪ Repositioning of meter ▪ Service Connections ▪ Special Meter Readings ▪ Still-off" inspections ▪ Sundry Services ▪ Temporary connections ▪ Verification of meter reading

9.6.4. The Municipal Manager shall maintain a list of all minor services indicating their unit of service for the purposes of determining tariffs, fees, charges and levies. Such list shall be reviewed annually together with the proposed tariffs, fees charges and levies.

10. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

10.1. 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.

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- 10.2. 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.
- 10.3. 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.
- 10.4. All tariffs approved must have been considered at the annual budget meeting.

11. IMPLEMENTING AND PHASING-IN OF THE POLICY

- 11.1. The principle contained in this Policy will be reflected in the various budget proposals submitted to the Council on an annual basis, service by-laws as promulgated and adjusted by the Council from time to time and the Tariff By-laws referred to in section 75 of the Act.
- 11.2. The Council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of the Council.

12. PROCEDURES AND ACCOUNTABILITY

- 12.1. 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.
- 12.2. 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.

13. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2018 and will be reviewed at least annually or when required by way of a Council resolution.

14. SHORT TITLE

This policy shall be called the **Tariff Policy of the Overstrand Municipality**.

POLICY SECTION:	MANAGER: INCOME
CURRENT UPDATE:	30 MAY 2018
PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
PREVIOUS REVIEW	29 MAY 2013
PREVIOUS REVIEW	30 MAY 2012
PREVIOUS REVIEW:	31 AUGUST 2011
PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
PREVIOUS REVIEW:	27 MAY 2009
APPROVAL BY COUNCIL:	31 MAY 2006

OVERSTRAND MUNICIPALITY



CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

OVERSTRAND MUNICIPALITY
CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

P R E A M B L E

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes what such policy must provide for;

Now therefore the Municipal Council of the Municipality of Overstrand adopts the Customer Care, Credit Control and Debt Collection Policy as set out in this document:-

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CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

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”	The Local Government Act: Municipal Systems Act 2000 (Act No 32 of 2000) as amended from time to time.
“authorised representative”	the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
“basic service”	the amount or level of any 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 of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
“Chief Financial Officer”	an officer of the Municipality appointed as the Head of the Finance Department and includes any person:- (a) acting in such position; and (b) to whom the Chief Financial Officer has delegated a power, function or duty in respective of such a delegated power, function or duty.
“child-headed household”	a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.
“Council” or “municipal council”	a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
“Credit control” and debt collection”	the functions relating to the collection of any monies due and payable to the Municipality.
“Closely connected person”	any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner.
“customer”	any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
“defaulter”	a person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.
“Director”	the person in charge of the civil and/or electrical component(s) of the Municipality and includes any person:- (a) acting in such position; and (b) to whom the Director has delegated a power, function or duty in respective of such a delegated power, function or duty.
“equipment”	a, structure, pipe, pump, wiring, cable, meter, machine or any fittings.
“household”	all persons who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.
“Income”	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
“indigent”	a household which is not financially capable of paying for the delivery of basic services and meeting criteria determined by Council from time to time – this also includes poor households.
“interest”	a levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.

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“Municipality”	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
“municipal account” or “billing”	<p>the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:-</p> <p>(a) show the levies for assessment rates and/or building clause; and</p> <p>(b) “monthly account” rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly.</p>
“Municipal Manager”	<p>the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:-</p> <p>(a) acting in such position; and</p> <p>(b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.</p>
“municipal services”	those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal, sewerage treatment, and for which payment is required by the Municipality or not.
“occupier”	any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property – in process of phasing out from 01/07/2010.
“owner”	<p>(a) the person in whom the legal title to the property is vested;</p> <p>(b) a person mentioned below may for the purposes of this Policy be regarded by a municipality as the owner of a property in the following cases:</p> <p>(i) A trustee, in the case of a property in a trust excluding state trust land;</p> <p>(ii) an executor or administrator, in the case of a property in a deceased estate;</p> <p>(iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;</p> <p>(iv) a judicial manager, in the case of a property in the estate of a person under judicial management;</p> <p>(v) a curator, in the case of a property in the estate of a person under curatorship;</p> <p>(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;</p> <p>(vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by the lessee;</p> <p>(viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;</p> <p>(c) in the case where the Council is unable to determine the identity of such person, the person who is entitled to the benefit of such property or any building thereon;</p> <p>(d) in the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof;</p> <p>(e) regarding:-</p> <p>(i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), and without restricting the above mentioned stipulations, the developer or body corporate of the communal property; or</p> <p>(ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered under a sectional title deed, including the legally appointed representative of such person;</p>

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	<p>(i) any legal entity, including but not limited to:-</p> <p>(i) a company registered in terms of the Companies Act, 2008 (Act No 71 of 2008), a trust <i>inter vivos</i>, trust <i>mortis causa</i>, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act No 69 of 1984), and any voluntary organisation;</p> <p>(ii) any local, provincial or national government;</p> <p>(iii) any council, board or entity established in terms of any legislation applicable to the Republic of South Africa; and</p> <p>(iv) any embassy or other foreign entity.</p> <p>(ii) in the case of property owned by the Council and which has been alienated, but which has not been transferred to the person to whom it has been alienated, such person from the date of the alienation concerned; and</p> <p>(iii) in the case of property owned by or under the control or management of the Council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the right to the immovable property.</p>
“premises” or “property”	<p>any portion of land, the external surface boundaries of which are delineated on:-</p> <p>(a) a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No 9 of 1927) or in terms of the Deeds Registry Act, 1937 (Act No 47 of 1937); or</p> <p>(b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986);</p> <p>which is situated within the area of jurisdiction of the Municipality.</p>
“Residential”	<p>means improved property that is:</p> <p>(a) used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property.</p> <p>(b) a unit registered in terms of the Sectional Title Act 95 of 1986,, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room. (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes.) or</p> <p>(c) owned by a share-block company and used predominantly (60% or more) for residential purposes, or</p> <p>(d) a residence used for residential purposes situated on property used for or related to educational purposes.</p>

2. GENERAL OBJECTIVES:

The objectives of this Policy are to:-

- 2.1 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.2 ensure that all monies due and payable to the Municipality are levied and collected in a financially sustainable manner;
- 2.3 provide a framework for customer care and indigent support;
- 2.4 describe credit control measures and sequence of events;
- 2.5 outline debt collection and credit control procedures and mechanisms; and
- 2.6 set realistic targets for credit control and debt collection.

3. PRINCIPLES

- 3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of the policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy.
- 3.2 All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines. Existing customers may be required

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- to complete new application forms from time to time, as determined by the Municipal Manager.
- 3.3 Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape.
- 3.4 A copy of the application form, conditions of services and extracts of the Council's Customer Care, Credit Control and Debt Collection Policy and By-Laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 3.5 Billing is to be accurate, timeous and understandable as far as possible.
- 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, cheque, debit or credit card, electronic fund transfer, debit order and bank order payments.
- 3.7 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.
- 3.8 Enforcement of payment must be prompt, consistent and effective.
- 3.9 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, charges, penalties, loss of rights and/or criminal prosecutions. A certificate reflecting the nature and extent of the unauthorized activity must be issued by a duly qualified person to substantiate the claim.
- 3.10 Incentives and disincentives may be used in collection procedures.
- 3.11 The collection process must be cost-effective.
- 3.12 Results will be regularly and efficiently reported and monitored.
- 3.13 Application forms may be used to, *amongst others*, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 3.14 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.15 Where practicably possible the Customer Care and Debt Collection Policies will be handled independently of each other and the organisational structure will reflect the separate functions.
- 3.16 The principle of providing services instead of payment for arrear accounts is supported.
- 3.17 Customers that meet council's indigent criteria must be identified and supported.

4. PERFORMANCE EVALUATION

This is addressed in the SDBIP and the Municipal Performance Management System.

5. REPORTING

- 5.1 The Chief Financial Officer (Director: Finance) shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor, as supervisory authority in terms of section 99 of the Act, read with section 100(c). This report shall contain particulars on:-
- (a) Cash collection statistics, showing high-level debt recovery information (number of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
- (b) Performance on all areas against targets agreed to in paragraph 5 of this policy document.
- 5.2 If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 5.3 The Executive Mayor, as supervisory authority, shall report at intervals of 3 months to Council as contemplated in section 99(c) of the Act.

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6. CUSTOMER CARE

6.1 Objective

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.

6.2 Communication and feedback

6.2.1 The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control and debt collection. This process will include the effort to ensure that the residents and customers understand the costs involved in the service provision, the reasons for payment of service tariffs and the manner in which monies raised from the customers are utilised.

6.2.2 Council will endeavour to distribute a regular newsletter (also available on the website), which will give prominence to customer care and debt collection issues.

6.2.3 Ward councillors will give feedback at ward meetings, at which customer care and debt collection issues will be given prominence.

6.2.4 The press will be encouraged to give prominence to Council's customer care, credit control and debt collection issues, and may be invited to council or committee meetings where these are discussed.

6.2.5 The residents and users of services will be encouraged to give feedback through the established mechanisms to the Municipality regarding the quality of services and the performance of service providers.

6.3 Metering

6.3.1 The Municipality will endeavour, within practical and financial constraints, to provide meters to every paying customer for all measurable services.

6.3.2 All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption may be estimated in terms of Council's operational procedures.

6.3.3 If any meter is not accessible for meter reading, the customer must apply and pay to have the meter moved out to the borderline and convert the electricity meter to a pre-paid meter.

6.3.4 Customers must:-

- (a) safeguard and maintain service meters in a readable condition;
- (b) notify the Municipality when services are no longer required at a particular service delivery point;
- (c) maintain credit and pre-payment meters; and
- (d) supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.

6.3.5 Customers are entitled to request verification of meter readings at the prescribed tariff.

6.3.6 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 for the service in question (Electricity or Water), **[the charges paid will be refunded,]** the meter will be replaced and the customer's account will be adjusted accordingly. The adjustment may not exceed a period of six (6) months, preceding the date on which the metering equipment was found to be inaccurate. If the outcome shows that the meter was not defective, the consumer is liable for payment for the cost of the test at the prescribed tariff as well as for other amounts outstanding.

6.3.7 Customers will be informed of meter replacement.

6.3.8 Customers must give notice of at least 48 hours to the Municipality should a final reading or discontinuation of service be required. When a customer vacates a property and a final reading of the meter is not possible due to no access, an

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- estimated consumption will be used by the Municipality and the final account rendered accordingly.
- 6.3.9 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, and the resulting credit or debit adjustments.
- 6.3.10 The Municipality may apply debt collection factors available on the pre-payment electricity system, to ensure collection of all arrear debt on the account of the customer.

6.4 Accounts and billing

- 6.4.1 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.
- 6.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 6.4.3 The customer's municipal account shall be credited for energy generated by the embedded generator and exported to the network in the amount/s reflected in the annual tariff relating to the import and export of electrical energy for embedded generation. Small scale embedded generator customers (SSEG) will be billed as follows:
- (a) The service charge and all energy and maximum demand charges, as applicable, will be billed on the monthly electricity account.
 - (b) A credit will be passed for export of energy monthly against the normal monthly electricity account.
 - (c) Customers will not be compensated if the monthly export reflects a credit balance. A credit balance for export will be carried forward to the following month.
 - (d) In the instance where an export credit exists on 30 June, this credit will be forfeited.
 - (e) At the time that the customer ceases to be on the small scale embedded generation tariff, any remaining credit balance for export, will not be refunded to the customer.
 - (f) The municipality shall not be obliged to grant credit to the customer for export not received onto the electrical grid due to unavailability of the grid or for any other reason.
- 6.4.4 If no official complaint in writing is received by the 15th of the month it will be considered that the account delivered is correct.
- 6.4.5 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 6.4.6 It is the customer's responsibility to ensure that his/her postal address and all other required details are correct.
- 6.4.7
- (a) Accounts are delivered monthly. It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.
 - (b) Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied.
- 6.4.8 Settlement or due dates will be as indicated on the statement and are normally as follows:-
- (a) Monthly accounts are payable before or on the due date in accordance with the specific account billing (invoicing) cycle as indicated on the account, 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.

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- (b) Large Power and Time of Use electricity customer accounts are payable on or before the 15th of each month, or the first working day thereafter should the 15th be on a week-end..
 - (c) Annual accounts are payable on or before the 30th of September of each year.
 - (d) 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.
 - (e) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 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. Outstanding arrears will be settled out of any annual bonus due to the staff member.
 - (f) All staff joining the Municipality must, within 30 days, sign an agreement to pay arrears.
 - (g) Where the Municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services, they will be required to enter into a written agreement to pay up to a maximum of 30% of their gross remuneration towards the arrear debt.
 - (h) In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, 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.
- 6.4.9 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.
- 6.4.10 Where any payment made to the Municipality, or its authorised representative, by negotiable instrument is subsequently dishonoured by a bank, the Municipality or its authorised agent:-
- (a) may recover the average bank charges incurred relating to dishonoured negotiable instruments, together with an administration fee, against the account of the customer;
 - (b) shall regard such an event as a default on payment and services may be discontinued should a valid payment by cash, a bank-guaranteed cheque or electronic fund transfer not be made by the date provided by the authorized official;
 - (c) may insist on cash, debit order or electronic fund transfer payments for all future accounts;
 - (d) may only consider application for re-instatement of debit order/cheque after twelve months, except in instances where the Chief Financial Officer, or delegated official, authorises otherwise.
- 6.4.11 The Municipality must issue a duplicate account or any acceptable alternative to a customer on request, at a cost determined by Council from time to time.
- 6.4.12 The registered owner of a property being leased is at his/her own cost entitled to obtain a copy of the account of a lessor and to be informed if a lessee is in arrears with his/her service charges within 60 days.
- 6.4.13 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.
- 6.4.14 Opening of tenant accounts will only be allowed when :
- (a) the lessee is an indigent household and the property is registered in the name of another person;

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- (b) the lessee is a contractor for municipal projects
- 6.4.15 When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.
- 6.4.16 The amount which the Municipality may recover from the tenant or occupier of a property where there exists only an owners account, is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property
- 6.4.17 The tenant or occupier of a property must, on request from the Municipality, furnish the Municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipality.
- 6.5 Payment facilities and methods**
- 6.5.1 The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.
- 6.5.2 The Municipality will, at its discretion, allocate a payment between service debts. A debtor does not have the right to indicate that the payment is for a specific portion of the account.
- 6.5.3 The Municipality may, in terms of section 103 of the Act and with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement.
- 6.5.4 The Municipality will endeavour to appoint a variety of agents (super markets, SA Postal Service, etc.) 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 – also the time lapse for transfer of the payment.
- 6.5.5 The Municipality will, in the event of services having been disconnected or restricted, only accept cash or electronic fund transfer / direct deposit into the Municipality's bank account (with documented proof), or at any one of the nominated cash receipting points or agents of the Municipality.
- 6.6 Incentives for prompt payment (Annexure "A")**
- 6.6.1 The Council may, to encourage prompt payment and/or to reward regular payers, from time to time consider incentives for the prompt payment of accounts or payment by debit or stop order.
- 6.6.2 If introduced, the cost associated with the incentive scheme will be reflected in the operational budget as additional expenditure.
- 6.7 Feedback, enquiries, appeals and service complaints**
- 6.7.1 Within its administration and financial ability the Municipality will establish:-
- (a) Decentralised complaints/feedback offices;
 - (b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
 - (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - (d) The introduction of a regular article in the newsletter to inform customers on the safe and economic use of services.
- 6.7.2 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.
- 6.7.3 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.

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- 6.7.4 The relevant department will investigate and endeavour to inform the debtor within 14 days of the outcome of the investigation and the measures that have been or will be taken to correct the situation.
- 6.7.5 Failure to make such agreed interim payment or payments will result in the customer forming part of the normal credit control procedures.
- 6.7.6 A customer may appeal against the finding of the Municipality in terms of sub clause (6.7.4).
- 6.7.7 An appeal and request in terms of sub clause (6.7.6) must be made and lodged with the Municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in sub clause (4) and must:-
- (a) set out the reasons for the appeal;
 - (b) be accompanied by any security determined for the testing of a measuring device, if applicable.

6.8 Customer assistance programmes

- 6.8.1 Water leakages:
- (a) If the leakage is on the customer's side of the meter, the customer will be responsible for payment of the full account.
 - (b) Water leakage discount will not be considered in the instance of irrigation systems.
 - (c) A customer will qualify for a Water Leakage Discount upon application on the prescribed form within **[45] 60** days after the leak has been repaired, which application will only be regarded as a valid application if complete information and documentation as prescribed is received and:-
 - (i) Where the loss of water resulted from malicious damage to external pipes & fittings and where this act was reported to the South African Police Service (SAPS) and a case number was allocated;
 - (ii) the leak was repaired within 10 working days since its detection;
 - (iii) the customer applied only once in a cycle of 30 months for a discount; and
 - (iv) proof of repair and costs as well as the date of repair, or a sworn affidavit from any person who has repaired the leak, has been submitted
 - (v) Discount for 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, subject to a maximum period of 3 months.
 - (d) A discount will be applicable on the excess sewer consumption charge as calculated.
 - (e) It is the responsibility of the customer to control and monitor his/her consumption.
- 6.8.2 Rate rebates:
- (a) The municipal council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's Property Rates Policy and By-Laws.
 - (b) Rate rebates will be subject to certain criteria as determined by Council from time to time.
- 6.8.3 Arrangements for settlements (**Annexure "B"**):
- (a) 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 and agreement for Municipal Services.
 - (b) If required, customers with arrears must agree to the conversion to a pre-payment electricity meter and a flow limiter water meter. If and when implemented, the cost of which, and the arrears total, will be paid off either by:-

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- (i) adding the debt to the arrears bill and repaying it over the agreed period; or
- (ii) adding the debt as a surcharge to the pre-paid electricity cost, and repaying it with each purchase of electricity at a percentage rate, until the debt is liquidated.
- (c) 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.
- (d) Council reserves the right to raise the deposit/security requirement of debtors who seek arrangements and/or other stipulations it may deem necessary.

6.9 Subsidy for indigent households

Please refer Overstrand Municipality, Indigent Policy

6.10 Additional subsidy categories

- 6.10.1 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.
- 6.10.2 Rebates on property rates may be granted to categories of properties or owners in accordance to Council's Property Rates Policy.

6.11 Customer categories

- 6.11.1 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. 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.

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CREDIT CONTROL POLICY

7.1 Objective

- 7.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.
- 7.1.2 To facilitate financial assistance and basic services for the community's poor.
- 7.1.3 To provide incentives for prompt payment.
- 7.1.4 To limit risk levels by means of effective management tools.

7.2 Service applications and agreements

- 7.2.1 All customers of services will be required to sign an agreement governing the supply and cost of municipal services. On default by a tenant, the owner will be the debtor of last resort except where the Municipality is the owner of the property.
- 7.2.2 The right to raise a deposit on customers in the event of non-payment, is reserved, to be considered for implementation by the Director: Finance.
- 7.2.3 Prior to signing these agreements, customers will be entitled to access the policy documents. Also available on the official website at: www.overstrand.gov.za.
- 7.2.4 On the signing of the agreement when requested thereto, customers will receive a copy of the agreement for their records.
- 7.2.5 Customers will accept responsibility in the agreement for administration costs of collection, interest and penalties in the event of delayed and/or non-payment.
- 7.2.6 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 Indigent Subsidy Scheme.
- 7.2.7 The Municipality may reject the application for services of a person who is closely connected to a customer who has defaulted with account payments and who resides or is to reside on the same premises, until such debt is settled in full. The Municipality may also reject the application for services of any concern that is not a natural person should such concern be in arrears with any other municipal account for which it, or any member or director is responsible or partially responsible.
- 7.2.8 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 7.2.9 Existing customers of services may be required to sign new agreements in the following instances:
 - (a) Any change of service profile;
 - (b) With any instruction given or actual disconnection or restriction of services or any legal action taken;
 - (c) Any form of tampering with service networks or meters etc (as mentioned in Section 7.5.1 below;
 - (d) As determined by the Municipal Manager from time to time.
- 7.2.10 Should a customer fail to enter into such agreement with Council or to provide the security described in clause 7.6, Council may:-
 - (a) hold the customer liable for all outstanding debt on services for the property; and/or
 - (b) restrict or discontinue the supply of Municipal services.
- 7.2.11 The Municipality shall open only one account per property for the rates, fixed levies and service charges.
- 7.2.12 All arrangements may be subject to periodic review.
- 7.2.13 All debtors entering into arrangements may provide their banking details and those who have the facility to sign a debit order with their financial institutions, shall be required do so.

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7.2.14 Debtors who default on three occasions in respect of arrangements, will be denied the privilege of making further arrangements, and the full amount will be payable. Interest will be calculated from the original due date of the debt, taking any payments into consideration.

7.3 Right of access to premises

7.3.1 The owner and/or occupier of a property is to allow an authorised representative of the Municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect the provision of any service.

7.3.2 The owner is responsible to ensure that all meters installed on his/her property are easily accessible.

7.3.3 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

7.3.4 If a person fails to comply to any requirements, the Municipality or its authorised representative may:-

- (a) by written notice require such person to restore access at his/her own expense within a specified period.
- (b) without prior notice restore access and recover the cost from such person if it is the opinion that the situation is a matter of urgency.

7.4 Enforcement mechanisms

7.4.1 Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.

7.4.2 The Municipality shall restrict or discontinue the supply of services or implement any other debt collection actions necessary due to late or non-payment of accounts, relating to any customer, owner or property.

7.4.3 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.

7.4.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payments, the service will be reconnected as soon as conveniently possible.

7.4.5 The administration cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.

7.4.6 If a person is indigent a pre-paid electricity meter and a flow limiter water meter must be installed free of charge.

7.4.7 The deposit of any defaulter will be adjusted in terms of paragraph 7.2.2 and brought into line with relevant policies of Council.

7.4.8 Defaulters' deposits will be reviewed annually in July, based on the debtor's Municipal payment record, indicating no default, over the preceding 12 (twelve) months, excluding customers with current arrangements. The deposit will be adjusted to the minimum deposit required in terms of the approved Tariff Schedule.

7.4.9 Defaulters deposits will be reviewed immediately, where the account was settled in full and a debit order is signed to prevent late payments.

7.4.10 In accordance with Section 102 of the Municipal Systems Act, the Municipality may

- (a) Consolidate any separate accounts of persons liable for payments to the municipality;
- (b) Credit a payment of such a person against any account of that person; and
- (c) Implement any of the debt collection and credit control measures provided for in Chapter 9 of the Act in relation to any arrears on any of the accounts of such a person.

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7.5 Theft and fraud

- 7.5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.
- 7.5.2 The Municipality has the right to obtain authorisation from the Magistrate for the imposition of fines for the offences as mentioned in paragraph 7.5.1 above .
- 7.5.3 The Municipality may terminate and/or remove the electricity supply of services to a customer should such conduct as outlined above, be detected and certified.
- 7.5.4 The Municipality may install a water flow restrictor meter to a customer should such conduct as outlined above, be detected and certified.
- 7.5.5 The total bill owing, including administration cost, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- 7.5.6 Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.
- 7.5.7 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- 7.5.8 Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services.

7.6 Customer screening and securities

- 7.6.1 All applicants for municipal services will be checked for credit-worthiness, which may include checking information from banks, credit bureaus, other local authorities, trade creditors and employers.
- 7.6.2 Security deposits, may be required. The minimum deposit being the equivalent of amounts fixed from time to time by the Municipality.
- 7.6.3 Security deposit will be adjusted annually, which will be equal to twice the average consumption during the preceding 12 months.
- 7.6.4 Applicants who are not natural persons, organs of state, local authorities, public companies or public corporations must supply details of their directors, members, partners or trustees and at least the main shareholder must in his/her personal capacity guarantee the payment of the applicant's municipal account and in the case of a trust, all the trustees in their personal capacity.
- 7.6.5 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the customer.

7.7 Contractors who tender to the Municipality

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

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- (d) A tenderer will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

7.8 Pre-payment metering system

7.8.1 The Municipality will use its pre-payment metering system to:-

- (a) link the provision of electricity by the Municipality to a “pre-payment” system comprising, pre-payment of electricity units; and
- (b) a payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal, sanitation and sewage.
- (c) To load an auxiliary on the “pre-payment” system in order to allocate a portion of the rendered amount to the customers arrear account for other services.
- (d) To enforce satisfactory arrangements with customers in arrears by blocking access to pre-payment electricity purchases.
- (e) Amounts tendered for the purchase of pre-payment electricity will not be refunded after the pre-payment meter voucher has been issued or in case of purchasing against an incorrect meter number.

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7. DEBT COLLECTION

8.1 Objective

8.1.1 To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

8.2 Personal contact

8.2.1 Personal and Telephonic contact / Agents calling on customers:-

- (a) Council, or its agent, may make personal contact with arrear debtors to encourage their payment via electronic, SMS, telephonic or any other officially recognised communication method.
- (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.
- (c) Services as contemplated in 8.2.1(a) will be rendered at a charge as determined during the annual budget process.

8.3 Interruption of service

8.3.1 Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of electricity, water and other municipal services, suspended, restricted or disconnected.

8.3.2 Customers who have submitted mobile phone numbers can be notified via SMS at the applicable tariff, if their accounts are not settled on or before the due date.

8.3.3 The disconnection or restriction of services, as mentioned in section 7.4.2, may be enforced should the account remain in arrears after the expiring of the 14 (fourteen) days' notice of restriction of services.

8.3.4 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges, or who do not honour their arrangements.

8.3.5 Upon the liquidation of arrears, including the additional levies in terms of clauses 8.3.6 and 8.3.7, or the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.

8.3.6 The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.

8.3.7 The deposit of any defaulter will be adjusted, and brought into line with relevant policies of Council (refer to Annexure "B").

8.4 Legal process (Annexure "A") - (Use of attorneys/Use of credit bureaus)

8.4.1 The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.

8.4.2 The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.

8.4.3 The Municipality will establish procedures and codes of conduct with such outside parties.

8.4.4 In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.

8.4.5 All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.

8.4.6 All administration costs of this process will be for the account of the debtor.

8.4.7 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit

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- bureaus and the property owner in respect of his/her lessee(s). This release will be in writing or by electronic means and will be covered in the agreement with customers.
- 8.4.8 The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters and report to the Executive Mayor.
- 8.4.9 Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.
- 8.4.10 Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- 8.4.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.
- 8.4.12 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any contractual obligation to the contrary on the tenant or occupier.
- 8.4.13 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent. The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.
- 8.4.14 At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in execution is avoided or taken as a last resort. Overstrand Municipality, however, has total commitment to a sale-in execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time. This is also applicable to all debt and includes all debt which is a charge against a property as referred to in this policy. As part of the recovery process the Municipal Manager may determine a reserve price equal to the municipal property value. The remaining outstanding debt in excess of the net proceeds of the auction will be written off.
- 8.4.15 Adjustments on the accounts will only be calculated for three years. (Prescription Act, 1969 (Act 68 of 1969)).

8.5 Cost of collection

All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

Collection costs on indigent clients, will be kept to a minimum by setting the pre-paid electricity auxiliary collection ratio.

8.6 Clearance Certificate

- 8.6.1 On the sale of any property in the municipal jurisdiction, Council will cause the delay of the registration of transfer until all rates, service and sundry charges and any estimated amounts for the duration of a certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyancer.
- 8.6.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 8.6.3 No interest shall be paid in respect of these payments.

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- 8.6.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.
- 8.6.5 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.

8.7 Irrecoverable debt

- 8.7.1 Debt will only be considered as irrecoverable if it complies with the following criteria:-
- (a) all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or
 - (b) any amount equal to or less than R1 500.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
 - (c) the cost to recover the debt does not warrant the further action; or
 - (d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
 - (i) there is a danger of a contribution; or
 - (ii) no dividend will accrue to creditors; or
 - (e) a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or
 - (iv) where the estate has not been reported to the Master and there are no assets of value to attach; or
 - (f) it has been proven that the debt has prescribed; or
 - (g) the debtor is untraceable or cannot be identified so as to proceed with further action; or
 - (i) the debtor has emigrated leaving no assets of value to cost effectively recover Councils' claim; or
 - (h) it is not possible to prove the debt outstanding; or
 - (i) a court has ruled that the claim is not recoverable; or
 - (j) the outstanding amount is due to an irreconcilable administrative error by the Municipality.
- 8.7.2 All debtors who qualify and are registered as indigent, will have their arrears written off once during ownership of the property.

8.8 Abandonment of claims

- 8.8.1 The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.
- 8.8.2 There are some circumstances, as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-
- (a) The insolvency of the debtor, whose estate has insufficient funds.
 - (b) A balance being too small to recover, for economic reasons considering the cost of recovery.
 - (c) Where Council deems that a debtor or group of debtors are unable to pay for services rendered.
- 8.8.3 The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

8. SHORT TITLE

This Policy shall be called the **Customer Care, Credit Control and Debt Collection Policy of the Overstrand Municipality**.

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

CUSTOMER CARE AND DEBT COLLECTION – ANNEXURE "A"**10.1. INCENTIVE MEASURES**

10.1.1. Incentive measures may be implemented as per Council resolution.

10.1.2. Where a customer is prepared to pay off the capital amount on an outstanding account, older than two (2) years, in one payment, then Council will write off all interest charged;

10.1.3. An agreement to pay off the debt not older than (2) years, must be signed at the time of the implementation of the incentive referred to in 10.2.2

10.2. DEBT COLLECTION

10.2.1. Should annual accounts remain unsettled after 30 September of the applicable year, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which it will be handed over for collection, including legal proceedings.

10.2.2. Should monthly accounts remain unsettled after the due date, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which will lead to restriction/disconnection of services, including legal proceedings.

10.2.3. All debtors regarding houses in rental, selling and self-build schemes, without any capital debt, which are still registered in the name of the Municipality, should be notified in writing that if satisfactory arrangements for transfer of the property into his/her name are not made within one (1) month, the property concerned will be put up for sale by Council at a public auction.

10.2.4. Upon handing over of accounts for collection, details of employers and work addresses of the debtors should be made available to the attorneys as far as possible for the purposes of garnishee orders.

10.2.5. Attorneys should report to Council on a monthly basis on the progress made and the cost aspect regarding each debtor.

10.2.6. Attorneys should pay monies collected over to Council monthly.

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

11. ARRANGEMENTS FOR PAYMENT – ANNEXURE "B"**11.1. DEBT FOR WHICH ARRANGEMENTS CAN BE MADE**

Arrangements for the payment of outstanding debt can be made according to the procedures described hereafter.

11.2. CONCLUSION OF AGREEMENT

11.2.1 If a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment not exceeding 12 months, stipulating that the debt will be paid together with the monthly and/or annual accounts, with the customer. Only the Chief Financial Officer may consider and approve any extension on this arrangement on receipt of a written recommendation by the Senior Manager: Revenue.

11.2.2 The customer must:-

- (a) complete a new application form;
- (b) sign an acknowledgement of debt;
- (c) sign a consent to judgement;
- (d) in the case of a company, trust or closed corporation, supply the guarantee as prescribed in clause 6.8.3(c) of the Policy.
- (e) sign an emolument or stop order if he or she is in employment;
- (f) submit proof of income on the prescribed form;
- (g) pay the current portion of the account in cash;
- (h) customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule
- (i) sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will follow immediately, as will legal proceedings;
- (j) acknowledge liability of all costs incurred; and

11.3. ARRANGEMENTS THAT CAN BE ENTERED INTO:**11.3.1. Residential Customers:**

- (a) 1st default within a 12-month period:
 - (i) 10% of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
 - (ii) The balance is payable over a maximum period of twelve months.
 - (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
 - (iv) Customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (b) 2nd default within a 12-month period:
 - (i) Full arrears amount plus the cost of credit control actions, together with the current account.
 - (ii) No arrangements will be allowed.
 - (iii) Customer deposits may be adjusted to the higher of the sum of three times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (c) 3rd default within a 12-month period:
 - (i) Metered services will be discontinued or restricted and the account will be handed over for legal proceedings.

11.3.2. Non-residential Customers:

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

- (a) 1st default within a 12-month period:-
 - (i) 50% of the outstanding amount plus cost of the credit control actions.
 - (ii) The balance is payable over a maximum period of three months.
 - (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
 - (iv) Customer deposits will be adjusted to the higher of the sum of three times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (b) 2nd default within a 12-month period:-
 - (i) Full outstanding amount plus cost of credit control actions.
 - (ii) No arrangements will be allowed.
 - (iii) Customer deposits will be adjusted to the higher of the sum of four times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (c) 3rd default within a 12-month period:-
 - (i) Metered services will be discontinued or restricted and the account will be handed over for legal proceedings.

11.3.3. Government Departments – Customer Accounts:

- (a) 1st default within a 12-month period:-
 - (i) 3 weeks' notice – no arrangements
 - (ii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
 - (iii) Customer deposits will be adjusted to the sum of three times average consumption during the preceding 12 months.
- (b) 2nd default within a 12-month period:-
 - (i) 2 weeks' notice – no arrangements.
 - (ii) Customer deposits will be adjusted to the sum of four times average consumption during the preceding 12 months.
- (c) 3rd default within a 12-month period:-
 - (i) Metered services will be discontinued or restricted and as a last resort legal proceedings will be instituted;

11.3.4. Government Departments – Rates & Taxes:

- (a) 1st default within a 12-month period:-
 - (i) Final demand and legal action in terms of "The Institution of Legal Action against Certain Organs of State Act, 2002 (Act No 40 of 2002)".

11.3.5. Administration:

Where a person has been placed under administration the following procedures will be followed:-

- (a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
- (b) The administrator is to open a new account on behalf of the debtor. No account is to be opened or operated in the debtor's name as the debtor is not entitled to accumulate debt.
- (c) Until such time as this new account is opened, the debtor is to be placed on limited services levels. The customer will be compelled to install a pre-paid electricity meter and flow limiter water meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the pre-paid meter.

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

- (d) Should there be any default on the current account, the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.

11.3.6. Indigent:

All customers (including any other occupants), qualifying as indigent and who accumulated any arrear debt after any relief has been granted, will repay that debt as follows:-

By instalments over 24 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

There are no limitations on debtors at any time to pay amounts in excess of arrangements towards outstanding debt, than prescribed above.

12. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2018 and will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	SENIOR MANAGER: REVENUE
CURRENT UPDATE:	30 MAY 2018
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OVERSTRAND MUNICIPALITY



INDIGENT POLICY

P R E A M B L E

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.”

Now therefore the Municipal Council of the Municipality of Overstrand adopts the Indigent Policy as set out in this document:-

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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:-

“authorised representative”	The person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
“basic service”	the amount or level of any 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 of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
“Chief Financial Officer”	An officer of the Municipality appointed as the Head of the Finance Department and includes any person:- a. acting in such position; and b. to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
“Council” or “municipal council”	A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
“customer”	Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
“defaulter”	A person who owes money to in respect of a municipal account after the due date for payment has expired.
“Household”	Persons who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter.
“Income”	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
“Indigent”	A household which qualifies in terms of clause 4 and 5.
“interest”	A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.
“municipal account” or “billing”	the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:- (a) show the levies for assessment rates and/or building clause; and “monthly account” rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly
“Municipality”	The institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
“Poor households”	A household which qualifies in terms of clause 4 and 5
“the Act”	The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

2. OBJECTIVES OF POLICY

The objectives of this Policy are to:-

1. provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
2. determine the criteria for qualification of indigent and poor households;
3. ensure that the criteria is applied correctly and fairly to all applicants;
4. allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;
5. allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

3. SUBSIDY FOR INDIGENT HOUSEHOLDS

- a. A basic level of services will be provided to qualifying households with a total gross income which is below a determined amount, and according to further specified criteria, as determined by the Municipality from time to time.
- b. Indigence subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget. The subsidy can only be credited to the qualifying customers' accounts until the amount received by the Municipality from National Treasury and provided for in the municipal budget for this purpose, has been exhausted, whereupon no further credits will be made until further national funds for this purpose are received or additional funds has been provided for in the municipal budget.
- c. Subsidised services are assessment rates, refuse removal, sewerage and consumption service charges.
- d. Customers who qualify for an indigent subsidy must convert to pre-payment electricity meter, except for areas where electricity is not supplied by Overstrand Municipality, and a flow limiter water meter.
- e. If a customer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- f. If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- g. All customers who qualify for an indigent subsidy will be placed on restricted service levels in order to limit further escalation of debt.
- h. Where applicable, indigent customers may be exonerated from a portion of their arrear debt.
- i. 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 meet the criteria.
- j. An indigent customer may, at any time, request de-registration.
- k. A list of indigent customers will be maintained and may be made available to the general public, subject to the Promotion of Access to Information Act ("PAIA") and/Protection of Personal Information Act ("POPI Act").
- l. The applicant may not be the registered owner of more than one property.

4. PRINCIPLES OF POLICY

- a. The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of this policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b. Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy, when applicable;

- c. Application forms, agreements and documents relating to this Policy must be available in Afrikaans, English and isiXhosa.
- d. 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.

5. CATEGORIES AND CRITERIA OF SUBSIDY

A category of needy households is recognised for purposes of receiving an indigent subsidy:-

A. Indigent household with a property value greater than R220 000.00: and electricity consumption less than 400kWh-

- (i) The total household income may not be more than four times the social pension amount plus R1 per month;
- (ii) Average monthly consumption of electricity over the previous 12 months may not exceed 400 kWh;
- (iii) Average monthly consumption of water over the previous 12 months may not exceed 18 kℓ;
Or: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;
- (iv) Permanently resides in Overstrand;
- (v) Must be a South African citizen; and
- (vi) The applicant may not be the registered owner of more than one property.
- (vii) A property may only be used for residential purposes.

If any of the above criteria is not complied with, the household will immediately be given notice and will [**within 4 months**] lose the status of “indigent” and the subsidy will be forfeited if the household did not adjust its consumption accordingly.

Subsidy

- (i) 100% of the basic levy for electricity for one service point per month;
- (ii) 100% of the basic levy for water for one service point per month;
- (iii) 100% of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service after hours, per annum;
- (v) 100% of the basic levy for refuse removal for one service point per month;
- (vi) 50 kWh of electricity;
- (vii) 6 kℓ of water; [**and**]
- (viii) 4,2 kℓ of water consumption for sewerage; and
- (ix) R11.84 in regard of Infrastructure Levy.

B. Indigent households with a property value less than R220 000.00 and electricity consumption less than 400kWh (no income restriction):-

- (i) All properties with a municipal valuation of R220 000.00 or less, used for residential purposes, are classified as Indigent;
- (ii) Average monthly consumption of electricity over the previous 12 months may not exceed 400 kWh;
- (iii) Indigent households with a property value less than R220,000.00 may apply for 50 kWh of free electricity units where the household income does not exceed four times the social pension amount, plus R1.00 per month where the average monthly consumption of electricity does not exceed 400 kWh.
- (iv) Average monthly consumption of water over the previous 12 months may not exceed 18 kℓ;
OR: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;
- (v) The applicant may not be the registered owner of more than one property.
- (vi) A property may only be used for residential purposes.

Subsidy

- (i) 100% of the basic levy for electricity for one service point per month;
- (ii) 100% of the basic levy for water for one service point per month;
- (iii) 100% of the basic levy for sewage for one service point per month;
- (iv) 100% of 1 X vacuum tanker service after hours, per annum;
- (v) 100% of the basic levy for refuse removal for one service point per month;
- (vi) 6 kℓ of water;
- (vii) Indigent households with a property value of R220 000.00 or less, may apply for 50kWh of free electricity units where the household income does not exceed four times the social pension amount plus R1 per month and where the average monthly consumption of electricity over the previous 12 months does not exceed 400 kWh;
[and]
- (viii) 4,2 kℓ of water consumption for sewerage; and
- (ix) R11.84 in regard of Infrastructure Levy.

C. Indigent households with a property value less than R220 000.00 and electricity less than 500kWh (no income restriction):

- (i) The property value must be less than R220 000.00;
- (ii) The average monthly consumption of electricity by the household over the previous 12 months may not exceed 500kWh;
- (iii) The average monthly consumption of water by the household over the previous 12 months may not exceed 18kℓ;
OR: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;
- (iv) Must be a resident of Overstrand;
- (v) Must be a South African citizen; and
- (vi) The applicant may not be the registered owner of more than one property.
- (vii) A property may only be used for residential purposes.

Subsidy

- (i) 100% of the basic levy for sewage per month for one service point;
- (ii) 100% of the basic levy for refuse removal per month for one service point.

D. Indigent households with a property value greater than R220 000.00 and electricity less than 500kWh (income not exceeding the sum of four times the amount of the state funded social pension) :

- (i) The total household income may not exceed the sum of four times the amount of the state funded social pensions;
- (ii) The average monthly consumption of electricity by the household over the previous 12 months may not exceed 500kWh;
- (iii) The average monthly consumption of water by the household over the previous 12 months may not exceed 18kℓ;
OR: A flow limiter meter will be installed immediately and flow will be limited to a maximum of 18kl per month;
- (iv) Must be a resident of Overstrand;
- (v) Must be a South African citizen;
- (vi) the applicant may not be the registered owner of more than one property; and
- (vii) A property may only be used for residential purposes.

Subsidy

- (i) 100% of the basic levy for sewage per month for one service point;
- (ii) 100% of the basic levy for refuse removal per month for one service point.

6. APPLICATION FOR A SUBSIDY

- a. Applications for indigent subsidy must be submitted on the prescribed application form and must be accompanied by the following documentation:-
 - (i) the latest municipal account of the household;
 - (ii) proof of the account holder's identity;

- (iii) proof of the account holder's income, e.g. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card.; and
 - (iv) proof of medical condition when requiring additional water and electricity.
- b. Incomplete forms or forms without the required documentation attached thereto will be rejected.

7. SWORN STATEMENT

The applicant must complete the sworn statement that forms part of the application form. Failure to do so will render the application invalid.

8. CONVERSION OF METERS

The applicant must agree to the conversion to pre-payment electricity meter and flow limiter water meter. Refer clause 3(d) of Policy.

9. PUBLICATION OF NAMES

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this Policy. Refer clause 3(k) of Policy.

10. FALSE OR MISLEADING INFORMATION

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition he/she may be held liable for the immediate repayment of any subsidies already granted and legal action may be instituted against the guilty party/parties.

11. CALCULATION OF SUBSIDY

- (a) The subsidies below will be funded from the "equitable share" contribution received from National Treasury, plus an amount from the Municipality's own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above mentioned funds are available for allocation.
- (b) The accounts of qualifying applicants are credited monthly by the subsidies calculated in 5A, B, C and D.

12. VERIFICATION

The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time with the aim of carrying out an ongoing audit on the accuracy of the information provided by the applicant(s).

13. DURATION OF SUBSIDY

- a. If an application is approved, the subsidy will be applicable up until the equitable share contribution made from the National Governments' fiscus and as provided for in the municipal budget is depleted.
- b. If the Municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to shorten the subsidy period.
- c. If any of the criteria, as set out in 5A, B, C, and/or D, is not complied with any more, the onus is on the recipient of the subsidy to notify the Municipality within 7 days after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.
- d. If any of the above criteria is not complied with, the household will immediately be given notice and will lose its Indigent status and the subsidy will be forfeited if the consumption is not adjusted accordingly within three (3) months.

14. ACCOUNTS IN ARREAR

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, will have to make arrangements with the Municipality for paying off the amounts in arrears.

15. REGISTER

- (a) The Municipality will compile a register of households that qualify as "indigent".

- (b) The register will be updated continually and reconciled with the relevant subsidy account in the general ledger on a monthly basis.

16. ENCOURAGEMENT

Councillors should encourage tax payers/customers in their various wards to apply for participation in the indigent subsidy scheme.

17. REVIEW AND IMPLEMENTATION PROCESS

This policy will come into effect on 1 July 2018;

This policy will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	SENIOR MANAGER: REVENUE
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PREVIOUS REVIEW	31 MAY 2006
APPROVAL BY COUNCIL:	30 JUNE 2004

OVERSTRAND MUNICIPALITY



SPECIAL RATING AREA POLICY

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OVERSTRAND MUNICIPALITY – SPECIAL RATING AREA POLICY

1. DEFINITIONS

In this Policy words or expressions shall bear the meaning assigned to them and, unless the context otherwise indicates –

"additional rate"	means an additional rate contemplated in sections 19(1) (d) and 22(1) (b) of the Property Rates Act and in section 12(2) of the By-law;
"applicant"	means any owner who makes an application for the determination of a special rating area in accordance with Chapter 1 of the By-law, or if a management body is established in terms of section 10 thereof, any reference to "the Applicant" means the management body;
"business plan"	means a motivation report, implementation plan and term budget as contemplated in section 10 of the By-law;
"By-law"	means the Overstrand Municipality: Special Rating Area By-law;
"CFO"	means the Chief Financial Officer;
"Companies Act"	means the Companies Act, 2008 (Act No. 71 of 2008), as amended or replaced;
"Council"	means the Council of the Overstrand Municipality
"majority"	means the majority of property owners as contemplated in paragraphs 5.5 and 5.6 of the Policy;
"management body"	means the management body of a special rating area to be established in accordance with the provisions of section 11 of the By-law; "owner" has the meaning assigned to it in section 1 of the Property Rates Act;
"non-profit company"	defined as a non-profit company with members as defined in section 1 of the Companies Act No 71 of 2008
"Policy"	means the Policy for the determination of special rating areas, or any other policy adopted by the Council in relation to special rating areas, as in force from time to time;
"Property Rates Act"	means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
"rateable property"	has the meaning assigned to it in section 1 of the Property Rates Act;
"special rating area" or "SRA"	means a special rating area approved by the Council in accordance with the provisions of section 22 of the Property Rates Act;
"steering committee"	means the steering committee of a special rating area to be established in accordance with the provisions of paragraph 9.1.1 of the Policy;
"term budget"	means the budget of the management body contemplated in section 6 of the By-law.

OVERSTRAND MUNICIPALITY – SPECIAL RATING AREA POLICY

2 INTRODUCTION

- 2.1 This Policy for the establishment of special rating areas must be read together with the Property Rates Act and the By-Law.
- 2.2 All words and phrases defined in the Property Rates Act and the By-law have the same meaning in this Policy.
- 2.3 In the event of any conflict between the provisions of the By-law and the provisions of this Policy, the By-law prevails.
- 2.4 The Policy should at all times be read together with the Rates Policy of Overstrand Municipality.

3 AIM OF THE POLICY

This Policy aims to –

- 3.1 set out Council's position on special rating areas and the factors that will influence Council's decision whether or not to determine a particular special rating area;
- 3.2 provide guidance to members of the local community and to decision- makers within the Overstrand Municipality in relation to the establishment of special rating areas;
- 3.3 strike an appropriate balance between facilitating self-funded community initiatives that aim to improve and/or upgrade neighborhoods by making use of a non-profit company ("**NPC**") structure as contemplated in the Companies Act, which is referred to in the By-law as "the management body"; and ensure commitment to good, fair and transparent governance by the management body as defined in the By-law, by implementing a transparent process when appointing service providers to improve and/or upgrade the special rating area in the public areas and ensuring that these improved and/or upgraded services are not provided for private properties.

4 EXCLUSION

This Policy does not apply to privately-owned property developments.

5 POLICY STATEMENT

- 5.1 The special rating area model is based on international best practice. It is aimed at preventing the degeneration of towns and the consequential urban decay, and facilitating their upliftment, economic growth and sustainable development.
- 5.2 The purposes of a special rating area is to –
 - 5.2.1 enhance and supplement the **municipal services** provided by the Overstrand Municipality;
 - 5.2.2 facilitate investment in the special rating area;
 - 5.2.3 facilitate a co-operative approach between the Municipality and the private sector in the provision of municipal services;
 - 5.2.4 halt the degeneration and facilitate the upliftment of distressed business and mixed-use areas; and

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- 5.2.5 promote economic growth and sustainable development and in this way assist the Council in the fulfilment of its objects and developmental duties as set out in its Integrated Development Plan ("IDP").
- 5.3 The Overstrand Municipality recognises special rating areas as a potential tool for assisting it to fulfill its constitutional and statutory obligations to allow property owners within a geographical area to improve and upgrade their area by means of a property rate in addition to the standard property rate.
- 5.4 The Overstrand Municipality does not see its role as advocating or initiating the establishment of special rating areas, but rather facilitating the process with guidance and advice and assisting and helping to capacitate management bodies

6 FACTORS CONSIDERED WHEN DETERMINING A SPECIAL RATING AREA

The Council will consider determining a special rating area where the requirements of section 22 of the Property Rates Act are complied with, including that-

- 6.1 the purpose of the special rating area is to allow an additional rate to be levied on property in the defined area to raise funds for improving or upgrading the area;
- 6.2 the special rating area will not be used to reinforce existing inequities in the development of the Overstrand's area of jurisdiction;
- 6.3 the determination of the special rating area is consistent with the IDP;
- 6.4 residential special rating areas mean an area in which more than 40% (forty percent) of the rates base value consists of Residential Property as defined in the Municipalities Rates Policy;
- 6.5 any residential special rating area must comply fully with the provisions of the By-law, save that, with reference to the majority support, the applicant must provide written proof to the Council that owners of rateable property within the boundary of the special rating area who own not fewer than 60% (sixty percent) in number of such properties, approve the formation of the special rating area;
- 6.6 any non-residential special rating area must comply fully with the provisions of the By-law, save that, with reference to the majority support, the applicant must provide written proof to the Council that owners of rateable property within the boundary of the special rating area who own not fewer than 50% (fifty percent) plus 1 in number of such properties, approve the formation of the special rating area;
- 6.7 the procedural requirements of section 22 of the Property Rates Act as well as the By-law and the Policy, are complied with, including the community consultation requirement, as determined by the CFO;
- 6.8 the proposed improvement or upgrade has been clearly and fully defined;
- 6.9 the proposed improvement or upgrade can be clearly and logically linked to a geographical area, the boundaries of which can be clearly determined;
- 6.10 there is evidence that it will be financially viable to use a special rating area to raise funds for the proposed improvement or upgrade;
- 6.11 Overstrand is satisfied with the institutional arrangements proposed in respect of the special rating area; and

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6.12 ultimately, the decision whether or not to determine a special rating area rests with the Council in its sole discretion.

7 **APPLICABILITY OF THE OVERSTRAND MUNICIPALITIES RATES POLICY AND OTHER POLICIES**

7.1 The Overstrand Municipality's rates policy applies with the necessary changes to this Policy. In particular, and without limiting the generality of the afore-going, the exemptions, rebates and reductions set out in the Rates Policy apply with the necessary changes in relation to the levying of an additional rate for special rating area purposes.

7.2 Notwithstanding the provisions of paragraph 7.1 above, when the Municipality grants a partial rebate as set out in the Rates Policy, the relevant property owner will be granted a full (100%) rebate in relation to the additional rate.

7.3 Other policies approved by the Council apply with the necessary changes to the collection of additional rates in terms of the Policy, the By-Law and section 22 of the Property Rates Act, including, but not limited to, the Overstrand Municipality Credit Control and Debt Collection Policy.

8 **PROCESS**

This Policy sets out –

8.1 the institutional arrangements for special rating areas (paragraph 9);

8.2 the establishment principles (paragraph 10);

8.3 the information to be included in the business plan which needs to be submitted to the Overstrand Municipality in order to motivate a request for determination of a special rating area (paragraph 11); and

8.4 the annual requirements for Special Rating Areas (paragraph 12);

8.5 the amendment and/or extension of term for special rating area (paragraph 13 and 14);

8.6 the dissolution requirements which must be followed (paragraph 15);

8.7 the financial arrangements (paragraph 16).

9 **INSTITUTIONAL ARRANGEMENTS**

Section 22 of the Property Rates Act is not prescriptive as to the structural arrangements which need to be put in place to administer a special rating area. The structural arrangements that will be supported by the Overstrand Municipality are the following:

9.1 **Administration by a NPC**

9.1.1 The ratepayers within the special rating area must establish and participate in an appropriate structure to carry out planning, contracting, financial control and administrative functions within the special rating area, in order to manage and implement the services and upgrades.

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- 9.1.2 This structural arrangement does not entail ratepayers *setting* the additional rate, which under law can only be done by the Council.
- 9.1.3 Councilors who are actively involved in pursuing and promoting the establishment of a special rating area must recuse themselves when Council considers the application for establishment of a special rating area.
- 9.1.4 Amongst other reasons, because funds collected by government are placed in the hands of the private sector through this structural arrangement, the requirements set out in this Policy must be met.
- 9.1.5 The functions of the structure would include:
 - (a) determining the funding required each year (paragraph 16.2);
 - (b) appointing contractors to effect the improvement/s or upgrade/s and
 - (c) receiving the additional rate collected by the Overstrand Municipality and expending the funds in accordance with the approved business plan.

9.2 **Structural requirements:**

- 9.2.1 Before Overstrand Municipality will consider allowing ratepayers in a special rating area to carry out administrative and other functions in relation to the area, the Steering Committee must establish a non-profit company ("**NPC**") in terms of the Companies Act for that purpose.
- 9.2.2 The inaugural memorandum of incorporation ("**MOI**") of the NPC must be aligned with the prescribed format determined by the CFO; and any amendments thereto must be approved by the CFO;
- 9.2.3 The NPC must be managed in terms of the Companies Act, and must also comply with any other legislation as a result of the financial connection to Council;
- 9.2.4 The NPC must have at least 3 (three) directors, each with specific portfolio(s) aligned with the business plan;
- 9.2.5 the Executive Mayor will appoint councilor(s) as director(s) and alternate director(s) to the board of the management body in accordance with sections 11(4) and 11(5) of the By-law. The director(s) appointed by the Executive Mayor will not have the powers and duties of directors as set out in the Companies Act and the management body's MOI;
- 9.2.6 the NPC must give a written notice to all the affected property owners within the special rating area of the intention to hold a members meeting within six months of the establishment of the NPC and thereafter an annual general meeting ("**AGM**") (paragraph 12.2) on the date stated in the notice by advertising in one English and one Afrikaans daily newspaper and must also give notice in a community (local) newspaper to accommodate other official languages where applicable; and
- 9.2.7 The purpose of the meetings referred to in paragraph 9.2.6 will be to, amongst other items on the agenda, :
 - (a) appoint directors, other than the director(s) appointed in terms of paragraph 9.2.5;
 - (b) amend the NPC's MOI if required and with prior written consent of the CFO; and

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- (c) approve the following year's budget and implementation plan (paragraph 16.2).

10 ESTABLISHMENT PRINCIPLES OF A SPECIAL RATING AREA

The process for establishing special rating areas as set out in Chapter 1 of the By-law, must be followed.

10.1 Initiation Phase

- 10.1.1 The applicant must form a steering committee that is representative of property owners within the proposed special rating area.
- 10.1.2 The Steering Committee must keep a comprehensive portfolio of evidence of the establishment process.
- 10.1.3 The Steering Committee must meet with the CFO before commencing with the establishment process to ensure that the special rating area is the appropriate vehicle.
- 10.1.4 All documents relating to the establishment process must be approved by the CFO before circulating them to the public.
- 10.1.5 After the Steering Committee confirms in writing that it will engage in the pursuit of establishing a special rating area it must supply the Overstrand Municipality with a map depicting the boundaries of the special rating area.
- 10.1.6 The Overstrand Municipality will extract a property database which the Steering Committee, with the assistance of the Municipality, must verify as correct. Any anomalies must be reported to the Municipality for remedial action.
- 10.1.7 All properties except municipal properties predominantly used for municipal purposes or properties exempted from paying property rates or receiving partial rates relief (paragraph 7.1) will form part of the property database of the proposed special rating area.
- 10.1.8 After the Overstrand Municipality has prepared a total arrears profile of the area and is satisfied with the outcome thereof the Steering Committee may proceed with the establishment process.
- 10.1.9 The Steering Committee will be required to conduct an urban management survey (only one survey per property owner) of not less than 20% of properties in the database (proportional split in terms of the usage code is required). In addition a random sample of people within the area, which is equal in number to not less than 5% of the properties in the database, is also required. Where a reduction in the number of survey forms is required it may be motivated for consideration by the CFO.
- 10.1.10 The Steering Committee must consult with the respective Overstrand Municipality Directorate(s) regarding the current service(s) provided and the levels thereof as well as the SRA anticipated service(s) and level thereof.
- 10.1.11 The Steering Committee must compile a business plan in accordance with the provisions of paragraph 11 of this Policy.

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10.2 First Public Meeting

10.2.1 The public meeting must be conducted in accordance with section 5 of the By-law.

10.3 Obtaining Support

10.3.1 Support may only be obtained after the public meeting and on the consent form provided by the Overstrand Municipality.

10.3.2 All support forms must be filed and cross-referenced to the property database in terms of paragraph 10.1.6 of the Policy to verify the accuracy thereof.

10.3.3 Any property owner that wants to object to the establishment of a special rating area or to the provisions of the business plan can do so by indicating it on the consent form. The objector will be required to submit an objection letter once an application for the establishment of a special rating area is submitted to Council.

10.4 Application

10.4.1 An application must be submitted in terms of paragraph 11 of this Policy.

10.4.2 The application must be advertised in terms of paragraph 9.2.6 and also set a date for a second public meeting to occur not more than twenty days or less than seven days before the objection period closes.

10.4.3 Prior to submitting an application the Steering Committee will be required to set up a website that displays the following:

- application letter;
- business plan;
- urban management perception report;
- public meeting presentations and minutes;
- By-law;
- Policy;
- SRA frequently asked questions;
- notices; and
- blank consent / objection form.

10.4.4 The special rating area application must be submitted by 30 September of the financial year preceding the establishment of the special rating area. The CFO may extend this date if a properly motivated request is received. This will depend on Council's ability to accommodate the late application within the budget process.

10.5 Objections

10.5.1 Consents and objections will be considered only if they are submitted to Council by the last day specified in the application notice.

10.5.2 Property owners objecting to the establishment of a special rating area in terms of paragraph 10.3.3 must do so in writing and include a motivation for their objection.

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10.5.3 The Steering Committee must engage with all the objectors and provide them and Council with minutes of these meetings. The objector/s will be allowed to respond to the minutes.

10.5.4 Any property owner who wants to make oral representations for submission to Council in terms of section 7(4) of the By-law will be assisted by an official to document this for inclusion in the report to be considered by Council.

10.6 Inaugural Phase

10.6.1 The process and appointment of all service providers must be communicated to the property owners on the NPC's website and in newsletters.

10.6.2 The application form to become a member of the NPC must also be available on the website.

10.6.3 Any special rating area that is approved more than nine months prior to the effective date may:

10.6.3.1 delay the implementation of the special rating area and commence with year two of the business plan. This will imply that the term is effectively reduced by one year; or

10.6.3.2 implement the original business plan.

11 BUSINESS PLAN CONTENT

The business plan comprises of the following:

- a motivation report;
- an implementation plan; and
- a term budget.

11.1 Motivation report

The motivation report must contain the following:

11.1.1 Introduction:

11.1.1.1 an executive summary of the improvement or upgrade proposed for the special rating area as set out in the business plan;

11.1.1.2 an explanation of how the proposed improvement or upgrade is linked to the geographical area of the proposed special rating area;

11.1.1.3 an explanation of why the proposed special rating area will not reinforce existing inequities in the development of the Overstrand Municipality;

11.1.1.4 an explanation of how the special rating area, if determined, will be consistent with the Overstrand Municipalities IDP as per the Service Departments' business plans;

11.1.1.5 an explanation of the institutional arrangements proposed in relation to the special rating area;

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11.1.2 Vision;

11.1.3 Mission;

11.1.4 Goal;

11.1.5 A diagram clearly indicating the boundaries of the proposed special rating area;

11.1.6 Proposed management structure:

- composition of special rating area board including allocation of portfolios; and
- operational arrangements;

11.1.7 Services:

11.1.7.1 Service providers to be appointed as contemplated in paragraphs 2.1.4 and 9.6.1.

11.1.8 Financial Impact:

- provide details regarding the calculation of the additional rate;
- provide details of criteria to qualify for exemption from paying the additional rate as per paragraph 10.1.7;

11.1.9 A list of all rateable properties within the proposed special rating area, contact details of all property owners and the value of each property as set out in the Council's general valuation roll. Differentiation between categories of properties, as provided for in section 8 of the Property Rates Act, must be considered;

11.1.10 Proof of the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate;

11.1.11 Proof of the notice of the public meeting or meetings contemplated in the By-law;

11.1.12 Minutes of the public meeting or meetings; and

11.1.13 Compilation date.

11.2 **Implementation plan**

The implementation plan is a schedule of goals to implement improvements or upgrades as per the motivation report and must at least address the following:

11.2.1 Milestones;

11.2.2 Tasks per milestone;

11.2.3 Start and finish date per task;

11.2.4 Assign responsibility per goal, milestone & task; and

11.2.5 Performance indicators per milestone.

11.3 **Term budget**

11.3.1 The budget for the proposed improvements or upgrades must at least address the following:

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11.3.1.1 an annual budget per line item commencing on 1 July of the first year and ending on 30 June of the last year of the term; and

11.3.1.2 a budget split for the provision of improvements or upgrades between the different categories of properties.

11.3.2 subject to the provisions of the Property Rates Act, the additional rate in any category of property must not exceed 25% of the municipal property rate. Any deviation must be fully motivated to Council for consideration.

12. ANNUAL REQUIREMENTS

12.1 The NPC must confirm the property data base which the Steering Committee must verify as correct or report anomalies to the Overstrand Municipality for remedial action.

12.2 The NPC must hold its AGM before 31 December as per the MOI requirements.

12.3 Within two months of the end of each financial year the NPC must provide the CFO with its Audited Financial Statements for the immediately preceding year.

12.4 Within three months after the AGM the NPC must provide Council with its audited Financial Statements for the immediately preceding year and an Annual Report on its progress in carrying out the provisions of the Business Plan in the preceding year to improve and upgrade the Special Rating Area.

12.5 The NPC must submit an annual budget and implementation plan for comment by the CFO before approval at the AGM (paragraph 16.2), and ensure that -

12.5.1 the quantum of financial reserves is not less than two months of revenue received from the Overstrand Municipality in terms of the approved budget per SRA except if these funds have been duly allocated to a project;

12.5.2 the implementation plan is aligned with the proposed budget.

12.6 The submission of the annual budget and implementation plan as referred to in paragraph 12.5 will be subject to approval by Council during the municipalities annual budget process.

12.7 The NPC must by 31 January each year provide the CFO with a mid- year performance scorecard based on the activities set out in the implementation plan.

12.8 The NPC will within one month after the AGM provide the CFO with draft minutes of the AGM to ensure compliance with the legal requirements.

13. AMENDMENT TO THE BUSINESS PLAN

13.1 In the event that a NPC seeks to amend the boundaries of the SRA and/or the business plan content then the procedures set out in section 14 of the By-law must be followed and submitted by 30 September.

13.2 The following factors, although not limited to, must be addressed in the motivation:

- explanation of impact on costs, budget and implementation plan expectations;
- cross subsidisation by existing members;

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- fairness and equity;
- affordability and sustainability of the existing SRA;
- intention of the legislation prescribing that all property owners; must be allowed to participate in the formation of a SRA;
- priorities of the new area may differ from the existing SRA priorities; and
- arrears profile

13.3 The boundary changes must not affect the vested rights of existing property owners as per the Business Plan.

13.4 Boundary changes are subject to the following criteria:

13.4.1 Obtaining by special resolution the support from existing NPC members at a members meeting before expansion is pursued;

13.4.2 Determining the profile of the new total SRA as it could change from non-residential to residential and vice versa;

13.4.3 Obtaining the required majority support from the property owners in the new area only, based on the determination referred to in paragraph 13.4.2.

13.5 Property owners in the new area must follow the establishment process as per Chapter 1 of the By-law.

14 EXTENSION OF THE SRA TERM

In the event that a NPC seeks to extend the term of the special rating area for a further period then the procedures set out in section 15 of the By-law must be followed.

15 DISSOLUTION

The special rating area may be dissolved by resolution of the Council in terms of section 16 of the By-law. Thereafter the management body may be wound up in terms of the provisions of section 16 of the By-law and the NPC's MOI.

16 FINANCIAL CONTROL

16.1 As stated in the By-law, the amount of any additional rate levied in a special rating area is determined by Council. The additional rate is imposed by the Council, is a debt owing to the Overstrand Municipality and is payable and collected in the same manner as other property rates imposed by the Council.

16.2 The NPC must submit an annual budget as approved at an AGM or Special General Meeting ("**SGM**") to the Overstrand Municipality by 31 January, with appropriate motivation including an implementation plan for the next financial year, and the Council will consider the recommendation during its budgeting process.

16.3 Before the Overstrand Municipality will pay over any additional rate collected to the NPC, the NPC and the Overstrand Municipality must have concluded a written finance agreement regulating, amongst other things:

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- 16.3.1 the mechanisms and manner of payment;
- 16.3.2 how the additional rate is to be held by the NPC;
- 16.3.3 any parameters relating to expenditure; and
- 16.3.4 any obligations on the NPC to take out and maintain appropriate insurance.
- 16.4 The CFO may request a forensic audit should he deem it necessary.
- 16.5 The CFO may request a special board meeting.

17 COMMENCEMENT AND IMPLEMENTATION

- 17.1 Implementation of this Policy commences on 1 July 2018.
- 17.2 Where the Overstrand Municipality is legally empowered to do so, requirements set out in this Policy may be imposed as conditions attached to the determination of a special rating area.
- 17.3 This Policy and its implementation must be reviewed annually.

18 COSTS

Unless otherwise agreed by the Municipal Manager or his/her nominee, the Overstrand Municipality shall not be liable for any costs incurred by ratepayers within the relevant proposed special rating area in respect of the implementation of the steps set out in this Policy and in the By-law.

19 SHORT TITLE

This policy will be referred to as the **Special Rating Area Policy of the Overstrand Municipality**.

POLICY SECTION:	SENIOR MANAGER: REVENUE
CURRENT UPDATE:	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
APPROVAL BY COUNCIL:	25 MAY 2016

OVERSTRAND MUNICIPALITY



ASSET MANAGEMENT POLICY

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1. OBJECTIVE

- 1.1. To ensure the effective and efficient control of the municipality's assets through:
 - 1.1.1 proper recording of assets from authorisation to acquisition and to subsequent disposal;
 - 1.1.2 providing for safeguarding procedures;
 - 1.1.3 setting proper guidelines as to authorised utilisation; and
 - 1.1.4 prescribing for proper maintenance.
- 1.2. To assist officials in understanding their legal and managerial responsibilities with regard to assets.

2. BACKGROUND

- 2.1. The proper utilization and management of its assets is one of the prime mechanisms by which a municipality can fulfill the constitutional objects for:
 - 2.1.1 Delivery of sustainable services;
 - 2.1.2 Promotion of Social and economic development;
 - 2.1.3 Promoting a safe and healthy environment and,
 - 2.1.4 Providing for the basic needs to the community.
- 2.2. The municipality has a legal and moral obligation to ensure it implements policies to provide for the effective and efficient usage of its assets over the useful life thereof.
- 2.3. The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of assets.
- 2.4. Stewardship has three components being the:
 - 2.4.1. Management, utilization and control by municipal officials;
 - 2.4.2. Financial administration by the Director: Finance, and
 - 2.4.3. Physical administration by the Manager: Expenditure & Asset Management.
- 2.5. Statutory provisions exist to protect public property against arbitrary and inappropriate management or disposal by a municipality.
- 2.6. Accounting standards are set to ensure the appropriate financial treatment for property, plant or equipment. The requirements of these accounting standards include:
 - 2.6.1. The compilation of asset registers recording all assets controlled by the municipality;
 - 2.6.2. Accounting treatment for the acquisition, disposal, recording and depreciation of property, plant or equipment, and
 - 2.6.3. The standards to which these financial records must be maintained.

3. DEFINITIONS

“Accounting Standards Board”	<i>was established by the Public Finance Management Act to set standards of Generally Recognized Accounting Practice (GRAP) as required by the Constitution of the Republic of South Africa.</i>
“Amortization”	<i>is the systematic allocation of the depreciable amount of an intangible asset over its useful life.</i>
“Assets”	<i>are resources controlled by the municipality as the result of past events and from which future economic benefits or future service potential are expected to flow to the municipality and for the purpose of this policy refers to property, plant and equipment but excludes Investment Properties.</i>
“Asset categories”	<i>are the asset categories as per the Overstrand Asset Register.</i>
“Basic Municipal Services”	<i>means the amount or level of any 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 of the environment and for this Policy includes, but is not restricted to electricity, refuse collection, sanitation, local roads, storm water drainage, fire services and water services.</i>
“Capitalization”	<i>is the recognition of expenditure as an Asset in the Financial Asset Register.</i>
“Carrying amount”	<i>is the amount at which an asset is included in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment thereon.</i>
“Control items”	<i>are items of assets that are not significant enough for financial recognition but are valuable enough to warrant special safeguarding.</i>
“Cost”	<i>is the amount of cash or cash equivalents paid or the fair value of the other consideration given or received to acquire an asset at the time of its acquisition or construction.</i>
“Cost of acquisition”	<i>is all the costs incurred in bringing an asset item to the required condition and location for its intended use.</i>
“Depreciation”	<i>is the systematic allocation of the depreciable amount of an asset over its useful life.</i>
“Depreciable amount”	<i>is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.</i>
“Director”	<i>is the “head of each Directorate” that has the functional accountability for and control of the physical management of a particular set of assets in order to achieve the municipality’s strategic objectives relevant to that directorate. The execution of this responsibility will require the relevant asset manager to control the acquisition, utilization, management and disposal of this set of assets to optimize the achievement of these objectives.</i>

“Disposal”	<i>in relation to a capital asset, includes: (a) the demolition, dismantling or destruction of the capital asset; or (b) any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership.</i>
“Fair value”	<i>is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction.</i>
“Finance Lease”	<i>is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.</i>
“Financial asset register”	<i>is the control register recording the financial and other key details for all municipal assets recognized in accordance with this policy.</i>
“Fixed Asset”	<i>(also referred to as a “non-current asset”) is an asset with an expected useful life greater than 12 months and includes moveable and immovable assets.</i>
“Grantor”	<i>is the entity that grants the right to use the service concession asset to the operator.</i>
“Heritage Assets”	<i>are assets defined as culturally, environmental, historical, natural, scientific, technological or artistic significant and are held indefinitely for the benefit of present and future generations... Examples are works of art, historical buildings and statues.</i>
“Immovable Assets”	<i>are fixed structures such as buildings and roads. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immovable asset (though it may be temporarily removed for repair).</i>
“Impairment loss” of a cash-generating asset	<i>is the amount by which the carrying amount of an asset exceeds its recoverable amount.</i>
“Impairment loss” of a non-cash-generating asset	<i>is the amount by which the carrying amount of an asset exceeds its recoverable service amount.</i>
“Infrastructure assets”	<i>are defined as any assets that are part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains.</i>
“Intangible assets”	<i>are defined as identifiable non-monetary assets without physical substance.</i>
“Investment properties”	<i>are defined as properties that are acquired for economic and capital gains.</i>
“Mandated Function”	<i>involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor’s mandate.</i>

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“Movable Assets”	<i>are the stock of equipment owned or leased by the municipality such as office equipment and furniture, motor vehicles and mobile plant.</i>
“operator”	<i>is the entity that uses the service concession asset to provide a mandated function subject to the grantor’s control of the asset.</i>
“Organ of State”	<i>in terms of this policy, means –</i> <i>(a) a national department or national public entity;</i> <i>(b) a provincial department or provincial public entity;</i> <i>(c) a municipality or municipal entity; or</i> <i>(d) any other organ of state within the meaning assigned to "organ of state" in section 239 of the Constitution.</i>
“Other assets”	<i>are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture.</i>
“Prescribe”	<i>means as prescribed by the Minister of Finance by regulation.</i>
“Property, plant or equipment” (PPE)	<i>Means tangible assets that:</i> <i>(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</i> <i>(b) are expected to have a useful life extending for more than one financial year.</i>
“Recoverable amount”	<i>is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.</i>
“Residual value”	<i>is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.</i>
“service concession arrangement”	<i>is a contractual arrangement between a grantor and an operator in which:</i> <i>(a) the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time; and</i> <i>(b) the operator is compensated for its services over the period of the service concession arrangement.</i>
“service concession asset”	<i>is an asset used to provide a mandated function in a service concession arrangement that:</i> <i>a) is provided by the operator which:</i> <i>i. the operator constructs, develops, or acquires from a third party; or</i> <i>ii. is an existing asset of the operator; or</i> <i>b) is provided by the grantor which:</i> <i>i. is an existing asset of the grantor; or</i> <i>ii. is an upgrade to an existing asset of the grantor.</i>

<p>“Useful life”</p>	<p><i>is either:</i></p> <p>(a) <i>the estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, or</i></p> <p>(b) <i>the estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality.</i></p>
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4. STATUTORY AND REGULATORY FRAMEWORK

- 4.1. This policy must comply with all relevant legislative requirements including:
- 4.1.1 The Constitution of the Republic of South Africa, 1996
 - 4.1.2 Municipal Structures Act No 117 of 1998
 - 4.1.3 Municipal Systems Act No 32 of 2000
 - 4.1.4 Division of Revenue Act (enacted annually)
 - 4.1.5 Municipal Finance Management Act No 56 of 2003
 - 4.1.6 Local Government: Municipal Asset Transfer Regulations, 2008
- 4.2. Also, this policy must comply with the standards specified by the Accounting Standards Board. The relevant currently recognized accounting standards include:
- 4.2.1 GRAP 5 Borrowing Costs
 - 4.2.2 GRAP 11 Construction Contracts
 - 4.2.3 GRAP 12 Inventories
 - 4.2.4 GRAP 13 Leases
 - 4.2.5 GRAP 16 Investment property
 - 4.2.6 GRAP 17 Property, Plant and Equipment
 - 4.2.3 GRAP 21 Impairment of Non Cash Generating Assets
 - 4.2.4 GRAP 26 Impairment of Cash Generating Assets
 - 4.2.5 GRAP 31 Intangible Assets (Previously GRAP 102)
 - 4.2.6 GRAP 32 Service Concession Arrangements: Grantor
 - 4.2.7 GRAP 100 Discontinued Operations
 - 4.2.8 GRAP 103 Heritage Assets
- 4.3. This policy does not overrule the requirement to comply with other policies such as Supply Chain Management policy, Budget policies or the Administration of Immovable Assets policy.

5. RESPONSIBILITIES AND ACCOUNTABILITIES

- 5.1. **The Municipal Manager** is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

5.2. The Municipal Manager must take all reasonable steps to ensure that:

- 5.2.1 the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- 5.2.2 the municipality's assets are valued in accordance with standards of GRAP;
- 5.2.3 the municipality has and maintains a system of internal control of assets, including an asset register, and
- 5.2.4 the Directors comply with this policy.

5.3. The Director: Finance is responsible to the Municipal Manager to ensure that the financial investment in the municipality's assets is properly recorded.

5.3.1. The Director: Finance must take all reasonable steps to ensure that:

- a) appropriate systems of financial management and internal controls are established and carried out diligently;
- b) the financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;
- c) any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- d) the systems, processes and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of all statutes;
- e) financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- f) the Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets, and
- g) the Directors are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

5.3.2. The Director: Finance may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

5.4. The Directors must take all reasonable steps to ensure that:

- 5.4.1 appropriate systems of physical management and controls are established and carried out for assets in their areas of responsibility;
- 5.4.2 the municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- 5.4.3 the assets under their control are appropriately safeguarded and maintained to the extent necessary and that risk management systems are in place and applied;
- 5.4.4 any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- 5.4.5 their asset management systems and controls can provide an accurate, reliable and up to date account of assets under their control;

- 5.4.6 they are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives;
- 5.4.7 the purchase of assets complies with all municipal policies and procedures;
- 5.4.8 all moveable property, plant and equipment is duly processed and identified when it is received into his/her stewardship;
- 5.4.9 all moveable assets received into his/her stewardship are appropriately safeguarded **[for] against** inappropriate use or loss. This will include control over the physical access to these assets and regular asset counts to ensure any losses have not occurred. Any known losses should be immediately reported to the Director: Finance, and
- 5.4.9 assets are appropriately utilized for the purpose for which the municipality acquired them.
- 5.4.10 The Director may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

5.5 Safe-guarding of assets.

Directors shall be directly responsible for the physical safe-guarding of any fixed asset controlled or used by the department in question.

In exercising this responsibility, Directors shall adhere to the stipulations of this policy as well as any other written directives issued by the municipal manager to the department in question, or generally to all departments, in regard to the control of or safe-guarding of the municipality's fixed assets.

6. FINANCIAL MANAGEMENT

6.1 Approval to acquire Property, Plant or Equipment

Money can only be spent on a capital project if:

- 6.1.1 the money has been appropriated in the capital budget, and the future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget;
- 6.1.2 the project, including the total cost and funding sources, has been approved by Council;
- 6.1.3 the Director: Finance confirms that funding is available for that specific project, and
- 6.1.4 the Supply Chain Management prescripts/procedures have been adhered to.

6.2 Funding period of capital projects

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

6.3 Disposal of assets (excluding immovable property covered under the Administration of Immovable Property Policy)

- 6.3.1 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 must not be compromised as a result of the disposal of the asset.

- 6.3.2 The decision 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.
- 6.3.3 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.
- 6.3.4 The transfer of assets to another municipality, municipal entity, national department or provincial department is excluded from these provisions, provided such transfer is being done in accordance with a prescribed regulatory framework.
- 6.3.5 Directors shall report in writing to the Director: Finance on all fixed assets controlled or used by the department concerned, which such Director wishes to alienate by public auction or public tender. The Director: Finance 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.
- 6.3.6 Fixed assets identified to be disposed of by means of auction / tender must have been considered for impairment.
- 6.3.7 Once the fixed assets are alienated, the Director: Finance shall de-recognize the asset from the accounting records and the fixed asset register.
- 6.3.8 All gains and losses realized on the alienation of fixed assets shall be accounted for according to section 11.13 below (Accounting treatment on disposal).
- 6.3.9 Disposal of immovable property is dealt with in terms of the Overstrand Administration of Immoveable Property Policy.

6.4 Loss, Theft, Destruction or Impairment of assets

- 6.4.1 Directors 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 Director: Finance, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.
- 6.4.2 Directors shall further ensure that all the required insurance claim documentation and information is promptly submitted to the Director: Finance in terms of the prescribed claims procedures.

7. INTERNAL CONTROLS

7.1 Financial Asset registers

7.1.1 Establishment and Management of the Financial Asset Register:

- a) The Director: Finance will establish and maintain the Asset Register containing key financial data on each item of Assets that satisfies the criterion for recognition.

7.1.2 Contents of the Financial Asset Register:

- a) The fixed asset register shall be maintained in the format determined by the Director: Finance, which format shall comply with the requirements of generally recognized accounting practice (GRAP) and any other accounting requirements which may be prescribed.
- b) Directors under whose control any fixed asset falls shall promptly provide the Director: Finance in writing with any information required to compile the fixed asset register, and shall promptly advise the Director: Finance in writing of any material change which may occur in respect of such information.

7.1.3 Internal Controls over the Financial Asset Registers:

- a) Controls around the asset registers should be sufficient to provide Directors with an accurate, reliable and up to date account of assets under their control to the standards specified by the Director: Finance and required by relevant legislation.
- b) These controls will include the physical management and recording of all acquisitions, assignments, transfers, losses and disposals of assigned assets as well as regular asset counts and systems audits to confirm the adequacy of controls.
- c) The Municipal Manager shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerized fixed asset register.

7.2 Responsibilities: Physical Receipting and Management

7.2.1 The Manager: Expenditure & Asset Management will undertake at least a bi-annual count of assets as part of the annual reporting process.

7.2.2 The date of acquisition of assets is deemed to be the time when legal title and control passes to the municipality.

7.2.3 The date of acquisition of assets may vary for different categories of assets but will be the point of time when the asset is in the final condition and location as intended for use by the Director.

7.2.4 A Director must advise the Director: Finance, in writing, of capital work-in-progress at the end of the financial year.

7.2.5 A Director must advise the Director: Finance, promptly in writing whenever capital work-in-progress is completed, for inclusion in the Asset Register.

7.3 Transfers between Directorates

7.3.1 Permanent transfers to another Directorate

- a) A Director retains managerial accountability and control for a particular asset unless:

- i. another Director agrees in writing to accept responsibility for the assets, and
 - ii. the Director: Finance endorses the transfer.
- b) The Finance Directorate must appropriately amend the Financial Asset register by accounting for all approved transfers.
- c) The Director to whom the asset is transferred must assume accountability for the transferred asset.

7.3.2 Relocation or Re-assignment of Assets:

- a) A Director must ensure that assets are appropriately safeguarded for loss, damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions.
- b) A Director must advise the Director: Finance, in writing, whenever an asset is permanently relocated or reassigned from the location (or base) or cost centre recorded in the Financial Asset Register.
- c) A Director must advise the Director: Finance, in writing, whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Financial Asset Register. In this case, the Director must also advise the Director: Finance when the asset is returned. In the case of assets being utilized in the normal course of operations away from its base, such as vehicles, reporting is not necessary.

7.4 Verification of fixed assets

- 7.4.1 Directors shall at least twice during each year undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.
- 7.4.2 Directors shall promptly and fully report in writing to the Director: Finance in the format determined by the Director: Finance, all relevant results of such fixed asset verification. The resultant reports shall be submitted by Directors, to the Director: Finance, by not later than 30 days after the last day of the period in question.

7.5 Insurance of fixed assets

- 7.5.1 The Municipal Manager shall ensure that movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.
- 7.5.2 If the municipality operates a self-insurance reserve, the Director: Finance shall annually determine the contribution to be made to the self-insurance reserve.

7.6 Recovery of loss

- 7.6.1 An Asset Loss Control Committee, appointed by the Accounting Officer, must be established to investigate all losses and to consider the settlement of all insurance claims falling within the relevant excess limits.
- 7.6.2 The Asset Loss Control Committee must comprise of a representative from Legal Services, Human Resources (Labour Relations), Finance (Asset Management) and the senior manager within who's vote the transaction occurs or a senior official as representative for his/her department or division.

- 7.6.3 Where applicable, the matter must be referred to the relevant Department in order to institute disciplinary action in order to recover any possible loss in incidents where negligence or misconduct may be suspected.

8. MANAGEMENT OF CONTROL ITEMS

- 8.1 The Director Finance has identified asset items which will not be capitalised. These assets are qualitative and quantitatively immaterial and the costs to maintain these assets were considered and found to exceed the economic benefit if considered over the life cycle of the assets. Three types of assets were defined as per the annexures hereto.
- 8.2 The requirements to manage control items includes:
- Receipting and bar-coding of these items.
 - Maintaining and updating a register.
 - Regular asset counts by the assigned person to ensure these control items are being appropriately safeguarded.
 - Recording and reporting of any disposal, transfer or loss of control items by the assigned official to the CFO and adjustment of the control items register.
- 8.3 Control items will **not** be:
- capitalized as an asset,
 - depreciated,
 - revalued,
 - recorded in the financial asset register, or
 - otherwise treated as an asset.
- 8.4 On an annual basis, the Director: Finance will review the listing of items not capitalised in order to ensure that the effect of the treatment is not material in any aspects.

9. MANAGEMENT AND OPERATION OF ASSETS

9.1 Accountability to manage assets

- Each Director is accountable to ensure that municipal resources assigned to him are utilized effectively, efficiently, economically and transparently.
- Directors need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost.

9.2 Reporting on Impeding Issues

- Each Director should report to the Municipal Manager on issues that will significantly impede the assets capability to provide the required level of service or economic benefit.

10. CLASSIFICATION & COMPONENTS

10.1 Classification of assets

10.1.1 Any asset recognized as an asset under this policy will be classified according to categories as per the Overstrand Asset Register.

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

a) Property, plant and equipment:

- land (not held as investment property)
- buildings (not held as investment property)
- community assets (resources contributing to the general well-being of the community)
- infrastructure assets (assets which are part of a network of similar assets)
- other assets (ordinary operational resources, consisting of Furniture, Equipment and Vehicles)

b) Heritage Assets

- heritage assets (culturally, environmental, historical, natural, scientific, technological or artistic significant assets)

c) Investment property

- investment assets (resources held for capital or operational gain)

d) Intangible Assets

- non-monetary assets without physical substance such as computer software, licenses etc.

e) Leased Assets

- asset financed through a lease arrangement such as cell phone contracts or finance leases

f) Service Concession asset

- is the asset used in a service concession agreement in order to provide services to the public within the juristic boundaries of the municipality
- Examples hereof include water treatment plants being operating by a third party or a toll road operated by a third party if the conditions of GRAP 32 are met

10.1.3 The Director: Finance may agree to subdivide these classifications further. This decision will be noted as an amendment to the Asset Register of the Overstrand Municipality.

10.2 Treatment of Major Components

- All parts of an asset that is significant to the cost of the item as a whole shall be treated as a separate major component and each major component shall be treated as described below.

- A Director may, with agreement of the Director: Finance, treat other non-significant parts as major components of an item of property plant or equipment as a separate asset for the purposes of this policy.
- These major components may be defined by its physical parameters (e.g. a reservoir roof) or its financial parameters (e.g. a road surface).
- In agreeing to these treatments the Director: Finance must be satisfied that these components:
 - *have a significantly different useful life or usage pattern to the main asset,*
 - *align with the asset management plans,*
 - *justify the costs of separate identification,*
 - *have probable future economic benefits or potential service delivery associated with the asset which will flow to the municipality,*
 - *is such that the cost of the asset to the municipality can be measured reliably,*
 - *is such that the municipality has control over the asset,*
 - *the item is not listed as an expense or control item in the appendixes hereto, and*
 - *is such that the asset is expected to be used during more than one financial year.*
- Once a major component is recognized as a separate asset, it may be acquired, depreciated and disposed of as if it was a separate asset.

11. ACCOUNTING FOR ASSETS

11.1 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,*
 - *the item is not listed as an expense or control item in the appendixes hereto, and*
 - *the asset is expected to be used during more than one financial year.*

11.2 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”.
- This “cost of acquisition” usually include the following:
 - *Purchase costs (less any discounts given)*
 - *Delivery costs*
 - *Installation costs*
 - *Professional fees for architects, engineers and attorneys*

- *Import duties*
- *Non-refundable taxes*
- *Site development costs*
- *Contractor fees*

11.3 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 if the item is considered an asset other than control item or expense.

11.4 Recognition threshold

The municipality does not utilize a recognition threshold, but has rather identified items that are insignificant and thus would not be capitalized. The listing of items and methodology for identifying such items are listed in the appendixes hereto.

11.5 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.

11.6 Depreciation

- All fixed assets, except land and heritage assets, shall be depreciated.
- The depreciable amount of an item of property, plant or equipment should be allocated on a systematic basis over its useful life.
- The depreciation method used should reflect the pattern in which economic benefits or potential service provisions are consumed by the municipality.
- The depreciation charge for each period will be recognized as an expense against the budget of the relevant Director unless it is included in the carrying amount of another asset.
- The depreciation method used shall reflect the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality.
- 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 entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. That method 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 depreciation method will be the straight-line method unless otherwise agreed to in writing by the Director: Finance.

- Depreciation shall be calculated from the day the fixed asset is available for use (GRAP 17).
- Directors, acting in consultation with the Director: Finance, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.
- The procedures to be followed in accounting and budgeting for the amortization of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

11.7 Initial determination of useful life

- Directors need 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.
- The Table of Useful Lives is provided in the MFMA Local Government Capital Asset Management Guideline. These should be used as a guide to the minimum useful lives only because actual asset lives experienced greatly exceed those recommend lives.

11.8 Review of useful life

- Only the Director: Finance may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs, the Director: Finance shall inform the council of the municipality of such amendment.
- The Director: Finance shall amend the useful operating life assigned to any fixed 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.
- The useful life of an item of property, plant or equipment should be reviewed only when there is an indicator that the current useful lives are not appropriate. Annually the Director: Finance will review a list of circumstances that could indicate the need to revise the useful lives of assets. If any indicators require useful lives to change and these revised expectations are significantly different from previous estimates, then the depreciation charge for the current and future periods should be adjusted and the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question. The indicators are those listed under impairment indicators.

11.9 Review of depreciation method

- The depreciation method applicable to property, plant or equipment should 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 should be changed to reflect the changed pattern.
- When such a change in depreciation method is necessary the change should be accounted for as a change in accounting and the depreciation charge for the current and future periods should be adjusted.

11.10 Subsequent expenditure on property plant or equipment

- Subsequent expenditure relating to an item of property, plant or equipment that meets the definition of an asset should 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, resulting in financial or service delivery benefits.
- All other expenditure should be recognized as an expense in the period in which it occurred.
- Before allowing the capitalization of subsequent expenditure, the Director: Finance 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.

11.11 Impairment of assets

The accounting treatment relating to impairment losses is outlined as follows in **GRAP 21 & 26**:

The carrying amount (Book value) of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

Recoverable amount is the amount that the municipality expects to recover from the future use of an 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 recognized as an expense immediately.

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 work 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 item of PPE has become impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

Example:

An example of where the municipality has suffered an impairment loss is the purchase of land for an amount of R 5 000 000. The land will be utilized for new subsidized housing developments. If at year end the expectation is that the Municipality will receive only R 1 000 000 by way of subsidies an impairment loss of R4 000 000 needs to be recognized. The recoverable amount (R 1 m) is calculated as being the larger of:

- **Net Selling price** of the land which is the amount obtainable from the sale of the market in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.
- **Value in use** of the land which is the present value of the estimated future net cash inflows expected from the continuing use of the asset and from its disposal at the end of its useful life.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Directorates will identify and inform Finance Department - Asset Control of assets that:
 - Are in a state of damage at year end.
 - Are technologically obsolete at year end. This can be facilitated if Directorates require Finance Department - Asset Control, to supply them with a Fixed Asset Register pertaining to major assets showing the remaining useful lives of assets. The Directorates can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout.
 - 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 calculated by calculating the Net selling Price per asset as defined above.
- The impairment loss per asset needs to be calculated as the difference between the Net selling price and the book value of the asset.

- The impairment loss needs to be accounted for by identifying the relevant funding source.
- The carrying amount of an asset should be reviewed annually to assess whether or not the recoverable amount has declined below the carrying amount.
- When such a decline has occurred, the carrying amount should be reduced to the recoverable amount.
- The amount of the reduction should be recognized as an impairment expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.
- For assets providing economic benefits, the recoverable amount is the net present value of future ownership.
- For assets providing future service delivery, the recoverable amount is the remaining proportional to its useful life, service capacity or quality of service that is not intended to be restored by normal maintenance programs.

11.12 Subsequent increase in recoverable amount

- A subsequent increase in the recoverable amount of an asset, previously written down 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.

11.13 Accounting treatment on Disposal

- An item of property, plant or equipment should be eliminated from the Statement of Financial Position, on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery is expected from its disposal, in accordance with GRAP 100.
- Gains or losses arising from the retirement or disposal of an item of property, plant or equipment 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 Statement of Financial Performance.
- All gains realized on the alienation of fixed assets shall be appropriated annually to the municipality's Capital Replacement Reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the Statement of Financial Performance of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

11.14 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 capitalized.

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 capitalized as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

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

Capital Expenditure	Maintenance
<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ Restoring an asset so that it can continue to be used for its intended purpose ▪ Maintaining an asset so that it can be used for the period for which it was initially intended.

11.15 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 FAR. It will be capitalized at its leased value at commencement of the lease, which will be the price stated in the lease agreement. 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 registers of the municipality.

11.16 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 statement of position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

Decide on which accounting model, cost or fair value, the municipality will apply to investment property.

Fair value

Investment assets shall not be depreciated, but shall be annually valued to determine their fair (market) value. Investment assets shall be recorded in the Statement of Financial Performance at such fair value. Adjustments to the previous year’s recorded fair value shall be accounted for as either gains

(revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – where-after it shall be re-classified as an investment asset.

11.17 Fixed assets treated as inventory

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

11.18 Recognition of heritage assets in the fixed asset register

Heritage assets shall be carried at their cost values. If no original costs or fair values are available in the case of one or more or all heritage assets, the Director: Finance may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For Statement of Financial Performance purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

11.19 Other write-offs of fixed assets

The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question.

In every instance where a not fully depreciated fixed asset is written off, the Director: Finance shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned.

11.20 General maintenance of fixed assets

Every Director shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

11.21 Service Concession arrangements

A service concession arrangement is governed through a contractual arrangement between the municipality and an independent third party (operator). It involves the creation and/or use of an existing municipal asset in order to provide services to the general public. The asset can be provided by the municipality or the arrangement can specify that the operator must create a new asset for purposes of the providing the services on behalf of the municipality (grantor).

If the municipality provides the asset (i.e. it is an existing asset that the operator uses), no liability needs to be created in relation to the assets used by the operator. However, in the case that the operator has to create a new asset in order to fulfill

the obligations of the agreement, an asset and liability needs to be created in order to account for the asset.

Assets held under a concession agreement must be separately disclosed similarly to assets acquired through a lease agreement.

The assets held under the service concession agreement is under the control of the Director: Infrastructure and Planning and such director must report annually to the Director of finance of the status of the asset, such as any impairments, replacement parts, improvements etc. to the service concession assets. These assets would be disclosed in terms of the requirements of GRAP 32: *Service Concession Arrangements: Grantor*.

12. FINANCIAL DISCLOSURE

Assets must be disclosed, in respect of each class of property, plant and equipment, in accordance with Generally Recognized Accounting Practice.

13. IMPLEMENTATION AND REVIEW PROCESS

13.1 This policy will come into effect as from 1 July 2018;

13.2 This policy will be reviewed at least annually or when required by way of a Council resolution.

14. SHORT TITLE

This policy will be known as the Asset Management Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE:	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
PREVIOUS REVIEW	28 MAY 2014
PREVIOUS REVIEW	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
APPROVAL BY COUNCIL:	24 JUNE 2009

APPENDIX 1: REVISION OF ASSET CAPITALISATION THRESHOLD

Introduction

The municipality reviewed the Asset Management Policy and has determined that the capitalization threshold needed to be revised in order to ensure compliance with the GRAP requirements and to align the budgeting process with the requirements of GRAP. Based on the revision of the capitalization threshold it has decided that the most suitable approach would be to identify assets for which their value or use does not justify the cost to maintain the assets in the register.

The GRAP discussion paper on materiality states the following: "Information in the financial statements is therefore relevant when it meets these information needs. The relevance of information is affected by its nature and materiality." This implies that certain information would not be relevant to the users of financial statement due to its value or nature. Furthermore, the discussion paper also states: "Materiality establishes a threshold, which may include a cut-off point, or criteria which are used in making certain decisions. Materiality in itself is not a characteristic that information must have to be useful to users." The municipality followed a qualitative materiality approach rather than a purely quantitative approach in order to identify items that are considered not material.

Management of assets within an asset register is a costly exercise and certain assets economic benefits have been noted to be exceeded by the annual cost to maintain these assets within the register. For this reason the municipality has taken an approach to identify assets that fall within this category where the management cost of the assets exceed their economic benefits.

Three different types of assets were identified that require amendment in the approach due to the revised capitalization approach. These are:

- 1) Items with useful lives of less than 12 months expensed immediately
- 2) Items that are considered assets, but will not be included in the asset register due to the fact that the costs to maintain these assets in the final asset register would exceed the value/economic benefits of the assets
- 3) Items that are capital in nature, but would not be included in the asset verification process as the items are affixed to buildings and thus would no longer be considered movable assets.

1) Items that are consumed within 12 months (Items not barcoded)

Characteristics of asset type

Many purchased goods are expected to be consumed within 1 year, but due to the usage of the asset, the lifespan might be prolonged. In example, a stapler is not really expected to last more than a year as wear and tear on the items are quite excessive. However, certain staff members have indicated that their staplers could last several years. The fact that a single item lasts longer than a year does not negate from the expectation that the item would be consumed within 1 year.

OR

Another consideration in this category is the replacement or purchase rate. If the item is expected to be purchased multiple times in a single year, the item is not considered to be an item that would last for longer than 1 year. In example, despite the fact that spanners could be durable, they are often purchased throughout the year with new spanners being purchased at a regular interval. Due to the regular repurchase rate, the item is not considered to last for longer than a year despite its durable nature.

OR

The final consideration for items that fall within this category, is the control over the ability to transfer assets. Some assets are of such a minute significance to a department, that when assets are transferred between users, formal asset transfer documentation would not be maintained. Example, if employee 1 is willing to borrow his wrench to employee 2 without asking for written confirmation of the transfer of the wrench since the inherent value of the item does not justify any audit trail of the transfer.

OR

The item is a plastic or wood stackable table / chair used at a community hall.
For control purposes, these items are not barcoded and will be purchased through an expense account.
The approved listing of items that forms part of this category is listed in annexure 1.

For ease of reference, examples of items that fall within this category:

- All stationery items excluding heavy duty versions thereof (any item titled machine, would not fall within this category e.g. Binding Machine, Laminating Machine) including calculators and other small items
- Any boxes, and containers designed to retain stationary (such as buddi-drawers, pen holders, paper racks)
- All bins and disposal containers
- Any camp site bedroom furniture such as beds and bedding
- Small appliances such as kettles, toasters, fans with a warranty of 1 year
- Any computer accessories such as keyboards, mouse, laptop bags, dongles (UPS's and external hard drives are excluded from this)
- Fire extinguishers as their service interval requires exchanging of these items several times a year
- Hand tools that are normally transported in bulk (i.e. small tools that would be transported with other tools in toolboxes)
- Cleaning items such as buckets, mops, brooms etc. (excluding machines used to clean items such as dish washers and vacuum cleaners)
- Safety equipment that are frequently replaced, similar to helmets, goggles, gloves etc.
- Crockery, cutlery and other kitchen utensils

2) Control items that will be barcoded but not included in the asset register (previous control items)

These items will be barcoded and counted during the verification, but due to the insignificant value of these items, will not be included in the final asset register for annual maintenance such as depreciation, impairments and other value based adjustments. The items would be recorded as assets, but fully depreciated in the first year of purchase. The items are generally used both in the office and the home and thus control needs to be established to reduce the probability of items being taken home for personal use.

In the accounting records of the municipality, the assets would be purchased directly against operational expenditure based on the requirements of mSCOA. This is more practical as the full impact of the purchase must be accounted for against the expenditure rather than to retain the costs of the items within the capital maintenance system. This process is followed to ensure depreciation is not accelerated and to ensure that the asset register agrees to capital acquisitions on an annual basis.

Characteristics of asset type

These are items that are used on a daily basis. In fact, the items are used so frequently, that the frequent use is the determining factor in establishing the useful lives of the assets. These items might be designed to be durable, but the usage thereof results in rapid wear and tear. Items such as chairs, printers, microwaves, drills, angle grinders etc. are used so frequently, that their values are diminished after the first 6 months of use.

AND

The items are normally sold in bulk at auctions as bidders will not be interested in buying single items as the unit price too low to justify single sales. Often the items prices are based on the value of the components (e.g. copper or scrap metal price) rather than the resale value of the items.

BUT

Some items that falls within this category, are exceptions to the rule as their value lies in an extended use, despite the diminished return on purchase price after the first use. The items specifically excluded from the listing are:

- Items purchased through means of a finance lease contract (example multi-function printers)
- Computer towers or laptops as their lifespans can easily be extended through refurbishing the assets at a fraction of their original cost
- Industrial or heavy duty tools or equipment that are designed to last for longer

The approved listing of items that fall in this category is listed in annexure 2.

For ease of reference, examples of items that fall within this category:

- All chairs except stackable plastic chairs
- Tables that are being used by multiple users (public and internal) (e.g. training tables, library tables, visitors' tables, community halls etc.)
- Medium sized kitchen equipment such as microwaves, urn's, hydro boil systems

Explanatory comments on the characteristics:

- Desks are used every day, but the usage of a desk does not automatically reduce the value of the desk. Thus a desk does not fall within this category.
- Various power tools would also fall within this category. Industrial sized power tools will be excluded.
- Despite judgement that needs to be applied, the general consensus by an informed member of public should also come to the same conclusion as to the treatment of the item. Classification of items as control items or fully capitalised assets should not be based on budgetary requirements, but rather on the nature of the item and the municipality's intended use or the manner in which the municipality aims to control the item.

3) *Items of capital nature affixed to buildings*

When these items are purchased, the purpose is to enable or increase the productivity of the users, rather than to increase the value of the buildings that the items would be affixed to. Despite its purpose, the items are often deemed to increase the value of the buildings that it is affixed to as it is considered an investment in the building.

When a sales agreement are entered into, the fixtures must be retained to the building, unless otherwise stated. Fixtures are however, often a hindrance to many potential buyers and considered a burden rather than an additional value added to the building. More often than not, items such as air-conditioners need to be completely replaced, and built-in cupboards, shelving are not in the correct location as per the intention of any potential owners. The municipality has opted to classify and fittings as repairs and maintenance to the buildings, as new fixtures could only allow the buildings value to be reinstated (example carpets being replaced) rather than increase the value of the buildings. Fixtures are capitalised as part of the initial cost of a new building, all cost thereafter is treated as maintenance

When the fixtures added to the building is considered against the value of the building, the fixtures are often inconsequential (has no significant impact) to the value of the building as a whole and accordingly, the capitalisation of fixtures are not considered of additional value.

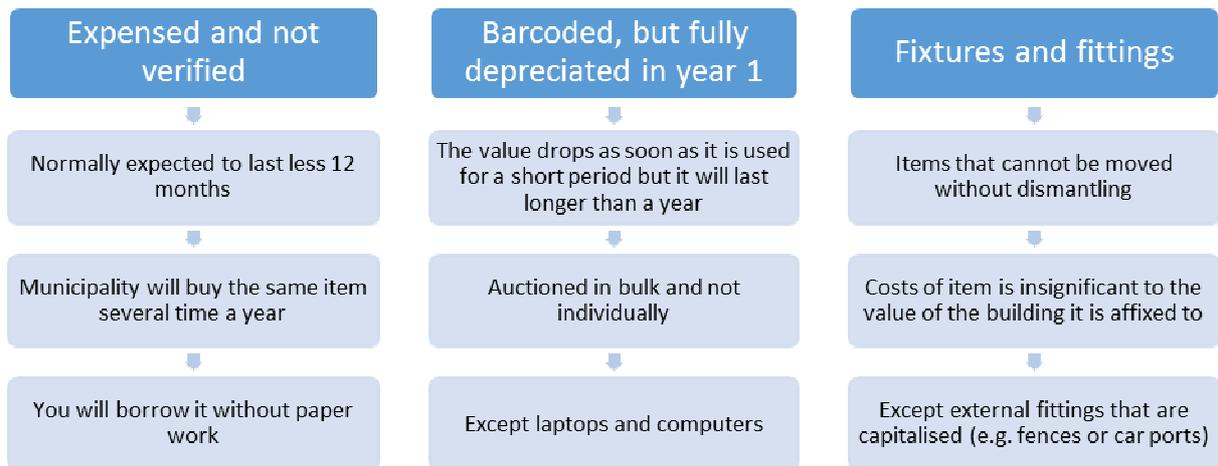
External fixtures, such as fences, car ports, etc. are items that are not part of the building itself and thus improve the value of the land, these items are for practical reasons capitalised against the buildings (premises) as land is not depreciated and any external structures will incur wear and tear.

The approved listing of items that fall in this category is listed in annexure 3.

For ease of reference, examples of items that fall within this category:

- Whiteboards permanently affixed to walls
- Air-conditioners
- Shelving and cupboards affixed to walls or ceiling
- Office partitioning (i.e. dividers used to split rooms) when these are bolted down.
- And stands or holders that are affixed to the property (e.g. projector fittings)

Decision Tree



All items not falling in the above categories, would be considered assets and would be included in the asset register.

Materiality

The full cost price of all assets that would not be included in the AFS as at 1 April 2016 was extracted and compared to materiality. The accumulative cost of all these assets listed in annexures 1-3 amounted to less 30% of materiality and thus accepted as reasonable. Materiality was based on the 2015 balance for Property, plant and equipment as utilised by the auditors during the audit of 2014/15. Annually the assets with that fall within this category will be extracted and compared to the prior year's materiality to ensure that the threshold application does not result in any material deviation from the standards of GRAP.

OVERSTRAND MUNICIPALITY – ASSET MANAGEMENT POLICY

Annexure 1: Items consumed within 12 months

The following list of items is approved to only be purchased via the operational vote for expenditure and these items will not be barcoded:

Description	Description
Bait pump	Hand drill
Banners	Headphones
Bar and foot stools	Heaters
Batteries	Jump starters
Beds and mattresses	Kettles
Bedside furniture	Label printing equipment
Bins (All)	Laser distance Meter
Boxes - money, tender, CV's etc	Laser Presentation Remote
Buddy drawers	Letter Opener
Calculators	Lifting Bag
CD Racks	Link Stick
Chairs (Plastic stackable)	Measuring wheels, tapes
Chargers except industrial	Modems
Clipboards	Paper trays
Drip torch	Pool brooms, brushers
Extension leads	Pots and pans
External hard drives	Protective Clothing
Fans	Soldering bolt
Fire extinguishers	Stand pipe
First aid and medic kits	Toolbox incl. tools
Flashlight, torch	Wind meter
Foam branch	Wrench

OVERSTRAND MUNICIPALITY – ASSET MANAGEMENT POLICY

Annexure 2: Items barcoded, but bought through assets below threshold budget vote

The following list of items is approved to only be purchased via the assets below threshold vote. The items must be barcoded and verified annually:

Description	Description
Air gun	Hot plate/tray
Alcohol Tester	Jack trolley
Angle grinder	Jigsaw
Audio and video recorders	Ladders (All)
Benches (All)	Lamps
Binoculars	Lighting System
Blood Pressure Monitor	Litter tester
Cameras	Lockers
Case: Mayors chains	Mega phone
Cash Drawer, register	Microphone
Cell Phone	Microscope
Chairs and Couches (All, except plastic stackable)	Microwave
Charger - industrial	Mitre Saw
Circular Saw	Mobile Dash Light
Coffin Hoist	Monitors
Colorimeter	Nail Gun
Cordless microphones	Nozzle
Cut-off Saw	Ottoman
Decoder	Packaging Roller
Docking Station	PH Meter
Drawing board	Piano Chair
Drill set	Pipe Binder
DVD, Tape Players	Polisher
Electric Spray Gun	Punch Heavy Duty
Electrical saw	Radio - for communication
Electrical Screw Driver	Refracto Meter
Examination table	Rotary saw
Flip charts	Sander Machine
FM/AM Radio	Scale
Gas Burners (1 or 2 plate)	Scanner
Gateways, incl. routers, fire walls, proxies	Siren
Gavel	Speaker
Gazebo	Spectro Photometer
Glue Gun	Spine board
Grease gun	Spot Light
Grease pump	Spray trolley
Griller	Stands (All)
Guillotine	Stapler Heavy Duty
Hand Control Divider	Stretcher
Heat gun	Turbidi meter
Hose Washer	Typewriter

OVERSTRAND MUNICIPALITY – ASSET MANAGEMENT POLICY

Description	Description
Table (Foldable - steel)	Urn
Table (Learner/Training)	Vacuum cleaner
Table (Wooden / plastic in community halls)	Vice grip – steel (heavy duty)
Telephone	Water cooler/dispenser
Tester battery car	Winch and winch bracket
Timing Light	Wood Chipper
Tripods (All)	Wood Stage
Trolleys (All)	

Annexure 3: Items considered furniture and fitting and treated as maintenance of existing buildings

The following list of items is approved to only be purchased via the maintenance votes as the items are mounted to a building:

Description	Description
Air conditioner	Key cabinet
Boards (All)	Pigeonhole With Credenza
Bookcase bolted to floor or wall	Projector Screen
Clocking devices	Safe
Cupboard - built in	Screen
Divider Stand	Shelving, wood and steel
Extractor fan	Strobe Lights
Flagpole	Work station divider
Jet master	

OVERSTRAND MUNICIPALITY



TRAVEL & SUBSISTENCE POLICY

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1 PURPOSE

The purpose of this policy is to set out general rules for the payment of subsistence and travelling allowances or costs for the attendance of approved events **outside the municipal area of Overstrand**.

2 OBJECTIVES OF THE POLICY

The objectives of this policy are **[as follows]** to:

- 2.1 Ensure that municipal employees and Councillors adhere to procedures when arranging for travel, lodging, meals and other expenses;
- 2.2 Ensure that municipal employees and Councillors are reimbursed for reasonable expenses incurred for travel, conferences, meetings and meals as a result of conducting authorized municipal business;
- 2.3 Ensure that payments made by the municipality are for the actual and necessary expenses incurred for municipal business in adherence with National Treasury's prescribed Cost Containment Measures; and
- 2.4 Ensure that municipal employees and Councillors will receive reimbursements in a timely manner.

3 LEGISLATIVE FRAMEWORK

This policy is developed and guided by the following:

- 3.1 South African Revenue Services (SARS) Interpretation Notices & other Notices;
- 3.2 Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);
- 3.3 South African Local Government Association (SALGA);
- 3.4 Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998);
- 3.5 Income Tax Act, 1962 (Act No. 58 of 1962);
- 3.6 RSA Department of National Treasury: National Travel Policy; and
- 3.7 RSA Department of National Treasury: Cost Containment Measures related to Travel and Subsistence.

This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.

4 SCOPE OF APPLICATION

This Policy is applicable to –

- 4.1 all Councillors of the Overstrand Municipality, and
 - 4.2 all officials of the Overstrand Municipality,
- travelling on official business and as such are formal travellers of the Overstrand Municipality.

IMPORTANT - No payments will be made to applicants for employment interviews in terms of the scope of this policy.

5 DEFINITIONS

For the purpose of this policy, except where clearly indicated otherwise, the words and expressions set out below have the following meaning:-

<u>“Accommodation”</u>	<u>The rental of lodging facilities while away from the traveller’s place of residence while on authorized official duty.</u>
“Accounting Officer”	The person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated.
<u>“Air Travel”</u>	<u>Travel by airline on official duty.</u>
<u>“Car Rental”</u>	<u>The rental of a vehicle for a short period of time by a traveller for official purposes.</u>
“Chief Financial Officer”	The person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated.
“Council”	The <u>Overstrand</u> municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996; and section 18 (3) of the Municipal Structures Act, 1998 (Act 117 of 1998).
“Councillor”	A member of the Overstrand Municipal Council.
<u>“Day”</u>	<u>A completed period of twenty-four hours away from normal place of domicile and employment of official business of the Municipality.</u>
<u>“Domestic Travel”</u>	<u>Travel within the boundaries of the Republic of South Africa.</u>
“Executive Management Team”	Officials appointed in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) (Structures Act) and section 56 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000).
“Executive Mayor”	The Executive Mayor of the Overstrand Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998) <u>and shall include any person acting in that position.</u>
“Director”	An official appointed by the Council in terms of section 56 of the Municipal Systems Act, 2000 (Act 32 of 2000) to head a Directorate of the municipality <u>and shall include any person acting in that position.</u>
<u>“Host”</u>	<u>The person or institution who has extended an invitation to the Municipality to delegate a Councillor and / or an Official to attend an event which is regarded as official business.</u>
<u>“Incidentals”</u>	<u>Any minor expenses normally associated with business travel.</u>
<u>“International Travel”</u>	<u>Travel to a location beyond the territorial boundaries of the Republic of South Africa.</u>
“Municipality”	Overstrand Municipality, established in terms of sections 12 and 14 of the Structures Act.

<u>“Official”</u>	<u>A person employed by the Municipality.</u>
<u>“Official Business”</u>	<u>For the purposes of this policy refers to the attendance by Councillors and / or Officials of congresses, conferences, seminars, training, meetings, workshops, roadshows, etc. related to the duties and functions of the Municipality, subject thereto that such attendance has been duly authorised in terms of the delegated authority.</u>
<u>“Place of Work”</u>	<u>The place where the principal duties of the Councillor or Official are performed.</u>
<u>“Traveller”</u>	Any councillor or official travelling away from his or her normal place of domicile and employment on the official business of the Overstrand Municipality.
[Partial] <u>“Sponsored Trip”</u>	<u>A trip where the total cost, or a portion [of the total cost] thereof is sponsored by [a donor] another organisation or third party other than the Municipality. (For the purposes of this policy such proportion of the total cost of the trip [to] must be included in the application forms).</u>
<u>“Subsistence allowance”</u>	[A subsistence allowance is] An amount of money paid by the Municipality to a traveller for expenditure incurred in respect of personal subsistence and incidental costs (for example refreshments, snacks, drinks and newspapers but excludes any personal recreation such as visits to a cinema, theatre, nightclubs or sight-seeing).
<u>“Travel Allowance”</u>	[A travel allowance is] An amount paid to [an employee] a traveller for the use of his or her own private motor vehicle in respect of travelling expenses for business purpose.
<u>“Traveller”</u>	<u>Any Councillor or Official travelling away from his or her normal place of domicile and employment on official business of the Municipality.</u>

6 AUTHORISATION

6.1 For purposes of implementing this policy:

- 6.1.1 **Only the Municipal Manager** may authorize any travel to be undertaken by Directors, provided the expenses to be incurred are on the approved budget of the relevant department. **[Claims by other officials to be authorized by the Directors concerned.]**
- 6.1.2 **Only the Executive Mayor** may authorize any travel to be undertaken by Holders of Public Office and the Municipal Manager, provided the expenses to be incurred are on the approved budget of the municipality.
- 6.1.3 **Only Directors** may authorize any travel to be undertaken by employees in the respective Directorate, provided the expenses to be incurred are on the approved budget of the municipality.

6.2 Authorization as per paragraph 6.1[.1, 6.1.2 and 6.1.3,] must be obtained prior to an occasion by any traveller who travels on the business of the municipality.

6.3 An invitation to attend a workshop, meeting or related event is not an automatic authorization to attend such workshop or event. The required authorization must still be obtained from the Municipal Manager or Executive Mayor or Director as the

case may be.

- 6.4 No Councillor and / or Official of the Overstrand Municipality may go on any official business travel without the prior authorization as provided for in paragraph 6.1 above.

7 **GENERAL**

- 7.1 Municipal delegates or travellers to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any traveller fails to do so, the Executive Mayor, the Municipal Manager or Director, as the case may be, may recover all allowances and disbursements paid to enable such delegate or traveller to attend such event, provided that such delegate or traveller is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.
- 7.2 The contents of this policy will not be regarded as conditions of employment but as a re-imbusement for travelling and subsistence expenditure incurred or deemed to be incurred for the attendance of events for official purposes.
- 7.3 **[The Municipal Manager and any councillor must have the approval of the Executive Mayor or his/her delegate for the attendance of events for which compensation is claimed. Any staff member must have the approval of the Director or his/her delegate and any Director must have the approval of the Municipal Manager or his/her delegate for the attendance of events for which compensation is claimed. Claims are only payable if sufficient provision is made for it on the budget.] Travellers should plan official travel in advance. They should obtain approval and make a booking / reservation at least seven (7) working days prior to departure for domestic travel and fourteen (14) working days prior to international travel.**
- 7.4 Accommodation, flights and vehicle rental arrangements will be based on the most cost effective option in relation to the proximity of the venue, traffic, availability and other cost factors.
- 7.5 All efforts should be made to minimize the costs for the municipality i.e. by travelling together in one vehicle, minimizing overnight stay where possible, etc:
- 7.5.1 Delegations to the same event, conference, consultation or meeting may only exceed three (3) employees or persons appointed on grounds of policy considerations if approved in advance by the **Accounting Officer**.
- 7.5.2 Where **[several employees]** multiple travellers attend approved events, inclusive of meetings, they must make arrangements for up to four (4) people to travel together in one vehicle.
- 7.5.3 Any deviation from paragraph 7.3.2 must be approved in writing by the Director / Municipal Manager / Executive Mayor as the case may be, prior to the date of departure, based on valid reasons as motivated in a submission.
- 7.5.4 The most cost-effective mode of transport should be used at all times, domestically and internationally.
- 7.6 In the event that the traveller must attend an early morning meeting, in a distant location within South Africa, consideration could be given to allow the travelling to take place a day before the event, subject to the approval of such travel by the Accounting Officer in terms of the delegated authority to do so.
- 7.7 In the event of payments made by officials for traveling and accommodation, refunds will only be made on condition that the expense was pre-approved in

accordance with the stipulations of this policy and that all aspects of this policy have been complied with.

- 7.8 A claim for subsistence and travelling cannot be made at the municipality as well as another institution for attending the same event. Such action shall lead to disciplinary action.
- 7.9 Any claim must be submitted on the official claim form with the necessary vouchers where specific expenses are claimed.
- 7.10 Sufficient documentation must be attached to the application for the trip e.g., official invitation, agenda or programme, itinerary, details of sponsor and amount, etc.
- 7.11 Any claim containing false information will lead to disciplinary steps being instituted and payments thus made may be recovered from any money payable by the municipality to the person who submitted the claim.
- 7.12 In the event of a traveller combining personal travelling either prior to or after a business trip, it must not lead to additional expenditure for the Municipality or impair on the work performance of the traveller. NO costs incurred during the personal trip will be for the account of the Municipality.
- 7.13 The Municipality distances itself from any private reservations made by the traveller. The arrangement is solely between the traveller and the relevant service provider. Thus, the processing of related payments through the Municipality's official payment system will not be allowed.
- 7.14 The traveller must safeguard Municipal information and assets while travelling and must avoid compromising that security.
- 7.15 The traveller should maintain personal travel documents such as a passport. The cost for obtaining such travel documents is for the traveller's own account.

8 EXCLUSIONS

The following expenses shall explicitly not be covered by the Municipality:

- 8.1 Any expenses covered by a host extending an invitation;
- 8.2 Alcoholic beverages;
- 8.3 Expenses of a personal nature, such as private telephone calls and personal recreation such as visits to a cinema, theatre, nightclub or sight-seeing;
- 8.4 In instances where costs are incurred in entertaining external business associates, contacts, clients or potential investors:
 - 8.4.1 Where the Official receives an entertainment allowance, the costs must be claimed against such entertainment allowance; and
 - 8.4.2 All expenses shall fall outside the scope of this policy and specific written approval must be obtained from the Municipal Manager for any such expenditure prior to submission as to the nature and estimated cost of the expenditure to be incurred together with a reason(s) why such costs needs to be incurred.

9 [USE OF AIRLINES] AIR TRAVEL – Domestic and International

- 9.1 **[The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights. Therefore municipalities have been requested to utilize these agreements to assist in their respective**

- cost containment measures,] The Municipality must, as far as possible, make use of the improved upfront discounted flights which the National Treasury has negotiated on behalf of all three spheres of government, unless lower air travel rates can be negotiated.**
- 9.2 For domestic trips both major and low-cost airlines may be utilized. All travellers should use discounted economy class (best fare on the day) where possible. In the event where discounted economy class tickets are not available, special authorization as provided for in paragraph 6.1 must be obtain to book full economy tickets.
- 9.3 Business class tickets may be considered for domestic and international trips under the following scenarios, including amongst others:
- 9.3.1 Travellers with special needs based on medical grounds (e.g. deep vein thrombosis, varicose veins, recent surgery and pregnancy). In these instances, a medical certificate noting the medical need and the applicable period of time must be provided. If it is a long-term condition, an updated doctor's certificate should be presented on an annual basis to confirm that the condition still exists;
- 9.3.2 Where economy class tickets are not available, travellers are not allowed to book business class tickets unless otherwise approved in terms of paragraph 6.1, where it has been confirmed that the permitted airline class was full and no other applicable flights are available;
- 9.3.3 Disabled persons can be accommodated in business class upon receipt of approval provided for in paragraph 6.1.
- 9.4 For domestic trips preference will be given to airlines which operate direct flights between Cape Town and the end destination.
- 9.5 For international trips all major airlines may be utilized where the most economical airline is chosen on quotation basis.
- 9.6 For international trips the comparison of more expensive direct flights from Cape Town versus cheaper indirect flights should always be performed. When choosing a flight, consideration should also be given to the traveller's ability to function optimally when arriving at their destination, especially when travelling across time zones.
- 9.7 For special trips requiring the use of helicopters or chartered aircrafts, special authorization by the Executive Mayor or Municipal Manager or their delegated nominees is required
- 9.8 Amendments to Air tickets:
- 9.8.1 Travellers should limit the number of amendments to air tickets as far as possible;
- 9.8.2 The costs associated with amendments is subject to the rules of the particular ticket and can include penalty fees;
- 9.8.3 The costs incurred as a result of amendments requested by t the traveller for his / her convenience or lack of planning will be for the traveller's personal account;
- 9.8.4 The costs of amendments as a result of revised business requirements or any other circumstances outside the traveller's control will be incurred by the relevant line department.

9.9 Baggage Allowance:

- 9.9.1 The traveller must acquaint him- or herself with the baggage policy of the airline that he / she will be travelling on. The baggage policy provide information on the prescribed baggage allowance and the cost for baggage in instances where the airline charges separately for baggage;
- 9.9.2 Based on the class of travel, the airline will prescribe the specific number of pieces of luggage that will be allowed as well as the weight and size per piece;
- 9.9.3 The reimbursement for any excess baggage is subject to the traveller approval for exceeding the baggage allowance due to valid business reasons, prior to the trip.

9.10 **[In all cases, the most economical airfare shall be paid for all members of the Council and for officials of the municipality who travel by air abroad and within the boundaries of South Africa to the airport closest to the authorised destination, plus the relevant shuttle service, first class rail, motor coach or boat fare, or any reasonable combination thereof necessary to complete the journey to the said destination; provided that, in the case of all members of the Council and all Municipal officials, where there are:]**

- 9.10.1 **[Time constraints and/or when economy class flights are not available, business class may be authorised by the Executive Mayor or Municipal Manager or their nominees.]**
- 9.10.2 **[Physical and / or medical reasons (supported by the submission of a letter from a registered medical practitioner) why a member of council or an official may not travel in economy class, the Executive Mayor or Municipal Manager or their nominees may authorize travel by means of business class.]**

10 [DOMESTIC TRAVEL, SUBSISTENCE AND] ACCOMMODATION AND MEALS – Domestic and International

When travelling to a destination outside the boundaries of the Overstrand Municipality in circumstances requiring absence from the office for longer than 24 hours, the following may be utilised and claimed (the time of departure from residence or office up until the time of arrival back at residence or office shall be used for purposes of calculating the length of absence):

10.1 Accommodation

- 10.1.1 The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounted accommodation rates. Therefore municipalities have been requested to utilize these agreements to assist in their respective cost containment measures, unless other service providers that offer lower rates can be utilized.
- 10.1.2 Travellers who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment:
- a) **[Where employees attend approved events, inclusive of meetings, one or more nights to be spent away from home will only be allowed in instances] Where the distance to and from the venue in total, exceeds [250] 500 kilometers;**
- b) Any deviation from paragraph (a) must be motivated in writing by the

employee and must be approved in writing by the Municipal Manager, prior to any reservations being made, and prior to the date of departure, based on valid reasons.

- 10.1.3 The actual cost of accommodation will be borne by the municipality, subject to a maximum of 4-star rating for the accommodation itself in respect of domestic travel. Where such accommodation is available, the rate for a single room will be payable.
- 10.1.4 If no such accommodation is available, higher rating accommodation can be used subject to the prior written approval of the **Municipal Manager or the Executive Mayor, as applicable.**
- 10.1.5 If a traveller stays with a relative or friend, no accommodation **[allowance] expense** may be claimed, but the traveller may claim a subsistence allowance per day as per par. 12.1.2(b) of this policy.
- 10.1.6 The location of the accommodation should not be more than 20 km from the venue of the event, unless prior written approval is obtained from the Municipal Manager or Executive Mayor.
- 10.1.7 Where advance payments have to be made to the establishment based on “pro-forma” invoices in order to secure the reservation, it is the responsibility of the traveling official(s) / councillor(s) to obtain the valid Tax Invoice from the establishment on or before departure and to submit it to the Creditor Section within 7 working days of returning from the event.

10.2 Meal Expenses – Domestic Trips

- 10.2.1 Travellers will not be entitled to be reimbursed for (a) meals(s) and / or incidental expenses within the area of jurisdiction of the Overstrand Municipality.
- 10.2.2 Where the cost of meals have not been included in the cost of overnight accommodation, receipts for the meals for domestic trips paid for by the traveller must be kept and attached to the claim form. The maximum amount allowable per meal is:
 - a) Breakfast = R80-00;
 - c) Dinner = R150-00.

10.3 Meal Expenses – International Trips

- 10.3.1 These meals will be covered in terms of the SARS rates applicable to the country being visited.

10.4 No-Shows and Cancellations

- 10.4.1 It is the responsibility of the traveller to notify the accommodation establishment of any cancellations of reserved accommodation as soon as he / she becomes aware of the fact.
- 10.4.2 Each accommodation establishment has different conditions / rules in terms of cancellations. Last-minute cancellations may result in the payment of a cancellation fee. The traveller must familiarize him- / herself with the cancellation policy of the specific establishment.
- 10.4.3 The traveller should inform the accommodation establishment if he / she expects to be arriving later than the expected arrival time to ensure that the reservation is not cancelled or a cancellation fee is charged.
- 10.4.4 If the traveller does not check in at the accommodation establishment without any prior notification any no-show cost charged is regarded as fruitless and wasteful expenditure.
- 10.4.5 The traveller could be responsible for any fruitless expenditure incurred due to a now-show or late cancellation where it was in his / her ability to cancel the booking on time.

11 USE OF VEHICLES

11.1 Hired Vehicles

- 11.1.1 Shall be applied for, quantified and paid for by the Municipality.
- 11.1.2 May only be obtained when the employee and / or Councillor is on official municipal business where air travel was involved and other modes of transport are not available, too costly or impractical.
- 11.1.3 Requires prior approval from the Responsible Official for employees and the Executive Mayor / Speaker for Councillors.
- 11.1.4 May not be used for private purposes or for travel from the municipal offices.
- 11.1.5 Any fines, penalties and administration fees payable as a result of the contravention of any traffic rules and regulations while driving a hired vehicle will be for the traveller's personal account and must be settled within thirty (30) days of receipt of the fine or penalty.
- 11.1.6 Only travellers with a valid South African driver's licence may hire vehicles; where the traveller who hires a vehicle, is not in possession of such licence, he or she may be held personally liable for all damages and may be subject to disciplinary action by Council; the responsibility and related costs of obtaining an international driving permit, where required, rests with the traveller.
- 11.1.7 Only "A" or "B" category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle, for example, when the number of representatives involved could justify the hire of a micro-bus, for groups of 5 (five) or more travellers. The latter to be approved in advance by the Executive Mayor or Municipal Manager, according to the provisions as provided for in paragraph 6.1.
- 11.1.8 For physically handicapped travellers who are only able to drive a particular type of vehicle and those in possession of a driver's license restricted to automatic vehicles, the most suitable vehicle may be obtained.
- 11.1.9 Chauffeur driven vehicles may not be used. Employees and / or

Councillors who are unable to drive must utilize either a shuttle service or another mode of public transport.

- 11.1.10 The traveller should book a rental vehicle for the period that is actually required for officials business only as the car rental companies charge a full daily rate for a 24-hour cycle or part thereof.
- 11.1.11 For car rental inspections the traveller should verify and complete the quality check card prior to leaving the car rental premises, both on collection and return of the rental vehicle. The traveller must ensure that all scratches, chips, dents, windscreen and cracks are marked on the card and signed off by the car rental attendant. Failure to complete the quality check card could result in the traveller being held personally responsible for any damages.
- 11.1.12 The traveller must take every reasonable precaution to safeguard a rental or fleet vehicle against damage, theft or irregular use while driving it and when it is parked.
- 11.1.13 The traveller must ensure that the rental vehicle is returned within the specified rental period as it can be regarded as stolen if the vehicle is not returned in time without any notification to the car rental company. The traveller will be held responsible for the additional charges for the late return of the vehicle, unless approved in terms of the provisions provided for in paragraph 6.1 upon submitting sound reason(s) by the traveller.
- 11.1.14 If the traveller needs to extend the rental period for official business purposes, the traveller must obtain the required approval in terms of the provisions provided for in paragraph 6.1 and inform the car rental company accordingly.
- 11.1.15 If the traveller extends his / her stay for personal reasons, the charges will be for the traveller's personal account. The car rental company must be informed of the arrangement and the car must be returned. The traveller must enter into a separate rental agreement for the period of private travel for personal usage.

11.2 Private Vehicles

- 11.2.1 The boundaries of the Overstrand Municipality shall be used to determine payment for travel outside such boundaries by means of private transport for officials who are in receipt of a fixed transportation allowance, or where such an allowance has been factored into the total cost of employment package of the official concerned. In such cases, only the applicable cost per kilometer will be paid as updated from time to time. Should the destination of the trip be outside the boundaries of the Municipality, the distance for the cost per kilometer will be measured from place of residence or place of work, whichever is the nearest to the place of the approved event.
- 11.2.2 Employees in receipt of a fixed transportation allowance, travelling on official municipal business within the boundaries of the Overstrand Municipality but outside a radius of 15 km from their normal place of work, will be reimbursed for such travelling at the prevailing AA-Running Cost km tariff, calculated from their normal place of work.
- 11.2.3 Those employees who are not in receipt of a travel allowance shall be reimbursed according to the latest prescribed SARS km tariff (currently **[R3.55]** R3.61/km), calculated from their place of work or residence, whichever is the nearest to the place of the approved event.
- 11.2.4 Those employees who are in receipt of an Essential User Transportation Allowance shall be reimbursed in accordance with the applicable Scheme. The travelling distance shall be calculated from their place of residence.
- 11.2.5 Councillors using private transport outside the boundaries of the Overstrand Municipality will be reimbursed according to the guidelines issued by the relevant National Department as updated from time to time.
- 11.2.6 A traveller who uses private transport rather than air travel shall be paid the lower of the following two options:
- a) Cash equivalent of the avoided air ticket cost, which would have been paid in the event of air travel being the most economical and practical means of transport plus the cost of a hired vehicle to get to the traveller's destination; or
 - b) Actual cost per kilometer as determined according to the rate applicable to the traveller,
- on condition that such person may not claim subsistence costs for a longer period than would have been applicable in the case of air travel.
- 11.2.7 A claim submitted by a councillor or a municipal official, when travelling outside the municipal area of the Overstrand with private transport on official municipal affairs, will be considered for re-imburement, subject to the following conditions:
- a) that the trip is for an approved official event;
 - b) that no other municipal transport was available to officials not in receipt of a transportation allowance at the time of the travel, as confirmed with the Executive Mayor, relevant Director or Municipal Manager;
 - c) that the use of private transport is pre-approved by the Mayor, relevant Director or Municipal Manager.

[9.2.1 Subsistence Allowance

As per definition, Section 5 of this Policy.

9.2.2 Entitlement to a Subsistence Allowance]

12.1 Domestic Travel

- 12.1.1 A traveller may claim a daily subsistence allowance as provided for in this policy with the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses (see paragraph 13 below), may be claimed.
- 12.1.2 A daily subsistence allowance will only be applicable where-
- a) official business unavoidably entails **one or more nights to be spent away from home**, a subsistence allowance as amended by SARS from time to time (currently **[R397] R416** per day) will apply in respect of domestic travel; or
 - b) where the traveller will be on official business for a **period exceeding 8 hours, without being away from home for one or more nights**, an allowance as amended by SARS from time to time (currently **[R122] R128** per day) will apply in respect of domestic travel;
 - c) No daily subsistence allowance will be payable to representatives that will be attending courses, training or meetings where lunch will be provided, but without being away from home for one or more nights.
- 12.1.3 A traveller of the municipality must obtain approval for his or her subsistence allowance, as provided for in this policy, before embarking on any official trip.
- 12.1.4 No subsistence allowance will be paid, and no traveller will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must be approved as such before a traveller is entitled to a subsistence allowance.

[9.2.3 Claims for meals for official entertainment of guests by full-time councillors and the executive management team are to be dealt with as claims against the relevant “entertainment allowance” provision of the relevant Cost Centre.]

[Where special circumstances exist which necessitate a deviation from the above restrictions, the prior approval of the Executive Mayor or Municipal Manager, as applicable, or their nominees are to be obtained.]

12.2 International Travel

- 12.2.1 When traveling in countries other than in South Africa on specially authorised Municipal business, the expenses actually incurred for accommodation and official transport will be payable.
- 12.2.2 The daily subsistence allowance is to cover all meals, transport for private use and other incidental costs, this subsistence allowance for international travel will be in accordance with SARS Foreign Travel 1.1 List of Daily Maximum amount per Country, as amended by SARS from time to time, available on the SARS website under Legal Counsel / Secondary Legislation / Income Tax Notices as per the relevant year.
- 12.2.3 No additional claim in respect of such costs will therefore be paid, except for entertainment by full-time Councillors or the Executive Management Team, of official guests, clients, potential clients, investors or potential investors which is to be dealt with as “entertainment allowance” claims.

13 MISCELLANEOUS EXPENSES – Domestic and International

- 13.1 Items that may be considered for approval, subject to proof of payment being provided, where expenditure is incurred within the boundaries of the Republic of South Africa during a period of absence is as follows:-
 - 13.1.1 Parking fees while travelling [**: Subject to proof of payment being provided**];
 - 13.1.2 Toll fees [**: Subject to proof of payment being provided**];
 - 13.1.3 Bus / Taxi fares [**: Subject to proof of payment being provided**].
- 13.2 Items that may be considered for approval, where expenditure is incurred outside the boundaries of the Republic of South Africa during a period of absence are as follows:-
 - 13.2.1 Reasonable Laundry costs;
 - 13.2.2 Parking / Bus fares;
 - 13.2.3 Transport costs to and from official meetings;
 - 13.2.4 Visas (for the shortest available period);
 - 13.2.5 Inoculations;
 - 13.2.6 Specialized tours / entries to events related to the travelling;
 - 13.2.7 Copying and printing of relevant documentation.

14 SPONSORED TRIPS – Domestic and International

[14.1 LOCAL SPONSORED TRIPS]

- 14.1 A trip shall be regarded as sponsored when the full / partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.
- 14.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.

[14.3 INTERNATIONAL SPONSORED TRIPS]

[14.3.1 A trip shall be regarded as sponsored when the full / partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.]

[14.3.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.]

15 TRAVEL INSURANCE

15.1 Travellers, where the necessary travel and special leave forms have been duly authorised by the delegated official, will be insured by the municipality in terms of its current approved policies, practices and standard operating procedures. The insurance shall cover, inter alia, the following:

15.1.1 medical expenses and assistance services;

15.1.2 personal accident, including death and disability, as well as repatriation and evacuation;

15.1.3 luggage;

15.1.4 travel documents; and

15.1.5 personal liability.

15.1.6 **[cancellation, curtailment, and default on travel and accommodation.]**

15.2 Insurance cover is only for the period that the traveller is away from home or place of work on a trip relating to municipal business.

15.3 Private vehicles and contents thereof will not be covered under this Policy.

15.4 Hired vehicles are automatically covered for both Super Waiver Damage and Theft by the vehicle rental company.

16 GIFTS AND PROMOTIONAL GOODS

16.1 Where appropriate, the traveller may **[give]** offer gifts to their hosts.

16.2 The gifts in question shall be provided by the municipality, through the appropriate department, in conjunction with the Department of Communication.

16.3 Suitable promotional and marketing products shall be supplied, on request, by the appropriate department of the Municipality in conjunction with the Department of Communication.

16.4 Gifts received by officials are subject to the guidelines as set out on the Gift Policy for Officials.

16.5 Gifts received by Councillors should be declared to the Speaker.

17 [AUTHORITY] DEVIATION

Any deviation from this policy for whatsoever reason must be authorized by the Municipal Manager.

18 TRAVEL AND SUBSISTENCE ALLOWANCE CLAIM FORM

The official Travel and Subsistence Allowance claim form, as prescribed by Chief Financial Officer must be used with regard to Travel and Subsistence Allowance applications.

19 IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2018;

This policy will be reviewed at least annually or when required by way of a Council resolution.

20 SHORT TITLE

This policy shall be called the Travel and Subsistence Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
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OVERSTRAND MUNICIPALITY



PETTY CASH POLICY

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1. INTRODUCTION

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner. This includes Petty Cash, which is a small amount of funds that are minor in the form of cash, used for expenditure where it is impractical to obtain prior quotations due to the nature of the goods, monetary value and / or services required.

Therefore the Overstrand Municipality adopts the following Petty Cash Policy.

2. OBJECTIVES OF THE POLICY

Compliance with the regulatory framework in terms of the relevant legislation is required. The objectives of the policy are to ensure that:

- a) Goods and / or services are procured by the municipality in accordance with an authorised process only;
- b) The municipality has and maintains an effective Petty Cash system of expenditure control;
- c) Sufficient Petty Cash is available when required; and
- d) The items to be procured are approved Petty Cash items.

3. [REGULATORY] LEGISLATIVE FRAMEWORK

- a) Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA)
- b) Overstrand Supply Chain Management Policy

4. DEFINITIONS

Accounting Officer: The person appointed by council in terms of section 54A2 of the Local Government: Municipal Systems Act, No 32 of 2000, also known as the Municipal Manager, and defined in terms of section 60 of the MFMA.

Chief Financial Officer: The person designated in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated.

Petty Cash: A relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.

Petty Cash Float: The total sum of Petty Cash which has been granted to a Petty Cash Officer.

Petty Cash Officer: An employee, made responsible for the day-to-day operating of the Petty Cash Float.

Reconciliation: Is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.

Sub-advances: A relatively small amount of cash made available by the Petty Cash Officer on request to buy miscellaneous small items.

5. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of Section 65 of the MFMA are:

Accounting Officer (Municipal Manager)-

5.1 The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.

5.2 The accounting officer must for the purpose of paragraph 5.1 take all reasonable steps to ensure:

- (a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- (b) that the municipality has and maintains a management, accounting and information system which:
 - (i) recognises expenditure when it is incurred;
 - (ii) accounts for creditors of the municipality; and
 - (iii) accounts for payments made by the municipality;
- (c) that the municipality has and maintains a system of internal control in respect of creditors and payments;
- (d) that payments by the municipality are made:
 - (i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
 - (ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager may delegate authority to the Chief Financial Officer.

6. PETTY CASH POLICY

6.1 General Policy

- (a) The use of a petty cash float (**a float may not exceed R5 000-00**) is strictly confined to **individual cash purchases of up to a maximum of R200-00**. The Chief Financial Officer may approve petty cash purchases up to R2000;

- (b) The petty cash float is only to be used for non-recurring expenditure of an ad-hoc nature with a maximum of 10 sub-advances per Department per month; except in instances with the explicit pre-approval of the Chief Financial Officer.
- (c) The expenditure with regard to petty cash purchases **shall not be deliberately split into more than one transaction to avoid the said limit;**
- (d) The petty cash float is not to be used for any of the following:
 - (i) the cashing of cheques;
 - (ii) loans to any person whatsoever;
 - (iii) 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;
 - (iv) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;
 - (v) fuel; or
 - (vi) any purchase violating the true meaning of petty cash transactions will be regarded as a deviation from the accepted accounting practices in the use of Petty Cash and shall constitute a serious offence under the Disciplinary Code, unless authorized by the Chief Financial Officer;
- (e) Other cash floats may also be established for the purpose of providing change for a cash register, or any other purpose approved by the Chief Financial Officer. Use of such floats is restricted to the purpose for which they were established and does not form part of the scope of this policy; and
- (f) The Accounting Officer, or delegated official, may conduct internal audits to evaluate compliance with this policy.

6.2 Establishing and Operating a Petty Cash Float

- (a) 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 Manager of a department.
- (b) 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.
- (c) The senior administrative employee mentioned under paragraph 6.2(b) will be responsible for the security and leave arrangement in place to ensure safe custody of funds in the office.
- (d) The minimal security arrangement that will be acceptable is that the float must be kept in a locked box which will be kept in a locked filing cabinet or safe.

- (e) When an advance is approved, the Accountant: Creditors will advise the relevant Department accordingly and request that the senior administrative employee mentioned under paragraph 6.2(b) collect the advance. This establishing/initial advance will be charged to a "Petty Cash Advances – Position/Dept" in the General Ledger and not against any expenditure votes. A register of advances is thus maintained per Ledger Account for the purpose of accounting for all petty cash floats.

6.3 Security of Petty Cash Floats and Documentation

- (a) The cash on hand and used petty cash vouchers are to be kept in a locked box for which there must be two keys. One key is to be retained by the petty cash officer (on his / her person) normally responsible for the petty cash and the other to be kept by a senior administrative employee mentioned under paragraph 6.2(b) in a sealed envelope in the office safe or other secure place, to be used only in an emergency.
- (b) The locked petty cash box must be kept in a secure place when not in use and must be removed and returned by the responsible staff member only. At no stage must staff other than the responsible administrative / clerical staff member have access to the storage place of the petty cash box.
- (c) Under no circumstance are keys to be left in the lock to the petty cash box, cabinet or safe.
- (d) If the responsible Petty Cash Officer is either going on leave or is leaving the Municipality's employment, the Petty Cash Officer must perform a reconciliation and compile a Summary Claim Cover Page, before possession of Petty Cash, can be handed over.

The Summary Claim Cover Page must be signed by both the Petty Cash Officer and the recipient in order to verify that the amount in cash correspond with the balance on the Summary Claim Cover Page.

When the Petty Cash is returned to the Petty Cash official, the same processes must be undertaken.

6.4 Completing a Cash Purchase Claim Form

- (a) Petty cash stationery is available from the Expenditure Section (Financial Services). The form consists of two parts:
 - (i) Cash Purchase Claim page
 - (ii) Cash Purchase Record page
 - (iii) Receipt for cash advance (Only when appropriate, refer paragraph on Advances).
- (b) All details entered on the Cash Purchase Claim must appear on the Cash Purchase record page.

- (c) The Cash Purchase Claim must be completed as follows:
 - (i) description and cost of the goods/services purchased
 - (ii) purchaser's name in print and signature
 - (iii) correct vote- or unique / short number with an adequate budget to be charged
 - (iv) signature of the Officer in Charge of Petty Cash.
- (d) 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. **[Receipts must set forth the complete description of the purchase.]** When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid.
- (e) A financial delegate cannot authorise a cash purchase claim where he or she is the purchaser.

6.5 Sub-Advances to Staff Members

- (a) If it is necessary to make an initial sub-advance to a staff member, a receipt for cash advance must be completed. The receipt for cash advance form must be completed as follows:
 - (i) description and *estimated* cost of the goods/services purchased;
 - (ii) purchaser's name in print and signature;
 - (iii) correct vote- or unique / short number with an adequate budget to be charged;
 - (iv) signature of the Petty Cash Officer.
- (b) In order to receive an initial sub-advance, the relevant staff member must submit an approval notice (authorized by a delegated official) to the Petty Cash Officer.
- (c) On completion of the purchase, the recording-, documentation- and authorization requirements will be as stated in paragraph 6.4.
- (d) **All such sub-advances [will] must 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, such advance to be deducted from the individual's salary and of which the individual agrees in writing to the deduction when completing the receipt for cash advance form.
- (e) No more than one advance will be made to any one individual at a time.

6.6 Out-of-Pocket Payments

- (a) Where a staff member has made a purchase from own funds and seeks reimbursement from the petty cash, supporting documentation must be provided to substantiate the claim which must be submitted within 10 working days from date of incurring the expense.
- (b) The responsibility to ensure that the purchase will be in accordance with all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s).
- (c) The recording-, documentation- and authorization requirements will be as stated in paragraph 6.4 above.

6.7 Reimbursement of Petty Cash Floats

- (a) A petty cash float is operated on the basis that expenditure from the float is periodically reimbursed. Such reimbursement requires-
 - (i) returning the cash level of the petty cash float to its original level, and;
 - (ii) charging the expenditure which has been made to the correct expenditure vote.
- (b) 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.
- (c) 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.
- (d) Reimbursement of claims where supporting documentation as prescribed in this policy is absent / missing, must be declined.
- (e) The prescribed Summary Cash Purchase Claim Form as well as other relevant forms attached to it must be completed in full.
- (f) The most recently completed Cash Purchase Claim Form must record the reconciliation of the petty cash float. The Accountant: Creditors will decline reimbursement of claims where this is not supplied.
- (g) A petty cash float must never be reimbursed with funds derived from any other source whatsoever.

6.8 Shortages and losses

- (a) The holder of the Petty Cash float will be held accountable for any shortages and / or losses unless there is physical evidence of breaking in and no act or omission on the part of the relevant official contributed to the loss.
- (b) Any shortages in respect of a petty cash float must be reimbursed immediately by the responsible petty cash officer.
- (c) Where a petty cash float is stolen the incident must be promptly reported to the Chief Financial Officer in the required format and a case be logged at the South African Police Services.

6.9 Internal Controls

- (a) Random surprise Petty Cash counts / audits must be conducted by the relevant Manager / Senior Manager throughout the financial year.

[(b) Petty Cash Float reimbursement requests must be summarized into a monthly report to the Chief Financial Officer, including the total amount of Petty Cash purchases for that month.]

- (b) Petty Cash reconciliations to the General Ledger must be reconciled and replenished before 30 June of every year (financial year-end).

6.10 Procedure where a Petty Cash Float is Repaid / Cancelled

When an advance is no longer required, a departmental memorandum must be submitted, signed by the Manager of the relevant Department, to the Accountant: Creditors, 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.

The Cashier must issue a receipt to the person delivering the cash.

7. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2018;

This policy will be reviewed at least annually or when required by way of a Council resolution.

8. SHORT TITLE

This policy shall be called the Petty Cash Policy of the Overstrand Municipality.

OVERSTRAND MUNICIPALITY – PETTY CASH POLICY

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE:	30 May 2018
PREVIOUS REVIEW	31 May 2017
PREVIOUS REVIEW	25 May 2016
PREVIOUS REVIEW	28 May 2015
PREVIOUS REVIEW	28 May 2014
PREVIOUS REVIEW	29 May 2013
PREVIOUS REVIEW	30 May 2012
PREVIOUS REVIEW	04 May 2011
APPROVAL BY COUNCIL:	26 May 2010

OVERSTRAND MUNICIPALITY



PAYDAY POLICY

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1. PURPOSE

The purpose of the policy is to regulate the date on which Councillors and Employees of the Overstrand Municipality will receive their remuneration and / or allowances.

2. OBJECTIVES OF THE POLICY

The objectives of this Policy are to:-

- a) Establish a consistent payment routine for the payment of remuneration and / or allowances; and
- b) Provide information as to when remuneration and / or allowances will be paid.

3. LEGISLATIVE FRAMEWORK

This Policy must be read in conjunction with the:-

- a) Remuneration of Public Office Bearers Act (Act 20 of 1998, as amended);
- b) Basic Conditions of Employment Act (Act 75 of 1997, as amended); and
- c) Organisational Rights Collective Agreement (as amended)

4. SCOPE OF THE POLICY

This Policy applies to all:-

- a) Councillors;
- b) Permanent employees;
- c) Contractual employees;
- d) Temporary employees; and
- e) Seasonal workers.

5. POLICY PRINCIPLES

5.1 Councillors and Permanent employees

- a) For newly elected Councillors and newly appointed permanent employees, payday for the first month will be on the last working day of the month;
- b) Thereafter, payday will be on the 25th day of each month, or the last working day before the 25th should the 25th day of the month fall on a:-
 - Saturday;
 - Sunday
 - Monday;
 - Public Holiday; or
 - Day after a public holiday.
- c) For the month of December in every year, payday will be three (3) working days before the 25th, with the exception of circumstances as set out in paragraphs 5.1(a), 5.1(b) and 5.1(d).
- d) For outgoing Councillors and resigning / dismissed / retiring permanent employees, payday for the last month will be on the last working day of the month, but no later than 7 working days after the

last day on which work was performed if not exiting on the last working day.

5.2 Contractual employees

Payday for Contractual employees will be on the last working day of every month, but no later than 7 working days after the last day on which work was performed.

5.3 Temporary employees and Seasonal workers

Temporary employees and Seasonal Workers will, as far as possible, be paid on a weekly, fortnightly or monthly basis, as specified in their appointment letters, within 7 working days after the last day on which work was performed as per their timesheets.

6. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2018;

This policy will be reviewed at least annually or when required by way of a Council resolution.

7. SHORT TITLE

This policy shall be called the Payday Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT
CURRENT UPDATE:	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
PREVIOUS REVIEW	28 MAY 2014
APPROVAL BY COUNCIL:	28 November 2000 (Resolution)

**OVERSTRAND
MUNICIPALITY**



**SUPPLY CHAIN
MANAGEMENT POLICY**

**OVERSTRAND
MUNICIPALITY**



**PART A
SUPPLY CHAIN MANAGEMENT POLICY,
adopted in terms of section 111 of the
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, NO. 56 OF
2003
and the
MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS, NOTICE 868 OF 30
MAY 2005**

PART A

This Policy consists of three parts:

Part A is the Supply Chain Management Policy, adopted in terms of section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 and the Municipal Supply Chain Management Regulations, Notice 868 of 30 May 2005;

Part B is the Supply Chain Management Policy adapted for the Standard for Infrastructure Procurement and Delivery Management; and

Part C is the Preferential Procurement Policy, adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2017.

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Council of the Overstrand Municipality resolved on 25 June 2008 in terms of Section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality.

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POLICY STATEMENT AND OBJECTIVES

- 1 Section 111 of the Local Government: Municipal Finance Management Act, 56 (MFMA) requires each municipality and municipal entity to adopt and implement a Supply chain Management Policy, which give effect to the requirements of the Act.
- 2 In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed.
- 3 The objectives of this Policy are:
 - 1) to give effects to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;
 - 2) to comply with applicable provisions of the Municipal Finance Management Act including Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636, 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA and regulations pertaining thereto; and
 - 3) to acknowledge the provisions of:
 - a) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - b) The Competitions Act 1998 (Act No. 89 of 1998)
 - c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
 - d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - e) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
 - f) the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
 - g) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - h) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);
 - i) the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A**

1 Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) has the same meaning as in the Act, and –

“Accounting Officer”	means a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
“Act” or “MFMA”	means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
“Budget Holder”	Means the person/s accountable for expenditure from, and income to[,] a particular budget. Each budget holder is responsible for the control of his/her budget and for the general financial administration of his/her area of responsibility. The Budget Holder is responsible [for] to authorise expenditure from their budget[,] up to a total of their budget allocation
“business day”	means any day of the week except Saturday, Sunday and public holidays as determined in the Public Holidays Act, 1994 (Act No. 36 of 1994)
“CFO”	means Chief Financial Officer of the Municipality or Director of Finance in this instance;
“CIDB”	means Construction Industry Development Board
“close 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
“closing date”	means the time and day specified in the bid documents and/or advertisement of the receipt of bids.
“competitive bidding process”	means a competitive bidding process referred to in clause 12(1)(e) of this Policy;
“competitive bid”	means a bid in terms of a competitive bidding process;
“Construction Works”	means any work in connection with: a) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; b) the installation, erection, dismantling or maintenance of a fixed plant; c) the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or d) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.
“Consultant”	means a person or entity providing services requiring knowledge based expertise
“contract”	means the agreement that results from the acceptance of a bid by the Municipality;
“Contract Owner”	means the deputy director, senior manager or manager, as the case may be, that is ultimately accountable for all activities during the life cycle of the contract. The Contract Owner can also be seen as the Budget holder.
“day(s)”	Means calendar days unless the context indicates otherwise;
“delegation”	in relation to a duty, includes an instruction a request to perform, or to assist in performing the duty.
“director”	means a manager referred to in section 56 of the Municipal Systems Act.
“emergency”	an emergency is an unforeseeable and sudden event with harmful or potentially harmful consequences for the municipality which requires urgent action to address.
“emerging enterprise”	means an enterprise which is owned, managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid.
“essential community services”	means (in Local Government context) as published in Government Gazette numbers 18043 of 6 June 1997; Government Gazette number 18276 of 12 September 1997; Government Gazette number 18439 of 21 November 1997; Government Gazette number 18761 of 27 March 1998; Government Gazette number 22670 of 21 September 2001; Government Gazette number 27104 of 24 December 2004; Government Gazette number 28076 of 28 July 2006; Government Gazette number 29987 of 22 June 2007; Government Gazette number 30805 of 29 February 2008: I. Municipal traffic services and policing. II. Municipal health III. Municipal security. IV. Supply and distribution of water. VI. Generation, transmission and distribution of power. VII. Fire fighting. XXVI. The following parts of sanitation services:

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A**

	<ul style="list-style-type: none"> a) Maintenance and operation of water borne sewerage systems, including pumping stations and the control of discharge of industrial effluent into the system; b) Maintenance and operation of sewerage purification works; c) Collection of refuse of an organic nature; d) Collection of infectious refuse from medical and veterinary hospitals or practices; e) Collection and disposal of refuse at a disposal site; f) Collection of refuse left uncollected for fourteen (14) days or longer, including domestic refuse and refuse on public roads and open spaces.
<i>"final award"</i>	in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote is accepted;
<i>"financial interest"</i>	means where a municipal staff member is a close family member of a person who is the owner, partner, principal shareholder or member, manager or who serves on the board of directors, etc of a tendering enterprise;
<i>"financial year"</i>	means a twelve month period ending 30 June of every year.
<i>"formal written price quotation"</i>	means quotations referred to in clause 12(1)(d) of this Policy;
<i>"Head: Supply Chain Management"</i>	Any post in the approved organisational structure to whom the entire SCM Unit reports to functionally
<i>"IDP"</i>	means Integrated Development Plan;
<i>"in the service of the state"</i>	<p>means to be –</p> <p>a member of –</p> <ul style="list-style-type: none"> a) any municipal council; b) any provincial legislature; or c) the National Assembly or the National Council of Provinces; d) a member of the board of directors of any municipal entity; e) an executive member of the accounting authority of any national or provincial public entity; or f) an official of any national or provincial department, national or provincial public entity or institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999); g) a member of the accounting authority of any national or provincial public entity; or h) an employee of Parliament or a provincial legislature;
<i>"long term contract"</i>	means a contract with a duration period exceeding one year;
<i>"list of accredited prospective providers"</i>	means the list of accredited prospective providers which the Overstrand Municipality must keep in terms of clause 14 of this policy;
<i>"municipality"</i>	means the Overstrand Municipality;
<i>"notice boards"</i>	means the official notice boards at the municipal offices and libraries;
<i>"other applicable legislation"</i>	<p>means any other legislation applicable to municipal supply chain management, including –</p> <ul style="list-style-type: none"> a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000); d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); e) the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000); f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); g) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004); h) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003): Municipal Supply Chain Management Regulations; i) the Preferential Procurement Regulations The Competitions Act 1998 (Act No. 89 of 1998), 2017
<i>"Policy"</i>	means the Supply Chain Management Policy of the Overstrand Municipality;
<i>"quotation"</i>	means a stated price that a supplier expects to receive for the provision of specified services, works or goods;
<i>"Regulations"</i>	means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 30 May 2005;
<i>"SDBIP"</i>	means Service Delivery and Budget Implementation Plan;
<i>"single provider"</i>	Sole supplier- One and Only (Alone of its kind) Supplier (Oxford Dictionary). If such goods or services are produced or available from a single provider only. There is no competition and only one provider exists in South Africa (for example, sole distribution rights);
<i>"small business"</i>	means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in column I of the Small Business Classification Schedule, and which can be classified as a micro-, a very small, a small or a medium enterprise

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A**

	by satisfying the criteria mentioned in columns 3,4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule.
“supply chain management practitioners”	includes the Chief Financial Officer and the Head: Supply Chain Management;
“survivalist enterprise”	means a business set up by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business. This category is characterised by poverty and the attempt to survive.
“tender”	means a ‘bid’ or a ‘quotation’ in relation to a “Tender Box”;
“tender box”	means the specified tender box at the offices of Overstrand Municipality, Magnolia Avenue, Hermanus.
“Treasury guidelines”	means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act
“validity period”	means the period for which a bid is to remain valid and binding as stipulated in the relevant tender document.
“written or verbal quotations”	means quotations referred to in clause 12(1)(b) & (c) of this Policy.
<i>Reckoning of number of days: When any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and exclusively of every such Sunday and public holiday.</i>	
<i>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.</i>	
<i>All amounts / limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).</i>	

CHAPTER 1: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2 Supply Chain Management Policy

- 1) All officials and other role players in the Supply Chain Management system of the Municipality must implement this Policy in a way that –
 - a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (iii) Regulations pertaining to Supply Chain Management.
 - b) is fair, equitable, transparent, competitive, cost effective. and complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - c) is consistent with other applicable legislation;
 - d) does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and
 - e) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- 2) This Policy applies when the Municipality –
 - a) procures goods or services;
 - b) disposes of goods no longer needed;
 - c) selects contractors to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.
 - d) Selects external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of the Act.
- 3) This Policy, except where provided otherwise, does not apply in respect of:
 - a) the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - (i) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (ii) electricity from Eskom or another public entity, another municipality or a municipal entity.

3 Adoption, Amendment and Implementation of the Supply Chain Management Policy

- 1) The Accounting Officer must –
 - a) at least annually review the implementation of this Policy; and
 - b) when the Accounting Officer considers it necessary, submit proposals for the amendment of this Policy to Council.
- 2) If the Accounting Officer submits proposed amendments to Council that differs from the model policy issued by the National Treasury, the Accounting Officer must –
 - a) ensure that such proposed amendments comply with the Regulations; and
 - b) report any deviation from the model policy to the National Treasury and the Provincial Treasury.
- 3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- 4) The Accounting Officer must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality implements the supply chain management policy.

4 Delegation of supply chain management powers and duties

- 1) Council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –
 - a) to discharge the supply chain management responsibilities conferred on Accounting Officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - b) to maximize administrative and operational efficiency in the implementation of this Policy;
 - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - d) to comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Act.
- 2) Section 79 of the Act applies to the sub delegation of powers and duties delegated to the Accounting Officer in terms of sub-clause (1).
- 3) The Accounting Officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee which is not exclusively composed of officials of the Municipality.
- 4) This clause 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 clause 26 of this Policy.

5 Sub-delegations

- 1) The Accounting Officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent with sub-clause (2) of this clause and clause 4 of this Policy.
- 2) The power to make a final award –
 - a) above R10 million (Incl. VAT), may not be sub-delegated by the Accounting Officer;
 - b) above R200,000 (Incl. VAT), but not exceeding R10 million (Incl. VAT) may be sub-delegated, but only to a bid adjudication committee of which the Chief Financial Officer is the chairperson and directors are members;
 - c) below R200,000 (Incl. VAT) may be sub-delegated as per Council's delegations, attached as Annexure A, pertaining to the procurement of goods and services.

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A**

- 3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with sub-clause (2) must within three (3) business days of the end of each month submit to the official referred to in sub-clause (4) a written report containing particulars of each final award made by such official or committee during that month, including–
 - a) contract numbers and description of goods, services or infrastructure projects;
 - b) the name of the person to whom the award was made;
 - c) the B-BBEE level of contribution claimed;
 - d) the amount of the award; and
 - e) the reason why the award was made to that person.
- 4) A written report referred to in sub-clause (3) must be submitted to the Accounting Officer, in the case of an award by a bid adjudication committee of which the Chief Financial Officer and directors are members.
 - a) The awards scheduled must be published on Council's website in terms of Section 75(g) of the Act).
- 5) Sub-clauses (3) and (4) of this policy do not apply to procurement out of petty cash or written quotations below R2,000 (Incl. VAT).
- 6) This clause may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in clause 26 of this Policy. Also refer to clause 4(4) and 5(2)(a) of this Policy.
- 7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6 Oversight role of council

- 1) Council must maintain oversight over the implementation of this Policy.
- 2) For the purposes of such oversight the Accounting Officer must –
 - a) within 22 business days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
 - b) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.
- 3) The Accounting Officer must, within six (6) business days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.
- 4) The reports must be made public in accordance with section 21A of the Local Government Municipal Systems Act 32, 2002.

7 Supply Chain Management Unit

- 1) The Overstrand Municipality has established a Supply Chain Management Unit to implement this Policy.
- 2) The Chief Financial Officer is administratively in charge of the supply chain management unit which operates under the direct supervision of the Head: Supply Chain Management, to whom this duty has been sub-delegated in terms of Section 82 of the Act.

8 Training of Supply Chain Management officials

The training of officials involved in implementing this Policy should be in accordance with relevant legislation, including Treasury guidelines on supply chain management.

CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM

9 Format of Supply Chain Management system

- 1) This Policy provides systems for –
 - a) demand management;
 - b) acquisition management;

- c) logistics management;
- d) disposal management;
- e) risk management; and
- f) performance management.

Part 1: DEMAND MANAGEMENT

10 System of Demand Management

- 1) The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan, the Budget and the Service Delivery and Budget Implementation Plan.
- 2) The Demand Management Plan must be developed in conjunction with the IDP, Service Delivery and Budget Implementation Plan (SDBIP) and annual budget.
- 3) All user departments are required to submit their procurement plans to the Supply Chain Management Unit by 31 December in terms of the IDP and Budget processes.
- 4) The Demand Management Plan must be submitted to and approved by the Accounting Officer or his or her delegate before 30 June of each year.
- 5) The Demand Management Plan must be reviewed regularly and submitted to the Accounting Officer or his delegate on a monthly basis.
- 6) Demand management must be co-ordinated by SCM officials of the Municipality in consultation with budget holders.
- 7) The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.

Part 2: ACQUISITION MANAGEMENT

11 System of Acquisition Management

- 1) The Accounting Officer must implement the system of acquisition management set out in this Part in order to ensure –
 - a) that goods and services are procured by the Municipality in accordance with authorised processes only;
 - b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - c) that the threshold values for the different procurement processes are complied with;
 - d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - e) that any Treasury guidelines on acquisition management are properly taken into account.
- 2) When procuring goods or services contemplated in section 110(2) of the Act, the Accounting Officer must, subject to clause 2(3), make public the fact that such goods or services are procured otherwise than through the Municipality's supply chain management system, including -
 - a) the kind of goods or services; and
 - b) the name of the supplier.

12 Range of procurement processes

- 1) Goods and services may only be procured by way of –
 - a) petty cash purchases in terms of Council's Petty Cash Policy for procurement transactions with a value up to R2 000 (Incl. VAT);
 - b) one written or verbal quotation for procurement transactions with a value up to R2 000 (Incl. VAT);

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- c) three written quotations for procurement transactions with a value over R2 000 (Incl. VAT) up to R10 000 (Incl. VAT) ;
 - d) formal written price quotations for procurement transactions valued over R10 000 (Incl. VAT) up to R200 000 (Incl. VAT) ; and
 - e) a competitive bidding process for –
 - (i) procurement transactions with a value above R200 000 (Incl. VAT); and
 - (ii) the procurement of long term contracts.
- 2) The Accounting Officer may, in writing -
- a) lower, but not increase, the different threshold values specified in sub-clause (1); or
 - b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 (Incl. VAT);
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000 (Incl. VAT); or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (Incl. VAT).
- 3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

13 General preconditions for consideration of written quotations or bids

- 1) A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- a) has furnished that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any;
 - b) has authorised the Municipality to verify any of the documentation referred to in sub-clause (a) above; and
 - c) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholder or stakeholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-clause (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14 Lists of accredited prospective providers

- 1) The Accounting Officer must –
- a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
 - b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers; and

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- c) The listing criteria for prospective suppliers are:
- (i) Name of supplier / service provider;
 - (ii) Street address;
 - (iii) Postal address;
 - (iv) Contact person in Sales Department;
 - (v) Sales Department's telephone number;
 - (vi) Sales Department's fax number;
 - (vii) Sales Department's cell number;
 - (viii) Sales Department's email address;
 - (ix) Contact person in Accounts Department;
 - (x) Accounts Department's telephone number;
 - (xi) Accounts Department's fax number;
 - (xii) Accounts Department's email address;
 - (xiii) VAT registration yes/no;
 - (xiv) VAT registration number;
 - (xv) Bank details;
 - (xvi) Type of industry;
 - (xvii) Valid certification for specialised services;
 - (xviii) Valid tax clearance certificate;
 - (xix) CIDB registration if applicable;
 - (xx) Valid certification in respect of Exempted Micro Enterprises or
 - (xxi) B-BBEE Status Level of Contributor.
 - (xxii) Relevant identification numbers of all members, directors and partners.
- d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- 2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- 3) The list must be compiled per commodity and per type of service.

15 Written or verbal quotations below R2,000 (Incl. VAT)

- 1) The conditions for the procurement of goods by means of written quotations referred to in clause 12(1)(b) of this Policy for minor items that are purchased for up to R2,000 (Incl. VAT), are as follows:-
- a) written quotations for transactions must be obtained from at least one prospective supplier or service provider preferably from, but not limited to, suppliers or service providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in clause 14(1)(b), (c) and (d) of this Policy;
 - b) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

16 Written quotations above R2,000 (Incl. VAT)

- 1) The conditions for the procurement of goods or services through written quotations for amounts above R2,000 (Incl. VAT) up to R10,000 (Incl. VAT) are as follows:
- a) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the

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Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in clause 14(1)(b), (c) and (d) of this Policy;

- b) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer; and
- c) the Accounting Officer must record the names of the potential providers requested to provide such quotations with their quoted prices.

17 Formal written price quotations

- 1) The conditions for the procurement of goods or services through formal written price quotations for amounts above R10,000 (Incl. VAT) up to R200,000 (Incl. VAT) are as follows:
 - a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the Municipality;
 - b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in clause 14(1)(c) and (d) of this Policy;
 - c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer; and
 - d) the Accounting Officer must record the names of the potential providers and their written quotations.
- 2) A designated official referred to in clause 16(1)(b) and sub-clause (1)(c) must by the 3rd of each month report to the Chief Financial Officer on any approvals given during the preceding month by that official in terms of that sub-delegation.

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

- 1) The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
 - a) when using the list of accredited prospective providers the Accounting Officer must promote on-going competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - b) all requirements in excess of R30,000 (Incl. VAT) that are to be procured by means of formal written price quotations must, in addition to the requirements of clause 17, be advertised for at least five business days on the website and an official notice board of the Municipality;
 - c) quotations received must be evaluated on a comparative basis taking into account unconditional discounts;
 - d) the Accounting Officer or Chief Financial Officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
 - e) quotations must be awarded based on compliance to specifications, **[and]** conditions of contract, ability and capability to deliver the goods and services and lowest price for quotations up to R30 000 (Incl. VAT) and the preference points system will apply for all quotations in excess of R30 000 (Incl. VAT);
 - f) the Chief Financial Officer must set requirements for proper record keeping of all formal written price quotations accepted on behalf of the municipality;

19 Competitive bids

- 1) Goods or services above a transaction value of R200 000 (Incl. VAT) and long term contracts may only be procured through a competitive bidding process, subject to clauses 11(2) of this Policy.
- 2) No requirement for goods or services above an estimated transaction value of R200,000 (Incl. VAT), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20 Process for competitive bidding

- 1) The procedures for the following stages of a competitive bidding process are as follows:

- a) Compilation of bidding documentation is detailed in clause 21;
- b) Public invitation of bids is detailed in clause 22;
- c) Site meetings or briefing sessions are detailed in clause 22;
- d) Handling of bids submitted in response to public invitation is detailed in clause 23;
- e) Evaluation of bids is detailed in clause 28;
- f) Award of contracts is detailed in clause 29;
- g) Administration of contracts is detailed in clause 6 of Council's Contract management Policy
- h) Proper record keeping: Original and legal copies of all tender documentation must be kept in a secure place for reference purposes.

21 Bid documentation for competitive bids

- 1) The criteria to which bid documentation for a competitive bidding process must comply, must –
 - a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading, refurbishment of buildings or infrastructure.
 - b) include the preference points system to be used as contemplated in the Preferential Procurement Regulations, 2017, evaluation and adjudication criteria, including any criteria required by other applicable legislation;
 - c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - d) if the value of the transaction is expected to exceed R10 million (Incl. VAT) –
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, its audited annual financial statements –
 - (a) for the past three years; or
 - (b) since its establishment if established during the past three years;
 - (ii) 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 calendar days;
 - (iii) particulars of any contracts awarded to the bidder by the municipality during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
 - e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law;
- 2) A fee shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality for tenders in excess of R200 000 (Incl. VAT).

22 Public invitation for competitive bids

- 1) The procedure for the invitation of competitive bids is as follows:
 - a) Any invitation to prospective providers to submit bids must be by means of a public advertisement:
 - (i) in newspapers commonly circulating locally,
 - (ii) on the notice boards at selected offices of the Municipality,

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- (iii) on the website of the Municipality,
 - (iv) on the e-Tender Publication Portal of the National Treasury
 - (v) on the i-Tender website of the CIDB for construction procurement related transactions or
 - (vi) any other appropriate ways (which may include an advertisement in the Government Tender Bulletin).
- b) The information contained in a public advertisement, must include –
- (i) the closure date for the submission of bids, which may not be less than 22 business days in the case of transactions over R10 million (Incl. VAT), or which are of a long term nature (in excess of three years), or 10 business days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-clause (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the Municipality;
 - (iii) a statement that bids will only be considered if it was deposited into the bid box indicated in the bid invitation;
 - (iv) date, time and venue of any proposed site meetings or briefing sessions, provided that site meetings / information sessions may not be scheduled within 5 business days of the date on which a bid advertisement is placed; and
 - (v) the required CIDB contractor category and grading designation for construction procurement.
 - (vi) that only locally produced goods, works or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered for sectors designated by the Department of Trade and Industry.
- 2) The Accounting Officer may determine a closure date for the submission of bids which is less than the required 22 or 10 business days, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- 3) The notice shall further state that all bids for the contract must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.
- 4) The period for which bids are to remain valid and binding must be indicated in the bid.
- 5) Amendments before the closing date
- a) The Municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or where possible, that all bidders to whom bid documents have been issued, are advised in writing per e-mail or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, officials and authorised service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.
 - b) All amendments must be approved by the Accounting Officer or the relevant delegated director prior to the closing date of the bid invitation.

23 Procedure for handling, opening and recording of bids

- 1) The procedures for the handling, opening and recording of bids, are as follows:
- a) Bids–
 - (i) must be opened only in public;
 - (ii) must be opened on the same date and as soon as possible after the period for the submission of bids has expired; and
 - b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - c) No information, except the provisions in sub-clause (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

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- d) The Accounting Officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.
- 2) Stamping of bids and reading out of names:
 - a) As each bid is opened the name of the bidder and the amount – if practical – shall be read out.
 - b) An official shall date-stamp the bid or quotation and all enclosures related to prices, delivery periods and special conditions.
 - c) Bids and quotations shall be numbered in the sequence in which they have been opened and the words “and last” shall be endorsed on the last bid or quotation.
 - d) In instances where only one bid has been received the words “and only” shall be endorsed on such bid.
 - e) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped “no price” by the employee who opens the bids or quotations.
 - f) A bid will not be invalidated if the amount in words and the amount in figures do not correspond, where there is a discrepancy, the amount in words shall be read out at the bid opening and shall be deemed to be the bid amount.
- 3) Late Bids
 - a) Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.
 - b) Where it is necessary to open a late bid or quotation to obtain the name and address of the sender, each page of the document shall be stamped “late bid” before the bid is returned to the bidder. The envelope must be stamped and initialled in like manner and must be retained for record purposes.
- 4) Dealing with bids and quotations if the closing date thereof has been extended.
 - a) Where the closing date of a bid or quotation is extended, bids or quotations already received, will be retained unopened in the bidding box and be duly considered after the expiry of the extended period, unless the bidder cancels it by submitting a later dated bid or quotation before the extended closing date.

24 Negotiations with preferred bidders and communication with prospective providers and bidders

- 1) The Accounting Officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
 - a) does not allow any preferred bidder a second or unfair opportunity;
 - b) is not to the detriment of any other bidder; and
 - c) does not lead to a higher price than the bid as submitted;
 - d) does not lead to a lower price in respect of sale of land / goods.
- 2) Minutes of such negotiations must be kept for record purposes and as far as practical be made part of the final contract.
- 3) No unauthorised communication with bidders and prospective providers:
 - a) where bids and quotations have been submitted to the municipality, a bidder may not communicate with any councillor, official, or authorised service provider on any matter regarding his bid, quotation or offer other than a notice of withdrawal.
 - b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or date of receipt of an offer), and the date of notification of the successful bidder of acceptance of his bid, quotation or offer, except as provided for in clause (c) below. Every such

case of unauthorised communication shall forthwith be reported to the Supply Chain Management Unit as well as the chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorised communication has occurred may be disqualified.

- c) The chairperson of the Bid Adjudication Committee, as determined in clause 29(2), may authorise an employee or authorised consulting service provider, in writing, to communicate with a bidder during the period mentioned in subsection (b) above for the purpose of:-
 - (i) Obtaining an explanation and verification of declarations made in the bid response;
 - (ii) confirming technical particulars and the compliance thereof with specifications;
 - (iii) clarifying delivery times/quantities;
 - (iv) extending the validity period of a bid;
 - (v) clarifying any other commercial aspect;
 - (vi) for the submission of substantiating documents.
- d) In all cases where authority has been granted to communicate with bidders in terms of clause (c) above, it should be clearly stated in the submission to the Bid Adjudication Committee the nature of the communication as well as by whom such authority to communicate has been granted.

25 Two-stage bidding process

- 1) A two-stage bidding process is allowed for –
 - a) large complex projects; or
 - b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - c) long term projects with a duration period exceeding three years.
- 2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- 3) In the second stage final technical proposals and priced bids should be invited.

26 Committee system for competitive bids

- 1) A committee system for competitive bids is hereby established, consisting of the following committees for each transaction or cluster of transactions as the Accounting Officer may determine:
 - a) a bid specification committee;
 - b) a bid evaluation committee; and
 - c) a bid adjudication committee;
- 2) The Accounting Officer appoints the members of each committee, taking into account section 117 of the Act, and
- 3) The Accounting Officer may appoint a neutral or independent observer, to attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- 4) The committee system must be consistent with –
 - a) clause 27, 28 and 29 of this Policy; and
 - b) any other applicable legislation.
- 5) The Accounting Officer may apply the committee system to formal written price quotations.

27 Bid Specification Committees

- 1) The appropriate bid specification committee must compile the specifications for each procurement transaction for goods or services by the Municipality, depending on the department involved.
- 2) Specifications –
 - a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognised by the

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- South African National Accreditation System with which the equipment or material or workmanship should comply;
- c) must, where possible, be described in terms of performance required and / or in terms of descriptive characteristics for design;
 - d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations, 2017; and
 - g) must be approved by the Accounting Officer or the relevant delegated director prior to publication of the invitation for bids in terms of clause 22 of this Policy.
- 3) A Bid Specification Committee must be composed of one or more officials of the municipality, including, but not limited to:-
- a) a delegated supply chain management practitioner as chairperson;
 - b) the budget holder from the Directorate for whom the bid is called; and
- 4) The Committee may, when appropriate, include external specialist advisors.
- 5) 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.

28 Bid Evaluation Committees

- 1) A Bid Evaluation Committee must –
- a) evaluate all bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of the Preferential Procurement Policy;
 - b) evaluate each bidder’s ability to execute the contract ;
 - c) check in respect of the recommended bidder whether municipal rates and taxes and municipal
 - d) service charges are not in arrears for more than three months;
 - e) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter; and
- 2) A Bid Evaluation Committee must as far as possible be composed of:-
- a) the budget holder and other officials from departments requiring the goods or services
 - b) at least one delegated supply chain management practitioner

29 Bid Adjudication Committees

- 1) A bid adjudication committee must –
- a) consider the report and recommendations of the bid evaluation committee; and
 - b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the Accounting Officer to make the final award; or
 - (ii) make another recommendation to the Accounting Officer how to proceed with the relevant procurement.
- 2) The bid adjudication committee must be composed of at least four directors of the municipality which must include –

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- a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
 - b) a senior supply chain management practitioner.
- 3) The Accounting Officer must appoint the chairperson of the committee. If the Chairperson is unable to chair the meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- 4) A quorum for the Adjudication Committee shall be four members.
- a) In the event of an equality of votes the chairperson shall have a casting vote over and above a deliberate vote.
 - b) The Director of the department that called for the tender must be present at the meeting where the particular tender is considered.
- 5) The Chairperson of the Bid Evaluation Committee, or in his absence an official nominated by the Chief Financial Officer, should be present at the Bid Adjudication Committee meetings to introduce the reports to the Committee and assist in clarifying issues that were dealt with in the Bid Evaluation Committee meetings without voting rights.
- 6) A technical expert in the relevant field, who is an official, if such an expert exists, may attend the meeting as an advisor for clarification purposes. This official will not have voting rights at the Bid Adjudication Committee meeting. Neither a member of a bid evaluation committee, nor an advisor or person assisting the bid evaluation committee, may be a member of a bid adjudication committee.
- 7) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee –
- a) the bid adjudication committee must prior to awarding the bid –
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears for more than three months, and;
 - (ii) notify the Accounting Officer.
 - b) The Accounting Officer may –
 - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in clause (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- 8) The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- 9) The Accounting Officer must comply with Section 114 of the Act within 10 days–
- a) If a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the Accounting Officer must, in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation.
 - b) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

30 Procurement of Banking Services

- 1) A contract for banking services –
 - a) must be procured through competitive bids;
 - b) must be consistent with section 7 of the Act; and
 - c) may not be for a period of more than five years at a time.
- 2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

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- 3) The closure date for the submission of bids may not be less than 46 business days from the date on which the advertisement is placed in a newspaper in terms of clause 22(1).
- 4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31 Procurement of Information- and Communication Technology (ICT) related goods or services

- 1) The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of ICT related goods or services through a competitive bidding process.
- 2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 3) The Accounting Officer must notify SITA together with a motivation of the ICT needs if –
 - a) the transaction value of ICT related goods or services required in any financial year will exceed R50 million ; or
 - b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million .
- 4) If SITA comments on the submission and the Municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to Council, the National Treasury, the Provincial Treasury and the Auditor-General.
- 5) The Municipality is required to follow the following process before inviting proposals for a new financial management system:
 - a) National and Provincial Treasury should immediately be informed of any intention to replace the accounting or billing system currently operating at the municipality;
 - b) The submission should include a comprehensive motivation with specific reasons for why it is deemed necessary to replace the existing financial system;
 - c) A copy of the service level agreement with minutes of the meetings between the municipality and the current service provider (financial system vendor) during the previous twelve months must be made available;
 - d) The organisational structure, specifically for the IT department/function, clearly indicating management capacity and responsibility for operating the financial system, must be submitted;
 - e) An assessment should be done to determine which modules of the existing financial system are being utilised by the municipality and reasons must be provided for modules not in operation. In cases where an existing system is not an ERP system the municipality must provide details of any other systems utilised by the municipality;
 - f) The date on which the existing financial system was implemented, the procurement and implementation costs and the current operational costs thereof must be disclosed;
 - g) A technical assessment must be undertaken on the server and network requirements of the new financial system and a copy of such report should be submitted; and
 - h) Copies of all IT strategies, policies and procedural documents including the IT disaster recovery plan must be made available.

32 Procurement of goods and services under contracts secured by other organs of state

- 1) The Accounting Officer may procure goods or services under a contract secured by another organ of state, but only if –
 - a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - b) there is no reason to believe that such contract was not validly procured;
 - c) there are demonstrable discounts or benefits to do so; and
 - d) that other organ of state and the provider have consented to such procurement in writing.

33 Procurement of goods necessitating special safety arrangements

- 1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

- 2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the official duly authorised in terms of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).

34 Proudly SA Campaign

- 1) The Municipality supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services as per Council's Preferential Procurement Policy

35 Appointment of consultants

- 1) The Accounting Officer may procure consulting services provided that any National Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such services are procured.
- 2) Consultancy services must be procured through competitive bids if:
 - a) the value of the contract exceeds R200 000 (Incl. VAT); or
 - b) the duration period of the contract exceeds one year.
- 3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - a) all consultancy services provided to an organ of state in the last five years; and
 - b) any similar consultancy services provided to an organ of state in the last five years.
- 4) The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.

36 Deviation from, and ratification of minor breaches of procurement processes

- 1) The Accounting Officer may –
 - a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (a) Circumstances that warrant emergency dispensation, includes but are not limited to -
 - (i) the possibility of human injury or death;
 - (ii) the possibility of damage to property;
 - (iii) failure to take necessary action may result in the municipality not being able to render an essential community service;
 - (iv) the interruption of services related to communication facilities or support services critical to the effective functioning of the municipality as a whole; or
 - (v) the eminent possibility of serious damage occurring to the natural environment.
 - (b) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.
 - (c) Procurement in the case of emergencies must be tacitly approved by the relevant director or his delegate prior to incurring the expenditure (before issuing an instruction to the supplier) and must be reported in writing to the Accounting Officer or delegated official within three business days.
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos and/or nature and game reserves; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes including, but not limited to:-

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- (a) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids;
 - (b) the unskilled labour component of the Municipality's Local Labour Promotion Programme (LLPP);
 - (c) the acquisition of services of attorneys and advocates subject that the acquisition of such services to be dealt with in terms of Delegations 4.2.52, 5.1.1.35.1 and 5.1.1.35.3 of the Municipality's Delegation of Powers and Duties, as amended from time to time and any Bargaining Council Agreements on Disciplinary Procedures;
 - (d) any contract relating to the publication of notices and advertisements by the municipality where applicable legislation or applicable council policy dictates.
 - (e) the acquisition of accommodation, car rental and air travel for official purposes, subject thereto that the acquisition of such services be dealt with in terms of the applicable council policy.
 - (f) Membership and subscription to professional bodies and any training provided by such bodies for purposes of obtaining continuous professional development points;
 - (g) the attendance of conferences and workshops;
 - (h) the use of couriers for official documents/parcels;
 - (i) the appointment of sheriffs of the court for the issuing of judicial summons, judgments and warrants.
- b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature; and
 - c) may condone any irregular expenditure incurred in contravention of, or that is not in accordance with a requirement of this Policy and which is not also a contravention of the Municipal Supply Chain Management Regulations (GG 27636 of 30 May 2005), provided that such condonation and the reasons therefore shall be reported to Council at the next ensuing meeting.
- 2) The Accounting Officer must record the reasons for any deviations in terms of sub-clauses (1)(a) and (b) of this policy and report them to the next Council Meeting and include as a note to the annual financial statements.
 - 3) Sub-clause (2) does not apply to the procurement of goods and services contemplated in clause 11(2) of this policy.

37 Unsolicited bids

- 1) In accordance with Section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- 2) The Accounting Officer may decide in terms of Section 113(2) of the Act to consider an unsolicited bid, only if –
 - a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - c) the person who made the bid is the sole provider of the product or service; and
 - d) the reasons for not going through the normal bidding processes are found to be sound by the Accounting Officer.
- 3) If the Accounting Officer decides to consider an unsolicited bid that complies with sub-clause (2) of this policy, the decision must be made public in accordance with Section 21A of the Municipal Systems Act, together with –
 - a) reasons as to why the bid should not be open to other competitors;
 - b) an explanation of the potential benefits if the unsolicited bid was to be accepted; and
 - c) an invitation to the public or other potential suppliers to submit their comments within 22 business days of the notice.

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- 4) The Accounting Officer must submit all written comments received pursuant to sub-clause (3), including any responses from the unsolicited bidder, to the National Treasury and the Provincial Treasury for comment.
- 5) The bid adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Accounting Officer, depending on its delegations.
- 6) A meeting of the bid adjudication committee to consider an unsolicited bid must be open to the public.
- 7) When considering the matter, the adjudication committee must take into account –
 - a) any comments submitted by the public; and
 - b) any written comments and recommendations of the National Treasury or the Provincial Treasury.
- 8) If any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Accounting Officer must submit to the Auditor General, the Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9) Such submission must be made within five business days after the decision on the award of the unsolicited bid is taken, but no contract committing the Municipality to the bid may be entered into or signed within 22 business days of the submission.

38 Combating of abuse of the supply chain management system

- 1) The Accounting Officer is hereby enabled to –
 - a) take all reasonable steps to prevent abuse of the supply chain management system;
 - b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - d) reject any bid from a bidder –
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other municipality or municipal entity are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

- 2) The Accounting Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of sub-clauses (1)(b)(ii), (e) or (f) of this policy.

Part 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

39 Logistics management

- 1) The Accounting Officer must establish and implement an effective system of logistics management, which must include -
 - a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
 - d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
 - e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
 - f) regular checking to ensure that all assets are properly managed and maintained in terms of Council's Asset Management Policy; and
 - g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.
 - h) Contracts will be implemented in terms of the requirements of Section 116 of the Act and Council's Contract Management Policy.

40 Disposal management

- a) Assets must be disposed of in terms of the Municipal Asset Transfer Regulations, Overstrand Municipality's Asset Management Policy and Administration of Immovable Property Policy respectively.
- b) Disposal Management does not represent a procurement process and is thus exempt from the prohibitions of Clause 44 of this policy. As a result, the municipality is not prohibited from selling/disposing of movable or immovable assets to persons in the service of the state

41 Risk management

The Accounting Officer must implement an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system as per Council's Risk Management Policy.

42 Performance management

The Accounting Officer must implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved in terms of the Performance Management System- Implementation Policy.

Part 4: OTHER MATTERS

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

- 1) Irrespective of the procurement process followed, the municipality 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.
- 2) Before making an award to a person, the Municipality must first check with SARS whether that person's tax matters are in order.
- 3) If SARS does not respond within seven days, such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

44 Prohibition on awards to persons in the service of the state

- 1) Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
 - a) who is in the service of the state;
 - b) that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - c) a person who is an advisor or consultant contracted with the Municipality in respect of a contract that would cause a conflict of interest.

45 Awards to close family members of persons in the service of the state

- 1) The Accounting Officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (Incl. VAT) to a close family member of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
 - a) the name of that person;
 - b) the capacity in which that person is in the service of the state; and
 - c) the amount of the award.

46 Ethical standards

- 1) A code of ethical standards for supply chain management practitioners and other role players involved in supply chain management is hereby established in accordance with sub-clause (2) in order to promote –
 - a) mutual trust and respect; and
 - b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- 2) An official or other role player involved in the implementation of the supply chain management policy –
 - a) must treat all providers and potential providers equitably;
 - b) may not use his or her position for private gain or to improperly benefit another person;
 - c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - d) notwithstanding sub-clause (2)(c), must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - e) must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process 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 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 Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
 - i) must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of clause 47(1) of this policy; or
 - (iii) any alleged breach of this code of ethical standards.

- 3) Declarations in terms of sub-clauses (2)(d) and (e) -
 - a) must be recorded in a register which the Accounting Officer must keep for this purpose;
 - (i) by the Accounting Officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- 4) A breach of the code of ethics must be dealt with as follows -
 - a) in the case of an employee, in terms of the disciplinary procedures of the Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
 - b) in the case a councillor, in terms of Schedule 1 of the Systems Act;
 - c) in the case a role player who is not an employee, or a councillor through other appropriate means in recognition of the severity of the breach; and
 - d) in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

47 Inducements, rewards, gifts and favours to municipal officials and other role players

- 1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
 - a) any inducement or reward to the Municipality for or in connection with the award of a contract; or
 - b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.
- 2) The Accounting Officer must promptly report any alleged contravention of sub-clause (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- 3) Sub-clause (1) does not apply to gifts less than R350 (Incl. VAT) in value.

48 Sponsorships

- 1) The Accounting Officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
 - a) a provider or prospective provider of goods or services; or
 - b) a recipient or prospective recipient of goods disposed or to be disposed.

49 Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 10 business days of the decision or action, a written objection or complaint against the decision or action subject to the payment of applicable appeal deposit as per Council's approved tariffs.

50 Resolution of disputes, objections, complaints and queries

- 1) The Accounting Officer must appoint an independent and impartial person or persons, not directly involved in the supply chain management processes –
 - a) to assist in the resolution of disputes between the Municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system;
 - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 2) The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.

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- 3) The person appointed must –
- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - b) submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.
 - 4) A dispute, objection, complaint or query may be referred to the Provincial Treasury if –
 - a) the dispute, objection, complaint or query is not resolved within 46 business days; or
 - b) no response is forthcoming within 46 business days.
 - 5) If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query will be referred to the National Treasury for resolution.
 - 6) This clause must not be read as affecting a person’s rights to approach a court at any time.

51 Contracts providing for compensation based on turnover

- 1) If a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Municipality must stipulate:-
 - a) A cap on the compensation payable to the service provider; and
 - b) That such compensation must be performance based.

52 Public-Private Partnerships

Public-Private Partnerships will be procured in terms of Part 2 of Chapter 11 of the Act.

53 Contract Management

Contracts will be implemented in terms of the requirements of Section 116 of the Act and Council’s Contract Management Policy.

54 Short title and commencement

This part of the policy is called the Overstrand Municipality Supply Chain Management Policy.

This policy will come into effect on 1 July 2018 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:	HEAD: SUPPLY CHAIN MANAGEMENT				
PREVIOUS REVIEW:	2017/11/29	CURRENT UPDATE:	2018/05/30		
PREVIOUS REVIEW:	2017/05/31	PREVIOUS REVIEW:	2017/03/29	PREVIOUS REVIEW:	2016/05/25
PREVIOUS REVIEW:	2016/02/24	PREVIOUS REVIEW:	2015/05/28	PREVIOUS REVIEW:	2014/05/28
PREVIOUS REVIEW:	2013/05/29	PREVIOUS REVIEW:	2012/11/28	PREVIOUS REVIEW:	2012/06/26
PREVIOUS REVIEW:	2012/05/30	PREVIOUS REVIEW:	2011/11/30	PREVIOUS REVIEW:	2011/05/04
PREVIOUS REVIEW:	2010/05/26	PREVIOUS REVIEW:	2009/05/27	APPROVAL	2008/05/25

**OVERSTRAND
MUNICIPALITY**



PART B
**SCM POLICY FOR INFRASTRUCTURE PROCUREMENT AND
DELIVERY MANAGEMENT**

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 - 12) Conflict of interest
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1 SCOPE

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

- 1) the storage of goods and equipment following their delivery to the Municipality which are stored and issued to contractors or to employees;
- 2) the disposal or letting of land;
- 3) the conclusion of any form of land availability agreement;
- 4) the leasing or rental of moveable assets; and
- 5) public private partnerships.

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2 TERMS, DEFINITIONS AND ABBREVIATIONS

1) Terms and definitions

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

agent:	person or organization that is not an employee of the Municipality that acts on the Municipality's behalf in the application of this document
authorised person:	the Municipal Manager or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order
conflict of interest:	any situation in which: someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially, 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 incompatibility or contradictory interests exist between an employee and the organization which employs that employee
contract owner:	person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view
family member:	a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption
framework agreement:	an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged
gate:	a control point at the end of a process where a decision is required before proceeding to the next process or activity
gateway review:	an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based
gratification:	an inducement to perform an improper act
infrastructure delivery:	the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure
infrastructure procurement:	the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure
maintenance:	the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function
operation:	combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use
order:	an instruction to provide goods, services or any combination thereof under a framework agreement
organ of state:	an organ of state as defined in section 239 of the Constitution of the Republic of South Africa
procurement document:	documentation used to initiate or conclude (or both) a contract or the issuing of an order
principal:	a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)
standard:	the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury
working day:	any day of a week on which is not a Sunday, Saturday or public holiday

2) Abbreviations

For the purposes of this document, the following abbreviations apply

- a) CIDB: Construction Industry Development Board
- b) SARS: South African Revenue Services

3 GENERAL REQUIREMENTS

1) Delegations

- a) The council of the Municipality hereby delegates all powers and duties to the Accounting Officer to enable him or her to:
 - (i) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 of the Local Government Municipal Finance Management Act of 2003 and this document;
 - (ii) maximise administrative and operational efficiency in the implementation of this document;
 - (iii) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and
 - (iv) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003.
 - (v) No departure shall be made from the provisions of this policy without the approval of the Accounting Officer of the Municipality
 - (vi) The Accounting Officer shall for oversight purposes:
 - (vii) within 22 business days of the end of each financial year, submit a report on the implementation of this policy to the council of the Municipality.
 - (viii) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council.
 - (ix) within 6 business days of the end of each quarter, submit a report on the implementation of the policy to the mayor; and
 - (x) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

2) Implementation of the Standard for Infrastructure Procurement and Delivery Management

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

3) Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the Head: Supply Chain Management.

4) Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within 10 business days of the decision or action, a written objection or complaint against the decision or action.

5) Resolution of disputes, objections, complaints and queries

- a) The Accounting Officer shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the Municipality and other persons regarding:
 - (i) any decisions or actions taken in the implementation of the supply chain management system;
 - (ii) any matter arising from a contract awarded within the Municipality's infrastructure delivery management system; or
 - (iii) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- b) The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- c) The person appointed in terms of 3(5)(a) shall:
 - (i) strive to resolve promptly all disputes, objections, complaints or queries received; and

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- (ii) submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.
- d) A dispute, objection, complaint or query may be referred to the Western Cape Provincial Treasury if:
 - (i) the dispute, objection, complaint or query is not resolved within 46 business days; or
 - (ii) no response is forthcoming within 46 business days.
 - (iii) If the Western Cape Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 CONTROL FRAMEWORK FOR INFRASTRUCTURE DELIVERY MANAGEMENT

1) Assignment of responsibilities for approving or accepting end of stage deliverables¹

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

2) Gateway reviews

a) Gateway reviews for major capital projects above a threshold

The Accounting Officer shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects.

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

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

5 CONTROL FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT

- 1) The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

¹ The terms "approve" and "accept" have the meanings "officially agree to" and "receive as adequate, valid, or suitable give an affirmative answer to a proposal", respectively. Approvals will typically take place at a senior management level whilst acceptances can be made at a lower level. Approvals and acceptances can be granted by individuals or committees. Where a municipality or municipal entity implements a project on behalf of an organ of state, acceptance / approval of end of stage deliverables may have to be granted in consultation with such an organisation. Alternatively it may be assigned to a party to an agency agreement developed in accordance with the provisions of clauses 5.2 of the standard. As a result, Table 1 may have to differentiate between own infrastructure and client institution's infrastructure. It may also have to differentiate between the value and type of projects.

- 2) The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:
 - a) the relevant Director shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
 - b) the authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.
- 3) The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6 INFRASTRUCTURE DELIVERY MANAGEMENT REQUIREMENTS

1) Institutional arrangements

a) Committee system for procurement²

(i) General

- (a) A committee system comprising the bid specification committee, bid evaluation committee and bid adjudication committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.
- (b) 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.
- (c) The persons appointed in writing as technical advisors and subject matter experts may attend any committee meeting.
- (d) No person who is a political officer bearer, a public office bearer including any councillor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a bid specification, evaluation or bid adjudication committee.
- (e) Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.
- (f) Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

(ii) Bid specification committee

- (a) the Accounting Officer shall appoint in writing:
 - (i) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
 - (ii) the members of the bid specification committee.

² SCM Regulation 26 of the MFMA requires that a committee system be established for procurement above the threshold for quotations. A municipality of a municipal entity may require that the bid adjudication committee also deal with quotations.

The principle of segregation (an internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of any task) is dealt with the committee system in the standard as follows:

- procurement gate 3: a technical evaluation of procurement documents and an approval of such documentation;
- procurement gate 5: a technical evaluation of submissions and an authorization to proceed with the next phase of a procurement process; and
- procurement gate 6: a tender evaluation and a recommendation to award a contract.

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- (b) The bid specification committee shall comprise one or more persons. The chairperson shall be an employee of the Municipality with requisite skills. Other members shall where relevant, include a representative of the end user or the department requiring infrastructure delivery.
- (c) No member of, or technical adviser or subject matter expert who participates in the work of any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender, which is considered by these committees.

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

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Relevant Director
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	Relevant Director
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Relevant Director
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	“Contract owner in consultation with the budget office”
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Bid evaluation committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the bid evaluation committee and refer back to bid evaluation committee for reconsideration or make recommendation for award	Bid adjudication committee
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Authorised person
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor’s particulars and data associated with the contract or order	Database administrator

* Applies only to goods and services not addressed in a procurement strategy developed during stage 2 (strategic resourcing) of the control framework for infrastructure delivery management

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Table 2 (concluded)

Activity		Sub-Activity	Key action	Person assigned responsibility to perform key action	
6	Administer contracts and confirm compliance with requirements	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	Relevant Director
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Relevant Director
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage ³	Approve amount of time and cost overruns up to the threshold	As per delegated authority
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Approve amount of time and cost overruns above a the threshold	As per delegated authority
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Relevant Director
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	As per delegated authority

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

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Contract owner in consultation with Manager: Demand & Procurement Management
3 FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Manager: Demand & Procurement Management
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Contract owner in consultation with the budget office
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	As per delegated authority

³ Stepped thresholds leading up to the 20% and 30% values given in PG8D may be necessary to manage cost and time overruns, respectively, the principle being that approval to exceed these percentages needs to be granted at a more senior level with each increase. For example, the increases for cost overruns could be as follows:

- ≤ 2,5 % - contract owner;
- 2,5 to 10% - project director
- 10% - appropriately delegated authority

(iii) Bid evaluation committee

- (a) The accounting officer shall appoint in writing:
 - (i) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and
 - (ii) the members of the bid evaluation committee.
- (b) A bid evaluation committee must as far as possible be composed of:
 - (i) the budget holder and other officials from departments requiring the goods or services
- (c) at least one delegated supply chain management practitioner⁴.
- (d) The bid evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:
 - (i) the capability and capacity of a tenderer to perform the contract;
 - (ii) the tenderer's tax and municipal rates and taxes compliance status;
 - (iii) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
 - (iv) the Compulsory Declaration has been completed; and
 - (v) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.
- (e) No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the bid specification committee or a family member or associate of such a member, may be considered by the bid evaluation committee.
- (f) The chairperson of the bid evaluation committee shall promptly notify the accounting officer or chief financial officer or designation of delegate of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

(iv) Bid adjudication committee

- (a) The bid adjudication committee must be composed of at least four directors of the municipality which must include –
 - (i) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
 - (ii) a senior supply chain management practitioner.
- (b) No member of the bid evaluation committee may serve on the bid adjudication committee. A member of a bid evaluation committee may, however, participate in the deliberations of a bid adjudication committee as a technical advisor or a subject matter expert.
- (c) The bid adjudication committee shall:
 - (i) consider the report and recommendations of the bid evaluation committee and:
 1. verify that the procurement process which was followed complies with the provisions of this document;
 2. confirm that the report is complete and addresses all considerations necessary to make an award or a recommendation;
 3. confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and

⁴ A supply chain management practitioner in the context of infrastructure delivery includes a built environment professional

4. consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
 - (ii) refer the report back to the bid evaluation committee for their reconsideration or make an award or a recommendation to the Accounting Officer on the award of a tender, with or without conditions, together with reasons for such recommendation.
 - (d) The bid adjudication committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.
 - (e) The bid adjudication committee shall consider the merits of an unsolicited offer and make a recommendation to the Accounting Officer.
 - (f) The bid adjudication committee shall report to the Accounting Officer any recommendation made to award a contract to a tenderer other than the tenderer recommended by the bid evaluation committee, giving reasons for making such a recommendation.
 - (g) The bid adjudication committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:
 - (i) made a misrepresentation or submitted false documents in competing for the contract or order; or
 - (ii) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.
 - (h) The bid adjudication committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the Western Cape Provincial Treasury shall be informed where such tenderers are disregarded.
- b) Actions of an authorised person relating to the award of a contract or an order.**
- (i) Award of a contract**
 - (a) The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the bid adjudication committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the bid evaluation committee, and either:
 - (i) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
 - (ii) decide not to proceed or to start afresh with the process.
 - (b) The authorised person shall immediately notify the Head: Supply Chain Management if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 business days, notify in writing the Auditor-General, the National Treasury and the Western Cape Provincial Treasury of the reasons for deviating from such recommendation.
 - (ii) Issuing of an order**
 - (a) The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the bid evaluation committee or the delegated authority, as relevant, and either:
 - (i) authorise the issuing of an order in accordance with the provisions of clause 4.2.5 of the standard by
 1. confirming that the required goods or services, or any combination thereof, are within the scope of the work associated with the relevant framework

2. considering the recommendations of the evaluation report where competition amongst framework contracts takes place or a significant proportion of the total of the prices is negotiated, based on the financial parameter contained in the framework contract, and either confirm the reasonableness of such recommendations and sign the acceptance of the order, refer the evaluation report and recommendation back to those who prepared it; or

(ii) decide not to proceed or to start afresh with the process.

c) Conduct of those engaged in infrastructure delivery

(i) General requirements

- (a) All personnel and agents of the Municipality shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:
 - (i) behave equitably, honestly and transparently;
 - (ii) discharge duties and obligations timeously and with integrity;
 - (iii) comply with all applicable legislation and associated regulations;
 - (iv) satisfy all relevant requirements established in procurement documents;
 - (v) avoid conflicts of interest; and
 - (vi) not maliciously or recklessly injure or attempt to injure the reputation of another party.
- (b) All personnel and agents engaged in the Municipality's infrastructure delivery management system shall:
 - (i) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
 - (ii) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
 - (iii) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
 - (iv) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
 - (v) ensure that resources are administered responsibly;
 - (vi) be fair and impartial in the performance of their functions;
 - (vii) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
 - (viii) not abuse the power vested in them;
 - (ix) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
 - (x) assist the Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
 - (xi) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
 - (xii) not make false or misleading entries in reports or accounting systems; and
 - (xiii) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.
- (c) An employee or agent of the Municipality may not amend or tamper with any submission, tender or contract in any manner whatsoever.

(ii) Conflicts of interest

- (a) The employees and agents of the Municipality who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:
 - (i) disclose in writing to the employee of the Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
 - (ii) not participate in any activities that might lead to the disclosure of the Municipality proprietary information.
- (b) The employees and agents of the Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.
- (c) Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in the Municipality's interest to do so, submit a tender for work associated with such documents provided that:
 - (i) the Municipality states in the tender data that such an agent is a potential tenderer;
 - (ii) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
 - (iii) the bid specification committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

(iii) Evaluation of submissions received from respondents and tenderers

- (a) The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:
 - (i) not have any conflict between their duties as an employee or an agent and their private interest;
 - (ii) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
 - (iii) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
 - (iv) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to the Municipality.
- (b) The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of the Municipality and a tenderer or respondent shall be disclosed and recorded in the bid adjudication evaluation report.
- (c) the Municipality's personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

(iv) Non-disclosure agreements

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

(v) Gratifications, hospitality and gifts

- (a) The employees and agents of the Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.
- (b) The employees and agents of the Municipality as well as their family members or associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:
 - (i) money, loans, equity, personal favours, benefits or services;
 - (ii) overseas trips; or
 - (iii) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.
- (c) The employees and agents of the Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.
- (d) All employees and agents of the Municipality may for the purpose of fostering inter-personal business relations accept the following:
 - (i) meals and entertainment, but excluding the cost of transport and accommodation;
 - (ii) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
 - (iii) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
 - (iv) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and
 - (v) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350 unless they have not declared them to the Accounting Officer or delegated official.
- (e) Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.
- (f) Employees and agents of the Municipality shall without delay report to the Accounting Officer or appropriately delegated authority any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

(vi) Reporting of breaches

Employees and agents of the Municipality shall promptly report to the Accounting Officer or chief financial officer or appropriately delegated authority any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

d) Measures to prevent abuse of the infrastructure delivery system

- (i) The Accounting Officer or chief financial officer or appropriately delegated authority shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:
 - (a) take steps against an employee or role player and inform the National Treasury and the Western Cape Provincial Treasury of those steps;
 - (b) report to the South African Police Service any conduct that may constitute a criminal offence;

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- (c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- (d) cancel a contract if:
 - (i) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
 - (ii) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

e) Awards to persons in the service of the state

- (i) Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:
 - (a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;
 - (b) a member of the board of directors of any municipal entity;
 - (c) an official of any municipality or municipal entity;
 - (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
 - (e) a member of the accounting authority of any national or provincial public entity; or
 - (f) an employee of Parliament or a provincial legislature.
- (ii) The notes to the annual financial statements of the Municipality shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified who is in the service of the state or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

f) Collusive tendering

- (i) Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:
- (ii) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- (iii) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender

shall be rejected.

g) Placing of contractors under restrictions

- (i) If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:
 - (a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
 - (b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
 - (c) had their contract terminated for reasons within their control without reasonable cause;
 - (d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;

- (e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards the Municipality; or
 - (f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of the Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,
 - (g) the Manager: Contract Management & Logistics shall prepare a report on the matter and make a recommendation to the Accounting Officer for placing the contractor or any of its principals under restrictions from doing business with the Municipality.
- (ii) The Accounting Officer may, as appropriate, upon the receipt of a recommendation made in terms of 6(1)(g)(i)(g) and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to the Municipality for a period of time.
- (iii) The Contract Management office shall:
- (a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of the Municipality who are engaged in procurement processes; and
 - (b) notify the National Treasury and Western Cape Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

h) Complaints

- (i) All complaints regarding the Municipality's infrastructure delivery management system shall be addressed to the Head: Supply Chain Management. Such complaints shall be in writing.
- (ii) The relevant user department shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the Head: Supply Chain Management who will decide on what action to take.

2) ACQUISITION MANAGEMENT

a) Unsolicited proposal

- (i) The Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:
 - (a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
 - (b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
 - (c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for the Municipality;
 - (d) the offer is in writing and clearly sets out the proposed cost;
 - (e) the person who made the offer is the sole provider of the goods or service; and
 - (f) the Accounting Officer finds the reasons for not going through a normal tender processes to be sound.
- (ii) The Accounting Officer may only accept an unsolicited offer and enter into a contract after considering the recommendations of the bid adjudication committee if:
 - (a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the Municipality and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;

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- (b) the Municipality has obtained comments and recommendations on the offer from the National Treasury and the Western Cape Provincial Treasury;
 - (c) the bid adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and the Western Cape Provincial Treasury; and
 - (d) the provisions of 6(2)(a)(iii) are complied with.
- (iii) The Accounting Officer shall, within 5 business days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Western Cape Provincial Treasury and Auditor General. A contract shall in such circumstances not be entered into or signed within 22 business days of such submission.

b) Tax and rates compliance

(i) SARS tax clearance

- (a) No contract may be awarded or an order issued where the value of such transaction exceeds R 30 000, whose tax matters have been declared by the South African Revenue Service to be in order or if not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.
- (b) In the case of a partnership, each partner shall comply with the requirements of 6(2)(b)(i)(a).
- (c) No payment shall be made to a contractor who does not satisfy the requirements of 6(2)(b)(i)(a). An employee of the Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.
- (d) Notwithstanding the requirements of 6(2)(b)(i) and 6(2)(b)(ii) the following shall apply, unless a person who is not tax compliant indicates to the Head: Supply Chain Management or his delegate that it intends challenging its tax compliance status with SARS,
 - (i) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 business days after being duly notified of its non-compliant status;
 - (ii) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 business days after being duly notified of its non-compliant status;
 - (iii) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
 - (iv) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
 - (v) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.
- (e) The Municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6(2)(b)(i)(d)(v).

(ii) Municipal rates and taxes

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

c) Declarations of interest

- (i) Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:
 - (a) are an employee of the Municipality or in the employ of the state; or
 - (b) have a family member or a business relation with a person who is in the employ of the state.

d) Invitations to submit expressions of interest or tender offers

- (i) All invitations to submit tenders where the estimated value of the contract exceeds R200,000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Municipality's website and on the National Treasury e-Tender Publication Portal.
- (ii) Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Board Act of 2000 shall in addition to the requirements of 6(2)(d)(i) be advertised on the CIDB website.
- (iii) Where deemed appropriate by the bid specification committee an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person.
- (iv) Such advertisements shall be advertised for a period of at least 22 business days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Accounting Officer.
- (v) Invitations to submit expressions of interest or tender offers shall be issued not less than 10 business days before the closing date for tenders and at least 5 business days before any compulsory clarification meeting. Procurement documents shall be made available not less than 5 business days before the closing time for submissions.

e) Publication of submissions received and the award of contracts

- (i) The names of all tenderers that made submissions shall be published within 10 business days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200,000 including VAT on the Municipality's website, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 22 business days.
- (ii) The following information will be published on the Municipality's website within 7 business days of the award of a contract:
 - (a) the contract number;
 - (b) contract title;
 - (c) brief description of the goods, services or works;
 - (d) the total of the prices, if practical;
 - (e) the names of successful tenderers and their B-BBEE status level of contribution;
 - (f) duration of the contract; and
 - (g) brand names, if applicable.
- (iii) The information regarding the successful and unsuccessful tenders required by National Treasury shall be submitted within 7 business days of the award of a contract on the National Treasury e-Tender Publication Portal.
- (iv) The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Board Act of 2000 shall in addition to the requirements of 6(2)(e)(iii) be notified on the CIDB website.

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f) Disposal committee

- (i) The Accounting Officer shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.
- (ii) The disposal panel shall comprise not less than three people. The chairperson shall be an employee of the Municipality.
- (iii) The disposal committee shall make recommendations to the Accounting Officer who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration and decide not to proceed or to start afresh with the process.

3) REPORTING OF INFRASTRUCTURE DELIVERY MANAGEMENT INFORMATION

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

7 INFRASTRUCTURE PROCUREMENT

1) Procurement documents

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

Form of contract	Code	Usage
Construction Industry Development Board (CIDB)		
CIDB Standard Professional Service Contract	SPSC	Professional services
CIDB General Conditions of Purchase	-	An order form type of contract for low-value goods without any incidental work or services on or before a specified date being required.
CIDB Contract for the Supply and Delivery of Goods	-	Simple, regional purchase of readily available materials or commodities which require almost no management of the buying and delivery process, minimal testing, installation and commissioning on delivery.
CIDB General Conditions of Service	-	An order form type of contract where low-value services on or before a specified date are required.
International Federation of Consulting Engineers (FIDIC)		
FIDIC Short Form of Contract	Green Book	Building or engineering works of relatively small capital value, or for relatively simple or repetitive work, or for work of short duration. Use for design by employer- or contractor-designed works.
FIDIC Conditions of Contract for Construction for Building and Engineering Works designed by the Employer	Red Book	Building or engineering works designed by the employer. (The works may include some elements of contractor-designed works.)
FIDIC Conditions of Contract for plant and design-build for electrical and mechanical plant, and for building and engineering works, designed by the contractor	Yellow Book	The provision of electrical or mechanical plant and the design and construction of building or engineering works.
FIDIC Conditions of Contract for EPC Turnkey Projects	Silver Book	The provision on a design and construct (turnkey) basis of a process or power plant, of a factory or similar facility, or an infrastructure project or other type of development.
FIDIC Conditions of Contract for Design, Build and Operate Projects	Gold Book	"Green field" building or engineering works which are delivered in terms of a traditional design, build and operate sequence with a 20-year operation period. (The contractor has no responsibility for the financing of the project/package or its ultimate commercial success.)
South African Institution of Civil Engineering (SAICE)		
SAICE General Conditions of Contract for Construction Works	GCC	Engineering and construction, including any level of design responsibility.
Joint Building Contracts Committee (JBCC)		
JBCC Principal Building Agreement	PBA	Buildings and related site works designed by the employer.
JBCC Minor Works Agreement	MWA	Buildings and related site works of simple content designed by the employer.
Institution of Civil Engineers (ICE)		

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Form of contract	Code	Usage
NEC3 Engineering and Construction Contract	ECC	Engineering and construction including any level of design responsibility.
NEC3 Engineering and Construction Short Contract	ECSC	Engineering and construction which do not require sophisticated management techniques, comprise straight forward work and impose only low risks on both the employer and contractor.
NEC3 Professional Services Contract	PSC	Professional services, such as engineering, design or consultancy advice.
NEC3 Professional Services Short Contract	PSCC	Professional services which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the client and consultant.
NEC3 Term Service Contract	TSC	Manage and provide a service over a period of time.
NEC3 Term Service Short Contract	TSSC	Manage and provide a service over a period of time, or provide a service which does not require sophisticated management techniques, comprises straightforward work and imposes only low risks on both the employer and contractor.
NEC3 Supply Contract	SC	Local and international procurement of high-value goods and related services, including design.
NEC3 Supply Short Contract	SSC	Local and international procurement of goods under a single order or on a batch order basis and is suitable for use with contracts which do not require sophisticated management techniques, and impose only low risks on both the purchaser and the supplier.

- (i) The Municipality's preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by the Specification Committee prior to being issued for tender purposes.
- (ii) Disputes arising from the performance of a contract shall be finally settled in a South African court of law.
- (iii) The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:
 - (a) consultancy services; and
 - (b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

2) Developmental procurement policy

a) The following specific goals shall be proposed:

Refer to the Emerging contractor development policy.

3) Payment of contractors

The Municipality will settle all accounts within 30 days after receipt of an invoice and statement for the month in question, detailing all invoices during that month and reflecting the total amount due by the Municipality, unless specified differently in the contract. In exceptional circumstances the Municipality may, at its discretion, deviate from the above.

4) Approval to utilise specific procurement procedures

- a) Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:
 - (i) The CFO or Accounting Officer shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
 - (ii) The Accounting Officer shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and

- (iii) The proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure
- b) The person authorised to pursue a negotiated procedure in an emergency is the Accounting Officer.

5) Receipt and safeguarding of submissions

- a) A dedicated and clearly marked tender box shall be made available to receive all submissions made.
- b) The tender box shall be fitted with two locks and the keys kept separately by two SCM practitioners. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

6) Opening of submissions

- a) Submissions shall be opened by an opening panel comprising two people SCM practitioners who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.
- b) The opening panel shall open the tender box at the stipulated closing time and:
 - (i) sort through the submissions of all tenders that has closed that day;
 - (ii) return submissions unopened and suitably annotated where:
 - (a) submissions are received late,
 - (b) submissions were submitted by a method other than the stated method,
 - (c) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and
 - (d) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
 - (e) record in the register submissions that were returned unopened;
 - (f) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
 - (g) record in the register the name of any submissions that is returned with the reasons for doing so;
 - (h) record the names of the tenderer's representatives that attend the public opening;
 - (i) sign the entries into the register; and
 - (j) stamp each returnable document in each tender submission.
- c) Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.2h).
- d) Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.
- e) Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7) Use of another organ of state's framework agreement

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

8) Insurances

- a) Contractors shall be required to take out all insurances required in terms of the contract.
- b) The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a

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contract shall in general not be less than the value stated in Table 4, unless otherwise directed by relevant Director.

- c) Lateral earth support insurance in addition to such insurance shall be taken out on a case by case basis.

Table 4: Minimum insurance cover

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	Geotechnical, civil and structural engineering: R5,0 million Electrical, mechanical & engineering: R3,0million Architectural: R5,0 million Other R3,0 million

- d) The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by relevant Director.
- e) SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.
- f) Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the relevant Director in relation to the nature of the service that they provide.
- g) The Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.
- h) Where payment is to be made in multiple currencies, either the contractor or the Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

9) Written reasons for actions taken

- a) Written reasons for actions taken shall be provided by a contract owner.
- b) The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:
- (i) SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
 - (ii) SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling for expressions of interest;

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

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

10) Request for access to information

- a) Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the Municipality’s Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of the Municipality.
- b) Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

8 SHORT TITLE AND COMMENCEMENT

This part of the policy is called the SCM Policy for Infrastructure Procurement and Delivery Management of the Overstrand Municipality.

This policy will come into effect on 1 July 2018 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:	HEAD: SUPPLY CHAIN MANAGEMENT		
CURRENT UPDATE	2018/05/30		
PREVIOUS REVIEW:	2017/11/29	PREVIOUS REVIEW:	2017/05/31

**OVERSTRAND
MUNICIPALITY**



**PART C
PREFERENTIAL PROCUREMENT POLICY**

PART C

PREFERENTIAL PROCUREMENT POLICY adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2017

PREAMBLE

WHEREAS the Overstrand Municipality aims to improve the quality of life of the local community and to free the potential of each person within a framework of facilitating service delivery, through effective governance and the Council takes into account the need for transparent procedures that give the effect to the principle of preferential procurement;

AND WHEREAS local 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;

NOW THEREFORE the Council of the Overstrand Municipality resolves in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 that the principles embodied in the Preferential Procurement Regulations, 2017 are herewith integrated into the Overstrand Municipality's Supply Chain Management Policy to form the basis of the evaluation criteria for quotations and competitive tenders.

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**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART C**

1 Definitions

In this policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act bears the same meaning, and:

"all applicable taxes"	includes Value-Added Tax, Pay-as-you-Earn, Income Tax, Unemployment Insurance Fund Contributions and Skills Development Levies;
"B-BBEE"	means Broad-Based Black Economic Empowerment as defined in Section 1 of the Broad-Based Black Economic Empowerment Act;
"B-BBEE status level of contributor"	means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
"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;
"black people"	has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act;
"Broad-Based Black Economic Empowerment Act" (B-BBEEA)	means the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003);
"co-operative"	means a co-operative registered in terms of section 7 of the Cooperatives Act, 2005 (Act No. 14 of 2005);
"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;
"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;
"Contract"	means the agreement that results from the acceptance of a tender by the Overstrand Municipality;
"designated group"	means- (a) black designated groups; (b) black people; (c) women; (d) people with disabilities; or (e) small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996);
"designated sector"	means a sector, sub-sector or industry or product designated in terms of clause 8(1)(a);
"EME"	means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
"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;
"Functionality"	means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer;
"imported content"	means that portion of the tender price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad, plus freight and direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry;
"local content"	means that portion of the tender price which is not included in the imported content, provided that local manufacture does take place;
"military veteran"	has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);
"Municipality"	The Overstrand Municipality;

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“National Treasury”	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
“Non-firm prices”	means all prices other than “firm” prices;
“organ of state”	<p>The definition of organ of state in section 1 of the Act in paragraph (a) to (e) includes-</p> <ul style="list-style-type: none"> • a national or provincial department as defined in the Public Finance Management Act, 1999; • a municipality as contemplated in the Constitution; • a constitutional institution as defined in the Public Finance Management Act; • Parliament; • a provincial legislature. <p>Paragraph (f) of the definition of organ of state in section 1 of the Act includes any other institution or category of institutions included in the definition of “organ of state” in section 239 of the Constitution and recognised by the Minister by notice in the Government Gazette as an institution or category of institutions to which the Act applies. Government Notice R. 501 of 8 June 2011 recognises, with effect from 7 December 2011, all public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1999, as institutions to which the Act applies. Note should be taken of notices issued from time to time in terms of paragraph (f) of this definition. The application of these Regulations is also subject to applicable exemptions approved in terms of section 3 of the Act.</p>
“Person”	includes reference to a juristic person;
“people with disabilities”	has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 55 of 1998);
“Policy”	Means the Preferential Procurement Policy of the Overstrand Municipality
“price”	includes all applicable taxes less all unconditional discounts;
“proof of B-BBEE status level of contributor”	means- (a) the B-BBEE status level certificate issued by an authorised body or person; (b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or (c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;
“QSE”	means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
“Rand value”	means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;
“rural area”	means- (a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or (b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;
“stipulated minimum threshold”	means the minimum threshold stipulated in terms of clause 8(1)(b);
“Sub-Contract”	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;
“Tender”	means a written offer in a prescribed or stipulated form in response to an invitation by the Overstrand Municipality for the provision of services, works or goods, through price quotations, advertised competitive tender processes or proposals;
“the Act”	means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
“Total revenue”	bears the same meaning assigned to this expression as 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, 2003 and promulgated in the Government Gazette on 9 February 2007;
“township”	means an urban living area that any time from the late 19th century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

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“treasury”	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); and
“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; and
“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.
“youth”	has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

2 Application

These Regulations apply to organs of state as envisaged in the definition of organ of state in section 1 of the Act.

3 Identification of preference point system, designated sector, pre-qualification criteria, objective criteria and subcontracting

- 1) The Municipality must-
 - a) determine and stipulate in the tender documents-
 - i) the preference point system applicable to the tender as envisaged in clause 6 or 7; or
 - ii) 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;
 - b) determine whether pre-qualification criteria are applicable to the tender as envisaged in clause 4;
 - c) determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in clause 8;
 - d) determine whether compulsory subcontracting is applicable to the tender as envisaged in clause 9; and
 - e) determine whether objective criteria are applicable to the tender as envisaged in clause 11.

4 Pre-qualification criteria for preferential procurement

- 1) If the Municipality decides to apply pre-qualifying criteria to advance certain designated groups, then the tender must be advertised with a specific tendering condition that only one or more of the following tenderers may respond-
 - a) a tenderer having a stipulated minimum B-BBEE status level of contributor;
 - b) an EME or QSE;
 - c) a tenderer subcontracting a minimum of 30% to-
 - i) an EME or QSE which is at least 51% owned by black people;
 - ii) an EME or QSE which is at least 51% owned by black people who are youth;
 - iii) an EME or QSE which is at least 51% owned by black people who are women;
 - iv) an EME or QSE which is at least 51% owned by black people with disabilities;
 - v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - vi) a cooperative which is at least 51% owned by black people;
 - vii) an EME or QSE which is at least 51% owned by black people who are military veterans
 - viii) an EME or QSE.
- 2) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

5 Tenders to be evaluated on functionality

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- 1) The Municipality must indicate in the tender documents if the tender will be evaluated on functionality;
- 2) The evaluation criteria for measuring functionality must be objective.
- 3) The tender documents must specify-
 - a) evaluation criteria for measuring functionality;
 - b) the points for each criteria and, if any, each sub-criterion; and
 - c) minimum qualifying score for functionality,
- 4) The minimum qualifying score for functionality for a tender to be considered further-
 - a) must be determined separately for each tender; and
 - b) may not be so-
 - i) low that it may jeopardise the quality of the required goods or services; or
 - ii) high that it is unreasonably restrictive.
- 5) Points scored for functionality must be rounded off to the nearest two decimal places.
- 6) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
- 7) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in clause 11.

6 80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million

- 1) The following formula must be used to calculate the points out of 80 for price in respect of a tender (including price quotations) with a Rand value equal to, or above R 30 000 and up to a Rand value of R50 million inclusive of all applicable taxes:

$$Ps = 80 \left(1 - \frac{(Pt - Pmin)}{Pmin} \right)$$

Where;

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

- 2) The following table must be used to calculate the score out of 20 for BBEE:

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- 3) A tenderer must submit proof of its B-BBEE status level of contributor.
- 4) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
 - a) may only score points out of 80 for price; and
 - b) scores 0 points out of 20 for B-BBEE.

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- 5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
- 6) The points scored by a tenderer for B-BBEE in terms of sub-clause (2) must be added to the points scored for price under sub-clause (1).
- 7) The points scored must be rounded off to the nearest two decimal places.
- 8) Subject to sub-clause (9) and clause 11, the contract must be awarded to the tenderer scoring the highest points.
- 9) If the price offered by a tenderer scoring the highest points is not market-related, the Municipality may not award the contract to that tenderer.
 - a) The Municipality may-
 - i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
 - ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
 - iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
 - b) If a market-related price is not agreed as envisaged in paragraph (a)(iii), the Municipality must cancel the tender.

7 90/10 preference point system for acquisition of goods or services for Rand value above R50 million.

- 1) The following formula must be used to calculate the points out of 90 for price in respect of a tender with a Rand value above R50 million, inclusive of all applicable taxes:

a)
$$P_s = 90 \left(1 - \frac{(P_t - P_{min})}{P_{min}} \right)$$

Where

P_s = Points scored for price of tender under consideration;

P_t = Price of tender under consideration; and

P_{min} = Price of lowest acceptable tender

- 2) The following table must be used to calculate the score out of 10 for BBEE:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

- 3) A tenderer must submit proof of its B-BBEE status level of contributor.
- 4) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
 - a) may only score points out of 90 for price; and
 - b) scores 0 points out of 10 for B-BBEE.

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- 5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
- 6) The points scored by a tenderer for B-BBEE in terms of sub-clause (2) must be added to the points scored for price under sub-clause (1).
- 7) The points scored must be rounded off to the nearest two decimal places.
- 8) Subject to sub-clause (9) and clause 11, the contract must be awarded to the tenderer scoring the highest points.
- 9) If the price offered by a tenderer scoring the highest points is not market-related, the Municipality may not award the contract to that tenderer.
 - a) The Municipality may-
 - i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
 - ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
 - iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
 - b) If a market-related price is not agreed as envisaged in paragraph (a)(iii), the Municipality must cancel the tender.

8 Local Production and Content

- 1) The Department of Trade and Industry may, in consultation with the National Treasury-
 - a) designate a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and
 - b) stipulate a minimum threshold for local production and content.
- 2) The Municipality must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.
- 3) The National Treasury must inform organs of state of any designation made in terms of regulation 8(1) through a circular.
- 4a. If there is no designated sector, the Municipality may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
- 4b. The threshold referred to in paragraph (a) must be in accordance with the standards determined by the Department of Trade and Industry in consultation with the National Treasury.
5. A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

9 Subcontracting as a condition of tender

1. If feasible to subcontract for a contract above R30 million, the Municipality must apply subcontracting to advance designated groups.
2. If the Municipality applies subcontracting as contemplated in sub-clause (1), the Municipality must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-
 - a) an EME or QSE;
 - b) an EME or QSE which is at least 51% owned by black people;
 - c) an EME or QSE which is at least 51% owned by black people who are youth;

- d) an EME or QSE which is at least 51% owned by black people who are women;
 - e) an EME or QSE which is at least 51% owned by black people with disabilities;
 - f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - g) a cooperative which is at least 51% owned by black people;
 - h) an EME or QSE which is at least 51% owned by black people who are military veterans
 - i) more than one of the categories referred to in sub-clauses (a) to (h).
3. The Municipality must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub-clause (2) from which the tenderer must select a supplier.

10 Criteria for breaking deadlock in scoring

1. If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.
2. If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.
3. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

11 Award of contracts to tenderers not scoring highest points

1. A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act.
2. If an organ of state intends to apply objective criteria in terms of section 2(1)(f) of the Act, the organ of state must stipulate the objective criteria in the tender documents.

12 Subcontracting after award of tender

1. A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.
2. A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
3. A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

13 Cancellation of tender

1. The Municipality may, before the award of a tender, cancel a tender invitation if-
 - a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
 - b) funds are no longer available to cover the total envisaged expenditure;
 - c) no acceptable tender is received; or
 - d) there is a material irregularity in the tender process.
2. The decision to cancel a tender invitation in terms of sub-clause (1) must be published in the same manner in which the original tender invitation was advertised.
3. The Municipality may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

14 Remedies

1. Upon detecting that a tenderer submitted false information regarding its B-BBEE status level of contributor, local production and content, or any other matter required in terms of this policy which

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will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the Municipality must-

- a) inform the tenderer accordingly;
- b) give the tenderer an opportunity to make representations within 14 days as to why-
 - i) the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
 - ii) if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalised up to 10 percent of the value of the contract; and
 - iii) the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and
- c) if it concludes, after considering the representations referred to in sub-clause (1)(b), that-
 - i) such false information was submitted by the tenderer-
 - a) disqualify the tenderer or terminate the contract in whole or in part; and
 - b) if applicable, claim damages from the tenderer; or
 - ii) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.

2a. An organ of state must-

- i) inform the National Treasury, in writing, of any actions taken in terms of sub-clause (1);
- ii) provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
- iii) submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

2b. The National Treasury may request an organ of state to submit further information pertaining to sub-clause (1) within a specified period.

3. The National Treasury must-

- a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and
- b) maintain and publish on its official website a list of restricted suppliers.

15 Circulars and guidelines

1. The National Treasury may issue-

- a) a circular to inform organs of state of any matter pertaining to this policy; or
- b) a guideline to assist organs of state with the implementation of any provision of this policy.

16 SHORT TITLE AND COMMENCEMENT

This part of the policy is called the Preferential Procurement Policy of the Overstrand Municipality.

This policy will come into effect on 1 July 2018 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:	HEAD: SUPPLY CHAIN MANAGEMENT				
PREVIOUS REVIEW	2017/11/29	PREVIOUS REVIEW:	2018/05/30	CURRENT REVIEW:	2018/05/30
PREVIOUS REVIEW	2017/05/31	PREVIOUS REVIEW:	2017/03/29	PREVIOUS REVIEW:	2016/05/25
PREVIOUS REVIEW	2016/02/24	PREVIOUS REVIEW	2015/05/28	PREVIOUS REVIEW:	2014/05/28
PREVIOUS REVIEW:	2013/05/29	PREVIOUS REVIEW:	2012/11/28	PREVIOUS REVIEW:	2012/06/26
PREVIOUS REVIEW:	2012/05/30	PREVIOUS REVIEW:	2011/11/30	PREVIOUS REVIEW:	2011/05/04
PREVIOUS REVIEW:	2010/05/26	PREVIOUS REVIEW:	2009/05/27	APPROVAL	2008/05/25

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SUPPLY CHAIN MANAGEMENT POLICY – ANNEXURE B**

DELEGATION OF POWERS AND DUTIES CLAUSE 4.2.81		
As far as contractual obligations are concerned: Personnel to be nominated in writing by the Municipal Manager, and Directors, subject to the under-mentioned criteria, and further subject to the municipality's Supply Chain Management Policy, financial regulations and council resolutions where applicable.		
4.2.81.1. APPROVAL / AWARD OF QUOTATIONS, FORMAL QUOTATIONS AND TENDERS		
RAND VALUE (VAT inclusive)	LEVEL OF APPROVAL (With due regard to proper segregation of duties)	QUOTATIONS / TENDERS PROCESS FOLLOWED
Up to R2 000	Level of approval as delegated by relevant director	Petty cash Purchases in terms of the Petty Cash Policy AND / OR One (1) written quotation
R2 000.01 – R30 000.00	Post level T12 and higher	Three (3) written price quotations in terms of Paragraph 17(1)(a) of the SCM Policy
R30 000.01 – R200 000.00	Head: Supply Chain Management	Formal written price quotations in terms of Paragraph 18(b) of the SCM Policy – committee system
R200 000.01 – R10 million	Bid Adjudication Committee	Competitive Bidding – committee system
> R10 million	Municipal Manager after recommendation from the Bid Adjudication Committee	Competitive Bidding – committee system
4.2.81.2 APPROVAL OF DEVIATIONS		
RAND VALUE (VAT inclusive)	LEVEL OF APPROVAL IN TERMS OF CLAUSE 36 ((1)(a)(v)(b) TO (i))	
R0 – R200 000.00	Directors	
>R200 000.00	Accounting Officer	
36(1)(a)(v)(c) & (d)	Level of approval as delegated by relevant director	
IN TERMS OF CLAUSE 36 ((1)(a)(i) TO (v)(a) .		
R0 – R70 000.00	Head: Supply Chain Management	
R70 000.01 – R200 000.00	Chief Financial Officer (Director: Finance) after consultation with, and recommendation by, the Head: Supply Chain Management	
>R200 000.00	Accounting Officer	
4.2.81.3 APPROVAL OF REQUESTS FOR ORDERS FOR DIRECT PURCHASES & MUNICIPAL STORE ISSUES		
RAND VALUE (VAT inclusive)	LEVEL OF APPROVAL (With due regard to proper segregation of duties)	
Up to R2 000	Level of approval as delegated by relevant director	
R2 000.01 – R70 000.00	Post level T12 and higher	
R70 000.01 – R1 000 000.00	Post level T16 and higher	
> R1 000 000.00	Municipal Manager & Directors	
4.2.81.4 CERTIFICATION AND AUTHORIZATION OF ALL PAYMENTS inclusive of where an official order has been issued in terms of sub-paragraph 4.2.81.3 above		
RAND VALUE (VAT inclusive)	LEVEL OF APPROVAL (With due regard to proper segregation of duties)	
R0 – R70 000.00	Post Level 13 and Higher	
R70 000.01 – R500 000.00	Post Level 16 and Higher	
> R 500 000.00	Municipal Manager & Directors	
Eskom Bulk Electricity Purchases	Senior Manager: Electro-technical Services	
4.2.81.5 APPROVAL OF SPECIFICATIONS FOR COMPETITIVE BIDS, in terms of Paragraph 27(2)(g) of the SCM Policy		
Cryptic description of Power or Duty	Sub-delegated to	Remarks, Limitations or Conditions
Specifications for Competitive Bids must be approved prior to the publication of the invitation for bids in terms of Paragraph 22 of the SCM Policy.	All Directors	This delegation applies in so far as each director's responsibility 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 MFMA (Act 56 of 2003).

POLICY SECTION:	HEAD: SUPPLY CHAIN MANAGEMENT			CURRENT UPDATE:				APPROVAL BY COUNCIL:	2008/05/25
PREVIOUS REVIEW:	2017/05/31	PREVIOUS REVIEW::	2017/11/29	2018/05/30					
PREVIOUS REVIEW:	2016/05/25	PREVIOUS REVIEW:	2014/05/28	2012/07/26	PREVIOUS REVIEW:	2011/05/04			
PREVIOUS REVIEW:	2016/02/24	PREVIOUS REVIEW:	2013/05/29	2012/05/30	PREVIOUS REVIEW:	2010/05/26			
PREVIOUS REVIEW:	2015/05/28	PREVIOUS REVIEW:	2012/11/28	2011/11/30	PREVIOUS REVIEW:	2009/05/27			

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

The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1. General Principles

- 1) The Municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- 2) Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- 3) Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

Conflict of interest

- 4) An official or other role player involved with supply chain management –
 - a) must treat all providers and potential providers equitably;
 - b) may not use his or her position for private gain or to improperly benefit another person;
 - c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the Municipality;
 - f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
 - h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
 - i) should not take improper advantage of their previous office after leaving their official position.

Accountability

- 5) Practitioners are accountable for their decisions and actions to the public.
- 6) Practitioners should use public property scrupulously.
- 7) Only accounting officers or their delegates have the authority to commit the Municipality to any transaction for the procurement of goods and / or services.
- 8) All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 9) Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

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- 10) Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
 - a) any alleged fraud, corruption, favouritism or unfair conduct;
 - b) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
 - c) any alleged breach of this code of conduct.
- 11) Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the **mayor** who must ensure that such declaration is recorded in the register.

Openness

- 12) Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

Confidentiality

- 13) Any information that is the property of the Municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.
- 14) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

2. Bid Specification / Evaluation / Adjudication Committees

- 1) Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the Municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 2) Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 3) All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 4) No person should-
 - a) interfere with the supply chain management system of the Municipality; or
 - b) amend or tamper with any price quotation / bid after its submission.

3. Combative Practices

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

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**CONTRACT MANAGEMENT
POLICY**

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1. PRE-AMBLE

All transactions undertaken by the Overstrand Municipality involves a contract whether explicitly agreed in writing, or implicitly implied through actions.

Properly managed contracts by all stakeholders involved, can ensure that services are delivered within specifications as set and agreed by all during the specifications phase and at the agreed cost , (Inclusive of escalation clauses in contracts) time period and qualities of the goods and services procured.

All contracts must be managed throughout the contract Life Cycle, based on the level of management control appropriate for the classification of that contract.

Improperly managed contracts may impact negatively on service delivery. Adverse effects of ineffective contract management include but are not limited to:

- 1.1 goods and services outside of specification;
- 1.2 cost overruns;
- 1.3 poor suppliers-, buyer- or other stakeholder relations;
- 1.4 negative public perception, and
- 1.5 potentially complete service delivery failures.
- 1.6 irregular expenditure or un-authorized expenditure

Hence, good contract management by all stakeholders involved is essential for good financial management and will contribute greatly to the effectiveness and efficiency of service delivery. In effect it would give strategic direction to all directorates following a centralised strategy of contract management. This policy must be read in coincidence with the SCM Policy of the Overstrand Municipality.

2. DEFINITIONS:

In this Policy, unless the context indicates otherwise-

Accounting Officer <i>(in relation to a municipality)</i>	means the municipal official referred to in section 60 of the MFMA (2003); and include a person acting as the accounting officer.
Act or MFMA	Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
Circular 62	means communication from National Treasury by means of a Circular to enhance compliance and accountability to SCM Regulations and the MFMA of 2003.
Construction Industry Development Board (CIDB):	means the Construction Industry Development Board (CIDB), a national body established by an Act of Parliament (Act 38 of 2000) to oversee the sustainability and growth of construction enterprises across the country.
Contract	means the agreement that results from the acceptance of a bid by the Municipality (mutual agreement)
Contract Alteration	means changing technical writing or input errors to the agreement of the contract without changing the scope of contract.
Contract Amendment	means changing the scope, nature, duration, purpose or objective of the agreement or contract (In context of Circular 62 and section 116 (3) of the MFMA).
Contract Champion	means the official/s within a specific department, responsible for all day to day administrative and management activities (including performance management and dispute resolution) during the life cycle of the contract (with delegated powers to perform this function).
Contract Management	means the holistic term of all role players involved in an agreement (SLA/SDA) or contract and include the; SCM contract manager, contract director, contract owner, contract champion and supplier.
SCM Contract Manager	means the SCM official responsible for monitoring, regulating and reporting on all contract related activities as set out in Section 116 of the MFMA.
Contract Owner	means the deputy director, senior manager or manager, as the case may be, that is ultimately accountable for all activities during the life cycle of the contract. The Contract Owner can also be seen as the Budget holder.
Contract Director	Appointment according to sect 56 of the Systems Act
Delegation <i>(in relation to a duty)</i>	Includes an instruction or request to perform or to assist in performing the duty.
Force Majure	Is the expression used to denote irresistible superior force which might cause damage or prevent the execution of an obligation, therefore suppliers is not liable for damages caused by force majeure or for failure to carry out a contract if prevented (Term and conditions in this regard will be determined by every individual contract/s).
Official <i>(In relation to a municipality)</i>	means: <ul style="list-style-type: none"> • an employee of a municipality; • a person seconded to a municipality to work as a member of the staff of the municipality; or • a person contracted by a municipality to work as a member of the staff of the municipality otherwise than as an employee.
Users	Means all officials as set out in the organogram of the Overstrand Municipality involved with contracts.
User Department	Refers to the official/s within the relevant department of a directorate, as set out in the organogram of the Overstrand Municipality responsible for contract management.

3. ABBREVIATIONS:

BEE	Black economic empowerment
B-BBEE	Broad-Based Black Economic Empowerment
GCC	means General Conditions of contract.
MSA	means Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
NT	means National Treasury established by section 5 of the Public Finance Management Act.
SCC	means Special Conditions of Contract.
SCM	means Supply Chain Management
SDA	means Service Delivery Agreement.
SLA	means Service Level Agreement.

4. OBJECTIVES:

- 4.1 To give effect to Section 217 of the Constitution of South Africa (1996) that stipulate:
 - 4.1.1 When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is:
 - 4.1.1.1 equitable
 - 4.1.1.2 transparent
 - 4.1.1.3 competitive
 - 4.1.1.4 cost-effective and
 - 4.1.1.5 fair
- 4.2 The effective and efficient control of contracts procured through the SCM system ensuring:
 - 4.2.1 proper recording and enforcement of contracts throughout the contract life cycle (specifications to contract reviews);
 - 4.2.2 support to the demand management framework as set out in Circular 62 of National treasury (August 2012), optimizing proper planning, resulting in effective service delivery;
 - 4.2.3 management of Contract Performance;
 - 4.2.4 compliance with the regulatory framework;
 - 4.2.5 to assist officials in understanding their legal and managerial responsibilities with regards to contract management;
 - 4.2.6 the optimization of efficient and sustainable financial wellbeing of the municipality, resulting in lower cost drivers, and
 - 4.2.7 the continuous development of effective Management Information systems, resulting in strategic support and risk preventions.
- 4.3 To ensure that no contract procurement of goods and services (excluding land sales or rentals of Overstrand Municipal Assets, which are managed by Property Management Services), takes place outside of the SCM System.

5. STATUTORY AND REGULATORY FRAMEWORK FOR MANAGING CONTRACTS

5.1 Application and Framework of the Contract Management Policy

5.1.1 All officials and other role players in the Supply Chain Management system of the Overstrand Municipality must implement this Policy in a way that gives effect to:

5.1.1.1 Section 217 of the Constitution;

5.1.1.2 Section 116 of the MFMA;

5.1.1.3 Section 33 of the MFMA;

5.1.1.4 SCM Policy;

5.1.1.5 SCM Regulations

5.1.1.6 any other legislation pertaining to SCM.

5.1.2 This Policy applies when the Municipality:

5.1.2.1 procures goods or services;

5.1.2.2 disposes of goods no longer needed; and

5.1.2.3 selects service providers and suppliers to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.

5.2 Adoption, Amendment and Implementation of the Contract Management Policy

5.2.1 The accounting officer must:

5.2.1.1 at least annually review the implementation of this Policy; and

5.2.1.2 when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to Council;

5.2.1.3 in terms of section 62(1) (f) (IV) of the Act, take all reasonable steps to ensure that the Contract Management Policy is implemented.

5.3 Conditions of Contract

5.3.1 A contract or agreement procured through the Supply Chain Management System of the Municipality must:

5.3.1.1 be in writing;

5.3.1.2 stipulate the terms and conditions of the contract or agreement, which must provide for:

5.3.1.2.1 the termination of the contract or agreement in the case of non- or underperformance;

5.3.1.2.2 dispute resolution mechanisms to settle disputes between the parties;

5.3.1.2.3 a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and

5.3.1.2.4 any other matters that may be prescribed.

- 5.4 Administrative Capacity
 - 5.4.1 The relevant Director, with delegated powers from the Municipal Manager, must establish capacity in his/her directorate to assist the accounting officer in carrying out the duties set out in section 116(2) of the MFMA.

- 5.5 Management of Contracts
 - 5.5.1 The accounting officer and delegated officials must take all reasonable steps to:
 - 5.5.1.1 ensure that a contract or agreement procured through the supply chain management policy of the municipality is properly enforced;
 - 5.5.1.2 monitor on a monthly basis the performance of the contractor under the contract or agreement.
 - 5.5.1.3 administrate the contract with the necessary competencies and delegations, ensuring effective management of contracts.
 - 5.5.2 The Contract Owner must ensure that contract champions submit suppliers' performance reports to the SCM contract manager within 5 business days after the end of each month.
 - 5.5.3 The SCM Contract Manager submits a consolidated report to the relevant Director and Contract Owner within 15 business days after the end of each month for purposes of Section 116 (2)(b) of the Act.
 - 5.5.4 The SCM Contract Manager submits a consolidated report on the performance of contracts or agreements for purposes of Section 116 (2)(d), to the Accounting Officer within 15 business days of the end of each quarter.

- 5.6 Amendment of Contracts
 - 5.6.1 A contract or agreement procured through the supply chain management policy of the municipality may be amended by the parties, in exceptional circumstances in order to mitigate abuse, in perception after the fact to prevent financial inefficiencies and influencing financial sustainability.
 - 5.6.2 In terms of Section 116(3) of the MFMA, (56 of 2003), amendments (in compliance with SCM procedures), may only be made after:
 - 5.6.2.1 the reasons for the proposed amendment have been tabled in the council; and
 - 5.6.2.2 the local community has been given reasonable notice of the intention to amend the contract or agreement; and
 - 5.6.2.3 has been invited to submit representations to the municipality.
 - 5.6.3 Amendments of contracts where the expansion or variation is not more than (NT Circular 62):
 - 5.6.3.1 20% (construction related goods, services and/or infrastructure projects), and
 - 5.6.3.2 15% (all other goods and/or services) of the original value of the contract, must be submitted directly to the Contract Man-

agement Office for approval and further reference to the SCM committee system for approval.

- 5.6.4 Amendments of contracts where the expansion or variation is more than the threshold prescribed by National Treasury (Circular 62), must be dealt with in terms of the provisions of section 116(3) of the MFMA, and are exempt from this process.
- 5.6.5 Amendments to the contract, without influencing the value or term of the contract, within the scope of the original terms and conditions, may be altered, provided that both parties have consensus on the amendment and the contract amendment is in writing and signed by both parties.
- 5.6.6 No agreement to amend or vary a contract shall be valid and of any force unless such agreement to amend or vary is entered into in writing and signed by the contracting parties.
- 5.6.7 Section 33 of the MFMA will apply when an amendment has budgetary implications for a term longer than the 3 (three) financial years of the current year's budget, (Section 116 (3) of the MFMA will be followed with section 33, when amending an existing contract for longer than 3 years). It remains the responsibility of the user department to give effect to section 33, following due process, as stipulated in Section 33 of the MFMA. The SCM Contract Management office will support the relevant user department in order to ensure that compliance to all SCM legislation is adhered to.

6. MAINTENANCE AND CONTRACT ADMINISTRATION

- 6.1 Contract administration includes all administrative duties associated with a contract once it is adjudicated and implemented.
- 6.2 No rights in terms of an awarded contract will accrue before the SCM appeal period and/or appeal has been finalised.
- 6.3 The contract should be signed by all parties concerned (The relevant official should also ensure that the suppliers have the delegated powers to sign and amend the contractual agreement).
- 6.4 The contract will only be enforceable after all the signatures of the relevant parties are documented.
- 6.5 A signed service level agreement (if applicable) must be compiled and signed which will incorporate all the relevant sections of the tender documentation.
- 6.6 All once-off purchases shall have a specified end delivery date.

7. ROLES AND RESPONSIBILITIES OF OFFICIALS:

- 7.1 SCM Contract Manager:
 - 7.1.1 The SCM Contract Manager is the SCM official responsible for system administration, status and SCM performance reporting on all contracts related activities.
 - 7.1.2 For the purposes of **contract management** activities performed by the relevant role players, the SCM contract manager will monitor and report on the following activities:
 - 7.1.2.1 identification and classification of contracts for management purposes in terms of the SCM processes;
 - 7.1.2.2 recognition, measurement and disclosure;

- 7.1.2.3 oversight of contract management as is provided for in this policy;
 - [7.1.2.4 oversight of contract management as is provided for in this policy;]**
 - 7.1.2.5 document and information management;
 - 7.1.2.6 relationship management;
 - 7.1.2.7 performance management;
 - 7.1.2.8 contract risk management.
- 7.2 Contract Champion
- 7.2.1 The contract champion is responsible for the following activities:
 - 7.2.2.1 ensuring that all the necessary legal formalities in entering into the contract are adhered to;
 - 7.2.2.2 ensuring that all applicable contract information is maintained in the applicable electronic contract system
 - 7.2.2.3 ensuring that purchase orders are processed on the financial system in accordance with the pricing schedule;
 - 7.2.2.4 maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;
 - 7.2.2.5 inform the Asset Management section of the Expenditure Department of the location of newly procured assets for asset register and insurance purposes; and
 - 7.2.2.6 where appropriate, in terms of Council's Delegations, authorise invoices due for payment.
 - 7.2.2.7 to take appropriate action in consultation with the contract owner and the SCM contract manager, where a contractor is underperforming or is in default or breach of the contract.
 - 7.2.2.8 ensure performance of suppliers is managed appropriately to the terms and conditions of the contract.
- 7.3 Contract Owner
- 7.3.1 The contract owner is responsible for ensuring that contract champions are assigned to all contracts.
 - 7.3.2 The contract owner is ultimately responsible for management of the activities.
- 7.4 Contract Director
- 7.4.1 The contract director is responsible for signing of contracts with the relevant service provider, in line with the Delegation of Powers and Duties Policy.
 - 7.4.2 The contract director is ultimately accountable for the contract.

8. RECORD KEEPING

- 8.1 Proper records regarding all aspects of the contract must be maintained and kept in accordance with relevant legislation.

- 8.2 All communication related to contracts must be linked to the master document on the electronic system, by the relevant official.
- 8.3 Safe custody of all contract documents must be enforced by all relevant users.
- 8.4 Contract Champions and Contract Owners are responsible for the electronic capturing of the contract information and maintenance thereof on the Contract Management system.
- 8.5 The original signed contract must be sent to the records department (by the contract management office) for safekeeping and storage.
- 8.6 The records department is responsible for the administration of archived contract documentation.

9. CONTRACTS HAVING BUDGETARY IMPLICATIONS BEYOND THREE FINANCIAL YEARS

Overstrand Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of Section 33 of the Municipal Finance Management Act have been fully complied with.

10. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES:

The accounting officer is responsible to establish a dispute resolution mechanism as per paragraph 5.3.1.2.2 and also as required by section 116(1) of the MFMA and paragraph 50 of the SCM Policy.

11. CONTRACT PRICE ESCALATIONS:

- 11.1 An appropriate contract price adjustment formula or specified terms of escalation must be specified in the bid documents
- 11.2 Escalation notification must be in writing and presented before the implementation date thereof.
- 11.3 User departments are responsible to manage, verify and implement price escalations as per originally agreed terms and conditions set out in the specifications of the contract and keep proof of evidence to the newly agreed escalations on the system for all other relevant stakeholders to access.

12. PERFORMANCE ON CONTRACTS:

- 12.1 In terms of the SCM Policy and the Municipal Systems Act, the accounting officer must implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved in terms of the Performance Management System Implementation Policy (Paragraph 9).
 - 12.1.1 Municipality's Performance:
 - 12.1.1.1 The municipality is required to pay creditors within 30 days of receiving all relevant invoice statements.
 - 12.1.1.2 The municipality is also required to create a favourable environment to receive services and goods without preventing the supplier to perform their duties.
 - 12.1.1.3 All parties involved must perform according to the terms and conditions of the relevant contract, while the contract is alive.

12.2.1 Supplier Performance:

12.2.1.1 The supplier of goods and services is required to perform as per terms and conditioned agreed upon and should inform the municipality if circumstances prevents them to perform, with reasons provided, within 5 working days (to be included in all contracts).

12.2.1.2 For all relevant deviations from the agreed terms and conditions of any contract, the key performance indicators (KPI's) should be reviewed as well as the alignment with the strategic objectives established in the IDP.

12.2.1.3 Suppliers performance will be reviewed by Overstrand Officials on a monthly basis (every 25th of the month) giving effect to section 116 of the MFMA, 2003 and the Performance Management System Implementation Policy

12.2.1.4. Prescribed procedures to evaluate service providers must be complied with.
(Refer to the Performance Management Framework Policy)

THE FOLLOWING PROCEDURES NEED TO BE FOLLOWED:

1. The requirements of this policy must be included in the contract of the service provider.
2. The performance of the service provider under the contract or service level agreement must be assessed monthly by the Reporting Officer.
3. The assessment must be completed in the contract management system.
4. The Reporting Officer must complete the Service Provider Assessment on the contract management at the end of each month.
5. The quarterly assessment and reporting must be completed within 15 working days after the end of each quarter. (Refer to the Performance Management Framework Policy, paragraph 9.2.1).
6. The Reporting Officer must provide a copy of the assessment to the Service Provider at the end of each quarterly assessment period and on completion or termination of the contract.
7. Supply Chain Management Unit (Contract Management Office) will review the quarterly Service Provider assessments within 20 days after the end of each quarter and submit a summary report to the Accounting Officer .
8. The Accounting Officer need to develop the necessary forms and report structures to be utilised to manage the above processes. The forms and reporting requirements need to be reviewed on a regular basis.
9. In the instance of under-performance:
 - a. The Municipality will facilitate support interventions to service providers in the identified areas of underperformance
 - b. Service providers who have been identified as under-performing in identified areas must be informed of these support interventions.
 - c. The impact of support interventions must be monitored by the Reporting Officer.
 - d. Corrective action should be documented in writing within the contract management system
 - e. The records of the support interventions must be documented, signed by both parties and appropriately filed in the contract management system.

13. REVIEW OF CONTRACTS

- 13.1 In terms of section 116 (1) of the MFMA, a contract or agreement procured through the Supply Chain Management system must have a periodic review once every three years in the case of a contract or agreement that are longer than three years.
- 13.2 The contract owner or champion must conduct, as appropriate, within 3 months after the expiry of contracts, post contract reviews.

14 IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2018;

This policy will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	MANAGER: CONTRACTS & LOGISTICS
CURRENT UPDATE	30 MAY 2018
PREVIOUS REVIEW	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW	28 MAY 2015
PREVIOUS REVIEW	28 MAY 2014
APPROVAL BY COUNCIL	8 MAY 2013

**OVERSTRAND
MUNICIPALITY**



**INVESTMENT, LIQUIDITY & CASH
MANAGEMENT
POLICY**

PREAMBLE

Whereas section 13 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) determines that a municipality must introduce appropriate and effective investment arrangements;

And whereas a municipality must disclose its investment details;

And whereas councillors and officials as trustees of public funds, have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible;

Now therefore the Overstrand Municipality adopts the following Investment, Liquidity & Cash Management Policy:

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OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

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:-

“Accounting Officer”	a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structure Act. 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
“Chief Financial Officer”	an officer of the municipality appointed as the Head of the Finance Department and includes any person:- a) acting in such position; and b) to whom the Chief Financial Officer has delegated a power, function or duty in respective of such a delegated power, function or duty.
“Council” or “municipal council”	a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand.
“Councillor”	a member of the Municipal Council
“Investments”	funds not immediately required for the defraying of expenses and invested at approved financial institutions.
“Municipal Manager”	the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- a) acting in such position; and b) to whom the Municipal Manager has delegated a power, function or duty in respective of such a delegated power, function or duty.
“municipality”	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
“public funds”	all monies received by the municipality to perform the functions allocated to them.

2. OBJECTIVE OF POLICY

The objectives of the [Investment] Policy are:-

- 2.1 to manage the liquidity and investments of the municipality in such a manner that it will not tie up the municipality's scarce resources required to improve the quality of life of the citizens;
- 2.2 to manage the liquidity and investments of the municipality in such a manner that sufficient cash resources are available to finance the capital and operating

OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

budgets of the municipality; and

- 2.3 to gain the highest possible return on investments during periods when excess funds are not being used, without unnecessary risk.

3. SCOPE OF POLICY

- 3.1 The Policy deals with:-
- 3.2 Responsibility / accountability;
- 3.3 Investment instruments;
- 3.4 Liquidity and Cash flow estimates;
- 3.5 Investment ethics and principles;
- 3.6 Investment procedures;
- 3.7 Other external deposits; and
- 3.8 Control over investments.

4. RESPONSIBILITY / ACCOUNTABILITY

- 4.1 The Municipal Manager as the Accounting Officer of the municipality is accountable for investment management.
- 4.2 The municipal council must approve a policy directing procedures, processes and systems required to ensure efficient and effective management of investments.
- 4.3 Efficient and effective investment management include:-
- a. Accurately forecasting the institution's cash flow requirements.
 - b. Timing of the in- and outflow of cash.
 - c. Recognising the time value of money.
 - d. Taking any other action that avoids locking up money unnecessarily and inefficiently.
 - e. Avoiding bank overdrafts.

5. INVESTMENT INSTRUMENTS

- 5.1 The Minister of Provincial and Local Government may with the concurrence of the Minister of Finance by notice in the Gazette determine instruments or investments other than those referred to below in which Municipality may invest:-

OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

- a. Deposits with banks registered in terms of the Banks Act, 1990 (Act No 94 of 1990);
- b. Securities issued by the National Government;
- c. Investments with the Public Investment Commissioners as contemplated by the Public Deposits Act, 1984 (Act No 46 of 1984);
- d. A municipality's own stock or similar type of debt; internal funds of a municipality which have been established in terms of a law to pool money available to the municipality and to employ such money for the granting of loans or advances to departments within a municipality, to finance capital expenditure;
- e. Bankers' acceptance certificates, negotiable certificates or deposits of banks;
- f. Long-term securities offered by insurance companies in order to meet the redemption fund requirements of municipalities; and
- g. Any other instruments or investments in which a municipality was under a law permitted to invest before the commencement of the Local Government Transition Act, 1996: provided that such instruments shall not extend beyond the date of maturity or redemption thereof.

6. LIQUIDITY AND CASH FLOW ESTIMATES

- 6.1 Before money can be invested, the Municipal Manager must determine whether there will be surplus funds available for the term of the investment.
- 6.2 In order to be able to make investments for any fixed term, it is essential that cash flow estimates be drawn up.
- 6.3 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality:-
 - a. The operating requirements must include provisions for:-
 - i. Payment of monthly salaries.
 - ii. Payment for bulk purchases of electricity and water.
 - iii. Interest on long-term loans.
 - iv. Maintenance of assets.
 - v. General expenditure.
 - vi. Expected daily and monthly income.
 - b. Capital requirement must provide for:-
 - i. The anticipated cash flow requirements for each capital project.
- 6.4 The minimum risk management measures that has to implemented and adhere to in

OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

order to ensure that its current and future liquidity position is managed in a prudent manner, must include the following key elements to take into consideration when determining the liquidity requirement of Overstrand Municipality. :

- 6.4.1 To comply with statutory requirements, the following funds, reserves and provisions must be fully covered by unencumbered cash and investments;
- 6.4.2 All earmarked or conditional grant transfers from spheres of Government or from Public Contributions made to Overstrand Municipality that have not yet been utilized;
- 6.4.3 All commitments resulting from the legally entrenched rights and benefits employees have, with specific reference to the Council's short term commitment to staff retirement benefits and medical fund claims payable;
- 6.4.4 All funds not yet been utilized in relation to agency services provided on behalf of Provincial or National Government should also be treated as earmarked funds;
- 6.4.5 All reserves stated by Overstrand Municipality on its Statement of Financial Position that have been established for the purposes of making provisions for a defined purpose.

Cognisance also needs to be taken of the external loan commitments and the servicing of capital and interest on these loans. Therefore provision should be made that Overstrand Municipality can meet its external loan/financial commitments together with the normal operational expenditure, as well as its liabilities to staff.

All investments ceded as security against long term loans need to be excluded from total cash and investment balances for calculation of the minimum liquidity level required.

In addition, a level of cash available for normal operational expenditure needs to be held in cash to ensure that, notwithstanding fluctuations in the monthly income levels of Overstrand Municipality, Overstrand Municipality will be in a position to meet its financial requirements. In this respect, the average monthly operational expenditure needs to be used as a guide of the minimum buffer required. At least two month's operational expenditure should be available for liquidity cover.

The MFMA circular 71 stipulates the following two prescribed ratios to manage liquidity:

Cash/Cost Coverage Ratio (The norm range between 1 month to 3 months)

Interpretation of Results

If a municipality has a ratio below the norm it would be vulnerable and at a higher risk in the event of financial "shocks/set-backs" and its ability to meet its obligations to provide basic services or its financial commitment is compromised. The results from this ratio should be viewed along with results from analysis on Debtor Management to fully assess Cash Flow Risk. The more cash reserves a municipality or municipal entity has available the lower the risk of it being unable to fund monthly fixed operational expenditure and to continue rendering services.

OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

Current Ratio: Current Assets / Current Liabilities (The norm range between 1.5 to 2 :1)

Interpretation of Results

The higher the current Ratio, the more capable the Municipality or Municipal Entity will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality or Municipal Entity would be unable to pay all its current or short-term obligations if they fall due at any specific point.

7 INVESTMENT ETHICS AND PRINCIPLES

- 7.1 The Municipal Manager will be responsible for the investment of funds, and he/she has to steer clear of outside interference, regardless of whether such interference comes from individual councillors, agents or any other institution.
- 7.2 Under no circumstances may he/she be forced or bribed into making an investment.
- 7.3 No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so, and can merely be seen as goodwill.
- 7.4 A certificate in respect of any gifts received should be furnished to the Municipality.
- 7.5 Interest rates offered should never be divulged to another institution.
- 7.6 Long-term investments should be made with an institution with at least a minimum BBB rating (where BBB refers to low risk institutions).
- 7.4 Short-term investments should be made with an institution with at least a minimum F3 rating (where F3 refers to low risk institutions).
- 7.8 Not more than 50% of the funds that have become available for investing, on any given day, should be placed with a single institution if the available funds exceed R100m.
- 7.9 The maximum amount invested with a financial institution should not exceed 10% of the relevant institution's shareholder's funds (capital and reserves).
- 7.10 The municipality may not borrow money specifically for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.
- 7.11 If the Municipal Manager invests with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act, 1990 (Act No 94 of 1990) and that they are approved financial institutions, as approved by the Reserve Bank of South Africa from time to time.
- 7.12 When making growth related investments, the Municipal Manager must obtain a guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

8 INVESTMENT PROCEDURES

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

8.1 Short-term investments:

- a. Quotations should be obtained from a minimum of three financial institutions (local banks), for the term of which the funds will be invested.
- b. Should one of the institutions offer a better rate for a term, other than what the municipality had in mind, the other institutions which were approached, should also be asked to quote a rate for the other term.
- c. Quotations should be obtained in writing or electronic medium.
- d. Quotations from institutions must include the following:-
 - i Name of institution;
 - ii Name of person quoting rates;
 - iii Period of the investment;
 - iv Relevant conditions; and
 - v Other facts, such as interest payable monthly or on maturation date.
- e. Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.
- f. The best offer must under normal circumstances be accepted, with thorough consideration of investment principles.
- g. No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.
- h. The investment capital must only be paid over to the institution with which it is to be invested and not to an agent or third party.
- i. The financial institution where the investment is made must issue a confirmation stating the details of the investments.
- j. The Municipal Manager must make sure that the investment document, if issued, is a genuine document and issued by the approved institution.
- k. The financial institution, where the investment is made, must issue a certificate for each investment made stating that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

OVERSTRAND MUNICIPALITY – INVESTMENT POLICY

- l. The municipality must be given a monthly report on all investments.
- m. The Municipal Manager must obtain information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

8.2 Long-term investments:

- a Written quotations must be obtained for all investments made for periods longer than twelve months.
- b The municipal council must approve all investments made for periods longer than twelve months after considering the cash requirement for the next three years.
- c The municipality must within 30 days after an investment with a term of 12 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

8.3. Withdrawals

All investment amounts withdrawn and not to be reinvested at the same institution at the time of withdrawal, shall be paid into the primary bank account.

All interest shall be paid into the primary bank account at the time of withdrawal of an investment, irrespective of the capital being reinvested.

9 OTHER EXTERNAL DEPOSITS

The principles and procedures set out above must apply to other investment possibilities subject to the applicable legislation, which is available to the municipality, including debentures and other securities of the state as well as other municipalities or statutory bodies in the Republic of South Africa, instituted under and in terms of any law.

10 CONTROL OVER INVESTMENTS

10.1 An investment register should be kept of all investments made. The following information must be recorded:-

- a. name of institution;
- b. capital invested;
- c. date invested;
- d. interest rate;
- e. maturation date;
- f. interest received;
- g. capital repaid; and

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- h. balance invested.
- 10.2 The investment register and accounting records must be reconciled on a monthly basis.
- 10.3 The investment register must be examined on a weekly basis to identify investments falling due within the next week.
- 10.4 Interest, correctly calculated, must be received timeously, together with any distributable capital.
- 10.5 Investment certificates, if issued, must be kept in a safe place with dual custody.
- 10.6 The following documents must be safeguarded:-
 - a Fixed deposit letter or investment certificate;
 - b. Receipt confirmation for capital invested;
 - c. Copy of electronic transfer or cheque requisition;
 - d. Schedule of comparative investment figures;
 - e. Commission certificate indicating no commission was paid on the investment; and
 - f. Interest rate quoted.

11 IMPLEMENTATION AND REVIEW OF POLICY

This policy shall be implemented on 1 July 2018 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

12 SHORT TITLE

This Policy shall be called the Investment, Liquidity & Cash Management Policy of the Overstrand Municipality.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
CURRENT UPDATE:	30 May 2018
PREVIOUS REVIEW:	31 May 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
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PREVIOUS REVIEW:	4 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
APPROVAL BY COUNCIL:	27 MAY 2009

**OVERSTRAND
MUNICIPALITY**



BUDGET POLICY

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OVERSTRAND MUNICIPALITY – BUDGET POLICY

PREAMBLE

In the spirit of the Municipal Finance Management Act, (No.56 of 2003), 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,

Whereas chapter 4 of the Municipal Finance Management Act, (No 56 of 2003) determines that a municipality may, except where otherwise provided in the Act, incur expenditure only in terms of an approved budget; and within the limits of the amounts appropriated for the different votes in an approved budget,

Therefore the Overstrand Municipality adopts the budget policy set out in this document.

OVERSTRAND MUNICIPALITY – BUDGET POLICY

1. OBJECTIVES OF POLICY

The policy sets out the budgeting principles which Overstrand Municipality will follow in preparing each annual budget. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act in terms of the planning, preparation and approval of the annual budgets.

The policy shall apply to all the relevant parties within the Overstrand Municipality that are involved throughout the budget process.

A Budget Steering Committee will be established to guide the budget process.

2. BUDGET PRINCIPLES

2.1. Capital Budget

The capital budget refers to the allocations made to specific infrastructural projects and the purchase of equipment and other forms of assets, as classified per the Overstrand Asset Management Policy.

2.1.1 Basis of Calculation

- a. The current three year MTREF budget is the departure point in preparing the subsequent annual capital budget.
- b. The annual capital budget shall be based on realistically anticipated revenue, which should be equal to the anticipated capital expenditure in order to result in a balanced budget.
- c. The impact of the capital budget on the current and future operating budgets in terms of finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets and any other operating expenditure to be incurred resulting directly from the capital expenditure, should be carefully analyzed when the annual capital budget is being compiled.
- d. In addition, the council shall consider the likely impact of such operational expenses, net of any revenues expected to be generated by such items on future property rates and service tariffs.

2.1.2 Financing

Own Financing Sources

Own financing consists of the following sources:

- a. Unappropriated cash-backed surpluses from previous financial years, to the extent that such surpluses are not required for operational purposes and cash resources are adequate for cost coverage and liquidity ratio.
- b. Borrowing (External Loans)

OVERSTRAND MUNICIPALITY – BUDGET POLICY

- c. Proceeds on the sale of fixed assets, less cost to sell, in terms of the Asset Management-, Administration of Immovable Property- and Accounting policies.

Other Financing Sources (External)

The external funded capital budget shall be financed from external sources such as the following:

- a. Grants and subsidies as allocated in the annual Division of Revenue of Act.
- b. Grants and subsidies as allocated by Provincial government.
- c. Public contributions and donations.
- d. Any other external financing source secured by the local authority.

2.1.3 Process and responsible parties

The process to be followed in the compilation of the capital budget is as follows:

- a. The current 3 year MTREF budget is the departure point in preparing the subsequent annual capital budget.
- b. The CFO, in conjunction with the Senior Manager: Financial Services and the Manager: Budget Office and after consultation with the Budget Steering Committee sets the reasonable growth level of the capital budget to be financed out of own and external sources and determines affordability.
- c. The draft capital budget is compiled based on the projects that emanated out of the engagements with the different stakeholders.
- d. The CFO, together with the Senior Manager: Financial Services and the Manager: Budget Office, engage with the Directors and the Senior Manager: Strategic Services in order to determine the priorities for a particular financial year and to determine the ranking of projects based on these priorities.
- e. The draft capital budget is submitted to the Budget Steering Committee for perusal and suggestions.
- f. The draft capital budget is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- g. After the draft budget is tabled in Council, it is advertised for public comment for a period of 30 days.
- h. Once the comments from the public have been received, noted and considered, any amendments and the final budget are tabled in Council for final approval, at least 30 days (31 May) before the start of the financial year.

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2.1.4 Implementation

- a. After the budget has been approved, the service delivery and budget implementation plan (SDBIP) is finalised.
- b. The SDBIP must be submitted to the Mayor within 14 days after aforementioned approval, for approval within a further 14 days.
- c. Each director indicates the intended spending for both capital and operating budgets.
- d. Cash flows are included in the Service Delivery and Budget Implementation Plan of the organisation.
- e. The SDBIP is monitored on a monthly basis.
- f. Each project manager uses the respective cost allocation and unique key numbers as indicated on the capital budget.

2.2. Operational Budget

The operational budget refers to the funds that would be generated for the delivery of basic services, grants & subsidies and any other municipal services rendered. These funds are in turn used to cover the expenses incurred in the day to day running of the organization.

2.2.1. Basis of Calculation

- a. The zero based and incremental approach is used by budget holders in preparing the annual operating budget, depending on the type of revenue or expenditure.
- b. The annual operating budget shall be based on realistically anticipated revenue, which should at least be equal to the anticipated cash operating expenditure in order to result in a balanced budget.
- c. An income based approach shall be used where the realistically anticipated revenue would firstly be projected. The level of operating expenditure will then be based on the projected revenue, thus resulting in a balanced budget.

[2.2.2. Financing

The operating expenditure shall be financed from the following sources:

- a. **Service Charges**
 - (i) **Property Rates**

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- (ii) Electricity Charges**
- (iii) Water Sales**
- (iv) Refuse Removal Fees**
- (v) Sewerage Fees**

Service charges shall be based on the tariff growth rate as agreed upon plus a growth rate of the town.

b. Grants, Subsidies, Conditional Receipts & Awards

Grants and subsidies shall be based on all the gazetted grants and subsidies plus all other allocations received by the organization.

c. Interest on Investments

The budget for interest on investments shall be in accordance with the Investment and Cash Management Policy of the organization.

d. Rental Fees

Fees for rentals will be determined based on the percentage growth as determined by contracts for a particular budget year.

e. Fines

Revenue from fines will be budgeted for based on the projected fines that will be issued during the financial year.

f. Other Income

All other income items will be budgeted for based on the historic trends.

2.2.3 Budget Categories

The following expenditure categories shall be accommodated in the operating budget:

a Salaries, Wages and Allowances

The salaries and allowances are calculated based on the percentage increases as per the collective agreement between organised labour and the employer for a particular period. The remuneration of all political office bearers is based on percentages as gazetted.

b Bulk Purchases

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The expenditure on bulk purchases shall be determined using the tariffs as stipulated by NERSA from time to time.

c Impairment

Impairment losses will be budgeted for to the extent that Assets and other financial assets, such as Debtors and receivables from Fines, are impaired.

d Other General Expenditure

A percentage growth for all other general expenditure shall be based on budget requests to be considered by the Budget Steering Committee in line with growth rates and the CPI.

e Repairs and Maintenance

The budget of repairs and maintenance shall be based on budget requests to be considered by the Budget Steering Committee in conjunction with the needs of the departments in terms of repairing and maintaining their assets.

f Capital Expenses

Capital expenses refer to:

- i) Interest payable on external loans taken up by Council. The budget for interest on external loans will be determined by the repayments that the municipality is liable for based on the agreements entered into with the lenders.
- ii) Interest on Finance Leases
- iii) Depreciation, based on the estimated useful lives of assets.

g Contributions to Provisions

Refers to the contribution made to provisions (e.g. leave, bonus, rehabilitation of land-fill sites, clearing of alien vegetation) on an annual basis and is calculated from relevant data and any other factors that could have an effect.

h Recharges

This category refers to interdepartmental charges (Overheads) within the organization. The performance of each of the line items is analyzed and then the budget is based on the preceding year's performance.]

OVERSTRAND MUNICIPALITY – BUDGET POLICY

2.2.2. Financing

The operating expenditure shall be financed from the following sources:

<u>Agency Services</u>	<u>Compensation received by the municipality for cost to provide the agency service should be recognised as receipts and not set-off against the expenditure. This compensation maybe in the form of commission, agency fees, contract fees, etc.</u>
<u>Interest, Dividend and Rent on Land</u>	<u>Consist of the income associated with ownership of interest-bearing financial instruments, such as bank deposits, loans extended to others, and bills and bonds issued by others. Dividends come in the form of receipts from shares and distribution of profits to the owner. Rent on land is the receipts due to ownership of land.</u>
<u>Operational Revenue</u>	<u>Operational revenue refers to all other income not elsewhere classified such as administrative fees, bad debts recovered, breakages, commission, discounts and early settlements, etc.</u>
<u>Rental from Fixed Assets</u>	<u>Operating lease income received by the municipality from external use. Distinction is made between rental income based on market related versus non-market related rates.</u>
<u>Sales of Goods and Rendering of Services</u>	<u>This category consist of sales and services rendered provided that the municipality produced or partially produced the good or service.</u>
<u>Service Charges</u>	<u>This group of accounts provides for the basic services delivered by municipalities.</u>
<u>Intercompany/Parent-subsiary Transactions</u>	<u>Revenue generated due to exchange transactions between municipalities and their subsidiary municipal entities.</u>
<u>Licences or Permits</u>	<u>Granting of licences or permits associated with a regulatory function by government. Fees recognised under this category must result from a principle agreement. If the municipality act as an agent on behalf of provincial or national government the transaction need to be treated accordingly. Judgment need to be applied in deciding whether the "licence or permits" need to be classified as exchange or non-exchange revenue.</u>
<u>Fines, Penalties and Forfeits</u>	<u>This item consist of all compulsory receipts imposed by a court or quasi-judicial body. Out-of-court settlements are also included in this category. As with taxes, this item consists of unrequited, compulsory transactions. Thus, the recipient municipality does not provide anything in return for these receipts.</u>

OVERSTRAND MUNICIPALITY – BUDGET POLICY

<u>Licences or Permits</u>	<u>Granting of licences or permits associated with a regulatory function by government. Fees recognised under this category must result from a principle agreement. If the municipality act as an agent on behalf of provincial or national government the transaction need to be treated accordingly. Judgment need to be applied in deciding whether the "licence or permits" need to be classified as exchange or non-exchange revenue.</u>
<u>Property Rates</u>	<u>Property Rates means a municipal rate on property envisaged in section 229 (1)(a) of the Constitution read with the Municipal Property Rate Act 6 of 2004 as amended by the Municipal Property Rates Amendment Act, 2014. Rateable property means property on which a municipality may in terms of section 8 levy a rate and excludes impermissible rates as per section 17 of the Act.</u>
<u>Transfers and Subsidies</u>	<u>This category provides for of all unrequited, voluntary receipts from other parties. Thus an entry should be made under this item when the municipality does not provide anything of similar value directly in return for the transfer from the other party and the transfer is voluntary. {GRAP 23: Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.} This group of accounts provide for "operational and capital transfers and subsidies" received "in-kind or in monetary value".</u>
<u>Interest, Dividend and Rent on Land</u>	<u>Consist of the income associated with ownership non-exchange transactions.</u>

2.2.3 Budget Categories

The following expenditure categories shall be accommodated in the operating budget:

<u>Bad Debts Written Off</u>	<u>The irrecoverable debts that are written off during the financial year as approved by the Council allocated according to the type of service provided to the customer. This account would also include the write-off of accounts in terms of the debt prescription rules.</u>
<u>Bulk Purchases</u>	<u>Bulk purchases of electricity and water from Eskom (including alternative service providers) and Water Sources such as Water Boards and other providers.</u>
<u>Contracted Services</u>	<u>This group of accounts distinguish between "Outsourced Services, Contractors and Professional and Special Services".</u>

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<u>Depreciation and Amortisation</u>	Depreciation is the systematic allocation of the cost of an asset from the Statement of Financial Position to Depreciation Expense on the Statement of Financial Performance over the useful life of the asset. Amortisation is the systematic allocation of the discount, premium or issue cost of a financial instrument over the life of the instrument, or an intangible asset over a certain period. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.
<u>Employee Related Cost</u>	This item includes all payments to employees defined below. Employee Related Cost distinguish between Senior Managers and Other Staff as Section 124(1)(c) of the MFMA required disclosures of the details of remuneration for all senior managers and the Standard of GRAP on Related Party Disclosure requires disclosure of key management personnel (GRAP 20 Related Party Disclosure - no effective date determined by the Minister thus IPSAS 20 Related Parties need to be applied. Key management personnel in the context of municipalities referring to the senior management group, including the chief executive (municipal manager).
<u>Interest, Dividends and Rent on Land</u>	This item includes the total value of interest payments, dividends and payment for the use of land owned by another party.
<u>Inventory Consumed</u>	The amount of inventories recognised as an expense during the period. GRAP 12.45(d) The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. GRAP 12.47
<u>Remuneration of Councillors</u>	Remuneration as determined by the Remuneration of Public Office Bearers Act, 1998 (Act No 20 of 1998). Salary of full/part time councillors including the Executive Mayor or Mayor, Speakers, Deputy Executive Major or Deputy Mayor, Members of the Executive Committee or Mayoral Committee, Whip and Chairperson of a sub-council, etc.
<u>Operating Leases</u>	An operating lease is a lease other than a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Land use portion of a building finance lease must be recorded under Rental of Land.
<u>Operational Cost</u>	An operating expense is a day-to-day expense such as sales and administration, or research & development, accounting expenses, license fees, advertising, office expenses, utilities such as telephone, insurance, property management, travel and vehicle expenses.
<u>Transfers and Subsidies</u>	This category provides for of all unrequited payments made by the municipality. A payment is unrequited provided that the municipality does not receive anything of similar value directly in return for the transfer to another party. Both current and capital transfers are included in this item. Municipalities distinguish

OVERSTRAND MUNICIPALITY – BUDGET POLICY

	<u>between transfers to provinces, district municipalities, departmental agencies and accounts, universities and Technicons, public corporations, private enterprises, foreign government and international institutions, non-profit organisations and households. This group of accounts provide for "operational and capital transfers and subsidies" made "in-kind or in monetary value".</u>
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2.2.4. Process

- a. The CFO, in conjunction with the Senior Manager: Financial Services and the Manager: Budget Office, and after consultation with the Budget Steering Committee, sets the reasonable growth level of the operational budget based on the current financial performance and the prevailing industry growth levels. (i.e. CPI).
- b. After the income has been determined, an acceptable growth level for the operating expenditure is determined and the draft operating budget is discussed with the relevant Directors for their perusal and amendments.
- c. The draft operating budget is compiled based on the submissions from the engagements with the different stakeholders.
- d. The draft operating budget serves before the Budget Steering Committee for perusal and suggestions.
- e. The draft operating budget is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- f. The draft SDBIP is tabled in Council at least 90 days (31 March) before the start of the new financial year.
- g. After the draft budget is tabled in Council, it is advertised for public comment for a period of 30 days.
- h. Once the comments from the public have been received, noted and considered, the final budget (inclusive of any amendments) is tabled in Council for adoption, at least 30 days (31 May) before the start of the financial year.
- i. Sect 25(1) of the Municipal Finance Management Act (56 of 2003) states that "if a municipal council fails to approve an annual budget, including revenue raising measures necessary to give effect to the budget, the Council must reconsider the budget and again vote on the budget, or on an amended version thereof, within 7 days of the Council meeting that failed to approve the budget."

OVERSTRAND MUNICIPALITY – BUDGET POLICY

2.2.5. Implementation

- a. After the budget has been approved, the service delivery and budget implementation plan (SDBIP) is finalised.
- b. The SDBIP must be submitted to the Mayor within 14 days after aforementioned approval, for Mayoral approval with a further 14 days.
- c. Each director indicates the intended spending for both capital and operating budgets.
- d. Cash flows are included in the Service Delivery and Budget Implementation Plan of the organisation.
- e. The SDBIP is monitored on a monthly basis.
- f. Each directorate uses their respective vote numbers as indicated on the operational budget.

2.3. Adjustments Budget

- 2.3.1 A general adjustments budget may be tabled once a year by 28 February.
- 2.3.2 The adjustments budget process shall be aligned to the annual budget in terms of consideration by the Budget Steering Committee.
- 2.3.3 The adjustments budget must be approved by Council before implementation.
- 2.3.4 Any consequential amendment of the SDBIP necessitated by the adjustments budget must be published together with the adjustments budget within 5 days after the Municipal Council has approved an adjustments budget.

3. IMPLEMENTATION AND REVIEW OF POLICY

This policy shall be implemented on 1 July 2018 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
CURRENT UPDATE:	30 MAY 2018
PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
PREVIOUS REVIEW:	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
APPROVAL BY COUNCIL:	04 MAY 2011

OVERSTRAND MUNICIPALITY



VIREMENT POLICY

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OVERSTRAND MUNICIPALITY – VIREMENT POLICY

1 DEFINITIONS

“Accounting officer”	The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA
“Approved budget”	means an annual budget or <u>adjustments budget</u> approved by a municipal council.
“Basic Services”	means the following four services: <u>Energy Sources [Electricity], Water Management [Water], Waste Water Management (Sewerage & Waste Water Treatment) and Waste Management, [Refuse (Solid Waste)], as contained in the mSCOA function segment</u>
“Budget-related policy”	means a policy of a municipality affecting or affected by the annual budget of the municipality
“Chief financial officer”	means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
“Capital Budget”	This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as <u>infrastructure</u> , facilities and equipment, the cost of which is normally written off (<u>depreciated</u>) over a number of fiscal periods
“Council”	means the council of a municipality referred to in section 18 of the Municipal Structures Act.
“Financial year”	means a 12-month year ending on 30 June.
Function Sub-Function	mSCOA Segment: This segment provides for the classification of budgets according to the <u>function or service delivery objective and provides for the standardisation of functions and sub-functions across local government with due regard to specific service delivery activities and responsibilities of each individual municipality.</u>
“Line Item”	an appropriation that is itemized on a separate line in the internal budget document for the purpose of greater control over expenditure, <u>as contained in the mSCOA segment for Item Expenditure and Revenue, as revised from time to time. [(see annexure “B” for item structure]</u>
“Operating Budget”	the Municipality’s financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenues used to finance them.
“Ring Fenced <u>Allocations</u> ”	an exclusive combination of line items grouped for specific purposes, <u>such as Debt Impairment, Depreciation and Amortisation, Finance Charges and Provisions. [for instance salaries and wages]</u>
“Service delivery and budget implementation plan”	means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget.
“Virement”	is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated
“Vote”	means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different Directorates [per GFS classification] of the municipality; and which specifies the total amount that is appropriated for the purposes of the <u>respective</u> Directorates [or GFS classifications] concerned. [See annexure “A[1]2” for Vote structure]

2 ABBREVIATIONS

“CFO”	Chief Financial Officer
“GFS”	Government Financial Statistics
“IDP”	Integrated Development Plan
“MFMA”	Municipal Finance Management Act No. 56 of 2003
mSCOA	Municipal Standard Chart of Accounts
“SDBIP”	Service delivery and budget implementation plan

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

3 OBJECTIVE

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

4 VIREMENT CLARIFICATION

Virement is the process of transferring budgeted funds from one line item number to another, with approval of the relevant Director and CFO, in certain instances, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA)

5 FINANCIAL RESPONSIBILITIES

Strict budgetary control must be maintained throughout the financial year in order that potential overspends and / or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Chapter 4 of the MFMA) The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

It is the responsibility of each manager or head of a directorate or activity to which funds are appropriated, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 32.

6 VIREMENT RESTRICTIONS

- (a) A virement of funds between votes (Directorates) will not be allowed without approval in an adjustments budget.
- (b) Cumulative virements may not exceed a maximum of 10% of the total approved operating budget per Directorate.
- (c) A virement may not create new policy, significantly vary from current policy or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
- (d) Virements resulting in adjustments to the approved SDBIP need to be submitted to the Municipal Manager after an adjustments budget, with altered outputs and measurements for approval. (MFMA Circular 13 page 3 paragraph 3)
- (e) No virement request may be effected in the current year which will increase the approved budget in future financial years without the prior approval of the Municipal Manager and the Mayor. This refers to expenditure such as entering into lease- or rental agreements for vehicles, photo copier's or fax machines, operational contracts.
- (f) No virement may be made where it would result in unauthorised expenditure. (section 32 MFMA)
- (g) No virement shall add to the staff establishment of the Municipality without the approval of the Municipal Manager.
- (h) Budget may only be transferred from [**Salaries**] Employee Related Cost if approved by the Municipal Manager and the Director: Finance.
- (i) If the virement relates to an increase in the work force establishment, then the Council's

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

existing recruitment policies and procedures will apply.

- (j) Virements may not be made in respect of ring-fenced allocations.
- (k) **[No virements are permitted from Capital financing, Depreciation, Provisions, Contributions and Income Foregone.]** Virements are not permitted from budgets allocated to Basic Services to any other functions, unless approved in an adjustments budget.
- (l) Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- (m) No virements are permitted in the first three months or the final month of the financial year without the express approval of the CFO.
- (n) No virement proposal shall affect amounts to be paid by another Department without the agreement of the Manager of that Department, as recorded on the signed virement form. (Section 15 MFMA)
- (o) Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
- (p) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement / supply chain management policy of Council as periodically reviewed.
- (q) Virements may not be made between Expenditure and Income.
- (r) Virements may not be made between capital and operational budgets, except as indicated in paragraph 7.
- (s) Budget in excess of R100 000 per occasion, may only be transferred within a vote, between the Basic Services as defined, if approved by the Municipal Manager and the Director: Finance. Virements from services such as electricity, water, sewage and refuse may only be considered after the submission of full details of the impact of the reduced expenditure for that service, and the impact has been duly considered, and approved by the Director: Finance.

7 VIREMENT PROCEDURE

- (a) All virement proposals must be completed on the appropriate documentation and forwarded to the Budget Office for checking and implementation. All virements must be subjected to scrutiny across all seven segments of the mSCOA classification framework.
- (b) All virements must be approved by the **[Vote holder and/or]** relevant Budget Holder/Manager (Section 79 MFMA) in the case of a departmental budget transfer, and also by the relevant Director in the case of a transfer within a Directorate relating to the operational budget.
- (c) Capital Budget Virement within a GFS Classification must be approved by the relevant manager and Director, the Municipal Manager and Director: Finance and, in cases where the amount exceeds R100 000, by the Executive Mayor. Virements across GFS classification will only be considered if it qualifies as an Adjustment Budget request and will then be done as part of the official Adjustment Budget.
- (d) A virement form must be completed for all Operational Budget Transfers and in the case of a Capital Budget transfer an official memo approved by the relevant director, MM & CFO must be submitted. The prescribed documentation must be completed.
- (e) Virements in excess of R 50,000 with a maximum as determined under section 6b. requires the approval of the relevant Director for Inter-departmental transfers, as well as the express approval of the Chief Financial Officer. (Section 79 MFMA).

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

- (f) Virement transfers must be taken into consideration by the respective managers with regards to the SDBIP.
- (g) Virements in respect of Ward specific projects must be approved by the Chief Financial Officer, Municipal Manager and the Mayor.
- (h) Virements between Capital and Operational in respect of Ward Specific Projects and grant allocations, will only be allowed if it qualifies as an Adjustment Budget request and will then be done as part of an [the official] Adjustments Budget
- (i) All virement documentation must be in order and approved before any expenditure may be committed or incurred. (Section 79 MFMA).
- (j) After all virement documentation has been duly completed, including all authorizations, the budget transfer will normally be effected within three working days, subject to the operating system functionality.
- (k) The Director: Finance must report to the Municipal Manager and the Mayor on a monthly basis in respect of virements in excess of R50 000 per item.

8. IMPLEMENTATION AND REVIEW OF THIS POLICY

This policy shall be implemented on 1 July 2018 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
CURRENT UPDATE:	30 MAY 2018
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PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	4 MAY 2011
APPROVAL BY COUNCIL:	26 MAY 2010

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

mSCOA FUNCTION/SUB- FUNCTION

FUNCTION/SUB-FUNCTION	FUNCTION/SUB-FUNCTION
<p>Community and Social Services</p> <p>Aged Care, Home Assistance and Transport Facilities Animal Care and Diseases Cemeteries, Funeral Parlours and Crematoriums Child Care Facilities Community Halls and Facilities Libraries and Archives Literacy Programmes Museums and Art Galleries Theatres Zoo's</p>	<p>Finance and Administration</p> <p>Administrative and Corporate Support Asset Management Budget and Treasury Office Finance Fleet Management Human Resources Information Technology Legal Services Marketing, Customer Relations, Publicity and Media Co-ordination Property Services Risk Management Security Services Supply Chain Management Valuation Service</p>
<p>Electricity and Gas</p> <p>Electricity and Gas Distribution Street Lighting Electricity Generation</p>	<p>Health</p> <p>Health Services Laboratory Services</p>
<p>Environmental Protection</p> <p>Biodiversity and Landscape Coastal Protection Pollution Control</p>	<p>Housing</p> <p>Housing Informal Settlements</p>
<p>Executive and Council</p> <p>Mayor and Council Municipal Manager, Town Secretary and Chief Executive</p>	<p>Internal Audit</p> <p>Governance Function</p>
<p>Other</p> <p>Abattoirs Air Transport Forestry Licensing and Regulation Markets Tourism</p>	<p>Road Transport</p> <p>Parking Garages Pounds Public Transport Roads Taxi Ranks</p>

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

ANNEXURE A

ANNEXURE A1

FUNCTION/SUB-FUNCTION	FUNCTION/SUB-FUNCTION
<p>Planning and Development</p> <p>Billboards</p> <p>Corporate Wide Strategic Planning (IDPs, LEDs)</p> <p>Central Improvement District</p> <p>Development Facilitation</p> <p>Economic Development/Planning</p> <p>Town Planning, Building Regulations and Enforcement, and City Engineer</p> <p>Project Management Unit</p> <p>Support to Local Municipalities</p>	<p>Sport and Recreation</p> <p>Beaches and Jetties</p> <p>Community Parks (including Nurseries)</p> <p>Recreational Facilities</p> <p>Sports Grounds and Stadiums</p>
<p>Public Safety</p> <p>Civil Defence (Municipal Commando's)</p> <p>Cleansing</p> <p>Control of Public Nuisances</p> <p>Fencing and Fences</p> <p>Fire Fighting and Protection</p> <p>Licensing and Control of Animals</p> <p>Police Forces, Traffic and Street Parking Control</p>	<p>Waste Management</p> <p>Recycling</p> <p>Solid Waste Disposal (Landfill Sites)</p> <p>Solid Waste Removal</p> <p>Street Cleansing</p>
	<p>Waste Water Management</p> <p>Public Toilets</p> <p>Sewerage</p> <p>Storm Water Management</p> <p>Treatment</p>
	<p>Water</p> <p>Treatment</p> <p>Water Distribution</p> <p>Water Storage</p>

Note: The function/sub- function segment consist of core and non-core functions

OPERATIONAL BUDGET - DIRECTORATES & DEPARTMENTS (OWN SEGMENT)

DEPT	DIRECTORATE	CODE	DEPT	DIRECTORATE	CODE
	Council & Mayor's Office	1	1460	STREETLIGHTS: KLEINMOND	
0010	COUNCIL'S GENERAL		1470	STREETLIGHTS: HERMANUS	
0050	MAYORS OFFICE		1480	STREETLIGHTS: STANFORD	
0060	PENSIONERS & CONTINUED MEMBERS		1490	STREETLIGHTS: GANSBAAI	
			4200	ELECTRICITY(ADMIN) HM/KM	
	MM & Internal Audit	2	4210	ELECTRICITY(ADMIN) GB&ST	
0100	MUNICIPAL MANAGER		4250	ELECTRICITY (DISTR): KLEINMOND	
0140	INTERNAL AUDIT		4260	ELECTRICITY (DISTR): HERMANUS	
			4270	ELECTRICITY (DISTR): STANFORD	
	Management Services	3	4280	ELECTRICITY (DISTR): GANSBAAI	
0080	MUNICIPAL COURT		4350	ELECT (PURCH/SALES): KLEINMOND	
0090	COMMUNICATION		4360	ELECT (PURCH/SALES): HERMANUS	
0110	DIRECTOR: MANAGEMENT SERVICES		4370	ELECT (PURCH/SALES): STANFORD	
0120	LEGAL SERVICES		4380	ELECT (PURCH/SALES): GANSBAAI	
0130	STRATEGIC SERVICES		4400	ELECTRICITY INCOME	
0650	HUMAN RESOURCES		4430	ELECT (SERV & CON): KLEINMOND	
0660	INFO & COMMUNICATION TECHNOLOGY		4440	ELECT (SERV & CON): HERMANUS	
0670	COUNCIL SUPPORT SERVICES		4450	ELECT (SERV & CON): STANFORD	
0680	SOCIAL DEVELOPMENT		4460	ELECT (SERV & CON): GANSBAAI	
			3640	OVERSTRAND: SOLID WASTE DISP.	
	Finance	4		Protection Services	6
0150	FINANCE: DIRECTOR		0700	TRAFFIC	
0160	FINANCE: DEPUTY DIRECTOR		0710	LAW ENFORCEMENT	
0180	FINANCE: ACCOUNTING SERVICES		0720	VEHICLE TESTING	
0190	FINANCE: EXPENDITURE & ASSETS		0740	FIRE BRIGADE	
0200	FINANCE: REVENUE		0750	VEHICLE LICENSING	
0210	MANAGER: SUPPLY CHAIN MANAGEMT		0760	SPECIAL TASK TEAM UNIT	
			0770	DISASTER MANAGEMENT	
0220	DATA CONTROL		0800	DIRECTOR:PROTECTION & SECURITY	
0250	ASSESSMENT RATES			LED	7
	Infrastructure & Planning	5	1110	DIRECTOR:ECON.DEVELOP&TOURISM	
2180	DIRECTOR:INFRASTRUCTURE & PLAN		1120	TOURISM	
2190	ENGINEERING SERVICES		1130	PARKING SERVICE	
2200	TOWN PLANNING & PROPERTY ADMIN				
2210	DEP.DIRECTOR:ENGINEERING PLANN				
2220	GEOGRAPHICAL INFO SYSTEM (GIS)				
2240	SOLID WASTE PLANNING				
2250	BUILDING CONTROL SERVICES				
2260	MUNICIPAL PROPERTIES				
2990	OVERSTRAND HOUSING DEVELOPMENT				
2300	ENVIRONMENTAL MANAGEMENT SERV				

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

ANNEXURE A

DEPT	DIRECTORATE	CODE	DEPT	DIRECTORATE	CODE
	Community Services	8			
0500	DIRECTOR:COMMUNITY SERVICES		1920	OFFICE BUILDINGS ST	
0510	DEPUTY DIR:OPERATIONAL SERVICE		1930	OFFICE BUILDINGS GB	
0530	AREA MANAGER: KLEINMOND		1940	CORPORATE BUILDING (HM)	
0540	AREA MANAGER: HERMANUS		1990	SWIMMING POOL: HAWSTON	
0550	AREA MANAGER: STANFORD		2100	SPORTSGROUNDS: KLEINMOND	
0560	AREA MANAGER: GANSBAAI		2110	SPORTGROUNDS: HERMANUS	
0610	CONTROL ROOM		2120	SPORTGROUNDS: STANFORD	
0620	FLEET MANAGEMENT		2130	SPORTGROUNDS: GANSBAAI	
0630	SPORTS & RECREATION		2140	SWIMMING POOL: HERMANUS	
0640	MANAGER: CORPORATE PROJECTS		2150	SLIPWAY (KLEINBAAI)	
0950	LIBRARY: BETTY'S BAY		2160	STONY POINT (BETTY'S BAY)	
			2170	SLIPWAY KLEINMOND	
0960	LIBRARY: KLEINMOND		2500	CEMETERIES: KLEINMOND	
0970	LIBRARY: HAWSTON		2510	CEMETERIES: HERMANUS	
0980	LIBRARY: MOUNT PLEASANT		2520	CEMETERIES: STANFORD	
0990	LIBRARY: ZWELIHLE		2530	CEMETERIES: GANSBAAI	
1000	LIBRARY: HERMANUS		2600	CARAVAN PARK: PALMIETCAMP	
1010	LIBRARY: STANFORD		2610	CARAVANPARK: KLEINMOND	
1020	LIBRARY: GANSBAAI		2620	CAMPING SITE: HAWSTON	
1100	POST OFFICE AGENCY: STANFORD		2630	CARAVAN PARK: ONRUS	
1300	OPERATIONAL MANAGER: KLEINMOND		2660	CARAVAN PARK: GANSBAAI	
1310	OPERATIONAL MANAGER: HERMANUS		2900	HOUSING & SOCIAL UPLIFTMENT	
1320	OPERATIONAL MANAGER: STANFORD		2910	HOUSING ALL SCHEMES	
1330	OPERATIONAL MANAGER: GANSBAAI		4560	WATER (TREAT): KLEINMOND	
1600	BEACHES: KLEINMOND		4590	WATER (TREAT): DE BOS/PREEKSTO	
1610	BEACHES: HERMANUS		4600	WATER (TREATMENT) STANFORD	
1620	BEACHES: GANSBAAI		4620	WATER (TREAT): GANSBAAI/FRANSK	
1360	STREETS: PROVINCIAL MAIN ROAD		4800	WATER (DISTRIBUTION): KLEINMON	
1400	STREETS: KLEINMOND		4810	WATER (DISTRIBUTION): HERMANUS	
1410	STREETS: HERMANUS		4820	WATER (DISTRIBUTION): STANFORD	
1430	STREETS: STANFORD		4830	WATER (DISTRIBUTION): GANSBAAI	
1440	STREETS: GANSBAAI		4850	OVERSTRAND: WATER	
1450	OVERSTRAND: ROADS		4890	WATER INCOME	
1640	PARKS & TOWNLANDS (KLEINMOND)		4900	WATER (SERV & CON): KLEINMOND	
1650	PARKS & TOWNLANDS (HERMANUS)		4910	WATER (SERV & CON): HERMANUS	
1660	PARKS & TOWNLANDS (STANFORD)		4920	WATER (SERV & CON): STANFORD	
1670	PARKS & TOWNLANDS (GANSBAAI)		4930	WATER (SERV & CON): GANSBAAI	
1750	MULTI-PURPOSE CENTRE (HAWSTON)		4970	WATER (RAW WAT DAMS): GANSBAAI	
1800	COMMUNITY BUILDINGS KM		1500	STORMWATER: KLEINMOND	
1810	COMMUNITY BUILDINGS HM		1510	STORMWATER: HERMANUS	
1820	COMMUNITY BUILDINGS ST		1530	STORMWATER: STANFORD	
1830	COMMUNITY BUILDINGS GB		1540	STORMWATER: GANSBAAI	
1840	AUDITORIUM & BANQUETING HALL		3200	PUBLIC TOILETS (HERMANUS)	
1900	OFFICE BUILDINGS KM		3750	SEWERAGE (DISTRIBU): KLEINMOND	
1910	OFFICE BUILDINGS HM		3760	SEWERAGE (DISTRIBU): HERMANUS	

OVERSTRAND MUNICIPALITY – VIREMENT POLICY

ANNEXURE A

DEPT	DIRECTORATE	CODE
3770	SEWERAGE (DISTRIBU): STANFORD	
3780	SEWERAGE (DISTRIBU): GANSBAAI	
3860	SEWERAGE (SERV/CON): HERMANUS	
3950	SEWERAGE (TANKERS): KLEINMOND	
3960	SEWERAGE (TANKERS): HERMANUS	
3970	SEWERAGE (TANKERS): STANFORD	
3980	SEWERAGE (TANKERS): GANSBAAI	
4050	SEWERAGE (TREATMENT) KLEINMOND	
4060	SEWERAGE (TREATMENT): HAWSTON	
4070	SEWERAGE (TREATMENT) HERMANUS	
4080	SEWERAGE (TREATMENT) STANFORD	
4090	SEWERAGE (TREATMENT) GANSBAAI	
4100	SEWERAGE INCOME	
3300	REFUSE REMOVAL: KLEINMOND	
3310	REFUSE REMOVAL: HERMANUS	
3320	REFUSE REMOVAL: STANFORD	
3330	REFUSE REMOVAL: GANSBAAI	
3400	SOLID WASTE DISPOSAL: B/BAY	
3410	SOLID WASTE DISPOSAL: HAWSTON	
3420	SOLID WASTE DISPOSAL: VOELKLIP	
3430	SOLID WASTE DISPOSAL: STANFORD	
3440	REFUSE DISPOSAL: P/BEACH (TRFST)	
3500	SOLID WASTE DISPOSAL: KLEINMON	
3510	SOLID WASTE DISPOSAL: HERMANUS	
3620	WASTE DISPOSAL SITE: GANSBAAI	
3650	REFUSE INCOME	

[LIST OF SCOA OPERATIONAL ITEMS

ANNEXURE A]

[Bulk Purchases - Electricity: ESKOM	This account should record the cost of all electricity purchased for resale.
Contracted Services - Outsourced Services	The municipality should have the capacity and expertise to carry out certain services, but for some reasons not utilising their own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs, for example cleaning, security and recruitment. In evaluating the classification of agency/outsourced services it should be established whether the services being procured could have been provided by the municipality itself. It could also be that the municipality ordinarily has the expertise to provide the service but temporarily could not do so or to save costs.
Alien Vegetation Control	External service providers used by the municipality for the control of alien vegetation being 1) declared noxious weeds (toxic to humans or cattle and which can infest agricultural crops 2) declared invasive weeds (usually less dangerous than the former but are non the less invasive and thus threaten the survival of other species and 3) plants perceived as "weeds" which are not classified within the two former groups and are not "declared" as such. [Conservation of Agricultural Resources Act No 43 of 1983]
Animal Care	Making use of external service providers to assist with animal care, such as

	the SBCA, Wet Noise or Volunteers.
Clearing and Grass Cutting Services	If the municipality make use of external service providers for assisting in the clearing and cleaning of bushes, erwin, fire belt, alien, invasive trees and tree/grass cutting the cost need to be recorded to this item. This would include the hiring of unemployed for assisting in these tasks.
Fire Services	If the municipality make use of external service providers for assisting in providing a fire service the cost need to be recorded to this item.
Hygiene Services	External service providers used by the municipality in providing hygiene services such as public toilets, toilet facilities in municipal buildings, waste and rain water causing hygiene concerns and problems, sewerage spills resulting from blocked drains, etc.
Illegal Dumping	If the municipality make use of external service providers to remove and clean-up "illegal dumping" of waste and refuse.
Litter Picking and Street Cleaning	External service providers or making use of contract workers to assist in litter picking in cleaning the municipal area.
Medical Waste Removal	Hospitals, clinics, medical practioners and laboratories generate various forms of medical waste to be disposed of in terms of Waste Legislation. In order to ensure the appropriate removal of waste the service is outsourced to specialist external services providers by the municipality.
Meter Management	The municipality make use of external service providers for the management of water and electricity meters including checking for tampering, calibration, replacing meters, reading meters and securing meters if instructed to disconnect and reconnect on instruction.
Reconnect-, Disconnect-, New Connections: Electricity	The cost of services rendered by external bodies i.r.o the disconnection and/or reconnection of meters and new installations of meters. specifically for electricity.
Reconnect-, Disconnect-, New Connections: Water	The cost of services rendered by external bodies i.r.o the disconnection and/or reconnection of meters and new installations of meters specifically for water.
Removal of Structures and Illegal Signs	Cost incurred in the use of contractors to remove illegal structures, signage, posters, advertisements, etc. This item exclude Informal Settlement Management.
Security Services	Cost incurred for the rendering of security services including safe guarding of cash in transit, personal bodyguards, guard services for public events and functions, monitoring of alarms, crime prevention, access control to buildings and public places, rapid and armed response.
Swimming Supervision	Cost incurred for making use of contractors for swimming supervision at municipal swimming pools.

Translators and Interpreters	External translator and interpreting service used by the municipality to assist at public participation meetings, newsletters, public hearings and addresses, communications, letters, newsletters, etc.
Traffic Fines Management	This account provides for the outsourcing of traffic management for example camera fine management and collection thereof.
Veterinary Services	Costs incurred for services rendered by persons caring for sick, hurt or injured animals. Included are consultation fees, medication and hospitalisation of animals.
Contracted Services-Consultants/Professional Services	This group of accounts provides for Business and Advisory Services provided by Consultants and Professional Service Providers.
Business and Advisory - Accountants and Auditors	Consultancy services provided by registered accountants and auditors.
Business and Advisory - Air Pollution	Consultancy services provided to assist the municipality in curbing air pollution resulting from the introduction of chemicals, particular matter or biological materials that cause harm or discomfort to humans or other living organisms, or cause damage to the natural environment or built environment into the atmosphere.
Business and Advisory - Audit Committee	Compensation paid to external audit committee members for attending meeting.
Business and Advisory - Board Member	Consultation fees incurred for external board members attendance at Board Meetings.

Business and Advisory - Business and Fin. Management	Provision of specialised professional services regarding Financial Management and Procurement Management that cannot be maintained in-house. The legal status can be an individual, partnership or corporation.
Business and Advisory - Commissions and Committees	Professional services for special commissions of enquiry and members of committees other than the audit committee, performance committee, etc.
Business and Advisory - Communications	Professional advice to the municipality on its external and internal communication strategies.
Business and Advisory - Human Resources	Specialised professional services of a technical or specialised nature related to Human Resources Management that cannot be maintained in-house.
Business and Advisory - Medical Examinations	Referring employees for medical examinations at the expense of the municipality, for example if more than the acceptable sick leave are taken within a cycle, etc.
Business and Advisory - Occupational Health and Safety	Occupational health, safety and risk assessment consultants which is a cross-disciplinary area concerned with protecting the safety, health and welfare of people engaged in the work- or employment environment. As a secondary effect, it may also protect co-workers, family members, employers, customers, suppliers, nearby communities, and other members of the public who are impacted by the workplace environment. Risk assessment is the determination of quantitative or qualitative value of risk related to a concrete situation and a recognised threat which involve the calculations of risk, magnitudes of loss and the probability that the loss will occur.
Business and Advisory - Organisational	Professional advice to the municipality on the organisational structure, including advice on transformation, streamlining and stabilisation of the municipality and its service delivery activities.
Business and Advisory - Project Management	Professional fees for persons (individuals) or companies contracted to manage specific large projects on behalf of the municipality.
Business and Advisory - Research and Advisory	Specialist research and advisory services related to the development, refinement or evaluation of policies to the municipality (Usually these kinds of specialist research and advisory services would be done by recognised specialists in the relevant field, who very often are working as individuals, universities or research institutes. Also Environment studies done for land under claim to determine the impact a change of business will have on the land and surrounding environment and needs assessments are done whilst settling the claims to assess what the community's requirements are and if it will be met by the way the claim is settled.
Business and Advisory - Qualification Verification	Professional services for qualification verification of employees and candidates for positions.
Business and Advisory - Quality Control	Specialised professional services of a technical or specialised nature related to quality control that cannot be maintained in-house. The legal status can be an individual, partnership or corporation, including electricity, water and air.
Business and Advisory - Valuer	Professional services of a valuer for valuing property, plant and equipment or providing assistance with compilation of the municipal valuation roll.
Infrastructure and Planning - Architectural	Architectural services being the art and science of designing buildings and structure including the design of the total built environment: from the macro level of town planning, urban design and landscape architecture to the micro level of construction details and, sometimes, furniture, etc.
Infrastructure and Planning - Ecological	This item includes services relating to ecology, such as studies in the science of the relationship between organisms and their environment, or studying the relationships between human groups and their physical and social environment and the study of the detrimental effects of modern civilisation on the environment, with a view toward prevention or reversal through conservation.
Infrastructure and Planning - Engineering: Civil	Civil engineering is a professional engineering discipline that deals with the design, construction and maintenance of the physical and naturally built environment, including works such as bridges, roads, canals, dams and buildings.
Infrastructure and Planning - Engineering: Electrical	Electrical engineering, sometimes referred to as electrical and electronic engineering, is a field of engineering that deals with the study and application of electricity, electronics and electromagnetism. It covers a range of

	subtopics including power, electronics, control systems, signal processing and telecommunications.
Infrastructure and Planning - Engineering: Industrial	Industrial engineering is a branch of engineering that concerns the development, improvement, implementation and evaluation of integrated systems of people, money, knowledge, information, equipment, energy, material and process. Industrial engineering draws upon the principles and methods of engineering analysis and synthesis, as well as mathematical, physical and social sciences together with the principles and methods of engineering analysis and design to specify, predict and evaluate the results to be obtained from such systems. Industrial engineers work to eliminate waste of time, money, materials, energy, and other resources. Industrial engineering is also known as operations management, systems engineering, production engineering, manufacturing engineering or manufacturing systems engineering. Whereas most engineering disciplines apply skills to very specific areas, industrial engineering is applied in virtually every industry. Examples of where industrial engineering might be used include shortening lines (or queues) at a theme park or streamlining an operating room.
Infrastructure and Planning - Engineering: Mechanical	Mechanical engineering is an engineering discipline that involves the application of principles of physics for analysis, design, manufacturing, and maintenance of mechanical systems. Mechanical engineers design and build engines and power plants, structures and vehicles of all sizes. Mechanical engineers also design and analyze motor vehicles, aircraft, heating and cooling systems, watercraft, manufacturing plants, industrial equipment and machinery, robotics, medical devices and more.
Infrastructure and Planning - Engineering: Structural	Structural engineering is a field of engineering dealing with the design of structures that support or resist loads. Structural engineering is usually considered a specialty within civil engineering. Structural engineers are most commonly involved in the design of buildings and large non-building structures but they can also be involved in the design of machinery, medical equipment, vehicles or any items where the structural integrity of the design item affects its function or safety.
Infrastructure and Planning - Geodetic Surveys	Geotechnical engineer is an expert who evaluates and stabilises foundations for buildings, roads and other structures. Geotechnical engineering deals with geology, soil and rock mechanics, foundation engineering, ground improvement, land reclamation, deep excavation, underground construction and related work.
Infrastructure and Planning - Geoinformatic Services	Creation of geographic information from manipulating geographic data in a computerised system. Typical applications are land registration, hydrology, cadastral, land evaluation, planning or environmental observation. Service may come in many different forms, such as maps or images taken from the air or from space, e.g. remote sensing data. Geodata is stored in a database, having special extensions for storing, handling and manipulation. Geoinformation is the useful output, produced by analysing data with a computer program called a "geographic information system".
Infrastructure and Planning - Geologist	Cost incurred in making use of a professional service provider relating to the science of geology, such as studying the physical structure and processes of the earth and planets of the solar system.
Infrastructure and Planning - Land/ Quantity Surveyors	Control of the cost on construction projects. The methods employed, cover a range of activities which may include cost planning, value engineering, feasibility studies, cost benefit analysis, lifecycle costing, valuation and cost estimation.
Infrastructure and Planning - Landscape Designer	Services provided by a landscape designer, being the planning, design and sometimes oversight of an exterior landscape or space.
Infrastructure and Planning - Town Planner	Services provided in the field of urban planning for public health and safety. Services may relate to the formulation of plans for short- and long-term growth and renewal of urban and suburban communities; the study of land use compatibility, economic, environmental and social trends and problems to determine the best use of land and resources. Town planners consider environmental matters such as sustainable development, air pollution, traffic congestions, crime, land values, legislation and zoning codes. The are

	usually hired by developers, private property owners, private planning firms, and local governments to assist in the large-scale planning of master planned communities, private/public housing, commercial development, community redevelopment, environmental expertise, public facilities, and public transportation systems.
Laboratory Services - Agriculture	This item include the cost associated with making use of consultants or professionals for laboratory services such as scientific experiments, research, manufacturing of drugs or chemicals, observation and testing specifically relating to agriculture.
Laboratory Services - Medical	This item includes the cost associated with making use of consultants or professionals for laboratory services (including the National Health Laboratory Services and "other services providers") such as scientific experiments, research, manufacturing of drugs or chemicals, observation and testing specifically relating to human health (medical).
Laboratory Services - Roads	This item includes the cost associated with making use of consultants or professionals for laboratory services provided for testing of road surfaces and any other tests relating to roads.
Laboratory Services - Water	This item includes the cost associated with making use of consultants or professionals for laboratory services provided for testing of water samples, water quality and water related laboratory services.
Legal Cost - Legal Advice and Litigation	Services rendered by an attorney duly admitted to practice as an attorney in any part of the Republic of South Africa. Legal advice includes services such as: arbitration, business law, litigation (civil), commercial , company law, human rights, conveyance, employment law, environmental law, family law, insolvency, intellectual property, labour law, liquidation, mediation, property law, taxation, litigation (general), litigation (commercial), litigation (corporate), MVA claims, company registrations, mining, corporate, insurance law, commercial drafting, sequestrations, financial markets, high court practice, constitutional, liquor Law, town planning, litigation (high court), litigation (magistrates court), industrial relations, water law, international transactions and litigation (tax).
Legal Cost - Issue of Summons	Messenger of the court fees are incurred only on civil cases. A civil case refers to a matter where there is money involved (non payment of fees), for example, the department has not been paying its electricity or water bill. Money to pay for messenger of the court fees.
Legal Cost - Collection	Cost incurred for issuing warning to customers, collection cost of outstanding debt, fines and penalties.
Contracted Services - Contractors	Contractors are required to provide services that are not the core business of the municipality. It is normally not cost effective to maintain these skills within the department. Contractors include costs associated with the use of contracted individuals or businesses on projects or tasks. This does not include amounts payable to contractors in respect of provision of services such as cleaning and security even if a staff element can be identified. Note also that it is common practice that the said contractor provides all the materials required for the project - he/she tenders for the whole project, materials included.
Aerial Photography	Aerial photography is the process of taking photographs from a camera mounted in an aircraft or balloon. Aerial photographs are used extensively in cartography to provide detailed geographical information in the production of maps.
Aerial Surveillance	Costs incurred by the municipality for utilising aerial surveillance service being the gathering of surveillance, usually visual imagery or video, from an airborne vehicle, such as helicopters or military aircrafts for reasons such as crime prevention, emergency and disaster management, high way patrols, helicopter Services, etc
Artists and Performers	The hiring of artists and/or performers for festivals organised by the municipality.
Auctioneers	Costs incurred for services rendered by an auctioneer who conducts a public sale in which goods and capital assets are sold to the highest bidder. This payment usually equals a fixed percentage of the selling price obtained.

Audio-visual Services	Cost incurred for the services provided by a person, not employed by the department relating to the recording and reproduction of sound and sight. "Consultants used in the creation, development and production of videos, films, DVD or other audio visual materials".
Bore Waterhole Drilling	Bore waterhole drilling contractors used for the rendering of service not qualifying for capitalisation.
Building Contractors	Building contractors providing services not recognised as capital but rather repairs and maintenance.
Chipping	Cost incurred for "chipping" of solid waster for recycling such as tires, metal, glass, wood, etc.
Electrical	Cost incurred in the use of electrical contractors (electricians) for installing new cabling, meters, transformers and transmitters, cable replacement and maintenance of electrical infrastructure and equipment.
Employee Wellness	Cost incurred for service providers for internal seminars and awareness programs in assisting employees in addressing specific needs and problems either in their workplace or private affairs. This includes programs relating to psychological, physical, financial, etc. Examples of such programs will include HIV awareness, financial awareness or self defence classes by contractors who come to the workplace to instruct etc. It is important to note that this item excludes medical wellness programs which include physical tests such as cholesterol, blood pressure, diabetes or advisory services by dieticians or any other medical related issue. The latter should be classified under the specific item for medical services and also does not include training programmes as defined in the training definitions, neither should the cost for any materials, or venues and facilities for those wellness contractors be classified under this item, but to the specific items as available for those items on the chart.
Event Promoters	Promoters develop marketing strategies for events ranging from concerts to sporting tournaments. Event promoters work with television, radio, special-events coordinators, ticket sellers, reviewers, bulk mailers, and local merchants to market a product/service. They are also involved in locating and booking the venues, artists, performers, stage and sound crew as well as the marketing strategies. It will also include market related cost payable to motivational speakers at public events, team building sessions etc.
First Aid	Costs incurred with regards to first aid facilities required for government occupied buildings. This facilities are fixed to the walls in the building. All costs incurred should be allocated to this item even if procured from an external service provider.

Fire Protection	Cost incurred for the purpose of fire prevention and fire fighting affairs and services operation of regular and auxiliary fire brigades and of other fire fighting training programs. Includes: civil protection services such as mountain rescue, beach surveillance, evacuation of flooded areas, and provision, service and inspection of fire extinguishers and sprinkler systems. All costs incurred should be allocated to this item even if procured from an external service provider.
Fire Services	Cost incurred for contractors and other authorities i.r.o the prevention of fires and for fire brigade charges
Gardening Services	Cost incurred for domestic gardening services provided by service organisations. All costs incurred should be allocated to this item even if procured from an external service provider. Contracted out to a company, outsourcing of gardening service or acquiring of plants and flowers for own use.
Graphic Designers	Design or create graphics to meet specific commercial or promotional needs, such as packaging, displays, or logos. May use a variety of mediums to achieve artistic or decorative effects.
Grading of Sport Fields	Contractors used for grading (1-5% slope allowed from the centre of the field to outer corners) and drainage of sports fields according to generally accepted norms and standards. Essential process in constructing sports fields.
Haulage	Transport of waste between sites and from sites for recycling. Service provided by a contractor.

Interior Decorator	This item provides for the expertise of an interior decorator to provide advice in the art of decorating a room so that it is attractive, easy to use, and functions well with the existing architecture .
Inspection Fees	Contractors used for water and electricity meter inspections to detect tampering and confirm accuracy of metering use.
Maintenance of Buildings and Facilities	Costs incurred for making use of contractors for maintaining and repairing of buildings and facilities. Transactions allocated to this item is applicable only if the maintenance and repair does not extend the useful life of the asset and result in future cash inflows into the organisation. Examples would be painting, waterproofing, replacing carpets, fix broken windows, etc. Detail of Buildings and Facilities to be selected from the Project Segment.
Maintenance of Equipment	Costs incurred for making use of contractors for maintaining and repairing of equipment. Transactions allocated to this item is applicable only if the maintenance and repair does not extend the useful life of the asset and result in future cash inflows. Examples would be replacing filters or gas in an air conditioner, servicing of machinery and equipment and ordinary service of a motor vehicle. Detail of Plant and Equipment to be selected from the Project Segment.
Maintenance of Unspecified Assets	Costs incurred for making use of contractors for maintaining and repairing of buildings and facilities. Transactions allocated to this item is applicable only if the maintenance and repair does not extend the useful life of the asset and result in future cash inflows into the organization. Included in this item are maintenance of all other assets, not included under the categories for machinery and equipment e.g. biological assets, software and intangible assets, heritage assets. Examples would be maintenance of other assets such as roads, harbours and other infrastructure assets (all other assets not included in property maintenance or machinery and equipment). Detail of "other assets" to be selected from the Project Segment.
Management of Informal Settlements	Contractors used for removal of illegal settlements, structures and occupants.
Medical Services	Clinics might from time to time require the services of private medical practioners to render services when staff shortages occur. This is a short term arrangement for a specific requirement or need. Includes payment to private medical practitioners for services to employees as a result of injury on duty. Costs incurred by private medical centres for examination of sick patients of which the cost is carried by the municipality. Municipalities acquire the services of medical staff to render medical services to employees at the workplace to enhance employment wellness.
Mint of Decorations	Draft/mint of decorations/medals for the Mayor and Deputy Mayor not subjected to capitalisation.
Pest Control and Fumigation	Cost incurred for contracting in Pest Control services for managing pests in the municipal area, such as rats, cockroaches, termites including fumigation cost using chemicals to prevent pests.
Photographer	Costs incurred for services rendered by photographer for official photo's.
Plants, Flowers and Other Decorations	Costs incurred for plants, flowers, wreaths used at memorial services and other decorations used for special events.
Prepaid Electricity Vendors	Contractors for vending of "prepaid electricity".
Preservation/Restoration/Dismantling/Cleaning Services	Costs incurred of services relating to restoration and preservation of items that should be stored for a long period of time whilst not in use and the restoration of art items. Excluded from this item are normal maintenance and repairs. Also included are the cost for dismantling and cleaning of assets to be stored for a unspecified period of time as well as the cost associated with the demolition of assets.
Tracing Agents and Debt Collectors	The expenditure incurred i.r.o services rendered by collecting firms with regard to outstanding accounts, including legal fees in this regard.
Traffic and Street Lights	Contractors appointed for the management of traffic and street lights such as replacing light bulbs, poles and traffic lights damaged in accidents, etc.
Transportation Contractor	Contractor for furniture removal, removal of abandoned vehicles, pounding of vehicles and "tow-in" of municipal vehicles and motors parked restricting entrance/exit gates.

Safeguard and Security	Cost incurred relating to safeguarding of property, for example armed response provided by ADT, Chubb or other(s) and security services for example reception or motor entrances access control outsourced.
Sewerage Services	Contractors used for sewerage and sanitation services, including suction pump vehicle (honey suckers) and removal of sludge from drying beds.
Inventory	The amount of inventories recognised as an expense during the period. GRAP 12.45(d) The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. GRAP 12.47
Inventory - Consumable Stores	Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution. (GRAP 12 .07). This category includes all other inventory consumables that are not catered for in the major inventory categories, like linen, seeds and seedlings, workplace decorations, cell phone accessories, etc.
Inventory - Consumable Stores - Standard Rated	Consumable stores procured subjected to the standard vat rate.
Inventory - Consumable Stores - Zero Rated	Certain basic food stuff subjected to zero-rated vat and fuel levy goods and farming goods such animal feed, animal remedies, fertilizer, pesticide and plants and seeds in a form used for cultivation.
Inventory - Finished Goods	Finished goods are goods that have completed required manufacturing process and are awaiting to be fitted/mixed/processed with final product or final product or final product itself could also be called as finished goods.

Inventory - Goods held for Resale	Other goods held by the municipality for sale to third parties and would for example include agricultural produce.
Inventory - Materials and Supplies	Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution. (GRAP 12 .07). Materials and supplies will include items like building materials, hardware, painting materials and workshop accessories, etc.
Inventory - Raw Materials	Something bought as raw material and used to manufacture a product.
Inventory - Reversal of Write-down	The amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as an expense in the period. [GRAP 12.45(f). The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.
Operating Leases	An operating lease is a lease other than a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Land use portion of a building finance lease must be recorded under Rental of Land.
Operating Leases - Buildings	Classification of payments made for operational leases pertaining to buildings.
Operating Leases - Computer Equipment	Classification of payments made for operational leases pertaining to computer equipment.
Operating Leases - Furniture and Office Equipment	Classification of payments made for operational leases pertaining to furniture and office equipment.
Operating Leases - Intangible Assets	Classification of payments made for operational leases pertaining to infrastructure - Intangible Assets.
Operating Leases - Machinery and Equipment	Classification of payments made for operational leases pertaining to infrastructure - Machinery and Equipment.
Operational Cost	An operating expense is a day-to-day expense such as sales and administration, or research & development, accounting expenses, license

	fees, advertising, office expenses, utilities such as telephone, insurance, property management, travel and vehicle expenses.
Achievements and Awards	Cost incurred in giving awards in reconnection of achievements.
Advertising: Auctions	Cost incurred in publishing advertisements for auctions to dispose of obsolete assets in compliance with procurement and asset management policies.
Advertising: Corporate and Municipal Activities	Costs incurred relating to the promotion and selling of products or services related to the activities of the municipality by any media, e.g. TV, radio and newspapers. Include in this account would be draft and final budget adverts, council meeting and public participation, notice and town planning on sub-divisions, rezoning town development etc.
Advertising: Customer/Client Information	Advertising to encourage payment of municipal accounts, client and customer payment and service centres or special discounts for settlement of accounts in arrear.
Publicity and Marketing: Gifts and Promotional Items	Costs incurred in providing gifts without charge to the recipient (an individual or entity) or for the promotion of an event carrying the municipality, the states' or projects slogan. Gifts must be of a gratuitous nature and be a token of appreciation. Promotional items should serve the purpose of promoting the image of the municipality, project or state. This item include tracksuits, T-shirts and other promotional items.
Advertising: Mun. Newsletters	Cost incurred for printing and distribution of municipal newsletters.
Advertising, Publicity and Marketing: Signs	Cost incurred in placing poster, signs and boards for municipal activities.
Advertising, Publicity and Marketing: Staff Recruitment	Cost incurred in the publishing of notices in a local or national newspaper for recruiting potential candidates to apply for vacancies on the establishment. Also included in this item are advertisements to recruit interns.
Advertising, Publicity and Marketing: Tenders	Cost incurred in publishing tender requests for the attention and information of potential providers of goods and service in compliance with procurement policies made to newspapers and other agencies for the placement and design of advertisements for tenders.
Assets less than the Capitalisation Threshold	Plant and equipment procured at less than the asset threshold to be expensed under this item. Capitalisation Threshold is the value above which assets are treated as capital assets and entered into an asset register from which reporting in the financial statements (specifically the Statement of Financial Position) is extracted.
Audit Cost: External	The Constitution of South Africa Section 188 determines that the Auditor-General must audit and report on the accounts, financial statements and financial management of all national and provincial departments and administrations, as well as all municipalities.
Bank Charges, Facility and Card Fees - Bank Accounts	Bank charges and card fees payable to Commercial Banks. Commercial banks are institutions that inter alia, provide basic banking services. Basic banking services entails the opening, maintenance and operation of accounts for money transmission by means of cheque, other payment instrument or savings account, such as FNB, Nedbank, Standard Bank, etc.
Bank Charges, Facility and Card Fees - Third Parties	Bank charges incurred by third party service providers by whom financial transactions are managed on behalf of municipalities, for example third party vending of pre-paid electricity includes both cash handling and debit/credit card bank charges. These costs need to be recorded separately in the municipalities records so as to manage and report accordingly.
Bank Charges, Facility and Card Fees - Fleet Cards	Bank charges and services charged on credit/debit/fleet/charged cards.
Bank Charges, Facility and Card Fees - Investments	Charges levied for the administration of investments held by institutions administrated under the Bank Act, e.g. First National Bank, ABSA, Nedbank, etc. All charges levied are allocated to this account, except for interest paid on bank overdrafts.
Bank Charges, Facility and Card Fees - Lease Payments	Bank charges and services fees charged on finance agreements with banks, etc.

Bank Charges, Facility, Card Fees - L/S Term Borrowings	Bank Fees and other administrative levies charged by financial institutions on providing long and short term loans, borrowings and bonds on property to the municipality.
Bargaining Council	Agency shop fees payable to the South African Local Government Bargaining Council determined by the Collective Agreement as a % of the employee's monthly salary up to a maximum of RX.
Bursaries (Employees)	Bursaries include payments made to provide direct support to employees for studying at universities or other tertiary institutions, where all the conditions and terms have been complied with in terms of the contract with the bursary holder.
Catering Municipal Activities	Expenditure incurred on individuals employed or contracted to the municipality or individuals outside the employee of the municipality, in connection with the activities of the municipality or department within a municipality, that directly relates to the achievement of its objectives. Such expenditure includes but is not limited to catering for Lekgotla, conferences, bosberade, workshops, indabas, courses, forums, hearings and meetings held with the intention to discuss the municipality's activities, launches and public addresses, interviews and training sessions, diner and drinks supplied at function for employees, catering and eatery provided for committee meetings and forums. The reason for the distinction between entertainment and catering is derived from section 17(2)(a)(i) being that municipalities are able to deduct input tax in regard to creating or maintaining those recreational facilities, but where entertainment goods or services are acquired for the purpose of hosting an event at sporting or recreational facilities or public amenities must be considered under section 17(2)(a)(i).
Cleaning Services: Laundry Services	Dry cleaning and laundry services for items other than those that form part of the building which will be allocated to owned and leasehold expenditure.
Commission: Third Party Vendors	The commission payable to external bodies for the collection of income via for example "easy pay" or other pre-paid systems.
Commission: Prepaid Electricity	Commission paid to Vendors for selling "Prepaid Electricity" to consumers.
Cost relating to the Sale of Houses	Cost incurred relating to the selling of municipal property such as houses, Ervin and buildings.
Courier and Delivery Services	Costs incurred in the use of courier services for transporting documents/parcels from one to a specified destination. Examples - Docex, XPS, DHL, etc.
Communication: Cell Contract (Subscription and Calls)	Monthly service provider subscription fees, call costs, itemised billing, CLI, 3G and other operating expenses for cellular phones should be allocated to this item.
Communication: Licences (Radio and Television)	Annual payment made to the SABC and other licensing authorities (SAMRO) for a permit to view television programs and to listen to the radio or "music license's". Annual payment made to obtain a television and radio licence including ICASA Radio licences, alarm systems, etc
Communication: Postage/Stamps/Frinking Machines	Postage is the amount payable for the carrying of the article by post, including any special charge or additional fee payable for special services supplied in relation to the carrying of the article. Stamp is the officially issued postage label, often adhesive, attesting that payment has been rendered for mail delivery. Frinking Machine is the machine which prints a franked impression on an envelope to record the amount of postage paid. Advance payment is made to the Post Office based on the average usage of the franking machine. Excluded are courier services for delivering of documents and articles, e.g. by DHL Speed Services and XPS.
Communication: Rent Private Bag and Postal Box	Costs incurred in the renting of post boxes and private bags from the Post Office or Post Net usually on an annual basis. This is usually an annual payment.
Communication: Satellite Signals	Cost include monthly subscription for Mnet and DSTV.
Communication: SMS Bulk Message Service	Subscriptions fees or bundle charges for sending bulk or customised SMS messages.

Communication: Telephone, Fax, Telegraph and Telex	Payments for the usages of telephones, faxes, telegraphs and telex for communication purposes, including costs for teleconferences. Communication by telephones and faxes includes the sending of messages electronically i.e. the sending of a message, image or document via a fax machine or a telephone or cell phone. Included in this item are the monthly charges for routers on the current Telkom PABX systems. Telex is a communications system using teleprinters that communicate via telephone lines. Teleconference is a meeting via telecommunications equipment: a meeting held among people in different places by means of telecommunications equipment. Payments include all costs for the usage of telecommunication equipment, including rentals. Telecommunication equipment includes phones, faxes, telegraphs and telex excluding cellular phones.
Communication: Telemetric Systems	Telephone bills for the systems - related to alarm systems used at reservoirs and water lines
Communication: Telephone Installation	Expenditure incurred for the installation of telephone systems excluding any capital outlays. This is usually of a once off nature.
Deeds	Fees payable to the Registrar of Deeds for extraction of information on ownership of property.
Dumping Fees (District Council)	District fees for dumping including the dumping fees and fixed cost.
Eskom Connection Fees	Once-off payment to ESCOM for new substations (Non Capitalised Cost).
Electricity Compliance Certificate	Section 14 of the National Building Regulations and Building Standards Amendment Act require any person licensed or authorized by a local authority to carry out the installation, alteration or repair of any electrical wiring connected or of which connection is desired with the electrical supply or distribution works of such local authority or any statutory body, shall, at the request of the owner of a building of which the erection has been completed or of any person having an interest therein (or of the local authority) issue a certificate if he is satisfied that the electrical wiring and other electrical installations in such building are in accordance with the provisions of all applicable laws. All costs incurred should be allocated to this item even if procured from an external service provider.

Entertainment: Mayor	Entertainments expenditure incurred for entertainment expenses by the Mayor and Deputy Mayor as determined by the councils policy.
Entertainment: Councillors	Entertainments expenditure incurred for entertainment expenses by the Councillors as determined by the councils policy.
Entertainment: Senior Management	Entertainments expenditure incurred for entertainment expenses by the Senior Manager as determined by the councils policy.
External Computer Service: Data Lines	Communication lines at the municipal control centre and server room and other remote offices where data lines are operational.
External Computer Service: GPS Licence Fees	Licence fees paid for GPS licensing (GIS Information)
External Computer Service: Information Services	Any other computer services provided by external service providers.
External Computer Service: Internet Charge	Costs incurred for internet connectivity to other service providers other than SITA, e.g. Mweb, World online, lafrica, etc.
External Computer Service: Network Extensions	Costs incurred for moving, adding or replacing network extensions and cables as required.
External Computer Service: Remote Server Access	Costs incurred for utilising remote server access.
External Computer Service: Software Licences	Costs incurred to obtain a document granting permission for the use of computer programs to ensure that the operators of materials and resources are acknowledged and rewarded for their work, as well as ensuring that the materials are used legally and without risk of prosecution.
External Computer Service: Spec. Computer Service	Services provided by contractors to promote the effective utilisation of information technology to enhance the efficiency at the municipality.
External Computer Service: System Adviser	Costs incurred for the provision of technical, functional and business advice and support regarding information technology.

External Computer Service: System Development	System development costs incurred for services rendered with regard to developing and establishing network operating systems.
External Computer Service: Wireless Network	Services provided for setting up and maintaining wireless networks.
Freight Services	Costs incurred for the transport of goods in bulk by truck, train, ship or aircraft.
Full Time Union Representative	Compensation paid to "full time union representative" not included in compensation of employees.
Insurance Underwriting: Insurance Aggregation	Insurance aggregation is a process of finding multiple insurance quotes at one time so the buyer can make an accurate comparison of insurance policies based on identical information given to each company.
Insurance Underwriting: Claims paid to Third Parties	Claims paid to third parties.
Insurance Underwriting: Insurance Brokers Fees	Insurance Brokers Fees expenses
Insurance Underwriting: Insurance Claims	Costs paid towards claims incurred for damages to City of Cape Town property and assets, e.g. material, subcontractor costs, etc. [Self insured - pay-outs]
Insurance Underwriting: Excess Payments	An excess payment, also known as a deductible, is a fixed contribution that must be paid each time a car is repaired with the charges billed to an automotive insurance policy. Normally this payment is made directly to the accident repair "garage" when the car is collected. If the accident was the other driver's fault, and this fault is accepted by the third party's insurer, then the vehicle owner may be able to reclaim the excess payment from the other person's insurance company. If the insurance company settles a claim in terms of the insurance contract a fixed agreed amount as determined by the agreement with the insurer are usually deducted from the settlement payment either paid by the municipality when making replacements.
Insurance Underwriting: Risk Management Programs	Risk Management Program expenses.

Insurance Underwriting: Premiums	Monthly premiums paid towards short term insurance either transfers made to thee general insurance fund or self insurance fund.
Land Alienation Costs	Various land related costs
Levies Paid - Water Resource Management Charges	The payment of charges raised by the Department of Water Affairs based on a specified cent value per Kl on Bulk Water purchased and include Catchment Management Areas Levy, Water Research Levy and Trans Caledon Tunnel Authority (TCTA) charges.
Licences: Motor Vehicle Licence and Registrations	Expenses incurred in obtaining motor vehicle licence and registration renewals or new issues.
Licences: Performing Arts	SAMRO licences for playing music in community halls.
Registration Fees: Professional and Regulatory Bodies	Registration fees paid to register with professional and regulatory bodies excluding the annual membership or subscription fees. Usually these bodies levy a "once-off "registration fees for enrolling new members.
Registration Fees: Seminars, Conferences: National	Fees paid for the attendance of National congresses/seminars/ symposiums and workshops. Excludes accommodation and transport which must be allocated to travelling and subsistence.
System Access and Information Fees	Cost incurred to get access to data information used for research and analysis purposes and systems for example, ITC, Home Affairs system, AKTEX system, StaticsSA or SARS data information. Also monies payable to the deeds trading account to obtain deeds registration certificates. This is for WAN access to users of this information database and not the software use license fee. The information provided is not seen as an intangible asset of the entity and constitutes the payment for a good or service current payments. This information could be in the form of a DVD, CD or other hardcopy format or directly online.

Travel Agency Fees	Cost incurred for services rendered by Travel Agency. Fees for the administration and management of travel arrangements of employees. It is important to note that any transaction administration fee payable to a service provider is excluded from the scope of the agency fee account. In addition, a fee payable to a car rental service provider in respect of traffic fines should not form part of expenditure, but should be recovered from the employee receiving the traffic fine.
Office Decorations	Cost incurred in procuring office decorations such as flowers, small ornaments, paintings, plants, table clothes, etc of low value and thus not capitalised.
Printing and Publications	All printing and publications, not inventory related and including development of photos, subscriptions to newspapers, magazines and periodic. Law amendments and updates, accounting and tax handbooks only used for limited period and then gets updated. This item includes reference books.
Professional Bodies, Membership and Subscription	Where an employee or official are required to pay fees to an independent institution in order to fulfil the role as required by their employment contract or the position they have been appointed in and fees payable to maintain occupation where maintenance of standards is required for public safety, (e.g. auditors with IRBA) Other examples of items to be included are SAICA, PAAB, CIA, IPFA, SAIGO, Institute of Mechanical Engineers, MASA, etc. Excluded from this item are course registration fees which is allocated under training expense.
Remuneration to Ward Committees	Remuneration to ward committee members [framework]
Resettlement Cost	Cost paid for re-imbursing an employee if transferred from one city to another. This would include transport of household, own transport, temporary accommodation, etc.
Road Worthy Test	"Roadworthy", in relation to a vehicle, means a vehicle which complies with the relevant provisions of the Road Traffic Act (Act) otherwise in a fit condition to be operated on a public road; A roadworthy certificate, is a certificate issued in terms of section 64 of this Act requiring the examination of motor vehicle and issue of roadworthy certificate and roadworthy certificate disc. Upon receipt of an application referred to in section 63, an appropriately graded examiner of vehicles shall test and examine the motor vehicle concerned in the manner and in respect of the features as prescribed.
Skills Development Fund Levy	Employers must pay 1% of their employers pay to the skills development levy.
Search Fees	Cost incurred in extracting documents from CIPRO, AKTEX, NCA, etc.
Servitudes and Land Surveys	Cost incurred for conducting land surveys and obtaining servitudes to allow land use arrangements.
Signage	The purchasing and erection of all street name signs and name boards
Storage of Files (Archiving)	Cost incurred for archiving of files and documents to kept in terms of the MFMA.
Storage of Assets and Goods	Cost incurred for storage of furniture and equipment or any other movable assets or goods.
Small Differences Tolerances	Small losses on cashier deposits and petty cash floats.
Taking over Contractual Obligations	Taking over of study loan incurred by an employee for full time study before appointed by the municipality. In return the employee agrees to work for the department for a specified period of time In the event the term of service is not completed a pro-rata refund could be claimed from the employee depending on the agreement with the municipality.
Toll Gate Fees	Toll gates fees paid to SANRAL for making use of National Roads
Uniform and Protective Clothing	Uniform and Protective clothing purchased for issue to employees.
Vehicle Tracking	This is used to record all payments associated with vehicle tracking; including the initial payment of the installation of the tracking device as well as the associated monthly tracking fees.

Warrantees and Guarantees	Warrantees and guarantees form part of the elements of cost at initial purchase price of an asset which should be capitalised. However, once the warrantee has expired and departments need to re-new such warrantee the cost should be expensed against this item.
Wet Fuel	Payment for fuel supplied by vendor (Topping up) when hiring fleet, plant or equipment (externally)
Workmen's Compensation Fund	Workmen's Compensation by to the Commissioner in terms of the Occupational Injuries and Diseases Act of 1993 (COIDA)
Travel and Subsistence: Domestic	Travel and subsistence includes all domestic and foreign travel related expenditure paid for employees and non-employees. This item in specific covers expenditure on accommodation cost, food and beverage, incidental cost, and car rental paid for official travelling purposes. Departmental policies apply when these expenditure are incurred.
Accommodation	If an employee must take an official journey the employer shall meet reasonable actual accommodation costs, if any. Accommodation includes a room, building or space where someone may stay or live. This item includes the accommodation cost either directly paid by the department or reimbursed to the employee.
Daily Allowance	Special daily allowance (smaller tariff) to compensate for incidental expenses where actual expenses are claimed meaning that the actual accommodation and meals cost are paid to a travel agency, or hotel or the claimant be reimbursed. Those expenses are allocated to the specific items provided for in the chart. Fixed daily subsistence allowance (bigger tariff) is payable in circumstances where actual expenses are not claimed for example a person would stay with family and no accommodation or meals are paid to a third party. Also under this item provision is made for daily allowances payable to camping personnel. The separation allowance should also be allocated to daily allowance.
Food and Beverage (Served)	Actual purchases of food and beverages served over the counter (take always) or in a restaurant.
Incidental Cost	Requisitions of minor, casual or sub-ordinate nature, for example telephone cost, toll fees, parking fees, making of photocopies when on an official trip.
Transport without Operator: Car Rental	Car hire costs incurred on behalf of an employee required to travel to various locations within South Africa in performing his official duties. Examples of services providers are AVIS, Imperial, Budget, etc.
Transport without Operator: Own Transport	If an employee must use private transport to carry out his/her duties, the employer may: 1) provide an allowance to cover reasonable actual costs, and/or compensate the employee according to tariffs prescribed.
Transport with Operator: Public Transport-Air Transport	Scheduled freight and passenger services, departing from national and international airports within the boundaries of South Africa. Travelling to Cape Town for portfolio committee meetings, SCOPA hearings and any other official business making use of air travel. Include are the airport taxes, luggage handling fees, VAT and cost of the ticket. Excluded is the travel agency fees.
Transport with Operator: Public Transport-Road Transport	Scheduled freight and passenger services, for example bus services and unscheduled taxi and shuttle services outside the South African boundaries.]

OVERSTRAND MUNICIPALITY



BORROWING POLICY

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OVERSTRAND MUNICIPALITY – BORROWING POLICY

1 PURPOSE

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

2 OBJECTIVES OF POLICY

The objectives of this Policy are to:-

- a manage interest rate and credit risk exposure;
- b maintain debt within specified limits and ensure adequate provision for the repayment of debt;
- c to ensure compliance with all Legislation and Council policy governing borrowing of funds.

3 SCOPE OF THE POLICY

The primary goal in the borrowing of funds is to ensure that the funds are obtained at the lowest possible interest rates at minimum risk, within the parameters of authorized borrowings.

3.1 Risk Management

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

3.2 Cost of Borrowings

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

3.3 Prudence

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

4 LEGISLATIVE FRAMEWORK AND DELEGATION OF AUTHORITY

The relevant Legislation in terms of which borrowing decisions are governed is the Local Government Municipal Finance Management Act, No 56 of 2003.

The Municipal Regulations on Debt Disclosure has been promulgated (Government Gazette no. 29966, 15 June 2007) and has been effective from 01 July 2007 for a municipality or municipal entity.

OVERSTRAND MUNICIPALITY – BORROWING POLICY

5 TYPES OF LOANS AND FINANCING

5.1 Annuity loans

Annuity loans are straight forward and uncomplicated. The loan amount, interest rate and repayment period offered by the Financial Institution are fixed. Normally with an annuity loan, the instalment of the loan will be repaid in equal six monthly instalments over the term of the loan. The capital portion of the instalment 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) option should be included in the agreement. 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.

5.2 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).

5.3 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. Bond holders 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 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, in order 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.

OVERSTRAND MUNICIPALITY – BORROWING POLICY

5.4 Use of Internal Funds

The Municipality from time to time, will use certain of its surplus funds to fund its Capital programme. The utilisation of surplus funds enables the Municipality to reduce its reliance on external debt financing, thereby allowing it to borrow only funds from external sources when favourable market conditions prevail. The use of internal funds impacts negatively on surplus cash for return of interest and should be within limits to reduce the impact on the Current Ratio, ideally to be at a minimum ratio of 1,5 : 1, and the Cost Coverage, ideally not less than [1]2 months.

6 OTHER CONSIDERATIONS

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;
- (i) timing of money market interest rate movements and the long term rates on the interest rate curve.

The Municipality will, in general, seek to limit its dependence on borrowings in order 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.

Overstrand 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.

The use of external loans should be limited to financing infrastructure where a return can be realised from tariffs to service the debt, or major infrastructure exceeding

OVERSTRAND MUNICIPALITY – BORROWING POLICY

R10 million for a single project, with long term benefits to the community as a whole, where indirect revenue streams are evident.

The gearing for external loans (total outstanding debt to operating revenue, including recurrent operational grants) was fixed at a ceiling of 60% as at 30 June 2012. To reduce the reliance on external long term borrowing this percentage must reduce by at least 1% each year till a level of **[50]45%** or less is attained by 30 June 2022.

7 REFINANCING DEBT

Section 46 of the Municipal Finance Management Act provides that the Overstrand Municipality may refinance existing long term debt, if such refinancing is in accordance with the framework as prescribed by the Municipal Finance Management Act, as follows:

- 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.

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.

8 DEBT REPAYMENT PERIOD

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.

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

9 SECURITY

In terms 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 future until the secured debt is settled.

OVERSTRAND MUNICIPALITY – BORROWING POLICY

10 SHORT TERM DEBT

The Municipal Finance Management Act provides that the Municipality may incur short term debt only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long term debt commitments.

The municipal council may approve an individual transaction or a credit facility for a line of credit or overdraft facility.

The Municipality must pay off 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.

11 DISCLOSURE

The Municipality must, when interacting with a prospective Lender or when preparing documentation for consideration by a prospective Investor, disclose all relevant information that may be requested or that may be material to the decision of the prospective Lender or Investor. Reasonable care must be taken to ensure the accuracy of any information disclosed. Whilst this is a standard and acceptable business practice, it is also in compliance with section 49 of the Municipal Finance Management Act.

12 GUARANTEES

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.

13 APPROVAL OF LOANS BY THE MUNICIPALITY

Section 46 of the Municipal Finance Management Act stipulates that the Municipality may incur long-term debt only if a resolution of the Council, signed by the mayor, has approved the debt agreement and the Accounting Officer has signed the agreement or other document which acknowledges the debt. At least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, the Municipality must make public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which

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the debt is to be incurred and particulars of any security to be provided. The Public, the National Treasury and Provincial Treasury must be invited to submit written comments or representations to the council in respect of the proposed debt.

A copy of the information statement submitted to Council at least 21 days prior to 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.

14 PROVISION FOR REDEMPTION OF LOANS

Overstrand Municipality may borrow from Institutions and set up sinking funds to facilitate loan repayments, 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.

15 NON-REPAYMENT OR NON-SERVICING OF LOAN

Overstrand 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.

Failure to pay any loan instalment, even by one day, and even if only through administrative oversight, will have severe repercussions, and may jeopardise the Municipality's credit rating.

In addition to the timeous payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements.

16 PROHIBITED BORROWING PRACTICES

Overstrand Municipality shall not borrow for investment purposes, with the sole purpose of investing to earn a return. The cost of debt is almost always more expensive than the return that the Municipality can derive by investing in permitted investments.

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17 FOREIGN BORROWINGS

Foreign Borrowing is permitted in terms of section 47 of the Municipal Finance Management Act, whereby the debt must be denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

18 NATIONAL TREASURY AND OTHER REPORTING AND MONITORING REQUIREMENTS

The Municipality submits returns to National Treasury quarterly and annually, as well as submissions to Council. It is mainly coordinated by the Financial Services Department.

19 IMPLEMENTATION AND REVIEW PROCESS

This policy shall be implemented on 1 July 2018 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL SERVICES
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OVERSTRAND MUNICIPALITY



FUNDING, RESERVES AND PROVISIONS POLICY

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OVERSTRAND MUNICIPALITY – FUNDING, RESERVES AND PROVISIONS POLICY

1. INTRODUCTION AND OBJECTIVE

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

2. SECTION A: FUNDING POLICY

2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- 2.1.1 Realistically anticipated revenues to be collected, including grants;
- 2.1.2 Cash backed accumulated funds from previous years' surpluses not committed for other purposes, and
- 2.1.3 Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are clear in that the budget must be cash – funded, i.e. cash receipts inclusive of prior period cash surpluses committed to this specific budget, must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care with the primary objective of ensuring that the objectives of this policy are achieved.

2.3 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance and provided that the requirements of the MFMA must at all times be adhered to.

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2.4 CASH MANAGEMENT

Cash must be managed in terms of the municipality's Investment and Cash Management Policy.

2.5 LIABILITY MANAGEMENT

Debt must be managed in terms of the municipality's Borrowing Policy, together with any requirements in this policy.

2.6 FUNDING THE OPERATING BUDGET

2.6.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period in which it will occur.

The municipality recognises the plight of the poor, and in line with national and provincial objectives, commits itself to subsidising services to the poor. This may necessitate cross- subsidisation in some tariffs to be calculated in the budget process.

2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any transfers from other municipalities.
- e) Projected revenue from services charges must be reflected as net (i.e. all billing less revenue foregone, including free basic services).
- f) Projected revenue from property rates must include all rates to be levied.
- g) For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.
- h) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortized discount must be included in the Operating Budget. Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality. It is therefore determined that the short term expenditure portion of employee benefits be funded from the current year operating cash surplus.

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- i) Depreciation must be fully budgeted for in the operating budget.
- j) Contributions to provisions (non-current and current) do not form part of the cash flow for provisions with a non-current portion, except for the current portion of post retirement benefits relating to continued members for medical aid and long service awards. It is necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

2.7 FUNDING THE CAPITAL BUDGET

2.7.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non-existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of own cash, grants, public contributions as well as external loans.

Cash

The capital budget or portions thereof may also be funded from surplus cash generated in previous financial years. The cash must already be available and not be committed for other purposes or expected to be generated in the current or future years. The allocations of the funding sources from own contributions will be determined during the budget process.

Grants (Including Public Contributions and Bulk Infrastructure Contributions)

Only cash portions of these grants will be made available for funding of capital projects as might be applicable. Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

The accounting officer will annually evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

Depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer will put such accounting measures in place as to comply with this requirement as far as possible.

MFMA Circular 48, read with MFMA Circular 58 and 75, states that

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municipalities may treat the 'reclaimed VAT' into the expenditure from conditional grant funds as 'own revenue'. The municipality opts to utilise the full grant funding for the grant related projects.

External Loans

The municipality may only raise loans in accordance with its Borrowing Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans raised, be included in the cash surplus for the year.

2.8 FUNDING COMPLIANCE MEASUREMENT

2.8.1 INTRODUCTION

The municipality must ensure that the annual budget or any subsequent adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as any additional indicators detailed in this policy.

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 those negative indicators can be reasonably explained and any future budget projections address the turn-around of these indicators to within acceptable levels.

2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

A positive Cash and Cash Equivalents position should be maintained throughout the year.

2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position of the municipality must be sufficient to cover the following:

- a) unspent conditional grants;
- b) unspent conditional public contributions;
- c) unspent borrowings;
- d) VAT due to SARS;
- e) ceded investments;
- f) the cash portion of statutory funds such as the Housing Development Fund;
- g) other working capital requirements; and
- h) 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.

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INDICATORS

2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS (“CASH/COST COVERAGE”)

This indicator shows the level of risk should the municipality experience financial stress.

[Cost coverage, as a minimum, not less than 1 month.] The norm indicated by National Treasury indicates 1 – 3 months Working Capital.

2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION AND OTHER NON CASH ITEMS

It is probable that the operating budget including depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that residents be burdened with tariff increases to provide for such depreciation charges. In order to ensure a “balanced” budget, the cash position must be determined.

Should a budget result in a deficit cash position, the budget will be deemed unfunded and must be revised.

2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area are realistically calculated.

2.8.7 CASH COLLECTION RATE AS A PERCENTAGE

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the current rate. Any improvement in collection rates during the budget year may be appropriated in an Adjustments Budget.

2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE

This indicator provides information as to whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance can have an influence on it. Any aberration must be motivated in the budget report.

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2.8.9 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Borrowing Policy.

2.8.10 GRANT REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE

The percentage attained should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

2.8.11 CONSUMER DEBTORS CHANGE (CURRENT AND NON-CURRENT)

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

Any unacceptably high increase in either current or non-current debtors' balances should be investigated and reported.

2.8.12 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL

Property Plant and Equipment should be maintained properly at all times in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

2.8.13 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

3 SECTION B: RESERVES AND PROVISIONS POLICY

3.1 INTRODUCTION

Fund accounting historically formed the major component of municipal finance in the IMFO standards.

After the change to General Recognised Accounting Practices (GRAP), fund accounting is no longer allowed.

The municipality, however, recognizes the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general

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public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy therefore aims to provide for a measure of protection by creating certain reserves and provisions.

3.2 LEGAL REQUIREMENTS

There are specific legal requirements for the creation of reserves, such as the Housing Development Fund. The GRAP Standards themselves do not provide for reserves, although certain provisions are required in terms of GRAP.

3.3 TYPES OF RESERVES / PROVISIONS

Reserves/Provisions can be classified into two main categories being “cash funded” and “non–cash funded”.

3.3.1 CASH FUNDED RESERVES

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

a) Statutory reserves

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

b) Self-Insurance reserves

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. This Reserve is ring-fenced within the accumulated surplus. Contributions to the Fund are considered annually during the Budget process.

3.3.2 NON – CASH FUNDED RESERVES / PROVISIONS

On occasion it is necessary to create non – cash funded reserves. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required and provisions such as post-retirement benefits and rehabilitation of land fill sites.

3.4 ACCOUNTING FOR RESERVES / PROVISIONS

3.4.1 REVALUATION RESERVE

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

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3.4.2 OTHER RESERVES

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

In terms of GRAP1 transactions may be directly appropriated against these reserves.

3.4.3 PROVISIONS

Provisions are established from contributions appropriated in the annual budget. Currently, the long term portions of provisions are non-cash funded and are covered by non-current assets.

4. SECTION C: REVIEW OF THE POLICY

This policy shall be implemented on 1 July 2018 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

POLICY SECTION:	SENIOR MANAGER: FINANCIAL
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OVERSTRAND MUNICIPALITY



LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY

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OVERSTRAND MUNICIPALITY
LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY

1. INTRODUCTION

- 1.1 In essence a financial plan encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets. Such a plan aims to help Municipal Councillors and other decision makers make informed choices about the provision of basic services and capital assets and to promote stakeholder participation in the process.
- 1.2 The financial plan should set out the Municipality's estimated expenditure over the medium- term, based on its goals and objectives, as well as the resources necessary to achieve this. In addition, the financial plan must set out where funding for the planned expenditure will come from.
- 1.3 The compilation of a financial plan is a core component of an Integrated Development Plan (IDP). The envisaged timeframe allocations for a long term financial plan are:-
 - 1.3.1 Immediate (12 months).
 - 1.3.2 Medium term (3 years).
 - 1.3.3 Long term (4 years onwards).

2. PURPOSE

- 2.1 The Policy on Long Term Financial Planning is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets. The purpose of the Policy on Long Term Financial Planning is therefore to:-
 - 2.1.1 Ensure that all long term financial planning is based on a structured and consistent methodology in order to ensure the long term financial sustainability of Overstrand Municipality.
 - 2.1.2 Identify capital investment requirements and associated funding sources to ensure the future sustainability of the Municipality;
 - 2.1.3 Identify revenue enhancement and cost saving strategies in order to improve service delivery at affordable rates; and
 - 2.1.4 Identify new revenue sources as funding for future years.

3. GUIDING PRINCIPLES

- 3.1 The policy on Long Term Financial Planning is based on the following principles:-
 - 3.1.1 Future financial sustainability;

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- 3.1.2 Annual growth in population and consumer base;
- 3.1.3 Optimal collection of revenue, taking into consideration the socio economic environment;
- 3.1.4 Optimal utilisation of grant funding and public donations; and
- 3.1.5 Continuous improvement and expansion in service delivery framework.

4. DEVELOPMENT OF A FINANCIAL PLAN

4.1 The phases for development of the Financial Plan are set out below.

Phase One	→	Compile a Status Quo assessment of the municipality's current financial status and key challenges
Phase Two	→	Conduct financial modelling to determine financial viability
Phase Three	→	Analyse outcomes and ratios
Phase Four	→	Prepare a long term financial plan

4.2 Phase One: Status Quo Assessment

4.2.1 Perform a Status Quo assessment under the following criteria:-

- (a) The Municipality's current financial status;
- (b) Current revenue sources, internal and external;
- (c) Main cost drivers impacting on the sustainability of the municipality
- (d) Status of municipal infrastructure;
- (e) Ability to finance capital expenditure; and
- (f) Municipal service delivery backlogs.

4.2.2 The financial viability and creditworthiness of the Municipality is measured against a number of nationally recognised key ratios. These key ratios should include for

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example the following:-

- a) Gross debtors to annual revenue;
- b) Gross Debtors Collection Period (Days);
- c) Net debtors to annual revenue;
- d) Net Debtors Collection Period (Days);
- e) Annual Collection Rate;
- f) Service Charges and Property Rates Revenue Budget Implementation Indicator;
- g) Cash Coverage Ratio;
- h) Personnel Costs to Total Operating Expenditure;
- i) Repairs and Maintenance to PPE;
- j) Liquidity Ratio (Current Ratio); and
- k) Net Asset Position.

4.2.3 The objective of the status quo report is to assess the current financial position and to identify the key challenges faced by the Municipality. The status quo report will aim to identify issues which impact on the overall financial stability of the Municipality and will include a historical analysis and assessment of financial results (based on financial statements).

[4.2.4 The first phase has been completed.]

4.3 Phase Two: Planned Finance and Financial Modelling

4.3.1 Upon completion of the status quo assessment, resulting in an understanding of the Municipality's financial position, the next phase is to determine the Municipality's financing need over the medium-term.

4.3.2 This entails determining what expenditure the Municipality plans to undertake over the medium-term and what its financing requirements are likely to be and how these can be funded either internally or externally.

4.3.3 As the Municipality evolves and expands its service delivery framework, so do those of the National Government. Long term community development and economic development projects will therefore also be included under this phase.

[4.3.4 The second phase has been completed.]

4.4 Phase Three: Analyse Outcomes and Ratios

4.4.1 Evaluate the short-term financial viability (6 months to 12 months):-

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- (a) Develop a financial forecast model to identify immediate opportunities and risks;
- (b) Perform scenario planning to identify the optimum balance between revenue collection and municipal spending; taking into account the following:-
- (c) Potential revenue enhancement strategies which may have an immediate impact on the revenue base of the Municipality;
- (d) Evaluate cost saving mechanisms to minimise the cost of effective service delivery;
- (e) Current infrastructure investments and maintenance programs which may influence revenue streams or the cost of service delivery;

4.4.2 Evaluate the medium and long term financial viability (1 year to 10 years):-

- (a) Develop a financial forecast model to identify future opportunities and risks;
- (b) Perform scenario planning to identify the optimum balance between revenue collection and municipal spending, taking into account the following:-
 - i. The impact each scenario has on the financial viability ratios of the Municipality;
 - ii. Potential revenue enhancement strategies which may have a long term impact on the revenue base of the Municipality;
 - iii. Cost saving mechanisms to minimise the cost of effective service delivery; taking into account potential infrastructure developments and renewals;
 - iv. The impact of current infrastructure investments and maintenance programs on future revenue streams or cost of service delivery;
 - v. The impact of envisaged future infrastructure investments on the revenue stream and cost of service delivery; and
 - vi. The impact of national and municipal priorities over the medium and long term.

4.5 Phase Four: Develop a Long Term Financial Plan

4.5.1 Once the Municipality has finalised the prioritisation of initiatives and projects; a comprehensive long term financial plan [**will have to be**] is developed to indicate the envisaged impact it will have on the financial status of the Municipality. An overall financial forecast will then have to be done in order to illustrate the projected result of the implementations throughout the five year period.

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- 4.5.2 Although a long term financial plan provides a forecast of potential outcomes, it has to be emphasised that the success of the financial plan remains in continuous revision. As is the case with any forecast model, the financial plan should be seen as a moving target and should be subject to honest and realistic assessments of successes and failures on a regular basis.
- 4.5.3 The fourth phase involves finalising a medium-term income and expenditure plan based on the various alternative service delivery options.
- 4.5.4 A key component in determining future options, potential problems and opportunities is the forecast of revenues and expenditures. The revenue and expenditure plan essentially involves combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast.
- 4.5.5 Finalisation of the Financial Plan includes collating all short, medium and long term financial data and develop a long term financial plan that:-
- (a) Identifies future revenue projections based on current and projected revenue streams, as well as those projects required to achieve these projections;
 - (b) Identifies future expenditure frameworks and cost of service delivery based on current and projected expenditure patterns;
 - (c) Identifies the level of infrastructure development required to achieve the municipal priorities, within the funding restrictions; and
 - (d) Identifies external funding requirements required for capital investment.

5. ANNUAL REVIEW

- 5.1 The financial plan must be reviewed on an annual basis as part of the annual review of the IDP and updated with at least the following information:-
- 5.1.1 any direct change in financial status or internal factors, other than previously predicted, which may influence the financial status and viability of the Municipality;
 - 5.1.2 any changes in the economic and socio economic environment, other than previously predicted, which may influence the financial status of the Municipality;
 - 5.1.3 any changes in the revenue base or composition which may have an impact on the financial viability of the Municipality;
 - 5.1.4 any changes in the national or municipal priorities as previously identified; and
 - 5.1.5 any factors which may have an impact on the ability to implement previously identified projects.

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LONG TERM FINANCIAL PLANNING AND IMPLEMENTATION POLICY

6. IMPLEMENTATION AND REVIEW OF THIS POLICY

This policy shall be implemented on 1 July 2018 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

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UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY

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UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE POLICY

1 ABBREVIATIONS/ACRONYMS

1.1 Except if otherwise stated in this policy, the following abbreviations or acronyms will represent the following words:

1.1.1.	CFO	-	Chief Financial Officer
1.1.2.	MBRR	-	Municipality Budget and Reporting Regulations
1.1.3.	MFMA	-	Local Government: Municipal Finance Management Act, No. of 2003
1.1.4.	MIG	-	Municipal Infrastructure Grant
1.1.5.	MM or AO	-	Municipal Manager or Accounting Officer appointed in terms of section 54A of the MSA
1.1.6.	MSA	-	Local Government: Municipal Systems Act, No. Act 32 of 2000
1.1.7.	MSCMR	-	Municipal Supply Chain Management Regulations
1.1.8.	OM	-	Overstrand Local Municipality
1.1.9.	POLICY	-	Policy on unauthorised, irregular or fruitless and wasteful expenditure
1.1.10.	RPOBA	-	Remuneration of Public Office Bearers Act, No. Act 20 of 1998
1.1.11.	SAPS	-	South African Police Services
1.1.12.	SCM	-	Supply Chain Management
1.1.13.	SM	-	Directors appointed in terms of section 56 of the MSA
1.1.14.	Structures Act	-	Local Government: Municipal Structures Act, Annually Gazetted

2 DEFINITIONS

Except if otherwise indicated:

“Councillor” means	member of the municipal council of OM.
“Financial Misconduct” means	any misappropriation, mismanagement, waste or theft of the finances of the OM, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the MFMA.
“Fruitless and wasteful expenditure” means	expenditure that was made in vain and would have been avoided had reasonable care been exercised.
“Irregular expenditure”, in relation to a municipality or municipal entity, means:	<ul style="list-style-type: none"> a) expenditure incurred by the OM 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; b) expenditure incurred by the OM in contravention of, or that is not in accordance with, a requirement of the MSA, and which has not been condoned in terms of this Act; c) expenditure incurred by the OM in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act; d) expenditure incurred by the OM in contravention of, or that is not in accordance with, a requirement of the SCM policy of OM 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; or e) excludes expenditure by the OM which falls within the definition of “unauthorised expenditure”.
”Official”, in relation to OM, means:	<ul style="list-style-type: none"> a) an employee of OM; b) a person seconded to OM to work as a member of the staff of the OM; or c) a person contracted by OM to work as a member of the staff of the OM.
“Overspending” means:	a) in relation to the budget of the OM, 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

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	<p>operational or capital expenditure, as the case may be;</p> <p>b) In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or</p> <p>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 that section.</p>
“Political Office Bearer” in relation to a municipality, means-	<p>a) the Speaker, Executive Mayor, Deputy Executive Mayor, a member of the mayoral committee of the OM elected, designated or appointed in terms of a specific provision of the Structures Act; or</p> <p>b) a councillor referred to in section 57(1) of the MFMA;</p>
“Prohibited expenditure” in relation to this policy means	unauthorised, irregular, or fruitless and wasteful expenditure;
“Senior Manager”	has the meaning assigned to it in section 1 of the MFMA and in relation to SM.
“Unauthorised expenditure”, means:	<p>any expenditure incurred by the OM otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-</p> <p>a) overspending of the total amount appropriated in the municipality's approved budget;</p> <p>b) overspending of the total amount appropriated for a vote in the approved budget;</p> <p>c) expenditure from a vote unrelated to the department or functional area covered by the vote;</p> <p>d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;</p> <p>e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of allocation in section 1 of the MFMA otherwise than in accordance with any conditions of the allocation; or</p> <p>f) a grant by OM otherwise than in accordance with the MFMA.</p>
“Vote” means:	<p>a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different directorates or functional areas of the municipality; and</p> <p>b) which specifies the total amount that is appropriated for the purposes of the directorate or functional area concerned.</p>

3 INTRODUCTION

3.1 In terms of section 62 of the MFMA, the accounting officer is responsible for managing the financial affairs of the OM and he/she must, for this purpose, inter alia:

3.1.1 Take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented; and

3.1.2 Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of OM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

3.2 This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

4 OBJECTIVE

4.1 This document sets out OM's policy and procedures with regards to unauthorised, irregular or fruitless and wasteful expenditure.

4.2 This policy aims to ensure that, amongst other things:

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- 4.2.1 Unauthorised, irregular or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;
- 4.2.2 Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular or fruitless and wasteful expenditure;
- 4.2.3 OM's resources are managed in compliance with the MFMA, its regulations and other relevant legislation; and
- 4.2.4 All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular or fruitless and wasteful expenditure.

5 ENABLING LEGISLATION

- 5.1 The following enabling legislation sets the precedent for the development of OM's Unauthorised, Irregular or Fruitless and Wasteful Expenditure Policy:
 - 5.1.1 The Constitution of the Republic of South Africa, 1996;
 - 5.1.2 The Local Government: Municipal Finance Management Act, No 56 of 2003;
 - 5.1.3 The Remuneration of Public Office Bearers Act, No 20 of 1998;
 - 5.1.4 The Local Government: Municipal Systems Act, No 32 of 2000;
 - 5.1.5 Municipal Budget and Reporting Regulations;
 - 5.1.6 Municipal Supply Chain Management Regulations;
 - 5.1.7 Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings;
 - 5.1.8 The Local Government: Municipal Structures Act No. 117 of 1998;
 - 5.1.9 Any other legislation or regulation that may impact this policy.

6 APPLICATION OF THIS POLICY

- 6.1 This policy applies to all officials and councillors of OM.
- 6.2 This policy should be read in conjunction with the following:
 - 6.2.1 Delegations of Authority of the OM;
 - 6.2.2 Codes of Conduct for Municipal Staff Members and Councillors, as provided for in Schedules 1 and 2 of the MSA.
- 6.3 Officials and Councillors must ensure that all instances of unauthorised, irregular or fruitless and wasteful expenditure is prevented, detected and reported in a timely manner.

7 UNAUTHORISED EXPENDITURE

- 7.1 Overstrand Municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.
- 7.2 Expenditure incurred within the ambit of OM's virement policy is not regarded as unauthorised expenditure.
- 7.3 Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure and furthermore includes the following:
 - 7.3.1 Overspending of the total amount appropriated in the municipality's approved budget;
 - 7.3.2 Overspending of the total amount appropriated for a vote in the approved budget;

- 7.3.3 Expenditure from a vote unrelated to the department or functional area covered by the vote;
 - 7.3.4 Expenditure of money that have been appropriated for a specific purpose, otherwise than for that specific purpose;
 - 7.3.5 Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation", in the MFMA, otherwise than in accordance with the conditions of the allocation; or
 - 7.3.6 A grant by the Municipality otherwise in accordance with the MFMA, the indigent policy, bursary scheme, or the grants-in-aid policy;
 - 7.3.7 Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and
 - 7.3.8 Any overspending on non-cash items, for example depreciation, impairments, provisions.
- 7.4 Expenditure that is **NOT** classified as unauthorised expenditure
- 7.4.1 Given the definition of unauthorised expenditure, the following are examples of expenditure that are NOT unauthorised expenditure:
 - 7.4.1.1 Any over-collection on the revenue side of the budget as this is not an expenditure; and
 - 7.4.1.2 Any expenditure incurred in respect of:
 - 7.4.1.2.1 re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
 - 7.4.1.2.2 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, read in conjunction with supporting Table SA1) of the MBRR; and
 - 7.4.1.2.3 overspending of a municipal vote on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification and funding) so long as it does not result in overspending of an amount allocated by standard classification on the main budget Table A5.
 - 7.4.2 Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure:
 - 7.4.2.1 To defray expenditure authorised in terms of section 26 (4) of the MFMA, [Section 26: Consequences of failure to approve a budget before the start of the budget year];
 - 7.4.2.2 To defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [Section 29: Unforeseen and unavoidable expenditure] failing which the unforeseen / unavoidable expenditure is unauthorised;
 - 7.4.2.3 Re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
 - 7.4.2.4 Expenditure incurred from a special fund for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [Section 12: Relief, charitable, trust or other funds];

- 7.4.2.5 To pay over to a person or organ of state money received by the OM on behalf of that person or organ of state, including—
- 7.4.2.6 money collected by the OM on behalf of that person or organ of state by agreement; or
- 7.4.2.7 any insurance or other payments received by the OM for that person or organ of state;
- 7.4.2.8 To refund money incorrectly paid into a bank account;
- 7.4.2.9 To refund guarantees, sureties and security deposits;
- 7.4.2.10 For cash management and investment purposes in accordance with section 13 [Section 13: Cash Management and Investments]; and
- 7.4.2.11 To defray increased expenditure in terms of section 31[Section 31: Shifting of funds between multi-year appropriations].

8 IRREGULAR EXPENDITURE

8.1 Irregular expenditure, in relation to a municipality means-

- 8.1.1 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the MFMA and that has not been condoned in terms of section 170;
- 8.1.2 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the MSA and that has not been condoned in terms of that Act;
- 8.1.3 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the RPOBA; or
- 8.1.4 Expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the supply chain management policy of the municipality 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"

8.2 Examples of irregular expenditure include, but are not limited to:

- 8.2.1 Procuring goods and/or services without obtaining an official order prior to the receipt of the goods and/or services;
- 8.2.2 Procuring goods and/or services without following the official procurement processes;
- 8.2.3 Procuring goods and/or services without advertising for the requisite number of numbers;
- 8.2.4 Procuring goods and/or services without obtaining a valid tax clearance certificate;
- 8.2.5 Procuring goods and/or services in an emergency without the timely application of a deviation in terms of clause 36 of the SCM policy.

8.3 In terms of section 32(2)(b) of the MFMA, irregular expenditure may only be written-off by Council if, after an investigation by a council committee, the irregular expenditure is certified as irrecoverable. In other words writing-off is not a primary response, it is subordinate to the recovery processes, and may only take place if the irregular expenditure is certified by Council as irrecoverable, based on the findings of an investigation.

8.4 With reference to Irregular Expenditure as defined in paragraph 2 above:

- 8.4.1 In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations. The treatment of expenditure associated with the non-compliance is therefore the responsibility of the Council and is elaborated on in paragraph 15.
- 8.4.2 There is no provision in the MSA that allows for a contravention of the Act to be condoned. Nevertheless, should the OM wish to request that an act of non-compliance with any provision of the MSA be condoned, then the AO must address the request to the Minister of Co-operative Governance, who is responsible for administering the MSA. The resultant expenditure must however be dealt with in terms of section 32(2) of the MFMA.
- 8.4.3 There is no provision to allow irregular expenditure resulting from a contravention of the Public Office-Bearers Act to be condoned. This is consistent with section 167(2) of the MFMA, which provides that such irregular expenditure cannot be written-off and must be recovered from the political office-bearer concerned.
- 8.4.4 The OM may condone a contravention of the council approved SCM policy, provided that the contravention is not also a contravention of the MFMA or the SCM regulations, in which case paragraph 8.4.1 applies and then only National Treasury can condone a contravention of the SCM regulations.

9 FRUITLESS AND WASTEFUL EXPENDITURE

- 9.1 The concept of fruitless and wasteful expenditure is founded on public administration and accountability principles, to promote “efficient, economic and effective use of resources and the attainment of value for money”. The idea is also founded on the fact that the council, the mayor and the accounting officer have a fiduciary responsibility to ensure that municipal resources are used in the best interests of the municipality and the local community.
- 9.2 In this context ‘expenditure’ refers broadly to processes that must be followed, transactions with service providers or suppliers and the use of other resources belonging to the municipality. The phrase ‘made in vain’ indicates that the municipality derived no value for money from the expenditure or the use of other resources. Fruitless and wasteful expenditure must fulfil both the conditions in the definition, namely, that it was made in vain and it would have been avoided had reasonable care been exercised.
- 9.3 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is-
- 9.3.1 Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and
- 9.3.2 Is the expenditure being incurred at the right price, right quality, right time and right quantity?
- 9.4 An expense is only fruitless and wasteful in terms of this policy if:
- 9.4.1 If was made in vain (meaning that the municipality did not receive value for money) and;
- 9.4.2 And would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned deliberately or negligently caused the expenditure to be incurred by the municipality, furthermore, another official or councillor under the same circumstances would have been able to avoid incurring the expenditure.
- 9.5 Fruitless and wasteful expenditure includes, but is not limited to; interest on late payment, fines and penalties.

10 REPORTING ON UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

- 10.1 Reporting of unauthorised, irregular or fruitless and wasteful expenditure must be done at the appropriate level, as follows:
- 10.1.1 a Councillor of the OM, must be reported to the Speaker of the Council;
 - 10.1.2 the MM and Speaker, must be reported to the Executive Mayor;
 - 10.1.3 all other municipal officials, must be reported to the MM;
- 10.2 All reports made by officials and councillors must be treated with the utmost confidentiality.
- 10.3 The MM must promptly inform the Executive Mayor, the Provincial Minister for Local Government and the Auditor-General, in writing:
- 10.3.1 of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
 - 10.3.2 whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
 - 10.3.3 the steps that have been taken to:
 - 10.3.3.1 recover or rectify such expenditure; and
 - 10.3.3.2 prevent a recurrence of such expenditure.
- 10.4 All expenditure classified as unauthorised, irregular or fruitless and wasteful expenditure must be reported to:
- 10.4.1 The MM as AO on a quarterly basis;
 - 10.4.2 The Council on a quarterly basis; and
- 10.5 In accounting for unauthorised, irregular or fruitless and wasteful expenditure, the MM or delegated officials (as may be relevant) must ensure that all such expenditure is disclosed in the annual financial statements as required by the MFMA.

11 MAINTAINING OF REGISTERS FOR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

- 11.1 The OM must maintain registers of all incidents of unauthorised, irregular or fruitless and wasteful expenditure of which:
- 11.1.1 The unauthorised and irregular expenditure register will be maintained by the CFO; and
 - 11.1.2 The fruitless and wasteful expenditure register will be maintained by the Department: Council Support Services.

12 INVESTIGATION OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

- 12.1 On receiving a report in terms of regulation 3(1) of the Municipal regulations on financial misconduct procedures and criminal proceedings, if the municipal council, or accounting officer of the municipality is satisfied that there is reasonable cause to believe that an act of financial misconduct has been committed, it must within seven days refer to the matter to the disciplinary board to conduct a preliminary investigation into the allegation as envisaged in section 171(4)(a) of the MFMA.
- 12.2 A disciplinary board must conduct a preliminary investigation to determine whether or not the allegation is founded and make a recommendation to the council as to whether sufficient grounds exists to warrant a full investigation into the allegation.

- 12.3 If during the preliminary investigation, the disciplinary board determines that the allegation is frivolous, vexatious, speculative or obviously unfounded, the investigation must be terminated.
- 12.4 If the disciplinary board determines that the allegation is founded, a full investigation must be conducted by-
 - 12.4.1 the disciplinary board
 - 12.4.2 the Provincial Treasury or the National Treasury, but only if the conditions in regulation 19 apply.
- 12.5 After completion of a full investigation, the investigator must-
 - 12.5.1 compile a report on the investigation
 - 12.5.2 submit its report to the mayor and the accounting officer together with its findings and recommendations, if applicable, regarding disciplinary steps that should be taken against alleged transgressor; and
 - 12.5.3 immediately inform the speaker of the council of the submission of the report referred to in sub-clause (b), and also submit a copy of the report to the Provincial Treasury and the National Treasury.

13 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

- 13.1 After having followed a proper investigation, as per paragraph 12 above:
 - 13.1.1 In relation to an official, the MM or delegated official must table the report referred to in 12.5.2 above;
 - 13.1.2 In relation to a councillor, the Speaker or Mayor must table the report referred to in 12.5.2 above.
- 13.2 If a *prima facie* case has been established then the Executive Mayor, Speaker, MM or delegated official (as may be relevant) must institute disciplinary action as follows:
 - 13.2.1 For financial misconduct in terms of section 171 of the MFMA: in the case of an official that deliberately or negligently:
 - 13.2.1.1 contravened a provision of the MFMA which resulted in prohibited expenditure; or
 - 13.2.1.2 made, permitted or instructed another official to make an unauthorised, irregular or fruitless and wasteful expenditure.
 - 13.2.2 For a breach of the Code of Conduct for Municipal Staff Members in the case of an official whose actions in making, permitting or authorising a prohibited expenditure constitute a breach of the Code; and
 - 13.2.3 For a breach of the Code of Conduct for Councillors in the case of a Councillor, whose actions in making, permitting or authorising a prohibited expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour of or agreed with a resolution passed by Council, that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.
- 13.3 The Executive Mayor, Speaker, MM or delegated official (as may be relevant) must promptly report, to the SAPS all cases of alleged:
 - 13.3.1 Prohibited expenditure that constitutes a criminal offense; and
 - 13.3.2 Theft and fraud that occurred in the OM.

14 RECOVERY OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

- 14.1 The MM or delegated official must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:
 - 14.1.1 in the case of unauthorised expenditure, is
 - 14.1.1.1 authorised in an adjustment budget; OR
 - 14.1.1.2 certified by the Council, after investigation by the Municipal Public Accounts Committee, as irrecoverable and is written off by Council; and
 - 14.1.2 in the case of irregular or fruitless and wasteful expenditure, after investigation by Municipal Public Accounts Committee, is certified by Council as irrecoverable and written off by Council.
- 14.2 Irregular expenditures resulting from breaches of the RPOBA must be recovered from the Councillor to whom it was paid.
- 14.3 Once it has been established who is liable for the unauthorised, irregular or fruitless and wasteful expenditure through a disciplinary process, the MM must in writing request that the liable Councillor or official pay the amount within 30 days or as per an agreed written arrangement.
- 14.4 If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditure must be recovered through the normal debt collection process of the municipality.

15 PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

- 15.1 If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation or threats, such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM, Speaker or Executive Mayor as the case may be.
- 15.2 The MM, Executive Mayor or Speaker must immediately take appropriate action to ensure the protection of the official or councillor after receiving the above report.
- 15.3 Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official with the assistance of the MM, Executive Mayor or Speaker, as the case may be.

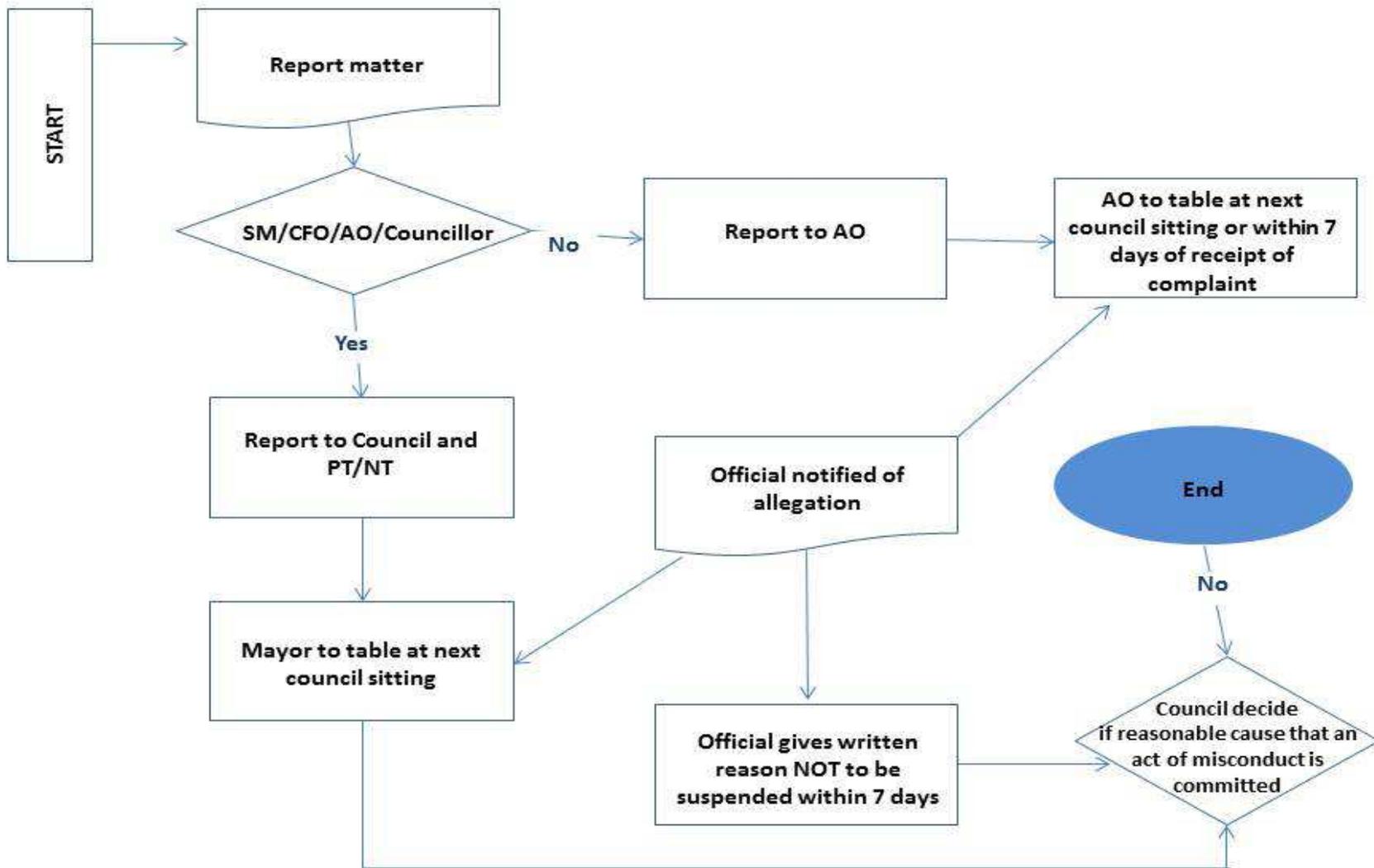
16 SHORT TITLE AND COMMENCEMENT

This policy is called the Overstrand Municipality's Unauthorised, Irregular or Fruitless and Wasteful Expenditure Policy.

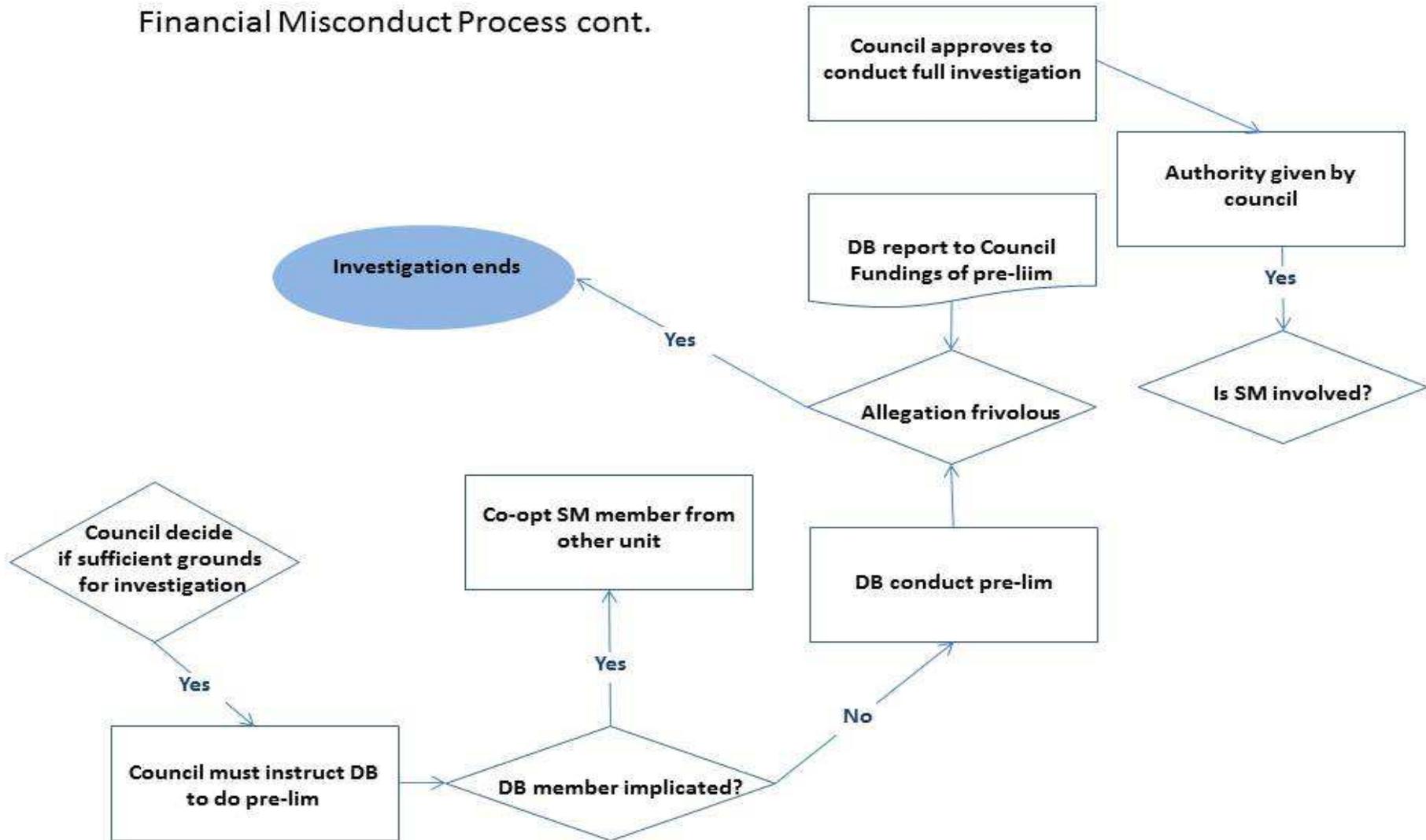
This policy will come into effect on 1 July 2018 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:	HEAD: SUPPLY CHAIN MANAGEMENT	
APPROVED BY COUNCIL	2018/05/30	

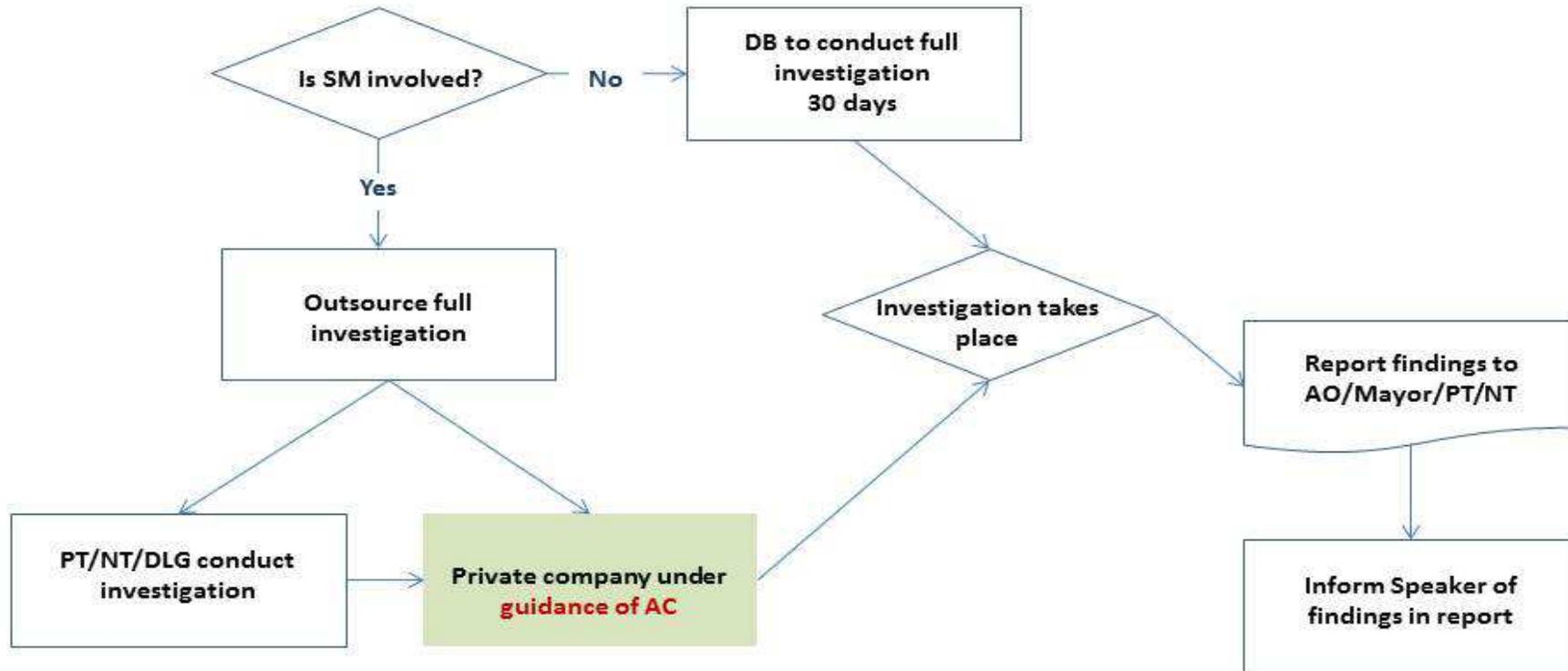
Financial Misconduct Process



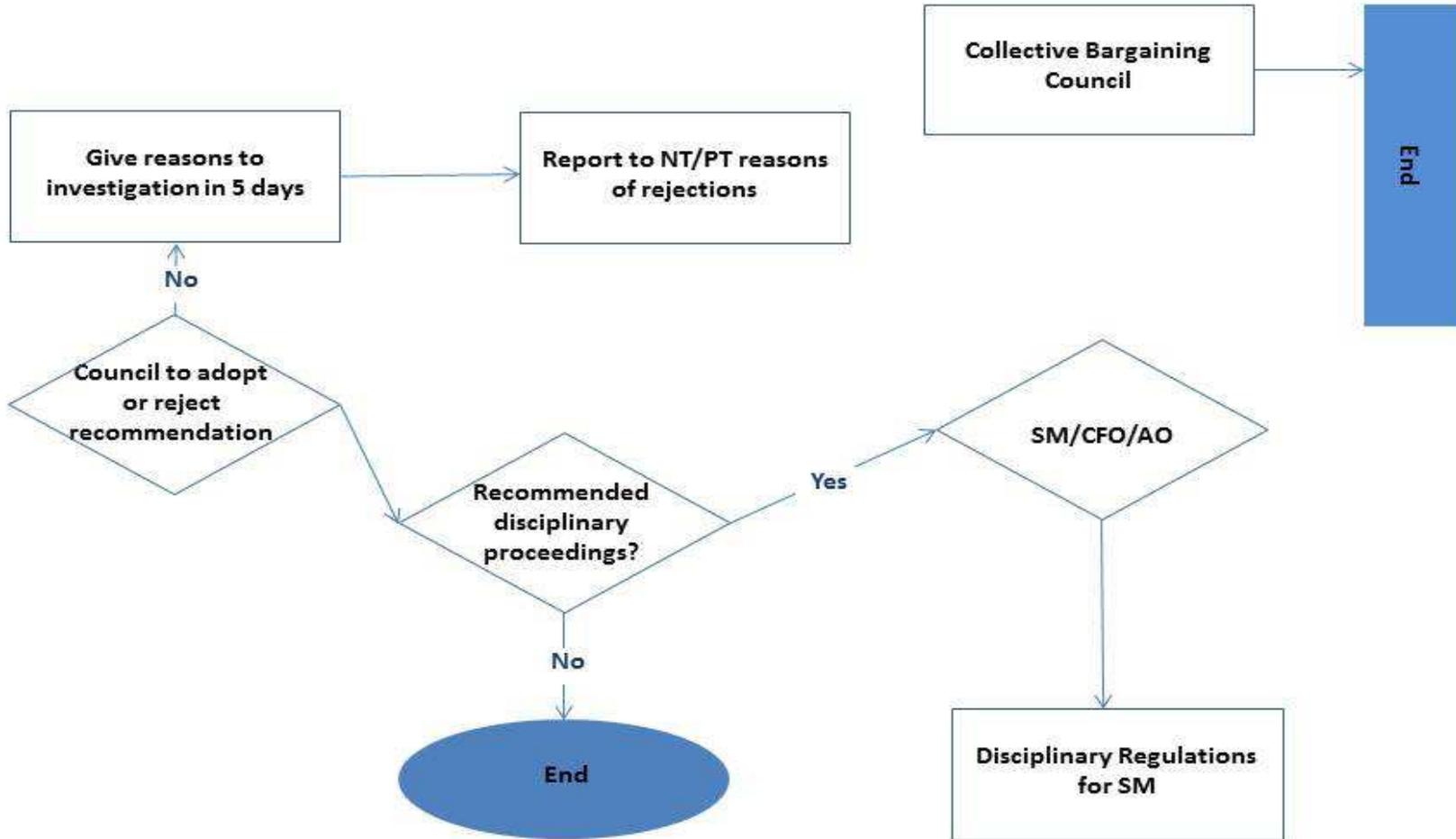
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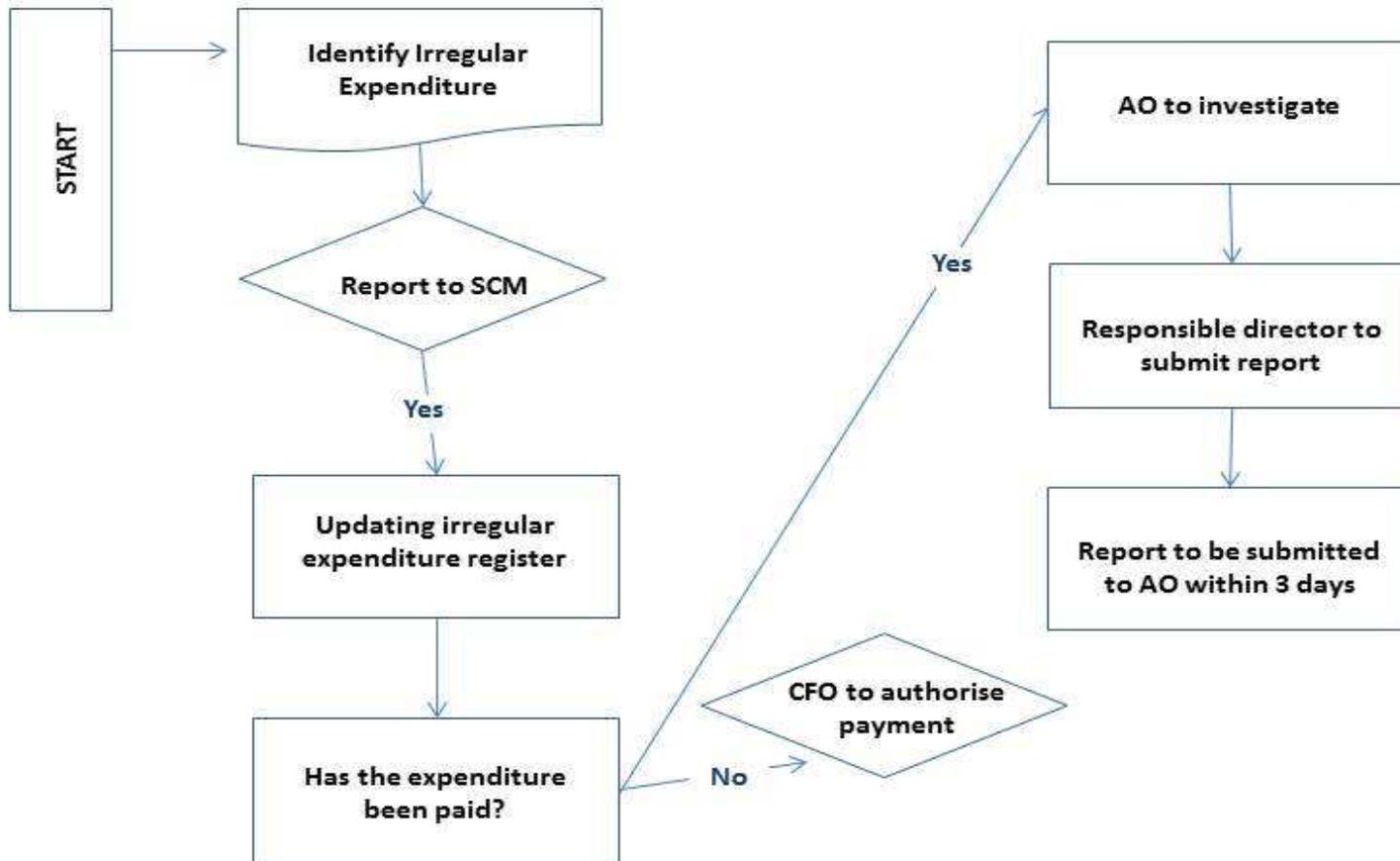
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Financial Misconduct Process cont.



Irregular Expenditure Process



Irregular Expenditure Process cont.

